Contents

ANNUAL GENERAL MEETING

The Annual General Meeting of Devine Limited will be held on 15 November 2000, commencing at 10:30am at the Stamford Plaza Hotel (formerly the Heritage Hotel), 39 Edward Street, Brisbane

FINANCIAL CALENDAR

Financial Year End	**30 June 2000**
Announcement of Full Year Results	**6 September 2000**
Final Result Announced to ASX	**29 September 2000**
Books Close for CPS Dividend Entitlement	**13 October 2000**
Preference Share Dividend Paid	**1 November 2000**
Annual General Meeting	**15 November 2000**

Devine LIMITED

www.devine.com.au

COMPANY DIRECTORY

DEVINE LIMITED
A.C.N. 010 769 365

DIRECTORS

K P Prior (Chairman)
D H T Devine (Managing Director)
P J Ferris
R W Parris
K M Woodley (Marketing Director)
D J Ridley

COMPANY SECRETARY

V N Grayson

REGISTERED OFFICE

3 Westmoreland Boulevard
Springwood Queensland 4127
Tel: + 61 7 3380 2500

LAWYERS

McCullough Robertson

BANKERS

Australia New Zealand Banking Group Limited

AUDITORS

Ernst & Young
Level 5, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

SHARE REGISTRY

Computershare Registry Services Pty Ltd
Level 27, Central Plaza One
345 Queen Street
Brisbane QLD 4000

Devine Limited

Devine Limited

2000

Devine is a major force in Australia's residential property market, offering affordable housing products in Queensland, New South Wales, Victoria and South Australia and is also active in the medium density market in Queensland.

Devine Limited was formed in 1993, when the founding Director, David Devine, listed the company on the Australian Stock Exchange with a market capitalisation of $65 million.

At that time, Devine's operations were contained solely to south-east Queensland and traditionally had been involved with the construction of detached houses.

Today, the company can demonstrate geographic and product diversification and operates in four States.

In 1996 the company set up a Unit and Townhouse Division in Queensland which has completed a number of medium density projects in Brisbane including the 514 unit Cathedral Place Project. This division has also successfully marketed the 311 unit, 38 level - River Place Project on the Brisbane River, in the Brisbane CBD. With 89.4 % of the units sold, construction is scheduled to commence in the December 2000 quarter.

In May 1997, Devine acquired the contract housing business of Pioneer Homes, giving the company a presence in New South Wales, Victoria and South Australia.

THE DEVINE / PIONEER GROUP WAS RANKED IN THE TOP 5 OF THE LARGEST DETACHED HOME BUILDERS IN THE MOST RECENT HIA SURVEY OF AUSTRALIA'S BUILDERS.

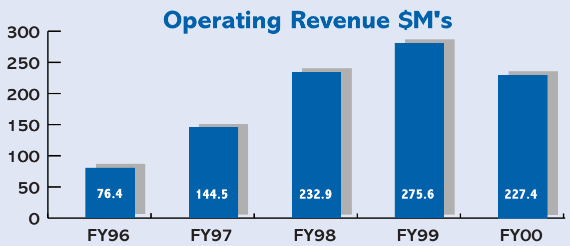
During the year under review, the company finalised the establishment of its in-house mortgage origination business and commenced processing Loan Applications. This new division will, over time, generate a new and material source of revenue.

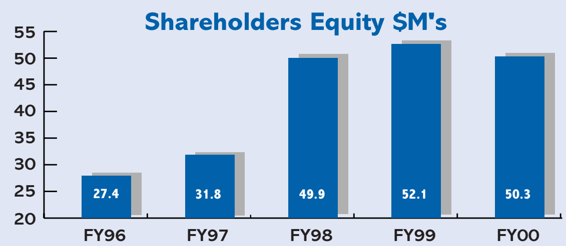
> *"The company has both geographic and product diversification and continues to demostrate success in identifying new project opportunities and innovation in finding new sources of finance for its customers"*

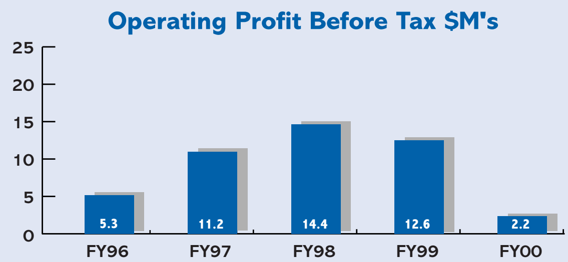
Financial Summary (Five Year Review)

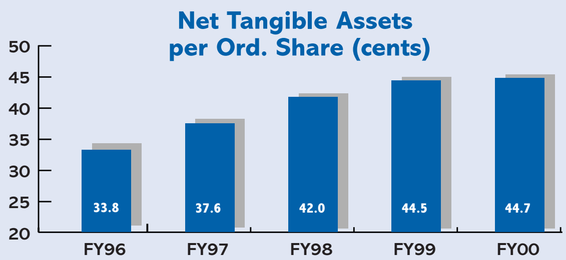
$,000's	1996	1997	1998	1999	2000
Sales revenue	76,440	144,461	232,861	275,572	227,444
Earnings before interest & tax	7,838	13,000	18,245	15,284	5,247
Operating profit before tax (after abnormals)	5,323	11,162	14,388	12,575	2,206
Operating profit after tax	3,389	7,525	9,357	7,896	1,744
Minority interests	(336)	(906)	(291)	(143)	(92)
Operating profit after minorities	3,053	6,619	9,066	7,753	1,652
Dividends declared or provided for	2,127	4,431	6,201	5,755	1,121
Retained earnings	2,757	4,945	7,810	9,808	10,339
Total assets	56,961	90,111	138,788	112,575	114,354
Net assets/shareholders equity	27,356	31,786	49,928	52,147	50,309
Net tangible assets	24,016	28,446	46,612	48,831	46,993
Number of ordinary shares on issue ('000)	71,085	75,581	76,787	77,417	72,938
Number of preference shares on issue ('000)	0	0	1,500	1,500	1,500
Net tangible assets per ordinary share (cents) *	33.8	37.6	42.0	44.5	44.7
Earnings per ordinary share (cents) *	4.3	9.2	10.8	8.6	0.7
Dividends per share (cents)					
Interim	2.0	3.0	3.0	4.0	NIL
Final	1.0	3.0	4.0	2.0	NIL
Total	3.0	6.0	7.0	6.0	NIL
Closing share price (cents)	38.0	89.0	58.0	70.0	19.0
Return on shareholders equity (%)	12.4	23.7	18.7	15.1	3.5
Dividend yield (%)	7.9	6.7	12.1	8.6	N/A
Price / earnings ratio (times)	8.8	9.7	5.4	8.1	27.1

*Based on weighted average number of ordinary shares on issue.

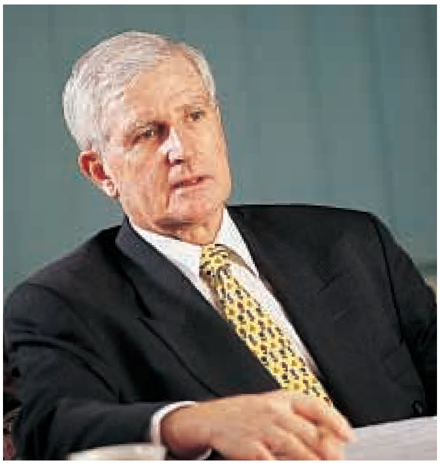








CHAIRMAN'S REPORT



Kerry Prior - Chairman

This has not been a satisfactory year for the company. Revenues (whilst reduced) remained at reasonable levels and it is disappointing that the company has been unable in this period to produce an appropriate profit from those revenues. Some Key comparative statistics are:

	1999/2000 $000's	1998/1999 $000's
Revenues	227,444	275,572
Housing Operating Profit (before tax & abnormals)	5,457	6,611
Units & Townhouses Operating Profit (before tax & abnormals)	(341)	5,378
Operating Profit (After Tax attributable to Shareholders)	1,652	7,753

It is apparent from these statistics that the profitability of the core housing business was comparable to the prior year whilst the absence of a large scale project such as Cathedral Place had a marked effect. Profits were further eroded by an abnormal loss of $2.014 million related to prior period losses on medium density developments contracted prior to the purchase of the Pioneer business and cost overruns on Cathedral Place.

Additionally, significant start up costs have been incurred in establishing a structure to originate mortgage loans in-house to Devine customers.

What then does the future hold?

The core housing business presents many challenges. Continuous interest rate rises are seriously impacting housing affordability, the implementation of GST has significantly dampened demand, the housing cycle has turned in key markets and the Queensland residential property market remains very depressed.

The Pioneer business in Victoria is however very strong and a good deal of effort has gone into restructuring Pioneer operations in New South Wales and addressing the Queensland position.

Respected forecasters predict a substantial increase in underlying demand in Queensland leading to a more buoyant residential market in that state.

The company's River Place project has been substantially sold with unconditional 10% deposit contracts held for 74% of the total project with commitments for a further 15% currently being processed. Financing and construction arrangements are currently being finalised. Subject to completion of those arrangements, River Place should make a substantial profit contribution in this year and the next.

CHAIRMAN'S REPORT (continued)

The company was faced during this period with the imminent conversion of converting preference shares at a time when the share price is low with the potential dilutionary effect which that entails.

After considerable consultation with shareholder groups, the company put to shareholders resolutions which allow the extension of the CPS for a further period of 3 years at the election of the shareholder. Those resolutions were passed by an overwhelming majority. At the time of writing of this report the take up of the extension option is not known.

The company is working during this current period to maximise the benefits of the River Place project whilst managing the housing business through the present difficult market conditions. I express my thanks to your directors and company personnel all of whom are deeply involved in that process.

K P Prior
Chairman

THE BOARD

K P Prior, LL.B. (Chairman)
Kerry Prior is executive chairman and senior partner of McCullough Robertson, Lawyers. He practices in the commercial division of McCullough Robertson and has extensive experience in commercial and taxation law. Mr Prior is principal legal adviser to a large number of public and substantial private companies and is a director of Werrie Gold Limited and the Royal Children's Hospital Foundation.

D H T Devine, (Managing Director)
David Devine began his working career with a chemical company in Victoria, before joining Hortico Australia Limited in 1968 where he spent 12 years progressing through the company to manage the company's Queensland and later, its Western Australian operations. As a result of Hortico's management structure he gained wide experience in production, manufacturing, advertising, distribution, marketing and administration. In 1980 he left Hortico and acquired his own business in aluminium boat manufacturing. He entered into property development in 1983, setting up the predecessor entity to Devine Limited.

P J Ferris, AM, B.A. (Hons Economics), F.C.A., FAIM, FMAICD
Peter Ferris is a former senior partner and National Director of Corporate Finance of Ernst & Young and is now a consultant to that firm. He is a director of a number of organisations including the Australian Technology Group Limited, the Sisters of Charity Health Services Limited, a Trustee of St Vincent's Hospital Darlinghurst, a member of the Australian Advisory Board of J & H Marsh & McLennan, and a former Director of Austereo Limited, Hanimex Corporation and the Defence Housing Authority.

R W Parris, FAIM, FAICD
Richard Parris is Chairman of Queensland Dairy Authority, Compliance Committee Member Suncorp Metway Investment Management Limited, a Director of property group Investment Management Australia Limited, Ambassador for the City of Brisbane, a Director of several private property companies and a former Director of South Bank Corporation and past Deputy Chairman of the Brisbane Cricket Ground Trust.

K M Woodley, (Marketing Director)
Ken Woodley worked in an accounting practice prior to moving into management of a building construction company for nine years, the last four years as managing director. Arriving in Australia in 1982, he worked for Peter Kurts Group prior to setting up Stewarts Real Estate in partnership with another real estate agent. During this time at Stewarts he marketed several Devine Group developments and in 1985 joined Devine Group to head the marketing division.

D J Ridley
Doug Ridley is a former Senior Executive of AVJennings having been with that company for 34 years, 6 years of which as Chief Executive Officer. Mr Ridley has extensive experience in the Housing Industry and since leaving AVJennings has provided consulting services to a number of companies allied to the industry. He is currently a Director of Bradman Corporation Pty Ltd.

The Board of Directors *(left to right):*
Rick Parris, Doug Ridley, Ken Woodley (Marketing Director), Viv Grayson (Company Secretary), David Devine (Managing Director), Kerry Prior (Chairman), Peter Ferris.

MANAGING DIRECTOR'S REPORT

David Devine - Managing Director

The 1999/2000 financial year was a disappointing year for Devine Ltd. Revenue was down 17% from $275.5M to $227.4M and operating profit before tax and abnormals was $4.2M, which was well down on last years profit of $12.1M.

As reported in the December 1999 half, abnormal losses of $2.014M were reported during the year. They related to prior period losses on medium density developments contracted prior to our purchase of Pioneer Homes Australia in May 1997 and some unforeseen cost overruns on Cathedral Place. Full details were provided in the December Half Year Shareholders Bulletin.

During the year we did not have the benefit of a major project such as Cathedral Place. We commenced marketing the $113.8M River Place development in March 2000 and have received an excellent response with sales well above budget. Revenue and profits will flow from this project over the next two years commencing in the current financial year.

The Housing Division performed beyond expectations in Victoria but New South Wales experienced many problems, some unforeseen. Building costs were higher than expected due to an overheated housing and construction sector. Trades were difficult to procure and materials were in short supply. Added to this were delays in land production and registration. Furthermore, unseasonably bad weather conditions contributed to a poor result.

Whilst the NSW and Victorian markets experienced buoyant trading conditions during the year, Devine's traditional market in south east Queensland failed to demonstrate any real lift in sales activity over the year. Failure to achieve budgeted sales levels in Queensland together with lower than expected margins produced losses for this division.

External factors had a major negative impact on the profits recorded for the year. A temporary inability of the company's traditional providers of mortgage loan funds to write loans for Devine/Pioneer customers resulted in a six week delay over May and June in issuing loan approvals to customers and caused a flow on delay in commencing construction of these houses. Further, the government's approach of only providing the $7,000 first homeowners grant to those buyers who signed contracts after 30 June 2000, resulted in most first home buyers delaying entering into contracts until July 2000.

MANAGING DIRECTOR'S REPORT(continued)

This had a further negative impact on the level of construction turnover achieved in the June half.

Some positive achievements were recorded during the year. As highlighted in recent communications to shareholders, our next major development, River Place, has been exceptionally well received by the market. In addition, I am pleased to report that a structure has now been put in place to originate mortgage loans in-house on behalf of the company's customers which will supplement the company's traditional sources of customer home loans. Significant start up costs have been incurred in establishing the structure and associated systems. This initiative will, over time, produce a new and growing source of revenue for the company.

River Place commenced marketing in February 2000 and its marketing success to date has exceeded all expectations. River Place is a 311 residential unit development of 38 levels on the Brisbane River in the Brisbane CBD. On completion, it will have a gross realization of $113.8M. To date, 278 or 89.4% of the 311 units have been sold with 230 or 74% of these being unconditional contracts.

We are confident that the pre-sales and other financing requirements required to enable the project to proceed will be achieved resulting in construction commencing in the December 2000 quarter. Based on financial projections for the project, River Place is forecast to make a material contribution to the Devine Group's results over the next two years.

Whilst we are confident about the success of the River Place project, clearly our attention must focus on returning our core housing business to acceptable levels of profitability. The marketplace over the next year will be a challenging one for all homebuilders as the impact of the GST is fully absorbed in new home prices and recent interest rate rises dampen consumer confidence and reduce home loan affordability.

Devine and its subsidiary Pioneer Homes primarily sell to the first homebuyer segment of the market and this segment has had the impact of GST cushioned to some degree by the governments introduction of a $7000 first homebuyers grant. This grant, together with Devine/Pioneer's innovative 100% mortgage loan facilities is expected to counter to some degree the negative factors currently impacting on the market.

I am confident that the dedicated staff and committed Board of Devine are up to the challenge. I take this opportunity to thank them and our loyal suppliers and sub contractors for their efforts over the past year.

David HT Devine
Managing Director

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2000

Directors

K P Prior (Chairman)

D H T Devine (Managing Director)

K M Woodley (Marketing Director)

P J Ferris

R W Parris

D J Ridley

See page 8 for Directors' Profiles

Interests in the shares of the company and related bodies corporate

As at the date of this report the interests of the directors in the shares of the company and related bodies corporate were:

	Devine Limited 1 cent Ordinary Share	Devine Limited 7.5% Converting-Preference Share	Devine Limited Options Over Ordinary Shares
K P Prior	222,996	2,000	-
D H T Devine	22,750,500	-	625,000
P J Ferris	126,638	4,968	-
R W Parris	65,000	-	-
K M Woodley	6,323,044	-	350,000
D J Ridley	100,000	-	-

Interests in contracts or proposed contracts with the company

No directors have an interest in contracts or proposed contracts with the company except as otherwise disclosed in this report or in the financial statements.

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity were:

* residential property development

* residential construction

* real estate marketing

* medium density residential development

OPERATING RESULTS AND DIVIDENDS

Operating results for the year ended 30 June 2000

	2000 $'000	1999 $'000
Consolidated Operating Profit after Tax	1,744	7,896
Less: Outside Equity Interest in Operating Profit after Tax	(92)	(143)
Consolidated Operating Profit after Tax and Outside Equity Interest	1,652	7,753
Dividends Paid or Declared for payment are as follows:		
No final dividend was declared	-	1,516
No Interim dividend was declared	-	3,110
Previous year final dividend paid (2.0 cents per share fully franked)	1,516	3,071
Converting preference shares dividend paid 1 November 1999	375	379
Converting preference shares dividend paid 28 April 2000	558	558
Converting preference shares dividend accrued 30 June 2000	188	92
Net Tangible Assets		
Basic net tangible assets per share	44.7 cents	44.5 cents
Diluted net tangible assets per share	19.7 cents	34.8 cents
Earnings per share		
Basic earnings per share	0.7 cents	8.6 cents
Diluted earnings per share	0.3 cents	7.8 cents

REVIEW OF OPERATIONS

The review of operations of the consolidated entity is covered in the Managing Director's Review on page 6 and 7.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 11 June 1999 the company announced an on market buy back of up to 9.5% of the ordinary shares issued in the company. Following the required notice period the buy back of shares commenced on 25 June and to 30 June 1999 462,909 shares representing 0.595% of issued capital had been acquired. Up to 3 March 2000 when the buy back program ceased, a further 4,478,232 shares were acquired bringing the total acquired to 4,941,141 shares representing 6.36% of the issued capital when the buy back program commenced.

On 30 June 2000, Directors advised that an offer would be put to all Converting Preference Shareholders that would invite them to extend the conversion date of their shares for a further three years. On 15 August 2000, Directors advised shareholders that extraordinary general meetings were to be held in Brisbane on 22 September 2000 to consider resolutions to be put to all shareholders. They advised that the resolutions would propose that the date for conversion of converting preference shares into ordinary shares be extended for three years, that is until 31 October 2003 and in addition, that the yield on the converting preference shares be increased to 8.5% fully franked effective from 1 November 2000.

SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no significant events after balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The likely developments and expected results are covered in the Managing Director's Review on page 6 and 7.

In the opinion of the Directors, further information including expected future results, would prejudice the interests of the consolidated entity.

EMPLOYEE SHARE SCHEME

There were no additional ordinary shares or options over ordinary shares issued to employees or executive directors during the year.

DIRECTORS' BENEFITS

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Managing Director and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial and operational performance.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

Devine Limited has entered into a deed of indemnity dated 21 October 1993 with D H T Devine (and related entities) and K M Woodley under which it indemnifies them against all claims, loss or damage that may be brought against or suffered by them as a result of the existence of any guarantee or indemnity given to any person in respect of performance by Devine Limited or its controlled entities.

During or since the financial year, the company has paid premiums in respect of a contract insuring all the directors of Devine Limited against costs incurred in defending:

(a) conduct not involving a wilful breach of duty; or
(b) contravention of Sections 182 or 183 of the Corporations Law.

As permitted by section 199B of the Corporations Law.

The policies do not specify the premiums for individual Directors and Executive Officers. The actual amount of premium paid in this regard is the subject of a confidentiality clause in the policy between Devine Limited and its insurers, and is regarded by our insurers as information that is "commercial in confidence".

EMOLUMENTS OF THE DIRECTORS OF DEVINE LIMITED

	Annual Emoluments			Long Term Emoluments	
	Base Fee	Bonus	Other	Termination & Similar Payments	Superannuation
	$	$	$	$	$
K P Prior	75,000	-	-	-	5,250
D H T Devine	329,167	-	-	-	23,042
P J Ferris	40,000	-	18,900	-	3,500
R W Parris	40,000	-	11,485	-	3,500
K M Woodley	273,333	-	58,632	-	19,133
D J Ridley	40,000	-	11,400	-	3,600

EMOLUMENTS OF THE FIVE MOST HIGHLY PAID EXECUTIVE OFFICERS OF THE COMPANY AND THE CONSOLIDATED ENTITY

	Annual Emoluments			Long Term Emoluments	
	Base Fee	Bonus	Other	Termination & Similar Payments	Superannuation
	$	$	$	$	$
C Fusco	108,430	176,970	31,426	-	8,844
G D Clayton	200,935	51,752	37,321	-	14,065
M Pierce	205,470	-	25,153	-	16,133
J White	186,916	-	18,077	-	13,084
V Grayson	142,312	-	16,688	-	28,721

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure. The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.
The category 'Other' includes the value of any non-cash benefits provided.

OPTIONS GRANTED TO DIRECTORS AND ANY OF THE FIVE MOST HIGHLY PAID OFFICERS

No options were granted over unissued shares in Devine Limited during or since the end of the year to any Director or any of the five most highly remunerated officers of the company as part of their remuneration.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of the directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	No. of Meetings held while in office	Meetings attended	No. of Meetings held while in office	Meetings attended	No. of Meetings held while in office	Meetings attended
K P Prior	13	13			-	-
D H T Devine	13	13				
P J Ferris	13	11	4	4	-	-
R W Parris	13	11	4	4		
K M Woodley	13	13				
D J Ridley	13	13	1	1		

As at the date of this report, the company had an audit committee and a remuneration committee of the Board of Directors.

The members of the Audit Committee are Mr P J Ferris, Mr R W Parris and Mr D J Ridley. The members of the Remuneration Committee are Mr K P Prior and Mr P J Ferris. Whilst no formal remuneration committee meetings were held, remuneration matters were discussed at a number of Directors' meetings.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded off under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Devine Limited support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the additional ASX information section of this annual report.

Signed in accordance with a resolution of the directors of Devine Limited.

K P Prior
Chairman

D H T Devine
Managing Director

Brisbane, 28 September 2000

PROFIT AND LOSS ACCOUNT

For The Year Ended 30 JUNE 2000

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000 $'000	1999 $'000	2000 $'000	1999 $'000
OPERATING REVENUE	**2**	**227,444**	**275,572**	**48,430**	**30,329**
OPERATING PROFIT BEFORE ABNORMAL ITEMS AND INCOME TAX	2(a)	4,220	12,132	10,717	2,954
ABNORMAL ITEMS BEFORE INCOME TAX	2(b)	(2,014)	440	-	-
OPERATING PROFIT BEFORE INCOME TAX		2,206	12,572	10,717	2,954
INCOME TAX ATTRIBUTABLE TO OPERATING PROFIT	3	(462)	(4,676)	(1,167)	(131)
OPERATING PROFIT AFTER INCOME TAX		1,744	7,896	9,550	2,823
OUTSIDE EQUITY INTERESTS IN OPERATING PROFIT AFTER INCOME TAX	23	(92)	(143)	-	-
OPERATING PROFIT AFTER INCOME TAX attributable to members of Devine Limited		1,652	7,753	9,550	2,823
RETAINED PROFITS at the beginning of the financial year		9,808	7,810	764	3,696
TOTAL AVAILABLE FOR APPROPRIATION		11,460	15,563	10,314	6,519
DIVIDENDS PROVIDED FOR OR PAID	4	(1,121)	(5,755)	(1,121)	(5,755)
RETAINED PROFITS at the end of the financial year		**10,339**	**9,808**	**9,193**	**764**

BALANCE SHEET
AS AT 30 JUNE 2000

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000 $'000	1999 $'000	2000 $'000	1999 $'000
CURRENT ASSETS					
Cash		-	1,138	-	50,782
Receivables	5	25,751	14,314	50,498	20,231
Inventories	6	29,773	50,841	11,283	20,339
Property	7	6,709	-	5,546	-
Other	8	4,068	4,079	363	155
TOTAL CURRENT ASSETS		66,301	70,372	67,690	91,507
NON-CURRENT ASSETS					
Receivables	9	75	70	-	70
Investments	10	-	1,163	5,112	5,112
Inventories	11	32,347	18,434	13,738	15,438
Property, plant & equipment	12	6,233	12,823	1,232	6,571
Intangibles	13	3,316	3,316	3,316	3,316
Other	14	6,082	6,397	527	1,230
TOTAL NON-CURRENT ASSETS		48,053	42,203	23,925	31,737
TOTAL ASSETS		**114,354**	**112,575**	**91,615**	**123,244**
CURRENT LIABILITIES					
Accounts payable	15	16,082	16,987	2,615	1,282
Borrowings	16	26,065	7,605	27,807	53,863
Provisions	17	6,311	12,516	2,020	2,856
TOTAL CURRENT LIABILITIES		48,458	37,108	32,442	58,001
NON-CURRENT LIABILITIES					
Borrowings	18	13,837	18,585	6,637	18,561
Provisions	19	1,750	4,735	57	263
TOTAL NON-CURRENT LIABILITIES		15,587	23,320	6,694	18,824
TOTAL LIABILITIES		**64,045**	**60,428**	**39,136**	**76,825**
NET ASSETS		**50,309**	**52,147**	**52,479**	**46,419**
SHAREHOLDERS' EQUITY					
Share capital	20	39,970	42,339	39,970	42,339
Reserves	21	-	-	3,316	3,316
Retained profits		10,339	9,808	9,193	764
Shareholders' equity attributable to members of Devine Limited		50,309	52,147	52,479	46,419
Outside equity interest in controlled entitles-retained profits	23	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY		**50,309**	**52,147**	**52,479**	**46,419**

STATEMENT OF CASH FLOWS
For The Year Ended 30 JUNE 2000

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000 $'000	1999 $'000	2000 $'000	1999 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		216,264	305,144	8,248	20,046
Payments to suppliers and employees		(215,234)	(263,717)	(26,906)	(10,165)
Dividend Received		-	-	8,000	-
Interest received		311	88	182	7
Borrowing costs paid		(3,041)	(4,360)	(2,468)	(2,314)
Income tax paid		(7,869)	97	(302)	(386)
NET CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	**22(b)**	**(9,569)**	**37,252**	**(13,246)**	**7,188**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(389)	(1,153)	(243)	(346)
Proceeds from sale of property, plant and equipment		88	757	45	156
Proceeds on sale of investments		-	56	-	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(301)**	**(340)**	**(198)**	**(190)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Acquisition of shares under share buy-back		(2,378)	(217)	(2,378)	(217)
Loans to related parties		-	-	(43,133)	-
Loans from related parties		-	-	-	58,654
Proceeds of debt recovery		-	104	-	104
Costs incurred in debt recovery		-	(1)	-	(1)
Borrowings - other		16,878	71,937	11,230	64,449
Repayment of borrowings - other		(4,095)	(94,756)	(4,094)	(89,303)
Finance lease principal repayments		(154)	(412)	(114)	(264)
Dividends paid	4	(2,673)	(6,765)	(2,673)	(6,765)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**7,578**	**(30,110)**	**(41,162)**	**26,657**
NET INCREASE/(DECREASE) IN CASH HELD		(2,292)	6,802	(54,606)	33,655
Add opening cash brought forward		1,138	(5,664)	50,782	17,127
CLOSING CASH CARRIED FORWARD	**22(a)**	**(1,154)**	**1,138**	**(3,824)**	**50,782**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
30 JUNE 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention, except for land held for sale and investments in controlled entities, measured at revalued amounts.

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Law which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The accounting policies adopted are consistent with those of the previous year.

Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Devine Limited (the parent entity) and all entities that Devine Limited controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Income Recognition

Property Revenue:

Revenue from sale of developed land is recognised on unconditional contract.

Construction contracts:

Profit on construction contracts is brought to account on the percentage of completion basis where it can be reliably estimated. Where losses are foreseeable, such losses are provided for in full. Measurement of the percentage complete is based on information provided by independent consultants on large multi unit construction projects. In relation to individual housing contracts, the percentage complete status of each job is assessed by the company's construction supervisory staff.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and money market investments readily converting to cash within two working days, net of outstanding bank overdrafts.

Retention funds held on deposit , which are subject to charges by agreement with financial institutions and which are available to meet costs associated with a loss on resale resulting from the buyer defaulting on their mortgage and repossessions, are classified within other assets. Retention funds have been classified within current assets to the extent the consolidated entity has provided as a current liability for future costs of repossessions. The balance of retention funds have been classified within non-current assets.

Inventories

Development work in progress:

Development land, including acquisition costs of the land, together with associated development costs, is valued at the lower of cost and net realisable value. Interest and other holding costs incurred directly in relation to land are only capitalised for land which is to be held for a period in excess of three years before development commences. No further interest is capitalised once development commences.

NOTES continued
30 JUNE 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction work in progress:

Construction work in progress is stated at cost plus profit recognised to date less progress billings. Cost includes all costs directly related to specific contracts.

Expenditure carried forward

Significant items of expenditure, including marketing expenditure, are carried forward provided it is probable that future consolidated benefits attributable to the expenditure will be realised. Expenditure carried forward is expensed over the lesser of the period in which the related benefits are expected to be realised or three years.

Investments

Long-term investments (including investment properties not principally occupied by consolidated entity companies) are stated at cost or valuation. There is no policy for regular valuations of investments. Investments are revalued to take account of the net realisable value of the assets for each controlled entity. The impact of capital gains tax is not taken into account.

Leases

Finance leases, which effectively transfer to the consolidated entity substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments, disclosed as leased property, plant and equipment, and amortised over the period the consolidated entity is expected to benefit from the use of the leased assets.

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

Recoverable amount

Non-current assets are not revalued to an amount above their recoverable amount and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have not been discounted to their present value.

Property, plant and equipment

Cost:

Property, plant and equipment are carried at the lower of cost and recoverable amount.

Depreciation:

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land, at rates calculated to allocate the cost, less estimated residual value at the end of the useful life of the assets, against revenue over those estimated useful lives.

Major depreciation periods for the years ended 30 June 2000 and 30 June 1999 are:

Buildings	*40 years*
Plant and equipment	*2 to 10 years*

Display homes:

Where display homes are classified as non-current assets they are depreciated on a straight line basis over the shorter of five years or the expected useful life so as to allocate their cost against revenue over that period.

Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Employee entitlement expenses and revenue arising in respect of the following categories:

* wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
* other types of employee entitlements;

are charged against profits on a net basis in their respective categories.

The values of the Employee Share Scheme and the Executive Share Option Plan described in note 20, are not being charged as Employee Entitlement Expenses.

The contribution made to superannuation funds are charged against profits when due.

NOTES continued

30 JUNE 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Brand Names

Brand names owned by the consolidated entity are carried at Directors' valuation. No amortisation has been charged in respect of brand names, as the directors do not believe that they have a limited useful life.

The Directors are of the view that the residual value of the brand name to the company is greater than the carrying value and that therefore no depreciable value exists. This view is supported by an independent valuation finalised on 1 September 2000 which valued the brand name in excess of its current carrying value (refer note 13).

Earnings per Share

Basic earnings per share is determined by dividing the operating profit after tax and after preference dividends by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by dividing the operating profit after tax and after preference dividends by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
2. (a) OPERATING PROFIT					
Included in the operating profit are the following revenues arising from operating activities:					
Revenue from sale of properties		226,822	274,466	30,277	20,655
Other revenue					
Interest received - other persons/bodies corporate		311	88	182	8
Dividends received - wholly owned entities		-	-	8,000	1,639
Rent received - wholly owned entities		-	-	71	126
Management fees - wholly owned entities		-	-	9,386	6,616
Trust distribution from partly owned controlled entities		-	-	319	506
Proceeds on sale of non-current assets		88	757	45	156
Sundry income		223	261	150	623
Revenue arising from operating activities		**227,444**	**275,572**	**48,430**	**30,329**
The operating profit before income tax has been determined after including the following items:					
Depreciation of current assets					
Buildings		177	-	177	-
Amortisation of non-current assets					
Plant and equipment under lease		120	105	96	89
Depreciation of non-current assets					
Buildings		-	446	-	121
Plant and equipment		900	838	291	187
Display home centres		354	-	-	-
Write off of expenditure carried forward		750	488	(79)	-
Bad and doubtful debts					
Trade debtors		202	(362)	200	-
Rental - operating leases		1,388	1,288	342	-
Borrowing costs expensed					
Interest - other persons/ bodies corporate		3,041	2,712	2,471	1,782
Finance charges - lease liability		27	30	18	22
Other provisions					
Provision for repossessions		859	495	-	-
Provision for rental guarantee		(423)	869	-	-
Provision for employee entitlements		923	261	245	105
Superannuation contributions		682	1,056	278	230
Net loss/(profit) on disposal of property, plant & equipment		10	(155)	18	(29)

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
2. (b) ABNORMAL ITEMS					
Recognised losses on construction of pre-acquisition Pioneer medium density projects		(917)	-	-	-
Applicable income tax		330	-	-	-
		(587)	-	-	-
Reduction in forecast profit margin on Cathedral Place Project Development		(1,097)	-	-	-
Applicable income tax		395	-	-	-
		(702)	-	-	-
Change in accounting policy in relation to recognition of rebates		-	1,440	-	-
Applicable income tax		-	(922)	-	-
		-	518	-	-
Write down of land stocks		-	(1,000)	-	-
Applicable income tax		-	-	-	-
		-	(1,000)	-	-
Total abnormal items		(2,014)	440	-	-
Applicable income tax		725	(922)	-	-
		(1,289)	(482)	-	-
3. INCOME TAX					
The prima facie income tax attributable to operating profit differs from the income tax provided in the financial statements as follows:					
Operating profit before income tax		**2,206**	**12,572**	**10,717**	**2,954**
Prima facie tax @ 36%		794	4,526	3,858	1,064
Tax effect of permanent differences:					
Depreciation of buildings		(144)	-	-	-
Rebateable dividends		-	-	(2,880)	(590)
Other items (net)		233	(53)	189	(545)
Under / (Over) provision of previous year		(421)	203	-	202
Income tax expense attributable to operating profit		**462**	**4,676**	**1,167**	**131**

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
4. DIVIDENDS PAID OR PROVIDED FOR DURING THE YEAR					
Ordinary Shares:					
Dividends paid - interim dividend (fully franked)		-	3,110	-	3,110
Dividends provided for - final dividend (fully franked)		-	1,516	-	1,516
		-	**4,626**	**-**	**4,626**
Converting Preference Shares:					
Dividend paid - 1 November 1999 (fully franked)		375	379	375	379
Dividend paid - 28 April 2000 (fully franked)		558	558	558	558
Dividend provided for - 30 June 2000 (fully franked)		188	192	188	192
		1,121	1,129	1,121	1,129
		1,121	**5,755**	**1,121**	**5,755**
Dividends paid during the year as set out above differ to the cash payments shown in the statement of cash flows as follows:					
* Previous year final dividend		1,548	3,071	1,548	3,071
* Interim dividend paid		-	3,110	-	3,110
* Converting preference dividend paid		1,125	1,125	1,125	1,125
Less:					
* Previous year final dividend satisfied by issue of shares under the Dividend Reinvestment Plan		-	(541)	-	(541)
Dividends paid in cash		**2,673**	**6,765**	**2,673**	**6,765**
The tax rate at which dividends have or will be franked is 36% (1999 : 36%)					
The amount of franking credits available for the subsequent financial year are:					
* franking account balance as at the end of the financial year		12,944	641	6,492	184
* franking credits that will arise from the payment of income tax payable as at the end of the financial year		1,921	11,530	209	118
* franking debits that will arise from the payment of dividends as at the end of the financial year		(64)	(2,111)	(64)	(2,111)
		14,801	**10,060**	**6,637**	**(1,809)**

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
5. RECEIVABLES - CURRENT					
Trade debtors		25,705	12,108	16,366	-
Provision for doubtful debts		(257)	(134)	(200)	-
		25,448	11,974	16,166	-
Amounts other than trade debtors from related parties:					
- wholly owned group		-	-	29,836	15,743
- controlled entities (partly owned)		-	-	4,467	4,306
Other debtors		72	2,178	25	29
Deposits		231	162	4	153
		25,751	14,314	50,498	20,231
Movement in provision for doubtful debts					
- balance at beginning of year		(134)	(496)	-	-
- bad and doubtful debts provided for during the year		(200)	-	(200)	-
- doubtful debts recovered		77	362	-	-
- balance at year end		(257)	(134)	(200)	-
6. INVENTORIES - CURRENT					
Land held for sale at cost					
Cost of acquisition		10,940	8,347	5,406	6,555
Development costs capitalised		6,660	5,081	2,897	3,408
		17,600	13,428	8,303	9,963
Land held for sale at valuation		3,375	3,304	-	-
Work in progress - cost		5,751	26,641	1,729	8,510
Display homes - cost		3,047	7,468	1,251	1,866
Total inventories at lower of cost and net realisable value		29,773	50,841	11,283	20,339
Included in Work In Progress at cost are capitalised borrowing costs of $468,180 (1999: $2,493,417)					
7. PROPERTY					
Property held for sale:					
Freehold land - cost		1,274	-	1,274	-
Buildings on freehold land - cost		6,043	-	4,880	-
Less: accumulated depreciation		(608)	-	(608)	-
		5,435	-	4,272	-
Total written down value of property held for sale		6,709	-	5,546	-
8. OTHER CURRENT ASSETS					
Expenditure carried forward		1,646	2,396	79	-
Prepayments		635	784	284	155
Retention Funds		1,787	899	-	-
		4,068	4,079	363	155

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
9. RECEIVABLES - NON-CURRENT					
Other debtors		75	70	-	70
10. INVESTMENTS - NON-CURRENT					
Investment in controlled entities - cost	10(a)	-	-	-	-
Investments in controlled entities - valuation	10(a)	-	-	5,281	5,281
Provision for diminution in value		-	-	(169)	(169)
		-	-	5,112	5,112
Investment properties - cost		-	1,163	-	-
		-	1,163	5,112	5,112

Investment in controlled entities comprises:

NAME	Notes	BENEFICIAL PERCENTAGE HELD BY CONSOLIDATED ENTITY 2000 %	BENEFICIAL PERCENTAGE HELD BY CONSOLIDATED ENTITY 1999 %	CHIEF ENTITY INVESTMENT 2000 $'000	CHIEF ENTITY INVESTMENT 1999 $'000
Devine Constructions Pty Ltd	*	100	100	727	727
First Permanent Financial Services Pty Ltd (formerly First Permanent Home Loans Pty Ltd)	*	100	100	286	286
Talcliff Pty Ltd	*	100	100	4,268	4,268
DMB Pty Ltd	*	100	100	-	-
Devine Civil Contracting Pty Ltd	*	100	100	-	-
Pioneer Homes Australia Pty Ltd	*	100	100	-	-
Cathedral Place Developments Pty Ltd	*	100	100	-	-
River Place Developments Pty Ltd (formerly Devine Cathedral Place Pty Ltd)	*	100	100	-	-
Devine Corporation Pty Ltd	10(b)	-	-	-	-
The Devine Properties Trust	10(b)	-	-	-	-
Pineridge Holdings Pty Ltd	10(c)	78	78	-	-
Pineridge Unit Trust	10(c)	78	78	-	-
Pineridge 1994 Pty Ltd	10(d)	56	56	-	-
Pineridge 1994 Unit Trust	10(d)	56	56	-	-
				5,281	5,281.

*All of the above entities are incorporated in Australia.

*Pursuant to Class Order 98/1418, relief has been granted to the controlled entities from the Corporations Law requirements for preparation, audit and lodgement of their financial reports.
As a condition of the Class Order, Devine Limited and the controlled entities subject to the Class Order as indicated above, (the "Closed Group") entered into a Deed of Cross Guarantee on 26 May 1998. The effect of the deed is that Devine Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entities. The controlled entities have also given a similar guarantee in the event that Devine Limited is wound up.

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	1999 $'000
10. INVESTMENTS - NON-CURRENT (continued)			
Investments in controlled entities			
The consolidated profit and loss statement and balance sheet of the entities which are members of the "Closed Group" are as follows:			
Consolidated profit and loss statement			
Operating profit before income tax		2,071	12,499
Income tax attributable to operating profit		(561)	(4,318)
Operating profit after income tax		1,510	8,181
Retained profits at the beginning of the financial year		10,234	7,808
Dividends provided for or paid		(1,121)	(5,755)
Retained profits at the end of the financial year		**10,623**	**10,234**
Consolidated balance sheet			
Current assets			
Cash		-	496
Receivables		25,750	14,302
Inventories		29,722	49,316
Property, Plant & Equipment		6,709	-
Other		4,068	4,079
Total current assets		66,249	68,193
Non-current assets			
Receivables		4,327	70
Investments		-	1,163
Inventories		28,740	15,438
Property, plant and equipment		6,233	12,823
Intangibles		3,316	3,316
Other		6,051	6,398
Total non-current assets		48,667	39,208
Total assets		**114,916**	**107,401**
Current liabilities			
Accounts payable		15,900	17,349
Borrowings		26,457	13,285
Provisions		6,379	11,877
Total current liabilities		48,736	42,511
Non-current liabilities			
Borrowings		13,837	7,582
Provisions		1,750	4,735
Total non-current liabilities		15,587	12,317
Total liabilities		**64,323**	**54,828**
Net assets		**50,593**	**52,573**
Shareholders' equity			
Parent entity interest			
Share capital		39,970	42,339
Reserves		-	-
Retained profits		10,623	10,234
		50,593	52,573
Outside equity interest		-	-
Total shareholders' equity		**50,593**	**52,573**

NOTES continued

30 JUNE 2000

10. INVESTMENTS - NON-CURRENT (cont'd)

(a) The carrying value of investments in controlled entities was re-valued by the Directors at 30 June 1998 to take account of the net realisable value for each controlled entity.

(b) Devine Corporation Pty Ltd is the trustee of The Devine Properties Trust. The consolidated entity has no ownership interest in Devine Corporation Pty Ltd or The Devine Properties Trust, however both entities are considered to be controlled entities of Devine Limited because:

* The articles of association of Devine Corporation Pty Ltd provide that only persons approved by Devine Limited may be nominated for appointment to the board of Devine Corporation Pty Ltd.

* The directors of Devine Limited constitute the board of the trustee, Devine Corporation Pty Ltd.

* The trust deed empowers Devine Limited to remove the trustee from office and replace it with another trustee of Devine Limited's choice.

* Devine Limited has received an irrevocable offer to acquire all the shares in Devine Corporation Pty Ltd for a nominal consideration. This offer is open for acceptance for ten years commencing 1993.

* Devine Limited is an eligible beneficiary of The Devine Properties Trust entitling it to receive income and capital distributions.

(c) Devine Limited's investments in Pineridge Holdings Pty Ltd and Pineridge Unit Trust are $50 each.

(d) Devine Limited's investments in Pineridge 1994 Pty Ltd and Pineridge 1994 Unit Trust are $1 each.

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000 $'000	1999 $'000	2000 $'000	1999 $'000
11. INVENTORIES - NON-CURRENT					
Land on hand					
Cost of acquisition		20,993	11,960	9,465	10,636
Development costs capitalised		11,354	6,474	4,273	4,802
		32,347	18,434	13,738	15,438

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
12. PROPERTY, PLANT & EQUIPMENT					
Freehold land - cost	12(a)	-	1,274	-	1,274
Buildings on freehold land - cost	12(a)	-	4,904	-	4,881
Less: accumulated depreciation		-	(454)	-	(431)
		-	4,450	-	4,450
Display homes - cost	12(a)	5,188	5,493	-	-
Less: accumulated depreciation		(1,099)	(745)	-	-
		4,089	4,748	-	-
Plant and equipment - cost		4,012	4,194	1,686	838
Less: accumulated depreciation		(2,047)	(2,272)	(633)	(346)
		1,965	1,922	1,053	492
Plant and equipment - leased		311	612	311	470
Less: accumulated amortisation		(132)	(183)	(132)	(115)
		179	429	179	355
Total property, plant and equipment - cost		9,511	16,477	1,997	7,463
Less: accumulated depreciation and amortisation		(3,278)	(3,654)	(765)	(892)
Total written down amount		6,233	12,823	1,232	6,571

(a) Land and buildings and display homes have been valued at existing carrying value by the directors. If the properties were sold at balance date at the valuation amount, no capital gains tax would be payable. The consolidated entity has a set policy for regular valuation of freehold land and buildings and display homes on a continuing use basis at least once every three years to support carrying values.

All valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

13. INTANGIBLES

Brand name - directors' valuation, September 2000		3,316	3,316	3,316	3,316

Brand names were valued by KPMG Peat Marwick Corporate (Qld) Pty Ltd on 1 September 2000, using the value-in-use basis of valuation. This basis represents the value of an asset deployed in a going concern business, assuming continuation of existing patterns of use. KPMG Peat Marwick Corporate (Qld) Pty Ltd is a specialist corporate advisory firm and is a member of KPMG Peat Marwick. It was their opinion that the value of the brand name was in the range of $3.7 million to $4.0 million.

14. OTHER NON-CURRENT ASSETS

Retention funds		2,973	1,667	-	-
Future income tax benefit	14(a)	3,109	3,733	527	588
Expenditure carried forward		-	997	-	642
		6,082	6,397	527	1,230

a) There are no recognised or unrecognised future tax benefits related to carrying forward tax losses.

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000 $'000	1999 $'000	2000 $'000	1999 $'000
15. ACCOUNTS PAYABLE - CURRENT					
Trade creditors		14,218	11,619	1,146	155
Other creditors		1,864	5,368	1,469	1,127
		16,082	16,987	2,615	1,282
16. BORROWINGS - CURRENT					
Secured					
Bank overdraft		1,154	-	3,824	-
Bank loans		24,847	7,453	23,919	4,972
Lease liability		64	152	64	108
		26,065	7,605	27,807	5,080
Unsecured					
Wholly owned group - controlled entities		-	-	-	48,783
		26,065	7,605	27,807	53,863
Bank loans and bank overdraft are secured by mortgages over the consolidated entity's land and buildings and development land.					
The lease liability is secured by a charge over the leased assets.					
17. PROVISIONS - CURRENT					
Taxation		2,249	7,111	1,146	66
Dividends		188	1,740	188	1,740
Employee entitlements		1,006	916	486	250
Provision for repossessions		1,787	899	-	-
Provision for rental guarantee		627	1,050	-	-
Other		454	800	200	800
		6,311	12,516	2,020	2,856

NOTES continued

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	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
18. BORROWINGS - NON-CURRENT					
Secured					
Bank loans		13,716	18,326	6,516	18,326
Lease liability		121	259	121	235
		13,837	18,585	6,637	18,561
Bank loans are secured by mortgages over the consolidated entity's land and buildings and development land.					
The lease liability is secured by a charge over the leased assets.					
19. PROVISIONS - NON-CURRENT					
Deferred income tax liability		1,634	4,735	57	263
Employee entitlements		116	-	-	-
		1,750	4,735	57	263
20. SHARE CAPITAL					
Ordinary Shares:					
Issued and paid up capital 72,938,273 ordinary shares, fully paid		25,587	27,956	25,587	27,956
(1999: 77,416,505 ordinary shares, fully paid) Amount of former share premium reserve included in share capital - ordinary shares	21	24,858	27,183	24,858	27,183
Converting Preference Shares:					
1,500,000 Converting Preference shares non cumulative converting shares, fully paid (1999 : 1,500,000)		14,383	14,383	14,383	14,383
Amount of former share premium reserve included in share capital - converting preference shares	21	14,368	14,368	14,368	14,368
Total Share Capital		**39,970**	**42,339**	**39,970**	**42,339**

Ordinary Shares

(a) Dividend Reinvestment Plan :

The Dividend Reinvestment Plan was suspended on 10 February 1999.

(b) Share Buy Back :

On 11 June 1999, the Directors announced an on market buy back of up to 9.5% of the issued ordinary shares in Devine Limited. Following the required notice period the buy back of shares commenced on 25 June and to 30 June 1999 462,909 shares representing 0.595% of issued capital had been acquired. Consideration paid in relation to the purchase of these shares totalled $310,426 with a resultant reduction in paid up capital of the same amount.

For the year ended 30 June 2000, an additional 4,478,232 shares representing 5.8% of issued capital were acquired. Consideration paid in relation to the purchase of these shares totalled $2,413,414 with a resultant reduction in paid up capital of the same amount.

NOTES continued

30 JUNE 2000

(c) Employee Share Scheme :

An employee share scheme has been in operation during the year. The scheme was approved by members at the Annual General Meeting held on 18 November 1998 and operates at the discretion of the board.

No shares were issued under the scheme during the year.

(d) Share Options :

Under the Executive Share Option Plan approved by members on 18 November 1998, 1,325,000 options over ordinary shares were issued to executives of the company. The options were granted on 16 June 1999, for no consideration at an exercise price of 61.5 cents and expire on 16 June 2009. The exercise price was based on the weighted average price of shares sold on the Australian Stock Exchange during the five trading days up to and including the date of grant of options. The earliest date that the options can be exercised is 24 months from the date of grant provided that certain performance hurdles, as determined by the board, are met. There is no additional amount required to be paid on the exercise of the options.

No options over ordinary shares were issued during the year.

(e) Converting Preference Shares :

On 1 October 1997 the company issued 1,500,000 converting preference shares of $10 each. The shares are non-redeemable and non-cumulative and offer a 7.5 % fully franked dividend. The shares will convert to ordinary shares on 31 October 2000 at a 5% discount to the then weighted average market price subject to the maximum of $1.30 per ordinary share.

On 30 June 2000, the Directors advised that an offer would be put to all Converting Preference Shareholders that would invite them to extend the conversion date of their shares for a further three years. On 15 August 2000, the Directors advised shareholders that extraordinary general meetings were to be held in Brisbane on 22 September 2000 to consider resolutions to be put to all shareholders. They advised that the resolutions would propose that the date for conversion of converting preference shares into ordinary shares be extended for three years, that is until 31 October 2003 and in addition, that the yield on the converting preference shares be increased to 8.5% fully franked effective from 1 November 2000.

NOTES continued
30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
21. RESERVES					
Share premium account		-	-	-	-
Asset revaluation reserve		-	-	3,316	3,316
		-	**-**	**3,316**	**3,316**
Movements in reserves:					
Share premium account					
- balance at beginning of year		-	41,335	-	41,335
- transfer of balance as at 1 July 1998 to the Share Capital Account to reflect the abolition of the concepts of par value and share premiums		-	(26,967)	-	(26,967)
- transfer of balances as at 1 July 1998 to the Converting Preference Shares to reflect the abolition of the concepts of par value and share premiums		-	(14,368)	-	(14,368)
- balance at end of year		**-**	**-**	**-**	**-**

NOTES continued
30 JUNE 2000

	Notes	CONSOLIDATED 2000 $'000	CONSOLIDATED 1999 $'000	DEVINE LIMITED 2000 $'000	DEVINE LIMITED 1999 $'000
22. STATEMENT OF CASH FLOWS					
(a) Reconciliation of cash:					
Cash balance comprises:					
- cash at bank		-	1,138	-	50,782
- bank overdraft		(1,154)	-	(3,824)	-
Closing cash balance		**(1,154)**	**1,138**	**(3,824)**	**50,782**
(b) Reconciliation of the operating profit after tax to the net cash flows from operations:					
- operating profit after tax		1,744	7,896	1,550	2,823
- depreciation and amortisation of property, plant and equipment		1,197	1,389	564	399
- write-off of carried forward expenditure		750	488	(79)	-
- depreciation of display centres		354	248	-	-
- loss/(gain) on sale of investment		-	(56)	-	-
- loss/(gain) on debt recovery		-	(103)	-	(103)
- provision for doubtful debts		123	(362)	200	-
- provision for employee entitlements		207	(510)	237	61
- provision for rental guarantee		(423)	645	-	-
- provision for repossessions		888	(180)	-	-
- provision for warranties		(600)	800	(600)	800
- provision for redundancies		254	(145)	-	-
- loss/(profit) on sale of non-current assets		11	(155)	18	(29)
- inter-company dividends		-	-	(8,000)	(2,144)
- management fees		-	-	(4,520)	(5,517)
- distributions to outside equity interests		(92)	(143)	-	-
Changes in assets and liabilities					
- trade and sundry debtors		(11,556)	31,752	(15,529)	(608)
- prepayments		(205)	(158)	(129)	23
- inventories		8,052	(3,104)	11,279	3,938
- future income tax benefit		624	(1,293)	61	(302)
- creditors and accruals		(1,738)	(4,956)	828	134
- receivables from controlled entities		-	-	-	7,666
- deferred income tax liability		(3,101)	(1,016)	(206)	141
- retention funds		(2,194)	(293)	-	-
- provision for tax		(4,862)	7,485	1,080	(94)
- other non-current assets		998	(977)	-	-
Net cash flow from (used in) operating activities		**(9,569)**	**37,252**	**(13,246)**	**7,188**

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000 $'000	1999 $'000	2000 $'000	1999 $'000
22. STATEMENT OF CASH FLOWS (continued)					
(c) Bank overdraft facility:					
The consolidated entity has a bank overdraft facility available to the extent of $6,500,000 (1999: $12,000,000). As at balance date $5,346,000 of the facility was not utilised (1999: $12,000,000).					
(d) Financing facilities:					
Financing facilities of $52,231,000 (1999: $53,745,000) were available to the consolidated entity at the end of the financial year. As at that date, $38,563,000 (1999: $25,779,056) of these facilities were in use.					
(e) Non-cash financing and investing activities:					
During the financial year the consolidated entity acquired plant and equipment with an aggregate fair value of $Nil (1999: $270,072) by means of finance leases. Plant and equipment acquired by means of a finance lease by the parent entity was $Nil (1999: $270,072).					
23. OUTSIDE EQUITY INTEREST					
Reconciliation of outside equity interest in controlled entities:					
- Opening balance		-	-	-	-
- Add share of operating profit		92	143	-	-
- Profit distributed		(92)	(143)	-	-
Closing balance		-	-	-	-

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000 $'000	1999 $'000	2000 $'000	1999 $'000
24. EXPENDITURE COMMITMENTS					
Lease expenditure commitments					
(a) Finance leases					
- not later than one year		76	178	76	178
- later than one year but not later than five years		125	278	125	213
- later than five years		-	-	-	-
		201	456	201	391
Less: future finance charges		(16)	(45)	(16)	(48)
Lease liability		185	411	185	343
Current liability		64	152	64	108
Non-current liability		121	259	121	235
		185	411	185	343
(b) Operating leases (non-cancellable)					
- not later than one year		653	669	107	-
- later than one year and not later than five years		835	771	106	-
- later than five years		-	58	-	-
Aggregate lease expenditure contracted for at balance date but not provided for		1,488	1,498	213	-
25. EMPLOYEE ENTITLEMENTS					
The aggregate employee entitlement liability is comprised of:					
Provisions (current)		1,006	916	486	250
Provisions (non-current)		116	-	-	-
		1,122	916	486	250

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED		DEVINE LIMITED	
		2000	1999	2000	1999
26. REMUNERATION OF DIRECTORS					
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:		956,000	1,160,000		
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Devine Limited, directly or indirectly, from the entity or any related party:				956,000	1,160,000
The number of directors of Devine Limited whose remuneration (including superannuation contributions and indemnity insurance premiums) falls within the following bands:					
$10,000 - $19,999				-	1
$30,000 - $39,999				-	1
$40,000 - $49,999				-	2
$50,000 - $59,999				2	-
$60,000 - $69,999				1	-
$70,000 - $79,999				-	1
$80,000 - $89,999				1	-
$350,000 - $359,999				2	-
$420,000 - $429,999				-	1
$530,000 - $539,999				-	1

NOTES continued

30 JUNE 2000

	Notes	CONSOLIDATED 2000	CONSOLIDATED 1999	DEVINE LIMITED 2000	DEVINE LIMITED 1999
27. REMUNERATION OF EXECUTIVES					
Remuneration received or due and receivable by executive officers of the consolidated entity (including executive directors of the consolidated entity) whose remuneration is $100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise:		3,196,000	3,347,000		
Remuneration received or due and receivable by executive officers of the company whose remuneration is $100,000 or more, from the company and or related party, in connection with the management of the affairs of the company or any related party, whether as an executive officer or otherwise.				3,196,000	1,815,000
The number of executive officers (including directors) of the consolidated entity and the company whose remuneration (including superannuation contributions) falls within the following bands:					
$100,000 - $109,999		2	6	2	-
$110,000 - $119,999		-	1	-	-
$120,000 - $129,999		1	1	1	1
$130,000 - $139,999		2	1	2	-
$140,000 - $149,999		3	1	3	-
$150,000 - $159,999		1	-	1	-
$160,000 - $169,999		-	1	-	-
$170,000- $179,999		-	1	-	1
$180,000 - $189,999		1	-	1	-
$210,000 - $219,999		1	-	1	-
$230,000 - $239,999		-	1	-	1
$240,000 - $249,999		1	-	1	-
$300,000 - $309,999		1	-	1	-
$310,000 - $319,999		-	1	-	1
$350,000 - $359,999		3	-	3	-
$360,000 - $369,999		-	1	-	-
$420,000 - $429,999		-	1	-	1
$530,000 - $539,999		-	1	-	1
28. AUDITOR'S REMUNERATION					
Amounts received or due and receivable by the auditors for:					
Audit or review of the financial report		115,000	105,000	115,000	105,000
		146,160	39,000	146,160	39,000
		261,160	144,000	261,160	144,000

NOTES continued

30 JUNE 2000

29. EVENTS SUBSEQUENT TO BALANCE DATE

No events have occurred subsequent to balance date which have had a material effect on the affairs of the parent company or consolidated entity.

30. RELATED PARTY DISCLOSURES

(a) The directors of Devine Limited during the financial year were:

K P Prior
D H T Devine
P J Ferris
R W Parris
K M Woodley
D J Ridley

(b) The following related party transactions occurred during the financial year:

Transactions with related parties in the wholly owned group -

* Rental income was received from controlled entities under normal commercial terms and conditions.

* Management fees were received from controlled entities under normal commercial terms and conditions.

* Trust distributions were received from controlled entities.

* Dividends were received from controlled entities.

* Interest free loans made by Devine Limited to controlled entities repayable on demand.

* Interest free loans made to Devine Limited by controlled entities repayable on demand.

Transactions with other related parties -

* Devine Limited received trust distributions from the Pineridge Unit Trust, of which Devine Limited has a controlling interest, of $318,787 (1999: $505,799)

Transactions with the directors and director-related entities -

* K P Prior is a partner of McCullough Robertson. Fees totalling $141,821 (1999: $543,696) were paid or payable to McCullough Robertson during the year in respect of legal services provided to the consolidated entity. These fees were determined under normal commercial terms and conditions.

NOTES continued
30 JUNE 2000

30. RELATED PARTY DISCLOSURES (CONT'D)

* K M Woodley is a partner in a business known as Clayfield Galleries. Clayfield Galleries provided picture framing services to the group on normal commercial terms. The consolidated entity paid $6,965 (1999: $5,405) during the year for these services.

* R W Parris is a partner of Parris & Associates. Fees totalling $26,213 (1999: $245,340) were paid or payable to Parris & Associates during the year in respect of project management services provided to a controlled entity. These fees were determined under normal tendered commercial terms and conditions.

(c) Interests in the shares of entities within the consolidated entity held by the directors of Devine Limited and their director-related entities as at 30 June 2000 were:

	Devine Limited 1 cent Ordinary Shares	Devine Limited 7.5% Converting-Preference Share	Devine Limited Options Over Ordinary Shares
K P Prior	222,996	2,000	-
D H T Devine	22,750,500	-	625,000
P J Ferris	126,638	4,968	-
R W Parris	65,000	-	-
K M Woodley	6,323,044	-	350,000
D J Ridley	100,000	-	-

(d) Devine Limited is the ultimate controlling entity.

31. SEGMENT INFORMATION

The consolidated entity conducts business predominantly in the residential building and land development industry in Australia.

32. CONTINGENT LIABILITIES

The parent entity and controlled entities have entered into local authority performance guarantees of $7,427,555 at 30 June 2000 (1999: $6,829,477) relating to individual estates. The guarantees are secured by charges over the assets of the respective entities. No liabilities are expected to arise.

The parent entity (Devine Limited) has guaranteed, under the terms of Class Order 98/1418, to pay any deficiency in the event of winding up of the controlled entities listed in note 10. The controlled entities have also given a similar guarantee in the event that Devine Limited is wound up.

The company has deposited $4,759,986 (1999: $2,566,228) into bank accounts subject to charges by agreement with the financial institutions which provide funding for mortgages under the "Builder Pays Deposit" promotion. These funds are only available to meet costs associated with a loss on resale occurring as a result of buyer default on mortgages and repossessions. The consolidated entity's liability is limited to 5% of the original loan amount of the defaulting purchaser in each individual case and the amounts held in the bank accounts in total. That is, the consolidated entity could not be liable for more than $4,759,986 as at the 30 June 2000 (1999: $2,566,228). As at the 30 June 2000 a provision of $1,786,793 (1999: $898,644) has been raised on the basis of expected future costs as disclosed in Note 2 and Note 17.

33. LAND ACQUISITION COMMITMENTS

As at 30 June 2000 the group had entered into put/call option agreements to acquire developers' land amounting to $11,891,600 (1999: $12,530,909). At exercise date the consolidated entity is required to acquire land at a predetermined acquisition price.

NOTES continued
30 JUNE 2000

	Notes	CONSOLIDATED 2000	1999
34. EARNINGS PER SHARE			
(a) Basic earnings per share (cents per share)		0.7	8.6
(b) Diluted earnings per share (cents per share)		0.3	7.8
(c) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.		74,378,510	77,461,579

There have been no conversions, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES continued

30 JUNE 2000

35. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and conditions
(i) Financial assets			
Trade and other debtors	5,9	Trade and other debtors are carried at nominal amounts due, less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer recognised.	Sales made on completed homes are due on the settlement date of each sale. The terms of each sale will vary due to individual circumstances. Progress claims issued with regard to homes under construction are due and receivable after 5 working days.
Retention Funds	8, 14	Retention funds are carried at the principal amount. Interest is recognised as it is earned.	These funds are only available to meet costs associated with a loss on resale occurring as a result of buyer default on mortgages and repossession. The consolidated entity's liability is limited to 5% of the original loan amount of the defaulting purchaser in each individual case and the amounts held in the bank accounts in total.
(ii) Financial liabilities			
Bank overdraft	16	The bank overdraft is carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged by the bank at a variable rate of 9.00%. Details of the security over the bank overdraft are set out in note 16.
Bank loans	16,18	Bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	The bank loans are repayable from the proceeds of sales as a percentage of cash receipts. Details of the security over bank loans are set out in note 16. Interest has been charged at an average rate of 7.1%.
Trade and other creditors	15	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are settled on the due date for payment agreed with individual suppliers.
Dividends Payable : Ordinary Shares	4, 17	Dividends payable are recognised when declared by the consolidated entity.	No Dividends payable (1999: 2 cents) per ordinary share for the financial year ended 30 June 2000. The extent to which the dividends are franked, details of the franking account balance at balance date and franking credits available for the previous financial year are disclosed in note 4.

NOTES continued

30 JUNE 2000

35. FINANCIAL INSTRUMENTS (CONT'D)

(a) Terms, conditions and accounting policies

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and conditions
Dividends Payable : Converting Preference Shares	4, 17	Converting preference share dividends are recognised on an accruals basis by the consolidated entity.	Dividends payable represent an accrual for 2 months of dividends payable on the converting preference shares.
Financial lease liability	16, 18, 24	The lease liability is accounted for in accordance with AASB 1008.	As at balance date, the consolidated entity had finance leases with an average lease term of 3 years. The average discount rate implicit in the leases is 7.3%. The security over finance leases is disclosed in note 18.
(iii) Equity			
Ordinary shares	20	Ordinary share capital is recognised at the fair value of the consideration received by the company.	Details of shares issued and the terms and conditions of options outstanding over ordinary shares at balance date are set out in note 19.
Converting Preference Shares	20	Converting preference share capital is recognised at the fair value of the consideration received by the company.	Details of converting preference shares issued and the terms and conditions at balance date are set out in note 19.
(iv) Unrecognised Financial Instruments			
Put/Call Option Agreement	33	The consolidated entity enters into put/call option agreements with developers to acquire land.	At balance date the consolidated entity had put/call agreements with developers to acquire land amounting to $11,891,600 (1999: $12,530,909). These options all have an exercise date within one year of balance date.

35. FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date are as follows:

Financial interest rate	Floating interest rate		Fixed interest rate maturing in : 1 Year or less		Over 1 to 5 years		More than 5 years		Non Interest Bearing		Total carrying amounts as per the balance sheet		Weighted average effective interest rate	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 %	1999 %
(i) Financial assets														
Cash	-	1,137	-	-	-	-	-	-	-	1	-	1,138	N/A	3.2
Trade and other debtors	-	-	-	-	-	-	-	-	25,826	14,384	25,826	14,384	N/A	N/A
Retention Funds	4,760	2,566	-	-	-	-	-	-	-	-	4,760	2,566	5.3	2.18
Total financial assets	**4,760**	**3,703**	**-**	**-**	**-**	**-**	**-**	**-**	**25,826**	**14,385**	**30,586**	**18,088**	**N/A**	**N/A**
(ii) Financial liabilities														
Bank overdraft	1,154	-	-	-	-	-	-	-	-	-	1,154	-	8.6	8.45
Bank loans	38,563	25,779	-	-	-	-	-	-	-	-	38,563	25,779	7.1	7.95
Trade and other creditors	-	-	-	-	-	-	-	-	16,082	16,987	16,082	16,987	N/A	N/A
Dividends payable														
- ordinary	-	-	-	-	-	-	-	-	-	-	-	1,548	N/A	N/A
Dividends payable														
- CPS	-	-	-	-	-	-	-	-	188	192	188	192	N/A	N/A
Finance lease liability	-	-	64	152	121	259	-	-	-	-	185	411	7.3	8.6
Total financial liabilities	**39,717**	**25,779**	**64**	**152**	**121**	**259**	**-**	**-**	**16,270**	**18,727**	**56,172**	**44,917**	**N/A**	**N/A**

NOTES continued

30 JUNE 2000

35. FINANCIAL INSTRUMENTS (CONT'D)

c) Net fair values

The aggregate net fair values of financial assets and recognised financial liabilities, at balance date, are equivalent to their carrying values. The net fair value of unrecognised financial liabilities, at balance date, is $11,891,600 (1999: $12,530,909) which is the maximum amount the group is liable to pay on put/call options in place at balance date.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised financial instruments

Cash and cash equivalents

The carrying amount approximates fair value because of their short term to maturity.

Trade and other debtors

The carrying amount approximates fair value.

Dividends payable

The carrying amount approximates fair value.

Trade and other creditors

Trade and other creditors represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest. The carrying amount approximates net fair value because credit terms are not greater than 60 days.

Borrowings

Bank loans are recognised in the financial statements on the basis of the nominal amounts outstanding at balance date plus accrued interest which is charged at current market rate.

Finance lease liability

The carrying amount of finance lease liability approximates net fair value because interest is charged at market rates.

d) Credit risk exposures

The consolidated entity's maximum exposures* to credit risk at balance date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

Concentrations of credit risk (a) (b)

The company minimises concentrations of credit risk in relation to trade receivable by undertaking transactions with a large number of customers. However, the majority of customers are concentrated in Australia.
Credit risk in trade debtors is minimised as trade debtors have approved finance prior to sales taking place.

* The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Devine Limited, we state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Law, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 10 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

K P Prior
Chairman

D H T Devine
Managing Director

Brisbane, 28 September 2000.

INDEPENDENT AUDIT REPORT

To the members of Devine Limited

Scope

We have audited the financial report of Devine Limited for the financial year ended 30 June 2000, as set out on pages 9 to 44, including the Directors' Declaration. The financial report includes the financial statements of Devine Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Devine Limited is in accordance with:

(a) The Corporations Law including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Ernst & Young

ERNST & YOUNG

Eddy

T C Eddy
Partner
Brisbane

Date: 28 September 2000

SHAREHOLDINGS

Information as to shareholdings on 31st August 2000 is as follows:

(a) Ordinary Shares

Substantial Shareholdings

The names of the substantial shareholders and the number of the equity securities in which they have an interest, as shown in the Company's Register of Substantial Shareholders, are:

Name	No. of Shares
The following companies hold a relevant interest in these shares.	
DEVINE INDUSTRIES PTY LTD	22,073,500
LARRAPINTA PTY LTD	5,276,500
Number of Shares	
Ordinary shares which have equal voting rights*	72,938,273

*Voting Rights:
On a show of hands every member present in person or by proxy or attorney or duly appointed representative shall have one vote and on a poll every member present as aforesaid shall have one vote for each share of which the member is the holder.

Distribution Schedule

Category	No. of Shareholders
1 - 1,000	178
1,001 - 5,000	855
5,001 - 10,000	712
10,001 - 100,000	834
100,001 and over	60
	2,639

There were 120 shareholders with less than a marketable parcel ($500).

Twenty Largest Shareholders

The percentage of the total holding of the 20 largest shareholders, as shown in the Company's Register of Members as at the 31st August 2000 is 48.21% and their names and number of shares are as follows:

Name	Number	Percentage of Total Shareholdings
Devine Industries Pty Ltd	22,073,500	30.31%
Larrapinta Pty Ltd	5,276,500	7.24%
Mr John Wentworth Hill	1,348,873	1.85%
Mr David Harold Thomas Devine	603,000	0.83%
Mr George Hampton Andrew	600,000	0.82%
Dr Kimbal James Trevor	545,358	0.75%
Dr Michael John Craft	522,089	0.72%
ANZ Nominees Limited	500,002	0.69%
Michael Craft Pty Ltd	498,589	0.68%
National Nominees Limited	395,197	0.54%
Presport Investments Pty Ltd	313,222	0.43%
Copabella Pty Ltd	300,000	0.41%
Mr Walter Frederick Holland	300,000	0.41%
Lynn Mary Woodley	276,544	0.38%
Mentmore Pty Ltd	275,350	0.38%
Mr Kenneth John Woodley	270,000	0.37%
Mr David John Bromley	270,000	0.37%
Fendell Pty Limited	256,025	0.35%
Pamela Benstead and Martin Benstead	250,000	0.34%
Jeanette Brown and Graeme Brown	250,000	0.34%
	35,124,249	48.21%

SHAREHOLDINGS continued

(b) Converting Preference Shares

Substantial Shareholdings

There are no converting preference shareholders who hold 20% or greater of the number of converting preference shares issued.

Number of Converting Preference Shares

Converting preference shares*	1,500,000

*Voting Rights:
A converting preference share does not confer any right to vote to the holders of those shares prior to the conversion date (31 October 2000) except for those exceptions noted in the Converting Preference Share prospectus. In any one or more of those events nominated in the Converting Preference Share prospectus, a converting preference share confers the same right to vote (both on a show of hands and on poll) as an ordinary share.

Distribution Schedule

Category	No. of Shareholders
1 - 1,000	421
1,001 - 5,000	219
5,001 - 10,000	21
10,001 - 100,000	22
100,001 and over	-
	683

There were 4 converting preference shareholders with less than a marketable parcel ($500).

CORPORATE GOVERNANCE STATEMENT

The board of directors of Devine Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Devine Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

* the board should comprise at least six directors and should maintain a majority of non-executive directors;

* the chairman must be a non-executive director;

* the board should comprise directors of an appropriate range of qualifications and expertise; and

* the board shall meet at least monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The directors in office at the date of this statement are:

Name	Company Title
K P Prior	Chairman, Non-Executive Director
D H T Devine	Managing Director
K M Woodley	Marketing Director
P J Ferris	Non-Executive Director
R W Parris	Non-Executive Director
D J Ridley	Non-Executive Director

Remuneration Committee

The board is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive directors. The board has established a remuneration committee, comprising two non-executive directors. Members of the remuneration committee through the year were:

K P Prior P J Ferris

The company has a board approved policy of only allowing trading of shares by Directors or staff in the period of 21 days following an announcement being made by the company to the Australian Stock Exchange. However the board may on occasion relax the policy to allow Directors or staff to acquire shares with specific board approval for each purchase. This relaxation of the policy only occurs at times where the board considers that the market is well informed about the company. In such cases, Directors and staff are also reminded that they must be satisfied that their actions are consistent with the rules relating to insider trading.

CORPORATE GOVERNANCE STATEMENT 30 JUNE 2000 continued

Audit Committee

The board has established an audit committee, which operates under a charter approved by the board and meets at least quarterly. It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-finance considerations such as the benchmarking of operational key performance indicators. The board has delegated the responsibility for the establishment and maintenance of a framework of internal control to the audit committee. The committee also provides the board with additional assurance regarding the reliability of financial information for including in the financial statements. All members of the audit committee are non-executive directors. The members of the audit committee during the year were:

P J Ferris (Chairman) R W Parris D J Ridley (appointed March 2000)

The audit committee is also responsible for nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

Board responsibilities

As the board acts on behalf of the shareholders and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways.

The responsibility for the operation and administration of the consolidated entity is delegated by the board to the managing director and the executive management team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the managing director and the executive management team.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the board. The board has a number of mechanisms in place to ensure this is achieved. In addition to the establishment of the committee referred to above, these mechanisms include the following:

* board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
* the strategic plan is a dynamic document and the board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
* implementation of budgets by management and board monitoring of progress against budget - this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes.

Monitoring of the Board's Performance and Communication to Shareholders

In order to ensure that the board continues to discharge its responsibilities in an appropriate manner, the performance of all directors is reviewed annually by the Chairman. Directors whose performance is unsatisfactory are asked to retire.

The board of directors aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

* the annual report which is distributed to all shareholders;
* the half-yearly report distributed to all shareholders;
* the annual general meeting and other meetings so called to obtain approval for board action as appropriate; and
* reporting to shareholders from time to time on the performance of the company.