LIMITED
A.C.N. 010 769 365

Directors' Comments

Half-Year Ended 31 December 2003

25 February 2004

The Directors of Devine Limited are pleased to announce an operating profit before tax of $11.296M for the half-year ended 31 December 2003 (December 2002 half $9.039M). The after tax profit attributable to shareholders is $8.025M (December 2002 half $6.039M) and represents basic EPS of 7.4 cents per share (December 2002 half 5.8 cents).

The after tax result represents an increase of 32.9% on the corresponding period for 2002 and has been recorded on revenue of $183.933M, up 3.8% on the December 2002 half.

The net tangible asset backing per share has increased to 64.9 cents, up from 56.7 cents at December 2002.

Directors have declared a fully franked interim dividend of 4.0 cents per share in relation to the company's ordinary shares (last year 3.0 cents), an increase of 33.3% over the interim dividend declared last year. The record date for this dividend will be 8 April 2004 with payment to be made on 23 April 2004.

A summary of the half-year's results and related commentary follows:

	Half-Year Ended	
	Dec. 2003	**Dec. 2002**
	$000's	**$000's**
Revenue	183,933	177,272
Operating Profit before Tax	11,296	9,039
Operating Profit After Tax	8,025	5,950

	Half-Year Ended Dec. 2003 $000's	Dec. 2002 $000's
Profit (Loss) Outside Equity Interest	-	(89)
Net Profit Attributable to Shareholders	8,025	6,039
EPS (Basic)	7.4 cents	5.8 cents
NTA per Share (Basic)	64.9 cents	56.7 cents
Interim Dividend – Ordinary Shares (fully franked) (ASX Code "DVN")	4.0 cents	3.0 cents

Key factors influencing the half-year result and other highlights were:

- The commencement in September 2003 of the $328M "Victoria Point Docklands" Project in Melbourne.
- Settlement occurring on the "Festival Towers" site (Festival Hall) in the Brisbane CBD.
- Achieving sales representing 91% of the 401 residential units in the "Festival Towers" project in the period September 2003 to 25 February 2004.
- The completion and settlement of the $71M, 221 unit "River City" project.
- Sale of the seven level commercial building associated with the "Victoria Point Docklands" project in Melbourne.
- Completion of the 12,000th house built by Devine in the ten years since listing in November 1993.
- The successful sale of residual loans and the subsequent wind-up of the 2nd pool of securitised mortgages originally totaling $100M and issued by the company's First Permanent Home Loans Division.
- The conversion into ordinary shares on 31 October 2003 of all of the company's converting preference shares.

Market Conditions

During the last six months, the housing and property markets generally continued to be subjected to much media and political comment. The increases in property prices in virtually all markets in Australia was a major factor in the Reserve Bank deciding to increase interest rates in the latter part of 2003. This resulted in two 0.25% increases before calendar year's end.

As we entered the 2004 calendar year, a slowing in demand was evident in the southern states. This appears not to be the case in the southeast Queensland market where strong population growth continues to support demand in the housing market. Despite the softening in the southern markets, forecasters continue to predict a "soft landing" for this housing cycle rather than a dramatic fall in activity levels. The continuing low interest rate environment compared to previous cycles, lower unemployment rates and the strong domestic economy and high levels of overseas migration are all positive factors for the housing industry.

Another major factor which has fuelled the growth in inner-city living is the changing demographics in Australia. This continues to have a significant impact on the number and type of household formations.

Looking forward over the next twelve months, we expect the overall housing market to continue its slowdown but to still maintain healthy activity levels when compared to previous market cycles.

In relation to the inner city residential unit market, the low level of available stock in the Brisbane market gives us confidence that demand in this market sector will remain buoyant.

Housing Division

The Housing Division reported a 14% decline in revenues for the six-month period. The decline in profits was however more severe due in the main to the unavailability of land which delayed a significant number of housing starts, however, we expect the decline to be reversed in the second half of this financial year.

Land shortages in the greater Brisbane area were, and remain, particularly acute. Devine has however secured a number of key strategic holdings which will come onto the market as they are developed during the 2004 year.

The ongoing severe shortage of affordable land in the Sydney market saw the company take the decision to cease marketing in the detached first homebuyer sector in NSW. This was announced in June 2003. During the December 2003 half, the company has completed the majority of houses that had previously been sold and were in the system. It has also successfully marketed and sold most of the property assets that it held in the NSW market and has recorded good profit levels on most of these sales. These sales have also freed up significant cash reserves that were previously tied up in underperforming assets.

Property Development Division

As detailed above, this Division was very active and recorded a number of milestones during the period.

One of the major achievements in the December half was the successful conclusion of negotiations for the funding of the **"Victoria Point Docklands"** project in Melbourne. With a gross realisation of $328M, this has been a large and challenging development for the company. Innovative funding whereby the project's receivables have been securitised into the market with the proceeds being used to fund the development has been arranged through ABN AMRO.

Following financial close of the funding on 25 September 2003, construction was immediately commenced by the building contractor who is on schedule to complete the development by March 2006.

At the time of this report, 424 (95%) of the 447 residential units are sold and unconditional with a10% deposit held. Similarly, 104 of the project's 105 serviced apartments are sold and unconditional with a 10% deposit held. All of the retail and commercial space is sold and unconditional.

As reported last year, significant increases in building costs in Melbourne had occurred prior to finalising the building contract and this will result in the project delivering lower than normal margins for this type of development. Nevertheless, the project will make a significant contribution to the Group's results over the next two years.

Completion of the **"River City"** project occurred in August 2003 and at the time of this report, settlement of all but one of the 221 units has taken place. The remaining unit is sold and is due to settle in two weeks time. The project was completed on time and within budget.

The company's **"Casino Towers"** project comprising 214 residential units in the Brisbane CBD has fallen behind schedule with completion now forecast to occur in January 2005. The building contractor who is constructing the tower encountered unforeseen difficulties in the foundation stage of construction and has also experienced ongoing problems with access to the site.

Despite the delays, the margins on the project are protected by the contractual arrangements entered into with the building contractor. Only 1unit remains unsold.

Having settled on the Festival Hall site in August 2003, the company commenced the marketing of the 401 units in the $162M project to be known as **"Festival Towers"** in September. The prime Brisbane CBD location of this site in the Albert Street Café precinct coupled with innovative design features included in the development was always going to ensure that this project would attract strong support from the market.

At the time of this report, 332 (83%) of the units are sold with an unconditional contract and 10% deposit held. A further 34 sales have been recorded and are being processed. All of the ground floor retail space valued at $7.8M has also been sold and is at unconditional contract status. Only 35 of the units remain available for sale.

Devine Limited holds another prominent development site in the Brisbane CBD at **120 Charlotte Street**. Development approval for the site has now been received and we expect the official marketing launch of the residential development proposed for the site to commence in the latter part of the June 2004 half.

Finance Division

The significant increases in property prices across most markets has resulted in many Devine customers now having substantial equity in their homes. This has resulted in a significant number of loans being refinanced with lower loan to value ratio (LVR) loans. This factor saw the sale of remaining loans and subsequent wind up of First Permanent's second mortgage loan backed Term Bond. This was finalised in December 2003 and largely contributed to the profit recorded in the December half.

The securitisation of a new pool of mortgage-backed loans valued at approximately $85M is scheduled to occur in the March 04 quarter.

Future Outlook

Whilst there is evidence of a slowing in the demand for new housing, the backlog of sales in the system not yet to site as at 31 December 2003 remains at levels consistent with those of a year ago. This will however reduce as land becomes available and housing construction can be commenced.

As mentioned earlier, the outlook in the southeast Queensland market remains positive with population growth fueling demand. The major constraints are land availability and the resultant impact on prices which could ultimately adversely affect housing affordability.

Again, as outlined above, with the number of Property Development projects currently under construction and soon to start, profits will flow from this Division over the next two and a half years. The challenge will be to find new replacement projects that meet the company's financial criteria and that will contribute to profits in 2006 and beyond.

At the time of the release of the results in August 2003 for the FY03 year, Directors indicated that the company was targeting a minimum increase in profits for the FY04 year of 15% when compared to FY03. With the first half's profits now reported being 32.9% above the same period last year, and, given the recently updated projections for the balance of the financial year, Directors' are confident that the full year's results for the current financial year will surpass the 15% increase previously forecast.

For further information contact:

Viv Grayson
Company Secretary
Devine Limited
Ph: (07) 3380 2531

Appendix 4D

Half year report

Name of Entity

Devine Limited

ABN or equivalent company reference	Financial half year ended ('current period')	Financial half year ended ('Previous Corresponding period')
51 010 769 365	31 December 2003	31 December 2002

Results for announcement to the market

				$A'000
Revenues from ordinary activities	up	**3.8%**	to	**183,933**
Profit (loss) from ordinary activities after tax attributable to members	up	**32.9%**	to	**8,025**
Net profit (loss) for the period attributable to members	up	**32.9%**	to	**8,025**

Dividends	Amount per security	Franked amount per security
Final dividend (paid November 2003)	**4 ¢**	**4 ¢**
Interim dividend	**4 ¢**	**4 ¢**

Record date for determining entitlements to the dividend.	**8 April 2004**

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

The interim dividend of 4 cents per ordinary share has been declared post 31 December 2003 and, therefore, in accordance with the adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", no provision has been recognised in the Statement of Financial Position as at 31 December 2003.

Statement of Financial performance, Statement of Financial Position, Statement of Cash Flows and Notes.

Refer Attached

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	**23 April 2004**
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	**8 April 2004**
If it is a final dividend, has it been declared?	**N/A**

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current half year	4 ¢	4 ¢	0 ¢
	Previous half year	4 ¢	4 ¢	0 ¢
Interim dividend:	Current half year	4 ¢	4 ¢	0 ¢
	Previous half year	3 ¢	3 ¢	0 ¢

The dividend or distribution plans shown below are in operation.

Prior to their conversion to ordinary shares on 31 October 2003, the company's Converting Preference Shares were disclosed in accordance with AASB 1033 (Financial Instruments) as debt. Therefore, the payment of 42.5 cents per share made on 1 November 2003 on these preference shares has been disclosed as interest expense.

The last date(s) for receipt of election notices for the dividend or distribution plans	N/A

Statement of Retained Earnings

	Current period - $A'000	Previous corresponding period - $A'000
Retained profits (accumulated losses) at the beginning of the financial period	39,995	29,888
Net profit (loss) attributable to members	8,025	6,039
Adjustment arising from revised accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	-	4,140
Dividends and other equity distributions paid or payable	(4,141)	(4,140)
Retained profits (accumulated losses) at end of financial period	43,879	35,927

Net tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA	64.9 ¢	56.7 ¢

Control gained over entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
Date from which such profit has been calculated	N/A
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
Date to which the profit (loss) has been calculated	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

Name of associate/joint venture entity	N/A
Reporting entity's percentage holding in associate/joint venture entity	N/A
Aggregate share of profit/(loss) of the associate/joint venture entity	N/A
Contribution to consolidated profit (loss) from ordinary activities	N/A

Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	**7.4 ¢**	**5.8 ¢**
Diluted EPS	**7.1 ¢**	**5.2 ¢**

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX

Identify other standards used

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies, other than as disclosed

3 This report does/~~does not~~* (delete one) give a true and fair view of the matters disclosed

4 This report is based on accounts to which one of the following applies.
(Tick one)

	The accounts have been audited.	X	The accounts have been subject to review.
	The accounts are in the process of being audited or subject to review.		The accounts have not yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* *(delete one)*.
There are no audit qualifications expected.

6 The entity has/~~does not have~~* *(delete one)* a formally constituted audit committee.

Sign here: .... Date: 25/02/2004
(Company Secretary)

Print name: **Vivian N Grayson**

DIRECTORS' REPORT

Your directors submit their report for the half year ended 31 December 2003.

DIRECTORS

The names and details of the directors of the company in office during the half year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

K P Prior, LL.B. (Chairman)

D H T Devine, (Managing Director)

P J Ferris, AM, B.A. (Hons Economics), FAIM, FMAICD

R W Parris, FAIM, FAICD

K M Woodley, (Marketing Director)

D J Ridley

CHIEF FINANCIAL OFFICER/COMPANY SECRETARY

V N Grayson; B. Business (Accounting), CPA, ACIS, ACIM

REVIEW AND RESULTS OF OPERATIONS

Refer Directors' Comments attached.

Operating results for the half year ended 31 December 2003	Dec-03 $'000	Dec-02 $'000
Profit/(Loss) from ordinary activities after tax	8,025	5,950
Net profit (loss) attributable to outside equity interests	-	(89)
Net profit (loss) attributable to members of Devine Ltd	8,025	6,039
Net Tangible Assets		
Basic net tangible assets per share	64.9 cents	56.7 cents
Earnings per share		
Basic earnings per share	7.4 cents	5.8 cents
Diluted earnings per share	7.1 cents	5.2 cents

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.

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

K P Prior
Chairman

Managing Director

Brisbane, 25 February 2004

STATEMENT OF FINANCIAL PERFORMANCE
HALF YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		Dec-03	Dec-02
		$'000	$'000
Revenues from ordinary activities	2	183,933	177,272
Expenses from ordinary activities, excluding borrowing costs expense	3(a)	165,553	164,232
Borrowing costs expense	3(c)	7,084	4,001
Profit (loss) from ordinary activities before income tax expense		11,296	9,039
Income tax expense relating to ordinary activities		(3,271)	(3,089)
Profit (loss) from ordinary activities after related income tax expense		8,025	5,950
Net profit (loss) attributable to outside equity interests		-	(89)
Net profit (loss) attributable to members of Devine Limited		8,025	6,039
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Devine Ltd		8,025	6,039
Basic earnings per share (cents per share)	4	7.4	5.8
Diluted earnings per share (cents per share)	4	7.1	5.2
Interim Franked dividend per share (cents per share)	5	4.0	3.0

It should be noted that the interim dividend only relates to the company's ordinary shares trading under the ASX code "DVN". Refer to note 1 in relation to the new ordinary shares issued (ASX Code "DVNN") consequent upon the conversion of the company's Converting Preference Shares.

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2003

	CONSOLIDATED		
	Dec-03	Jun-03	Dec-02
	$'000	$'000	$'000
CURRENT ASSETS			
Cash assets	1,949	376	3,345
Receivables	29,637	32,071	31,791
Inventories	50,229	93,612	95,929
Other assets	5,136	4,265	4,579
TOTAL CURRENT ASSETS	**86,951**	**130,324**	**135,644**
NON-CURRENT ASSETS			
Receivables	2,401	5,385	5,731
Inventories	133,060	65,531	15,896
Property, plant & equipment	11,321	11,772	12,877
Deferred tax assets	-	1,811	927
Intangible assets	3,316	3,316	3,497
Other assets	3,250	4,296	3,812
TOTAL NON-CURRENT ASSETS	**153,348**	**92,111**	**42,740**
TOTAL ASSETS	**240,299**	**222,435**	**178,384**
CURRENT LIABILITIES			
Payables	39,371	36,636	30,192
Interest bearing liabilities	29,234	69,431	51,559
Current tax liabilities	-	-	6,223
Provisions	3,846	4,131	5,054
TOTAL CURRENT LIABILITIES	**72,451**	**110,198**	**93,028**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	78,199	36,186	18,054
Deferred tax liabilities	10,696	9,237	4,854
Provisions	242	200	224
TOTAL NON-CURRENT LIABILITIES	**89,137**	**45,623**	**23,132**
TOTAL LIABILITIES	**161,588**	**155,821**	**116,160**
NET ASSETS	**78,711**	**66,614**	**62,224**
SHAREHOLDERS' EQUITY			
Contributed equity	34,832	26,619	26,619
Reserves	-	-	-
Retained profits	43,879	39,995	35,927
Shareholders equity attributable to members of Devine Limited	**78,711**	**66,614**	**62,546**
Total outside equity interest in controlled entities	-	-	(322)
TOTAL SHAREHOLDERS' EQUITY	**78,711**	**66,614**	**62,224**

STATEMENT OF CASH FLOWS
HALF YEAR ENDED 31 DECEMBER 2003

	Notes	CONSOLIDATED	
		Dec-03	Dec-02
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		207,339	154,043
Payments to suppliers and employees		(190,474)	(194,551)
Goods and services tax paid		(5,337)	(940)
Interest received		266	333
Borrowing costs paid		(9,985)	(5,091)
Income tax paid		(634)	(2,376)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		**1,175**	**(48,582)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(803)	(1,568)
Proceeds from sale of property, plant and equipment		16	8
Proceeds from issue of shares		30	-
Purchase of shares		-	(297)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(757)**	**(1,857)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings - other		53,707	44,644
Repayment of borrowings - other		(48,404)	(2,377)
Finance lease principal repayments		(8)	(14)
Dividends paid	5	(4,140)	(4,140)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**1,155**	**38,113**
NET INCREASE/(DECREASE) IN CASH HELD		**1,573**	**(12,326)**
Add opening cash brought forward		376	15,671
CLOSING CASH CARRIED FORWARD		**1,949**	**3,345**

Note - The amount reflected above as "Payments to suppliers and employees " includes significant cash payments to external contractors engaged to build the company's major CBD property developments. The corresponding receipts from the funding of these property developments is shown as "borrowings - other" under "Cash Flows From Financing Activities". In addition, funds outlayed to purchase land inventory for the company's housing division are included under the "Payments to suppliers and employees" heading.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 DECEMBER 2003

1. PREPARATION OF HALF YEAR ACCOUNTS

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full year financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Devine Limited as at 30 June 2003. It is also recommended that the half-year financial report be considered together with any public announcements made by Devine Limited and its controlled entities during the half-year ended 31 December 2003 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention, except for brand names, which are held at valuation. The directors have adopted AASB 1010 "Recoverable amounts of non-current assets" and accordingly do not revalue these assets.

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and which includes applicable Accounting Standards.
Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Tax consolidation
The Directors have resolved that effective 1 July 2003, for the purposes of income taxation, Devine Limited and its 100% owned subsidiaries will form a tax consolidated group. Members of the group will enter into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement will provide for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Devine Limited. The Directors do not anticipate any material effect on the group's results from the adoption of tax consolidation.

Converting Preference Shares (CPS)
During the period, the company's Converting Preference Shares (CPS) converted to Ordinary Shares. This occurred on 31 October 2003, at which time 12,700,412 new Devine shares were issued. In accordance with the original terms of issue of the CPS, these new shares are not entitled to any dividends declared for a period of six months from the date of issue. Following conversion, there are now 116,208,250 Ordinary Shares on issue.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current half-year disclosures.

	Dec 2003 $'000	Dec 2002 $'000
2. REVENUE FROM ORDINARY ACTIVITIES		
Revenue from operating activities		
Revenue from sale of properties	178,813	174,759
Revenue from loan origination & securitisation	4,832	2,135
Total revenues from operating activities	183,645	176,894
Revenues from non-operating activities		
Interest received - other persons/bodies corporate	266	333
Rent received - other persons/bodies corporate	6	37
Proceeds on sale of other non-current assets	16	8
Total revenues from outside the operating activities	288	378
Total revenues from ordinary activities	183,933	177,272
3. EXPENSES & LOSSES		
(a) Expenses		
Cost of properties sold	134,117	127,387
Marketing expenses	15,576	15,547
Land holding expenses	552	563
Occupancy expenses	1,367	866
Employee expenses	9,573	8,826
Administration expenses	3,953	3,700
Costs associated with discontinuance of "The Georgian" Joint Venture project	-	7,247
Cost of sale of non-current assets	27	-
Other expenses from ordinary activities	388	96
Total expenses from ordinary activities	165,553	164,232
(b) Significant Items		
Profit from ordinary activities before income tax expense includes the following expenses whose disclosure is relevant in explaining the financial performance of the entity:		
Write-off costs relating to "The Georgian" joint venture	-	7,247

	Dec 2003 $'000	Dec 2002 $'000
3. EXPENSES & LOSSES (Continued)		
(c) Borrowing costs expense		
Interest & other borrowing expenses - other persons/bodies corporate	6,840	3,634
Finance charges - lease liability	1	2
Converting preference shares	243	365
	7,084	4,001

Converting Preference Share dividends of $242,636 (Dec 2002: $365,033) have been included as an interest expense in the Statement of Financial Performance. This disclosure is due to the classification of Converting Preference Shares as debt in accordance with AASB 1033 Financial Instruments. These Converting Preference Shares converted to Ordinary Shares on 31 October 2003.

	Dec 2003 $'000	Dec 2002 $'000
(d) Depreciation and amortisation		
Amortisation of non-current assets		
Plant and equipment under lease	6	11
Depreciation of non-current assets		
Buildings	48	89
Plant and equipment	643	413
Display home centres	10	32
	701	534
Net (profit)/loss on sale of subsidiary	-	(611)
Net (profit)/loss on disposal of property, plant & equipment	11	639
Total (profit)/loss on sale of non-current assets	11	28
(e) Operating lease rental expense		
Rental	336	337

4. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	Dec 2003 $'000	Dec 2002 $'000
Net Profit	8,025	5,950
Adjustments:		
Net loss attributable to outside equity interest	-	89
Earnings used in calculating basic earnings per share	8,025	6,039
Dividends paid on converting preference shares	244	365
Earnings used in calculating diluted earnings per share	8,269	6,404

4. EARNINGS PER SHARE (Continued)

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	107,718,301	103,507,838
Effect of dilutive securities:		
Share options	-	-
Converting preference shares (refer note below)	8,489,949	19,961,333
Adjusted weighted average number of ordinary shares used in calculating dilutive earnings per share	116,208,250	123,469,171

Conversions, calls, subscriptions or issues since 31 December 2003

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

The number of shares (8,489,949) shown above and used in the calculation of the diluted EPS represents the number of shares deemed to be issued in the period 1 July 2003 to the date of conversion, that is 31 October 2003. Refer to Note 1 for details on the number of shares issued on conversion of the company's Converting Preference Shares.

	Dec-03 $'000	Dec-02 $'000
5. DIVIDENDS PAID OR PROVIDED FOR DURING THE HALF YEAR		
Ordinary Shares:		
Dividends paid		
- final (fully franked) (4c per share) (Dec 2002: 4c)	4,140	4,140
Dividends proposed but not recognised as a liability		
- interim (fully franked) (4c per share) (Dec 2002: 3c)	4,140	3,105

Refer to note 1 in relation to the ordinary shares that are entitled to the interim dividend.

Converting preference share dividends of $242,636 (Dec 2002: $365,033) have been included as an interest expense in the Statement of Financial Performance.

	Dec-03 $'000	Dec-02 $'000
5. DIVIDENDS PAID OR PROVIDED FOR DURING THE HALF YEAR (Continued)		
The tax rate at which dividends have or are expected to be franked is 30% (Dec 2002: 30%)		
The amount of franking credits available for the subsequent financial year are:		
* franking account balance as at the end of the half year	14,950	10,747
* franking credits that will arise from the payment of income tax payable at the end of the half year	-	-
* franking debits that will arise from the payment of interim dividends declared and payable in the subsequent half year	(1,774)	(1,331)
	13,176	9,416

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
HALF YEAR ENDED 31 DECEMBER 2003

6. SEGMENT INFORMATION

	HOUSING		PROPERTY DEVELOPMENT		FINANCE		CORPORATE/OTHER		ELIMINATIONS		CONSOLIDATED	
	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000
Business Segments:												
Sales to customers outside the consolidated entity	118,254	138,104	60,680	36,699	4,711	1,926	-	165	-	-	183,645	176,894
Other Revenues from customers outside the consolidated entity	52	125	-	1	15	27	221	225	-	-	288	378
Intersegment revenues	-	-	-	-	122	208	-	-	(122)	(208)	-	-
Total segment revenue	118,306	138,229	60,680	36,700	4,848	2,161	221	390	(122)	(208)		
Unallocated Revenue											-	-
Total consolidated revenue											183,933	177,272
Results												
Segment Result	7,768	14,016	3,413	(4,681)	589	(892)	(474)	596	-	-	11,296	9,039
Unallocated expenses											-	-
Consolidated entity profit from ordinary activities before income tax expense											11,296	9,039
Income tax expense											(3,271)	(3,089)
Net Profit											8,025	5,950

As management is able to identify funds used by each segment, the interest associated with the use of those funds is allocated to the respective segment. The total amout of borrowing costs allocated to segments is as follows:
Housing $459,217; Property Development $6,277,110; Finance $Nil; and Corporate/Other $347,414

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)
HALF YEAR ENDED 31 DECEMBER 2003

6. SEGMENT INFORMATION (Continued)

	HOUSING		PROPERTY DEVELOPMENT		FINANCE		CORPORATE/OTHER		ELIMINATIONS		CONSOLIDATED	
	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000	Dec 2003 $'000	Dec 2002 $'000
Assets												
Segment assets	94,028	80,162	136,595	79,629	2,133	3,327	20,609	13,694	(19,921)	(5,885)	233,444	170,927
Unallocated assets											6,855	7,457
Total assets											240,299	178,384
Liabilities												
Segment liabilities	24,493	23,153	94,517	51,755	811	760	46,511	33,657	(11,599)	(622)	154,733	108,703
Unallocated liabilities											6,855	7,457
Total liabilities											161,588	116,160
Other segment information:												
Acquisition of non-current assets	584	219	7	56	54	192	158	1,101	-	-	803	1,568
Depreciation	245	123	15	9	106	76	335	326	-	-	701	534
Amortisation	-	-	-	-	-	1	6	10	-	-	6	11
Non cash expense other than depreciation or amortisation - goodwill writeoff	-	-	-	-	-	-	-	181	-	-	-	181

Geographical Segments:

The economic entity operates in Queensland, New South Wales, Victoria and South Australia.

The comparative figures for the half year ended 31 December 2002 have been re-stated to reflect the allocation of funds between the segments as adopted in practice in the half year ended 31 December 2003.

7. CONTINGENT LIABILITIES

The parent entity and controlled entities have entered into local authority and other performance guarantees of $7,062,892 at 31 December 2003 (Dec 2002: $4,396,978) relating to individual estates, property development projects and other performance obligations. 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 within the group. The controlled entities have also given a similar guarantee in the event that Devine Limited is wound up.

The company has deposited $4,433,675 (Dec 2002: $6,440,931) into bank accounts subject to charges by agreement with the financial institutions which provide funding for mortgages under the "Builder Pays Deposit" promotion. A further $2,400,469 (Dec 2002: $5,230,680) is invested in Trust structures associated with the company's loan origination and securitisation business, First Permanent Financial Services Pty Ltd. In addition a performance guarantee totalling $1,500,000 (Dec 2002: $1,500,000) has been issued to one of the lending institutions.These funds are only available to meet costs associated with a loss on resale occuring as a result of buyer default on mortgages and repossessions. The consolidated entity's liability is limited to between 2% and 7%, of the original loan amount of the defaulting purchaser in each individual case and the amounts held in the bank accounts and performance guarantee in total. That is, the consolidated entity could not be liable for more than $5,933,675 as at 31 December 2003 (Dec 2002: $7,940,931). As at the 31 December 2003 a provision of $1,183,544 (Dec 2002: $2,629,459) has been raised on the basis of expected future costs.

The company has secured a new interim funding facility for the provision of mortgage loans to its Housing customers by it subsidiary First Permanent Financial Services Pty Ltd. A contingent liability exists to the extent of $4,000,000 (Dec 2002: Nil) in relation to Devine Limited undertaking to meet the future working capital requirements of First Permanent Financial Services Pty Ltd.

8. LAND ACQUISITION COMMITMENTS

As at 31 December 2003 the group had entered into land put & call options to control developers' land amounting to $43,726,900 (Dec 2002: $20,649,400). Of this amount, $19,196,100 related to land that had been sold but was not yet at unconditional contract status (Dec 2002: $9,871,300). At exercise date the consolidated entity is required to acquire land at a predetermined acquisition price. The land that is secured by these put & call options is predominately in south-east Queensland and Victoria where demand for the company's housing product remains strong.

DIRECTORS' DECLARATION

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

(1) In the opinion of the directors:

the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(2) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the company will be able to pay its debts when they become due and payable.

On behalf of the Board

K P Prior
Chairman

D H T Devine
Managing Director

Brisbane, 25 February 2004.

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Independent review report to members of Devine Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Devine Limited the company and the entities it controlled during the period, and the directors' declaration for the company, for the period ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our review of the financial report, we were engaged to undertake other non–audit services. The provision of these services has not impaired our independence.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Devine Limited and the entities it controlled during the period is not in accordance with:

(a) the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position of the consolidated entity at 31 December 2003 and of its performance for the period ended on that date; and

  (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

M J Hayward

Mark Hayward
Partner
Brisbane
25 February 2004