Devine LIMITED
A.C.N. 010 769 365

Directors' Comments

Half -Year Ended 31 December 2007

27 February 2008

The Directors of Devine Limited are pleased to announce an after tax profit of $10.044 million for the half-year ended 31 December 2007. The profit result is 43.8% up on the corresponding six-month period to December 2006.

The result was derived from revenue of $247.593 million, which was 2.4% higher than that reported for the six months to December 2006.

Directors believe that the outlook for the full year remains positive, with results expected to be substantially above those reported for the 2006/07 year. This is consistent with the profit guidance released on 21 December 2007.

Devine has a current national pipeline of land developments and projects which, when completed and sold, will have an end value exceeding $3 billion.

Dividend

Directors have declared an **interim dividend of 4.0 cents per share fully franked** (last year 4.0 cents) which will be payable on 24 April 2008.

Highlights for the Half- Year

The following are key highlights for the half-year and up to the date of this report:

- A return to profitability for the Housing and Land Division
- Commencement and presale of the company's first city fringe commercial development at Herston in Brisbane
- Acquisition of a number of strategic residential land holdings in Queensland, Victoria and South Australia

- An increase in the land either owned or controlled to over 9,000 equivalent residential lots when fully developed

- The acquisition of SSKB Holdings Pty Ltd which settled in late September 2007, diversifying Devine's operations further to include Body Corporate and Property Management

- The purchase of a number of key future development sites in the Brisbane CBD

- Entering into a joint-venture with Leighton Properties on Devine's Hamilton Harbour development in Brisbane which will have an end value when completed and sold of $400 million

- Entering into a joint-venture with Leighton Properties on a mixed-use development site immediately adjacent to the Townsville CBD in North Queensland which will have an end value when completed and sold of $1 billion

- The sale (subject to satisfactory operational works approvals from the Gold Coast City Council) of the company's residential development site at Currumbin on the Gold Coast for $75 million

- The successful completion in December 2007 of a Rights Issue, which raised $62.5 million in additional shareholders equity

- The $136 million pre-sale to the Singapore-based The Ascott Group of Devine's planned apart-hotel in Bourke St in Melbourne, the company's first hotel development project

Results Summary

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

$000's	**Half-Year Ended**	
	Dec. 2007	**Dec. 2006**
Revenue	247,593	241,646
Profit Before Tax	13,641	10,206
Net Profit After Tax Attributable to Shareholders	10,044	6,987
EPS Basic	4.2 cents	5.1 cents
EPS Diluted	4.1 cents	4.9 cents
Interim Dividend – (Fully Franked)	4.0 cents	4.0 cents

Housing Division

Devine's Housing and Land Division returned to profitability in the December 2007 half with a profit before tax of $2.15 million being recorded. This compares with a loss of $5.534 million in the December 2006 half.

Housing affordability remains a major issue for aspiring first homebuyers and is adding to the demand-versus-supply imbalance that is a feature of the housing market in Australia today. Devine has sought to partly counter this by revising its strategy to now target investors and by selling developed land in its residential estates to other builders.

In the December 2007 half, Devine increased its national land bank by over 4,500 equivalent lots across Queensland, Victoria and South Australia to now total in excess of 9,000 equivalent lots when fully developed. The company is targeting control of 10,000 equivalent lots by mid 2010.

Property Development Division

This division reported a profit before tax of $10.703 million for the six months (corresponding period last year $17.429 million). As has been highlighted in the past, revenue and profit for the company's high-rise Residential Property Development projects are recognised on completion and settlement.

Settlement on the remaining 30 units at the ***Charlotte Towers*** project in the Brisbane CBD, together with settlement of the building's management rights, occurred in this period. This compared to the settlement of 389 units on the completed *Festival Towers* project in the corresponding six months of 2006.

Other projects that contributed to the half year result were the 25 level office tower at ***333 Ann Street*** in the Brisbane CBD and the three-level office building, ***ICB Central***, at Herston, an inner city suburb of Brisbane. Completion of the fully leased 333 Ann Street project is scheduled to occur early in the September 2008 quarter. Both 333 Ann Street and ICB Central have been presold to the Domaine SEQ Growth Fund. 333 Ann St was sold in the 2006/07 year for $119.5 million and ICB Central was sold in October 2007 for $73.5 million.

Leasing enquiry on the ICB Central office development has been very strong and a firm commitment from a major state government department for the remaining floor space has been received. Leasing documentation is expected to be finalised in March 2008. Completion of this building is expected to also occur in the September 2008 quarter.

A brief update on the company's other key property developments and future development sites follows:

***Victoria Point Docklands,* Melbourne** – As at the date of this report, the remaining eight units and serviced apartments have been sold and are unconditional, with settlement of the remaining inventory to occur by April 2008.

***Hamilton Harbour,* Brisbane** – As noted in the highlights above, Devine has entered into a joint venture with Leighton Properties to develop this mixed-use project which will comprise residential units, commercial office space and retail space. The application for development approval is well advanced and construction commencement of the staged development is expected to occur later this year, or early in 2009. The project has an end value of approximately $400 million.

***Bourke Street*, Melbourne** - The pre-sale of this apartment hotel project for $136 million to The Ascott Group, who are the largest international owner and operator of Serviced Residences, was finalised in January 2008. Construction on this 398-room development is expected to be completed by the end of 2010.

***96 Albert Street*, Brisbane** – There are plans to eventually construct a combined residential and office tower on this income-producing CBD site, which is currently tenanted.

***99 Mary Street*, Brisbane** – A strata titled office development is being progressed on this CBD site, with commencement expected to occur by mid 2009.

***145 Ann Street*, Brisbane** – An announcement in relation to the 35 level office tower proposed for this site, adjacent to the existing Presbyterian Church, was made in September 2007. Development approval is expected to be received in the June 2008 quarter, with commencement of the building occurring in the September 2008 quarter.

***Carrington & Camelot* sites (French Quarter), Brisbane** – These sites are situated on the corners of Alice, Albert and Margaret Streets in the Brisbane CBD opposite the Botanical Gardens. The amalgamation of a total of 48 existing residential units in two older style low-rise unit developments provides an exciting future redevelopment opportunity. Plans have already been announced for a six star boutique hotel and residential apartment tower on the Alice Street and Albert Street corner site.

The purchase of a fourth site in Margaret Street in December 2007, which is adjacent to these two sites and a smaller parcel of vacant land in Alice Street, has resulted in the amalgamation of a strategic site totaling 5,570 square meters. An international architectural competition has been held and final details of the staged seven-year master-planned development will be released prior to June 2008. The project is expected to have an end developed value of approximately $1 billion.

***QLD Rail Land*, Townsville** – Following a successful tender for this strategic site adjacent to Townsville's CBD, Leighton Properties and Devine will jointly develop this mixed-use project in stages over the next seven to ten years. This continues the previously announced intention to enter into joint ventures with Leighton Properties where it is deemed mutually beneficial and where Devine's shareholders will benefit from the sharing of both the risks and rewards on these projects. This project will have an end developed value of around $1 billion.

Devine Constructions

Devine Constructions commenced its second commercial office building, ***ICB Central***, in the Brisbane inner city suburb of Herston in September 2007. This is forecast to be completed in the September quarter of 2008.

Work on the company's other major CBD office tower project at ***333 Ann Street*** is progressing ahead of schedule, with completion expected early in the September 2008 quarter.

Having a construction capability provides Devine with a competitive advantage when considering new development opportunities. There are currently no plans for this division to tender for third party work.

SSKB

Following completion of the purchase of this Body Corporate and Property Management company at the end of September 2007, SSKB contributed both revenue and profits in the three months to December 2007. The profit before tax for this new business division was $0.578 million for the three-month period.

The integration of this business into Devine has gone very smoothly and the Devine Board and senior management of both Devine and SSKB are excited about the growth prospects for this business over the next three to five years. To this end, a strategic review has been undertaken and the Devine Board has endorsed the business plan that has been presented.

Capital Management & Debt Profile

Following the events of the last few months in relation to the debt markets in Australia and overseas, Devine's Directors thought it appropriate to comment on the company's position in this regard. As mentioned earlier in this report, a 1 for 5 Rights Issue was successfully completed in December 2007. This raised $62.5 million of new capital for Devine.

Working with the company's principal bankers, the ANZ Banking Group, the company has negotiated an increase in its core debt facilities, increasing them by $50 million to a new facility limit of $125 million (previously $75 million) and extending them out a further 12 months to a rolling two-year facility. The balance of the company's debt is project specific (that is secured by individual land holdings and projects).

Company Outlook

Going forward, Directors are focused on driving value for shareholders by expanding the company's business and continuing to improve the overall performance. Considerable progress has been made in this regard as is evidenced by the improved profit results announced today. Further initiatives which will contribute to continued growth and profits include:

- The acquisition of new CBD development sites in both Brisbane and Melbourne

- The purchase of residential land for future development, which has increased the company's land bank to in excess of 9,000 equivalent lots when fully developed

- Further geographic expansion into the Townsville market in North Queensland

- Diversification into a new business segment through the acquisition of the Body Corporate & Property Management business, SSKB Holdings Pty Ltd

- Expanding the Devine business, but at the same time reducing the level of risk, by entering into strategic joint-ventures with Leighton Properties

- Further underpinning Devine's capital base through the successful completion of a 1 for 5 Rights Issue in December 2007.

Housing affordability remains a key issue for the new home market, with recent increases in interest rates further exacerbating the problem. While Devine has changed its marketing strategy to target investors and land only sales to other builders to help counter this, the ability of first homebuyers to enter the market will remain a key factor in determining the level of profitability of the company's Housing and Land business in the short to medium term.

The company remains on track to achieve the profit guidance released to the market in December 2007. That is, Directors believe that the outlook for the full year remains positive with the full year results expected to be substantially above those reported for the 2006/07 year.

Directors expect to maintain the final dividend at 4 cents per share fully franked (last year 4 cents), therefore maintaining the full year dividend at 8 cents per share fully franked on the company's increased capital base.

Directors would like to thank shareholders for their ongoing interest in and support of the company.

For further information contact:

David Devine
Managing Director
Devine Limited
Ph: (07) 3233 1402

Appendix 4D

Half Year Report

Name of Entity

Devine Limited

ABN or equivalent company reference	Financial year ended ('current period')	Previous Corresponding period
51 010 769 365	31 December 2007	31 December 2006

Results for announcement to the market — **$A'000**

Revenues from continuing operations activities	up	2.4%	to	247,502
Revenues from joint ventures	up	100.0%	to	91
Profit (loss) from ordinary activities after tax attributable to members	up	43.8%	to	10,044
Net profit (loss) for the period attributable to members	up	43.8%	to	10,044

Dividends	Amount per security	Franked amount per security
Final dividend	4¢	4¢
Interim dividend	4¢	4¢

Record date for determining entitlements to the dividend.	16 April 2008

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 2007 and, therefore, in accordance with the adoption of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, no provision has been recognised in the Balance Sheet as at 31 December 2007.

Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes.

Refer attached Directors Report and Financial Statement Extract

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	24 April 2008
Record date to determine entitlements to the dividend (distribution) (i.e. 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)	16 April 2008
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 year	4 ¢	4 ¢	0 ¢
	Previous year	4 ¢	4 ¢	0 ¢
Interim dividend:	Current year	4 ¢	4 ¢	0 ¢
	Previous year	4 ¢	4 ¢	0 ¢

In February 2007, Directors suspended the company's 'Dividend Reinvestment Plan' until further notice.

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	28,590	18,347
Net profit (loss) attributable to members	10,044	6,987
Dividends and other equity distributions paid or payable	(9,475)	(5,440)
Retained profits (accumulated losses) at the end of financial period	29,159	19,894

Net tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA	78.2 ¢	48.7 ¢
Diluted NTA	76.6 ¢	47.7 ¢

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	4.2 ¢	5.1 ¢
Diluted EPS	4.1 ¢	4.9 ¢

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 the ASX.

Identify other standards used	**N/A**

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)*.

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

Sign here: .... Date: **27 February 2008**
(Company Secretary)

Print name: **Vivian N Grayson**

Directors' report

Your directors submit their report for the half-year ended 31 December 2007.

Directors

The following persons were directors of Devine Limited during the whole of the half-year and up to the date of this report:

D C Somerville (Chairman)
D H T Devine (Managing Director)
P J Ferris AM
Hon. T M Mackenroth
G E McOrist
R W Parris
D J Ridley
V A Vella
K M Woodley (Marketing Director)

Chief Financial Officer / Company Secretary

V N Grayson

Review and results of operations

Refer Directors' Comments attached.

Operating results for the half-year ended 31 December 2007 are set out below:

	Segment revenues		**Segment results**	
	31 December 2007 $'000	31 December 2006 $'000	**31 December 2007 $'000**	31 December 2006 $'000
Continuing operations				
Housing & Land	**134,640**	73,300	**2,150**	(5,534)
Property Development	**107,980**	167,891	**10,703**	17,429
Body Corporate Management	**2,921**	-	**578**	-
Corporate / Other	**2,052**	455	**210**	(1,089)
	247,593	241,646	**13,641**	10,806
Profit before income tax expense			**13,641**	10,806
Income tax expense			**(3,597)**	(3,318)
Profit from continuing operations			**10,044**	7,488
Discontinued operations				
Finance	**-**	12,918	**-**	(600)
Profit before income tax expense			**-**	(600)
Income tax expense			**-**	99
Loss from discontinued operations			**-**	(501)
Profit attributable to members of Devine Limited			**10,044**	6,987

Devine Limited
Directors' report
31 December 2007
(continued)

	31 December 2007 Cents	31 December 2006 Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**4.2**	5.5
Loss from discontinued operation	**-**	(0.4)
Profit attributable to the ordinary equity holders of the company	**4.2**	5.1
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**4.1**	5.3
Loss from discontinued operation	**-**	(0.4)
Profit attributable to the ordinary equity holders of the company	**4.1**	4.9

Matters subsequent to the end of the half-year

Pre-Sale of Melbourne Apartment-Hotel Development
On 25 January 2008, Devine Limited announced the $136 million pre-sale of its first apartment-hotel development, located at 131 - 135 Bourke Street in Melbourne. The development has been purchased by the Singapore-based, The Ascott Group. The Bourke Street complex is targeted for completion by the end of 2010.

Completion of Sale of 50% Interest in Hamilton Harbour to Leighton Properties
On 21 December 2007, the company announced that it was entering into a joint venture with Leighton Properties to develop its Hamilton Harbour site in Brisbane. Completion of the sale of the 50% interest in this project occurred on 18 February 2008.

There have been no other significant events that have occurred post 31 December 2007.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

D C Somerville
Chairman

D H T Devine
Managing Director

Brisbane
27 February 2008

ERNST & YOUNG

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Australia

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Auditor's Independence Declaration to the Directors of Devine Limited

In relation to our review of the financial report of Devine Limited for the half-year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ric Roach
Partner

27 February 2008

Devine Limited
Condensed Income Statement
For the half-year ended 31 December 2007

	Notes	Consolidated 31 December 2007 $'000	31 December 2006 $'000
Revenue from external customers	2	**245,636**	241,281
Cost of sales	3	**(184,846)**	(168,873)
Gross profit		**60,790**	72,408
Other revenue	2	**1,866**	365
Expenses, excluding finance costs	3	**(41,702)**	(40,580)
Finance costs	3	**(7,371)**	(21,387)
Share of net profits of associates and joint venture partnership accounted for using the equity method	10(b)	**58**	-
Profit before income tax (continuing operations)		**13,641**	10,806
Income tax (expense) / benefit		**(3,597)**	(3,318)
Profit from continuing operations		**10,044**	7,488
Loss from discontinued operations after tax		**-**	(501)
Profit for the half-year		**10,044**	6,987
Profit attributable to members of Devine Limited		**10,044**	6,987
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	12	**4.2**	5.5
Diluted earnings per share	12	**4.1**	5.3
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	12	**4.2**	5.1
Diluted earnings per share	12	**4.1**	4.9

The above income statement should be read in conjunction with the accompanying notes.

Devine Limited
Condensed Balance Sheet
As at 31 December 2007

	Notes	Consolidated 31 December 2007 $'000	30 June 2007 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**42,204**	61,294
Trade and other receivables		**53,108**	23,194
Inventories		**183,890**	186,837
Other assets		**1,259**	1,119
Derivative financial instruments		**309**	-
Current tax receivables		**2,671**	-
Total current assets		**283,441**	272,444
Non-current assets			
Inventories		**372,434**	173,312
Property, plant and equipment		**2,199**	1,423
Intangible assets	6	**16,985**	3,316
Other non-current assets		**3,301**	3,605
Investments accounted for using the equity method	5	**10,388**	-
Total non-current assets		**405,307**	181,656
Total assets		**688,748**	454,100
LIABILITIES			
Current liabilities			
Trade and other payables		**40,475**	32,070
Interest bearing liabilities		**86,784**	61,039
Provisions		**3,844**	3,045
Non-interest bearing liabilities (a)		**56,025**	64,667
Current tax liabilities		**-**	11,333
Derivative financial instruments		**-**	24
Total current liabilities		**187,128**	172,178
Non-current liabilities			
Interest bearing liabilities		**152,573**	49,237
Non-interest bearing liabilities (a)		**106,497**	48,936
Deferred tax liabilities		**2,784**	6,495
Provisions		**414**	370
Total non-current liabilities		**262,268**	105,038
Total liabilities		**449,396**	277,216
Net assets		**239,352**	176,884
EQUITY			
Contributed equity		**209,964**	148,183
Reserves		**229**	111
Retained profits		**29,159**	28,590
Total equity		**239,352**	176,884

(a) The $162,522,000 (June 2007: $113,603,000) relates to vendor funding negotiated in relation to a number of land acquisitions secured by the company and payable on settlement of the land and transfer of title.

The above balance sheet should be read in conjunction with the accompanying notes.

Devine Limited
Condensed Statement of Changes in Equity
For the half-year ended 31 December 2007

		Consolidated	
	Notes	**31 December 2007 $'000**	31 December 2006 $'000
Total equity at the beginning of the half-year		**176,884**	65,553
Add			
Profit for the half-year		**10,044**	6,987
Contributions of equity, net of transaction costs		**61,781**	5,404
Dividends provided for or paid	4	**(9,475)**	(5,440)
Option expense transferred to reserve		**118**	29
Total equity at the end of the half-year		**239,352**	72,533

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Devine Limited
Condensed Cash Flow Statement
For the half-year ended 31 December 2007

	Notes	Consolidated 31 December 2007 $'000	31 December 2006 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**220,218**	253,570
Payments to suppliers and employees (inclusive of goods and services tax) (a)		**(341,133)**	(172,261)
Joint venture partnership distributions received		**94**	-
Interest received		**1,435**	209
Other revenue		**29**	-
Interest paid		**(11,800)**	(21,842)
Income taxes paid		**(18,422)**	(233)
Net cash (outflow)/inflow from operating activities		**(149,579)**	59,443
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	8	**(48,444)**	-
Payments for property, plant and equipment		**(548)**	(204)
Net cash (outflow)/inflow from investing activities		**(48,992)**	(204)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**62,525**	3,978
Proceeds from borrowings (a)		**148,603**	110,360
Share issue transaction costs		**(36)**	-
Repayment of borrowings		**(22,116)**	(178,078)
Finance lease principal repayments		**(20)**	-
Dividends paid to company's shareholders	4	**(9,475)**	(4,038)
Net cash inflow/(outflow) from financing activities		**179,481**	(67,778)
Net increase/(decrease) in cash and cash equivalents		**(19,090)**	(8,539)
Cash and cash equivalents at the beginning of the half-year		**61,294**	2,236
Cash and cash equivalents at end of the half-year		**42,204**	(6,303)

(a) The amount reflected above as "payments to suppliers and employees" includes significant cash payments for land acquisitions. The corresponding receipts from the funding of these acquisitions is shown as "proceeds from borrowings" under "cash flows from financing activities".

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Devine Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Basis of preparation of half-year financial report

Basis of Accounting
The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* applicable Accounting Standards including *AASB 134 Interim Financial Reporting* and other mandatory professional reporting requirements.

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

(b) Principles of consolidation

The half-year consolidated financial statements comprise the financial statements of Devine Limited and its subsidiaries as at 31 December 2007 ('the Group').

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

(i) Land development and resale
Revenue on sale of land is recognised on settlement.

(ii) Property development
Revenue in respect of the company's large property development projects is recognised on settlement of the individual units. Costs in relation to individual settled units are recognised in proportion to the total costs for the project and based on the percentage of revenue to total forecast project revenue that the settled units represent.

(iii) Single contract house and land package sales
Revenue is recognised on house and land package sales that have been sold under one contract when settlement of both the house and land occurs. This treatment contrasts with the recognition of revenue for houses and land sold under separate contracts. In this case, revenue on the land is recognised as per (i) above and revenue on the house component is recognised as per (iv) below.

(iv) Construction contracting
Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to actual costs incurred to date as a percentage of estimated total costs for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

1 Summary of significant accounting policies (continued)

(v) Service revenue

Delivery agreements

When the outcome of a delivery agreement contract to provide services can be estimated reliably, revenue is recognised by reference to the percentage of the services performed.

Management fees - SSKB Group

Revenue from management fees is recognised upon delivery of the service to the customers.

(d) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their fair value as at the acquisition date based on the best available evidence of the price at which the instruments could be exchanged between knowledgeable, willing parties in an arm's length transaction. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the company's share of the fair value of the identifiable net assets of the business acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(ii) Brand name
The initial cost of the brand name "Devine" was generated by virtue of the business combinations created on the occasion of the float of Devine Limited. Directors consider it to be an "Indefinite Lived" asset as defined by AASB 138 and therefore not subject to future amortisation. Directors are required to test for impairment on at least an annual basis to determine the appropriate carrying value.

(iii) Other intangible assets
Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

1 Summary of significant accounting policies (continued)

(f) Joint ventures

(i) Joint venture operations
The proportionate interests in the assets, liabilities, revenues and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 10.

(ii) Joint venture entities
Interests in joint venture entities are accounted for using the equity method. Under the equity method, the share of the profits or losses of joint venture entities are recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to joint venture entities are set out in note 10.

(g) Comparatives

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

2 Revenue

	Consolidated	
	31 December 2007 $'000	31 December 2006 $'000
Revenue from external customers	**245,636**	241,281
Interest rate swap income	**333**	-
Interest received - other persons/bodies corporate	**1,356**	209
Rent received - other persons/bodies corporate	**148**	156
Sundry revenue	**29**	-
Other revenue	**1,866**	365
Total revenue	**247,502**	241,646

The consolidated entity's share of revenue from joint venture entities is excluded from revenue noted above and from the income statement in accordance with Accounting Standards. Going forward the delivery of a number of projects by the consolidated entity will be through various joint venture arrangements. Details of the consolidated entity's share of joint venture entities revenue are provided as additional information below as revenue - group and joint venture entities. Revenue - joint venture entities represents the Group's share of the operation of the joint venture entities.

Revenue - group and joint venture entities

Revenue - group	**245,636**	241,281
Revenue - joint venture entities (note 10(b))	**91**	-
Total revenue - group and joint venture entities	**245,727**	241,281
Other revenue	**1,866**	365
Revenue - group and joint venture entities	**247,593**	241,646

3 Expenses

	Consolidated	
	31 December 2007 $'000	31 December 2006 $'000
Expenses, excluding finance costs, included in the income statement classified by function		
Cost of sales	**184,846**	168,873
Other expenses	**41,702**	40,580
	226,548	209,453
Classification of these expenses by function		
Cost of sales	**184,846**	168,873
Other expenses from ordinary activities		
Marketing	**20,447**	23,809
Occupancy	**1,680**	1,246
Administration	**3,575**	3,803
Other	**3,002**	2,493
Land holding expenses	**1,274**	1,032
Employee expenses	**11,724**	8,197
	226,548	209,453
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation (other than leased assets)	**648**	473
Depreciation (leased assets)	**14**	-
Amortisation of management rights	**50**	-
Total depreciation and amortisation	**712**	473
Finance costs		
Interest and finance charges paid/payable	**7,371**	21,387
Bad debt expense	**76**	198
Operating lease rental	**376**	268

4 Dividends

	Devine Limited	
	31 December 2007 $'000	31 December 2006 $'000
(a) Ordinary shares		
Previous year final dividend paid		
Fully franked based on tax paid @ 30% - 4 cents (2006: 4 cents) per share	**9,475**	5,440
	9,475	5,440
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	**9,475**	4,038
Satisfied by issue of shares	**-**	1,402
	9,475	5,440

(b) Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 4 cents per fully paid ordinary share (2006 - 4 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 24 April 2008 out of retained profits at 31 December 2007, but not recognised as a liability at the end of the half-year, is:	**11,368**	5,684

(c) Franked dividends

The franked portions of the interim dividend recommended after 31 December 2007 will be franked out of existing franking credits.

	Consolidated	
	31 December 2007 $'000	31 December 2006 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2006 - 30%)	**9,359**	2,426

The above amounts represent the balance of the franking account as at the end of the half-year.

The franking credit balances include amounts that would be available if distributable profits of subsidiaries were paid to the parent entity as dividends.

5 Non-current assets - Investments accounted for using the equity method

	Consolidated	
	31 December 2007 $'000	30 June 2007 $'000
Interest in joint venture entities (note10(b))	**10,388**	-

6 Non-current assets - Intangible assets

	Brand name $'000	Total $'000
At 30 June 2007		
Opening net book amount	3,316	3,316
Closing net book amount	3,316	3,316

	Brand name $'000	Management rights $'000	Goodwill $'000	Total $'000
At 31 December 2007				
Opening net book amount	3,316	-	-	3,316
Acquisition of business	-	4,569	9,150	13,719
Amortisation charge	-	(50)	-	(50)
Closing net book amount	3,316	4,519	9,150	16,985

7 Events occurring after the balance sheet date

Pre-Sale of Melbourne Apartment-Hotel Development
On 25 January 2008, Devine Limited announced the $136 million pre-sale of its first apartment-hotel development, located at 131 - 135 Bourke Street in Melbourne. The development has been purchased by the Singapore-based, The Ascott Group. The Bourke Street complex is targeted for completion by the end of 2010.

Completion of Sale of 50% Interest in Hamilton Harbour to Leighton Properties
On 21 December 2007, the company announced that it was entering into a joint venture with Leighton Properties to develop its Hamilton Harbour site in Brisbane. Completion of the sale of the 50% interest in this project occurred on 18 February 2008.

There have been no other significant events that have occurred post 31 December 2007.

8 Business combination

(a) Summary of acquisitions

On 28 September 2007 the company acquired 100% of the equity of two separate businesses, being the Stewart Silver King and Burns group of companies (SSKB) and the entity known as Moorookyle Devine Pty Ltd (Moorookyle). The ultimate holding entities acquired as part of the SSKB acquisition were SSKB Holdings Pty Ltd and Victoria Point Management Rights Trust. At the date of acquisition, SSKB was involved in body corporate and property management activities and Moorookyle was engaged in land development.

The acquired businesses contributed revenues and net profit to the company for the period from the date of acquisition to 31 December 2007 as follows:

	Revenues	**Net Profit After Tax**
	$	**$**
SSKB	2,921,000	412,000
Moorookyle	8,703,000	734,000
	11,624,000	**1,146,000**

If the acquisitions had occurred on 1 July 2007, the consolidated revenue and profit for the Devine Group for the half-year ended 31 December 2007 would have been $252,361,000 and $10,929,000 respectively.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	SSKB	**Moorookyle**	**Total**
	$'000	**$'000**	**$'000**
Purchase consideration (refer to (b) below):			
Cash paid	10,006	37,067	**47,073**
Cash on deposit (in consideration for shares to be issued)	1,818	-	**1,818**
Direct costs relating to the acquisition	177	80	**257**
Total purchase consideration	12,001	37,147	**49,148**
Fair value of net identifiable assets acquired (refer to (c) below)	2,851	37,147	**39,998**
Goodwill	9,150	-	**9,150**

(b) Purchase consideration

	Consolidated	
	31 December 2007 $'000	31 December 2006 $'000
Outflow of cash to acquire business, net of cash acquired		
Cash consideration	**49,148**	-
Less: Balances acquired		
Cash	**704**	-
Outflow of cash (before borrowings) **	**48,444**	-

** Borrowings totalling $29,075,400, supported by the land inventory in the Moorookyle entity were secured to facilitate the acquisition of Moorookyle. The balance outstanding of these borrowings as at 31 December 2007 was $19,784,328.

8 Business combination (continued)

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisitions are as follows:

SSKB	**Acquiree's carrying amount $'000**	**Fair value $'000**
Cash and cash equivalents	**704**	**704**
Trade and other receivables	**673**	**673**
Investments accounted for using the equity method	**350**	**350**
Property, plant and equipment	**801**	**801**
Deferred tax assets	**124**	**124**
Intangible assets	**9,849**	**4,569**
Trade and other payables	**(877)**	**(877)**
Interest bearing liabilities	**(2,590)**	**(2,590)**
Provision for employee benefits	**(412)**	**(412)**
Current tax liabilities	**(454)**	**(454)**
Deferred tax liabilities	**(37)**	**(37)**
Net identifiable assets acquired	**8,131**	**2,851**

Moorookyle	**Acquiree's carrying amount $'000**	**Fair value $'000**
Trade and other receivables	**56**	**56**
Inventories	**34,373**	**34,439**
Property, plant and equipment	**90**	**90**
Deferred tax assets	**343**	**2,901**
Trade and other payables	**(339)**	**(339)**
Net identifiable assets acquired	**34,523**	**37,147**

Aggregate	**Acquiree's carrying amount $'000**	**Fair value $'000**
Cash and cash equivalents	**704**	**704**
Trade and other receivables	**729**	**729**
Inventories	**34,373**	**34,439**
Investments accounted for using the equity method	**350**	**350**
Property, plant and equipment	**891**	**891**
Deferred tax assets	**467**	**3,025**
Intangible assets	**9,849**	**4,569**
Trade and other payables	**(1,216)**	**(1,216)**
Interest bearing liabilities	**(2,590)**	**(2,590)**
Provision for employee benefits	**(412)**	**(412)**
Current tax liabilities	**(454)**	**(454)**
Deferred tax liabilities	**(37)**	**(37)**
Net identifiable assets acquired	**42,654**	**39,998**

The initial accounting for the SSKB business combination has been determined provisionally. The total purchase consideration payable is subject to adjustment events that will be finalised in the December 2008 half-year. The total purchase consideration cannot be adjusted upwards (that is cannot be higher) but can be adjusted downwards (that is may be lower).

9 Contingencies

Contingent liabilities

The parent entity and group had contingent liabilities at 31 December 2007 in respect of:

Guarantees
The parent entity and controlled entities have entered into local authority and other performance guarantees totalling $17,407,531 at 31 December 2007 (June 2007: $10,423,098) relating to individual land developments and other aspects of the company's operations. The guarantees are secured by charges over the assets of the respective entities. No liabilities are expected to arise.

The company has deposited $3,786,964 (June 2007: $3,751,221) into bank accounts subject to charges by agreement with the financial institutions which provide funding for mortgages under the "Builder Pays Deposit" promotion. In addition, a performance guarantee totalling $1,500,000 (June 2007: $1,500,000) in respect to these loans has been issued to one of the lending institutions. The 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 between 5% 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 $5,286,964 as at 31 December 2007 (June 2007: $5,251,221). As at 31 December 2007 a provision of $494,960 (June 2007: $573,365) has been raised on the basis of expected future costs.

Land and Property Acquisition Commitments
As at 31 December 2007 the group had entered into land marketing agreements to acquire other developers' land amounting to $4,448,100 (June 2007: $7,685,700). Of this amount, $1,195,900 related to land that had been sold but was not yet at unconditional contract status (June 2007: $5,204,200). At exercise date the consolidated entity is required to acquire land at a predetermined acquisition price.

As at 31 December 2007, the group had entered into a number of options to purchase individual residential units and a parcel of adjoining land at sites earmarked for future development. The exercise of the options is conditional upon obtaining a suitable development approval and securing all units in the existing developments. Should these conditions be met, an amount of $30,130,700 (June 2007: $34,062,700) would be required to be paid to the vendors to complete the individual purchases, with a corresponding increase in inventories held for future redevelopment.

Litigation
There are a number of matters that are the subject of litigation or potential litigation with several different parties. It is expected that these matters will be resolved with no material cost being incurred by the company.

10 Interests in joint ventures

(a) Jointly controlled assets

Name	% Interest Held 31 December 2007	% Interest Held 30 June 2007
Deer Park Joint Venture	**50**	50
Halletts Road Joint Venture	**50**	50

A subsidiary has entered into a joint venture called the Deer Park Joint Venture to develop land for residential housing. The subsidiary has a 50% participating interest in this joint venture and is entitled to 50% of the project profits.

The parent has entered into a joint venture called Halletts Road Joint Venture to develop land for residential housing. The parent has a 50% participating interest in this joint venture and is entitled to 50% of the project profits.

The group's interests in the assets employed in the joint ventures are included in the consolidated balance sheet, in accordance with the accounting policy described in note 1(f)(i) under the following classifications:

	Consolidated	
	31 December 2007 $'000	30 June 2007 $'000
Current assets		
Cash and cash equivalents	**436**	6
Trade and other receivables	**14**	5
Inventories	**7,713**	6,438
Other assets	**-**	38
Total current assets	**8,163**	6,487
Non-current assets		
Inventories	**4,425**	8,762
Total non-current assets	**4,425**	8,762
Share of assets employed in joint venture	**12,588**	15,249
Current liabilities		
Trade and other payables	**5,889**	6,687
Interest bearing liabilities	**3,249**	3,235
Total current liabilities	**9,138**	9,922
Non-current liabilities		
Interest bearing liabilities	**2,398**	5,299
Total non-current liabilities	**2,398**	5,299
Share of liabilities employed in joint venture	**11,536**	15,221
Net assets	**1,052**	28

10 Interests in joint ventures (continued)

(b) Joint venture entities

Name	Ownership interest		Carrying value of investment Consolidated	
	31 December 2007 %	30 June 2007 %	**31 December 2007 $'000**	30 June 2007 $'000
Devine Hamilton Unit Trust	**50**	-	**10,004**	-
Silver Body Corporate Financial Services Pty Ltd	**50**	-	**384**	-
			10,388	-

The group has a 50% interest in Devine Hamilton Unit Trust, which is resident in Australia and the principal activity of which is property development.

The group has a 50% interest in Silver Body Corporate Financial Services Pty Ltd, which is resident in Australia and the principal activity of which is banking operations.

The joint venture interests are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost (refer note 1(f)(ii)). Information relating to the joint venture entities is set out below.

	Consolidated	
	31 December 2007 $'000	30 June 2007 $'000
Share of assets and liabilities		
Current assets	**321**	-
Non-current assets	**18,155**	-
Total assets	**18,476**	-
Current liabilities	**26**	-
Non-current liabilities	**9,228**	-
Total liabilities	**9,254**	-
Net assets	**9,222**	-
Share of revenue, expenses and results		
Revenues	**91**	-
Expenses	**(33)**	-
Profit before income tax	**58**	-

11 Segment information

(a) Primary reporting format - business segments

Half-year 2007	Housing and land $'000	Property development $'000	Body corporate manage-ment $'000	Corporate / other $'000	**Total continuing operations $'000**	Discontinued operation (Finance) $'000	Consolidated $'000
Total revenue from external customers	134,376	107,943	2,819	498	**245,636**	-	245,636
Other revenue	264	37	11	1,554	**1,866**	-	1,866
Revenue - joint venture entities	-	-	91	-	**91**	-	91
Total segment revenue	134,640	107,980	2,921	2,052	**247,593**	-	247,593
Segment result	2,150	10,703	578	210	**13,641**	-	13,641
Profit before income tax							13,641
Income tax expense							(3,597)
Net profit							10,044

Half-year 2006	Housing and land $'000	Property development $'000	Body corporate manage-ment $'000	Corporate / other $'000	**Total continuing operations $'000**	Discontinued operation (Finance) $'000	Consolidated $'000
Total revenue from external customers	73,116	167,891	-	274	**241,281**	12,918	254,199
Other revenue	184	-	-	181	**365**	-	365
Revenue - joint venture entities	-	-	-	-	-	-	-
Total segment revenue	73,300	167,891	-	455	**241,646**	12,918	254,564
Segment result	(5,534)	17,429	-	(1,089)	**10,806**	(600)	10,206
Profit before income tax							10,206
Income tax expense							(3,219)
Net profit							6,987

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 amount of borrowing costs allocated to segments is as follows:

Housing $2,584,721 (Dec. 2006: $1,790,382); Property Development $5,666,293 (Dec. 2006: $19,428,452); Body Corporate Management $59,484 (Dec. 2006: N/A); Corporate / Other ($939,244) (Dec. 2006: $168,507); and Finance N/A (Dec 2006: $Nil).

(b) Secondary reporting format - geographical segments

The Company operates in only one geographic segment; Australia - within Australia operations are carried on in Queensland, Victoria and South Australia.

12 Earnings per share

	Consolidated	
	31 December 2007 Cents	31 December 2006 Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**4.2**	5.5
Loss from discontinued operation	**-**	(0.4)
Profit attributable to the ordinary equity holders of the company	**4.2**	5.1
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**4.1**	5.3
Loss from discontinued operation	**-**	(0.4)
Profit attributable to the ordinary equity holders of the company	**4.1**	4.9

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	31 December 2007 $'000	31 December 2006 $'000
Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**10,044**	7,488
Loss from discontinued operation	**-**	(501)
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**10,044**	6,987

(d) Weighted average number of shares used as the denominator

	Consolidated	
	31 December 2007 Number	31 December 2006 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**240,112,430**	137,469,238
Options	**6,085,880**	2,959,795
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**246,198,310**	140,429,033
Shares on issue as at 31 December	**284,204,464**	142,102,232

Conversions, calls, subscriptions or issues since the reporting date
There have been no 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.

Devine Limited
Directors' declaration
31 December 2007

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 22 are in accordance with the *Corporations Act 2001*, including:
    (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
    (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
    (iii) complying with Accounting Standard *AASB 134 Interim Financial Reporting*; and
(b) there are reasonable grounds to believe that Devine Limited will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the managing director and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

D C Somerville
Chairman

D H T Devine
Managing Director

Brisbane
27 February 2008

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To the members of Devine Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying 31 December 2007 financial report of Devine Limited and the entities it controlled during the period, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed cash flow statement and condensed statement of changes in equity for the period ended on that date, other selected explanatory notes and the directors' declaration, of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 31 December 2007 financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 31 December 2007 financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the 31 December 2007 financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Devine Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the 31 December 2007 financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Devine Limited and the entities it controlled during the period, is not 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 2007 and of its performance for the period ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ric Roach
Partner
Brisbane
27 February 2008