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 2009	31 December 2008

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

Revenues from continuing operations	up	53.8%	to	304,401
Profit/ (loss) after tax attributable to members	down	89.5%	to	1,221

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

The profit attributable to members is after net realised and unrealised impairments of $13.2M after tax in relation to commercial and large scale property development assets which have been exited or are in the process of being exited.

No dividend has been declared in respect of the half-year ended 31 December 2009.

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	N/A
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)	N/A
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	n/a	n/a	n/a
	Previous year	n/a	n/a	n/a
Interim dividend:	Current year	n/a	n/a	n/a
	Previous year	3 ¢	3 ¢	0 ¢

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	35,987	39,538
Net profit/ (loss) attributable to members	1,221	11,595
Dividends and other equity distributions paid or payable	-	(11,445)
Retained profits (accumulated losses) at the end of financial period	37,208	39,688

Net tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA	83.4 ¢	82.1 ¢
Diluted NTA	83.4 ¢	81.3 ¢

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	0.4 ¢	4.0 ¢
Diluted EPS	0.4 ¢	4.0 ¢

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: **9 February 2010**
(Company Secretary)

Print name: **Vivian N Grayson**

Directors' report

Your directors submit their report for the half-year ended 31 December 2009.

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 J Ridley
D H T Devine
P J Ferris AM, KCSG
Hon. T M Mackenroth
G E McOrist
R W Parris
V A Vella
K M Woodley

Chief Executive Officer

On 1 February 2010, the Board of Devine Limited announced the appointment of Mr David Keir as the company's new Chief Executive Officer. Mr Keir will replace company founder, Mr David Devine, who announced his decision to step down from the position of Managing Director in October last year. Mr Keir will commence with Devine on 1 March 2010.

Chief Financial Officer / Company Secretary

P Cochrane / V N Grayson

Mr Cochrane was appointed as Chief Financial Officer in October 2009. Mr Grayson who previously held the position of Chief Financial Officer and Company Secretary will remain as Company Secretary.

Devine Limited
Directors' report
31 December 2009
(continued)

Review of operations
Refer Directors' Comments attached.

Operating results for the half-year ended 31 December 2009 are set out below:

	Segment revenues		Segment results	
	31 December 2009 $'000	31 December 2008 $'000	**31 December 2009 $'000**	31 December 2008 $'000
Continued operations				
Housing & Land	**201,775**	146,257	**17,002**	6,482
Property Development (including net realised and unrealised impairments)	**101,261**	49,650	**(13,840)**	12,319
Corporate/Other	**1,365**	1,966	**(2,790)**	(438)
Interest Rate Swap Income/ (Expense)	**-**	-	**1,334**	(1,993)
Total continuing operations	**304,401**	197,873	**1,706**	16,370
Profit/(loss) before income tax expense			**1,706**	16,370
Income tax expense			**(563)**	(5,040)
Profit from continuing operations			**1,143**	11,330
Discontinued operations				
Body corporate management	**2,207**	6,099	**125**	422
Profit before income tax expense			**125**	422
Income tax expense			**(47)**	(157)
Profit for the year			**78**	265
Profit attributable to members of Devine Limited			**1,221**	11,595
Reconciliation to underlying profit after tax				
Underlying profit after tax			**14,424**	11,595
Net realised and unrealised impairments after tax (note 2)			**(13,203)**	-
Profit attributable to members of Devine Limited			**1,221**	11,595

Devine Limited
Directors' report
31 December 2009
(continued)

	31 December 2009 Cents	31 December 2008 Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**0.4**	4.0
Profit/(loss) from discontinued operation	**-**	-
Profit attributable to the ordinary equity holders of the company	**0.4**	4.0
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**0.4**	4.0
Profit/(loss) from discontinued operation	**-**	-
Profit attributable to the ordinary equity holders of the company	**0.4**	4.0

Matters subsequent to the end of the half-year

No significant events have occurred post 31 December 2009.

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 5.

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 J Ridley
Director

P J Ferris AM, KCSG
Director

Brisbane
9 February 2010

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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 2009, 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

Ernst & Young

Ric Roach
Partner
9 February 2010

Liability limited by a scheme approved
under Professional Standards Legislation

Devine Limited
Statement of comprehensive income
For the half-year ended 31 December 2009

		Consolidated	
	Notes	**31 December 2009 $'000**	31 December 2008 $'000
Revenue	3	**300,645**	193,338
Cost of properties sold	4	**(234,416)**	(128,145)
Gross profit		**66,229**	65,193
Other revenue	3	**3,756**	4,535
Expenses, excluding finance costs	4	**(58,088)**	(45,007)
Finance costs	4	**(9,255)**	(7,929)
Share of net profits/(losses) of associates and joint venture entities accounted for using the equity method	9(b)	**(936)**	(422)
Profit before income tax		**1,706**	16,370
Income tax expense		**(563)**	(5,040)
Profit/(loss) from continuing operations		**1,143**	11,330
Profit/(loss) from discontinued operations	5	**78**	265
Profit and comprehensive income attributable to the members of Devine Limited	2	**1,221**	11,595
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	11	**0.4**	4.0
Diluted earnings per share	11	**0.4**	4.0

Devine Limited
Statement of financial position
As at 31 December 2009

	Notes	**Consolidated 31 December 2009 $'000**	Consolidated 30 June 2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**1,166**	3,975
Receivables		**30,299**	35,532
Inventories		**213,012**	174,585
Current tax receivables		**1,844**	-
Other assets		**3,114**	2,956
Total current assets		**249,435**	217,048
Non-current assets			
Receivables		**29,293**	32,025
Inventories		**239,798**	376,082
Investments accounted for using the equity method		**33,279**	28,502
Property, plant and equipment		**1,196**	2,215
Intangible assets		**3,316**	17,054
Other non-current assets		**2,726**	3,497
Total non-current assets		**309,608**	459,375
Total assets		**559,043**	676,423
LIABILITIES			
Current liabilities			
Payables		**57,819**	60,357
Interest bearing liabilities		**156,846**	268,766
Derivative financial instruments		**3,329**	7,901
Current tax liabilities		**-**	1,198
Provisions		**3,625**	4,035
Non-interest bearing liabilities		**20,460**	62,445
Total current liabilities		**242,079**	404,702
Non-current liabilities			
Interest bearing liabilities		**33,328**	1,938
Deferred tax liabilities		**4,715**	4,020
Provisions		**1,267**	480
Non-interest bearing liabilities		**11,150**	-
Total non-current liabilities		**50,460**	6,438
Total liabilities		**292,539**	411,140
Net assets		**266,504**	265,283
EQUITY			
Contributed equity		**228,997**	228,997
Reserves		**299**	299
Retained profits		**37,208**	35,987
Total equity		**266,504**	265,283

The above statement of financial position should be read in conjunction with the accompanying notes.

Devine Limited
Statement of changes in equity
For the half-year ended 31 December 2009

	Notes	Consolidated **31 December 2009 $'000**	 31 December 2008 $'000
Total equity at the beginning of the half-year		**265,283**	251,574
Profit for the half-year		**1,221**	11,595
Contributions of equity, net of transaction costs		**-**	6,245
Dividends provided for or paid	6	**-**	(11,445)
Option expense transferred to reserve		**-**	45
Total equity at the end of the half-year		**266,504**	258,014

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

Devine Limited
Statement of cash flows
For the half-year ended 31 December 2009

	Notes	Consolidated 31 December 2009 $'000	31 December 2008 $'000
Cash flows from operating activities			
Receipts from customers & sale of development assets (inclusive of goods and services tax)		**332,772**	251,993
Payments to suppliers and employees (inclusive of goods and services tax)		**(243,421)**	(198,324)
		89,351	53,669
Joint venture distributions received		**-**	195
Other revenue		**824**	887
Interest and borrowing costs		**(13,040)**	(13,557)
Income taxes paid		**(3,043)**	76
Net cash inflow/ (outflow) from operating activities		**74,092**	41,270
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		**-**	(436)
Payments for property, plant and equipment		**(125)**	(1,189)
Payments for investment in joint ventures		**(6,137)**	(4,381)
Proceeds from sale of interest in joint ventures		**3,355**	-
Payments for investment in land inventory		**(6,871)**	(45,225)
Proceeds from sale of discontinued operations		**7,600**	-
Net cash (outflow)/ inflow from investing activities		**(2,178)**	(51,231)
Cash flows from financing activities			
Proceeds from borrowings		**5,725**	20,446
Repayment of borrowings		**(80,448)**	(12,305)
Finance lease payments		**-**	(34)
Dividends paid to company's shareholders	6	**-**	(5,706)
Net cash inflow/ (outflow) from financing activities		**(74,723)**	2,401
Net increase (decrease) in cash and cash equivalents		**(2,809)**	(7,560)
Cash and cash equivalents at the beginning of the half-year		**3,975**	21,116
Cash and cash equivalents at end of the half-year		**1,166**	13,556

The above statement of cash flows 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 2009 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.

The half-year financial report has been prepared on a going concern basis (refer to note 12).

(b) Principles of consolidation

The half-year consolidated financial statements comprise the financial statements of Devine Limited and its subsidiaries as at 31 December 2009 ('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.

(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.

1 Summary of significant accounting policies (continued)

(d) 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 ventures are set out in note 9.

(ii) Joint venture entities
The interest in joint venture entities is accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the entities are set out in note 9.

(e) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2009 reporting periods and have not yet been applied in the financial report. The accounting policies adopted are consistent with those of the previous financial report except as follows.

There have been a number of changes to new accounting standards and intepretations during the interim reporting period. Other than those mentioned below, there will be no significant impact to the Group or on previously reported results.

The Company has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2009.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)
AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in the segment note information, including the related revised comparative information.

(ii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* (effective from 1 January 2009)
The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

On 8 October 2009 the IASB issued an amendment to IAS 32 *Classification of Rights Issues.* It is effective for accounting periods beginning on or after 1 February 2010 and must be applied retrospectively in accordance with IAS 8 *Accounting policies.* The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The Company will apply the amended standard from 1st January 2010. As the Company has not made any such rights issues, the amendment will not have any effect on the Company's or the parent entity's financial statements.

(f) Comparatives

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

2 Net realised and unrealised impairments

	Consolidated	
	31 December 2009 $'000	31 December 2008 $'000
Reconciliation of underlying profit after tax		
Underlying profit after tax	**14,424**	11,595
Net realised and unrealised impairments after tax	**(13,203)**	-
Profit and comprehensive income attributable to the members of Devine Limited	**1,221**	11,595

Net realised and unrealised impairments are in relation to commercial and large scale property development assets which have been exited or are in the process of being exited.

3 Revenue

	Consolidated	
	31 December 2009 $'000	31 December 2008 $'000
From continuing operations		
Revenue from operating activities		
Revenue from sale of properties	**296,907**	193,338
Revenue from related parties	**3,738**	-
	300,645	193,338
Interest rate swap income	**1,334**	-
Interest received - other persons/bodies corporate	**1,610**	2,844
Rent received - other persons/bodies corporate	**812**	1,026
Sundry income - other persons/bodies corporate	**-**	665
	3,756	4,535
	304,401	197,873
From discontinued operations (note 5)		
Service revenue - body corporate management	**2,197**	6,036
Interest received	**4**	27
Rent received	**6**	36
Share of net profits/(losses) of associates and joint venture entities accounted for using the equity method	**-**	67
	2,207	6,166

4 Expenses

	Consolidated	
	31 December 2009 $'000	31 December 2008 $'000
Expenses, excluding finance costs, included in the statement of comprehensive income classified by function		
Cost of properties sold	**234,416**	128,145
Other expenses	**58,088**	45,007
	292,504	173,152
Classification of these expenses by function		
Cost of properties sold	**234,416**	128,145
Other expenses from ordinary activities		
Marketing	**25,593**	20,160
Occupancy	**1,473**	1,702
Administration	**14,427**	15,495
Other	**13,366**	4,450
Land holding expenses	**3,229**	3,200
	292,504	173,152
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**233**	442
Display homes	**78**	67
Leased assets	**-**	19
Total depreciation	**311**	528
Interest and borrowing costs	**9,255**	7,929
Provision for bad debts	**(97)**	(1,520)
Operating lease rental	**375**	342

5 Discontinued operation

Discontinued Operations

Together with the full year financial report as at 30 June 2009 the Directors announced the sale of the company's Body Corporate Management business, SSKB. Disposal of this division was completed on 26 August 2009 and is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. Further information is set out in note 10 - segment information.

(a) Financial performance and cash flow information

The financial performance and cash flow information presented are for the two months ended 26 August 2009 and the half-year ended 31 December 2008.

	31 December 2009 $'000	31 December 2008 $'000
Revenue (note 3)	**2,207**	6,166
Expenses	**(1,988)**	(5,744)
Profit before income tax	**219**	422
Income tax expense	**(75)**	(157)
Profit after income tax of discontinued operations	**144**	265
Gain/ (loss) on sale of the division before income tax	**(94)**	-
Income tax expense	**28**	-
Gain/ (loss) on sale of the division after income tax	**(66)**	-
Profit from discontinued operation	**78**	265
Net cash (outflow)/ inflow from operating activities	**205**	909
Net cash (outflow)/ inflow from investing activities	**19**	(263)
Net cash inflow/ (outflow) from financing activities	**(39)**	(256)
Net increase/(decrease) in cash held	**-**	-
	-	-
Less: cash flows contributed by parent	**-**	-
Net increase in cash generated by the division	**185**	390

5 Discontinued operation (continued)

(b) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 26 August 2009 (Dec 2009 column) and 30 June 2009 were:

	31 December 2009 $'000	30 June 2009 $'000
Cash and cash equivalents	**778**	593
Trade and other receivables	**713**	726
Other assets	**13**	14
Property, plant and equipment	**842**	862
Intangibles	**13,758**	13,789
Inventories	**-**	-
Joint venture investments	**490**	490
Total assets	**16,594**	16,474
Trade and other payables	**(522)**	(1,213)
Interest bearing liabilities	**(2,364)**	(2,403)
Provisions	**(531)**	(476)
Deferred tax liabilities	**84**	84
Total liabilities	**(3,333)**	(4,008)
Net assets	**13,261**	12,466

(c) Details of the sale of the division

Consideration received or receivable:		
Cash	**7,600**	-
Present value of amount receivable	**5,593**	-
Total disposal consideration	**13,193**	-
Carrying amount of net assets sold	**(13,261)**	-
Costs to sell	**(26)**	-
Loss on sale before income tax	**(94)**	-
Income tax expense	**28**	-
Loss on sale after income tax	**(66)**	-

6 Dividends

	Devine Limited	
	31 December 2009 $'000	31 December 2008 $'000
(a) Ordinary shares		
Previous year final dividend paid		
Fully franked based on tax paid @ 30% - 0 cents (2008: 4 cents) per share	-	11,445
	-	11,445
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	-	5,706
Satisfied by issue of shares	-	5,739
	-	11,445
(b) Dividends not recognised at the end of the half-year		
The directors have not declared an interim dividend for the 2009/10 financial year (2008/09: 3 cents)	-	8,805

(c) Franked dividends

	Consolidated	
	31 December 2009 $'000	31 December 2008 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008: 30%)	**17,195**	13,650

The above amounts represent the balance of the franking account as at the end of the financial 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.

7 Events occurring after the reporting period

No significant events have occurred post 31 December 2009.

8 Contingencies

Contingent liabilities

The parent entity and group had contingent liabilities at 31 December 2009 in respect of:

Guarantees
The parent entity and controlled entities have entered into local authority and other performance guarantees totalling $31,305,975 at 31 December 2009 (June 2009: $24,911,043) 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 $160,343 (June 2009: $77,108) 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 $1,000,000 (June 2009: $1,000,000) 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 $1,160,343 as at 31 December 2009 (June 2009: $1,077,108). As at 31 December 2009 a provision of $207,113 (June 2009: $384,066) has been raised on the basis of expected future costs.

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.

9 Interests in joint ventures

(a) Joint venture operations

Name and principal activity

	% Interest Held 31 December 2009	% Interest Held 30 June 2009
Deer Park Joint Venture	**50**	50
Halletts Road Joint Venture	**50**	50
Casey Fields Joint Venture	**55**	55

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

	Consolidated	
	31 December 2009 $'000	30 June 2009 $'000
Current assets		
Cash and cash equivalents	**-**	263
Trade and other receivables	**549**	833
Inventories	**2,607**	2,106
Total current assets	**3,156**	3,202
Non-current assets		
Inventories (land held for resale)	**12,252**	14,583
Total non-current assets	**12,252**	14,583
Share of assets employed in joint venture	**15,408**	17,785
Current liabilities		
Trade and other payables	**5,875**	4,457
Partner loans	**122**	122
Interest bearing liabilities	**6,052**	7,529
Total current liabilities	**12,049**	12,108
Non-current liabilities		
Partner loans	**2,970**	2,970
Total non-current liabilities	**2,970**	2,970
Share of liabilities employed in joint venture	**15,019**	15,078
Net assets	**389**	2,707

9 Interests in joint ventures (continued)

(b) Joint venture entities

Name	Ownership interest		Carrying value of investment Consolidated	
Name and principal activity	**31 December 2009**	30 June 2009	**31 December 2009**	30 June 2009
Hamilton Harbour Unit Trust	**50 %**	50 %	**20,569**	18,037
145 Ann Street Trust	**- %**	50 %	**-**	2,081
Townsville City Project Trust	**50 %**	50 %	**7,172**	7,164
Silver Body Corporate Financial Services Pty Ltd	**- %**	50 %	**-**	490
Deep Blue Consortium Pty Ltd	**45 %**	45 %	**74**	9
Fallingwater Trust	**15 %**	15 %	**337**	720
Riverina Estate Developments Pty Ltd	**50 %**	50 %	**5,127**	1
			33,279	28,502

At balance date, the group had equity interest in a number of joint venture entities and these are detailed below:

(i) The group has a 50% interest in Hamilton Harbour Unit Trust, which is resident in Australia and the principal activity is property development.

(ii) The group has a 50% interest in Townsville City Project Trust, which is resident in Australia and the principal activity is property development.

(iii) The group has a 45% interest in Deep Blue Consortium Pty Ltd, which is resident in Australia and the principal activity is property development.

(iv) The group has a 15% interest in the Fallingwater Trust, which is resident in Australia and the principal activity is property development.

(v) The group has a 50% interest in Riverina Estate Developments Pty Ltd, which is resident in Australia and the principal activity is property development.

The interests in the joint venture entities are accounted for using the equity method of accounting and are carried at cost by the parent entity. Information relating to the joint venture entities is set out below:

	Consolidated	
	31 December 2009 $'000	30 June 2009 $'000
Carrying amount of investment in joint venture entities	**33,279**	28,502
Share of joint venture entities assets and liabilities		
Current assets	**5,466**	2,256
Non-current assets	**45,342**	41,463
Total assets	**50,808**	43,719
Current liabilities	**18,304**	17,626
Non-current liabilities	**1,928**	-
Total liabilities	**20,232**	17,626
Net assets	**30,576**	26,093

9 Interests in joint ventures (continued)

	Consolidated	
	31 December 2009 $'000	31 December 2008 $'000
Share of joint venture entities revenue, expenses and results		
Revenues	**1,230**	353
Expenses	**(2,166)**	(811)
Profit/ (loss) before income tax	**(936)**	(458)
Share of net profit/ (loss) of joint venture entities accounted for using the equity method	**(936)**	(422)

10 Segment information

(a) Operating segments

Half-year 2009	Housing and Land $'000	Property Development $'000	Corporate / Other $'000	Total continuing operations $'000	Discontinued operation - body corporate management (note 5) $'000	Consolidated $'000
Total sales revenue	201,694	98,951	-	300,645	2,197	302,842
Other revenue	81	2,310	1,365	3,756	10	3,766
Total segment revenue	201,775	101,261	1,365	304,401	2,207	306,608
Segment result	17,002	(13,840)	(1,456)	1,706	125	1,831
Profit before income tax				1,706	125	1,831
Income tax expense				(563)	(47)	(610)
Profit for the half-year				1,143	78	1,221
Investments in joint venture entities	5,464	27,815	-	33,279	-	33,279
Share of net profits/(losses) of joint venture entities	(9)	(927)	-	(936)	-	(936)

Half-year 2008	Housing and Land $'000	Property Development $'000	Corporate / Other $'000	Total continuing operations $'000	Discontinued operation - body corporate management $'000	Consolidated $'000
Total sales revenue	146,089	46,813	436	193,338	6,036	199,374
Other revenue	168	2,837	1,530	4,535	63	4,598
Total segment revenue	146,257	49,650	1,966	197,873	6,099	203,972
Segment result	6,482	12,319	(2,431)	16,370	422	16,792
Profit before income tax				16,370	422	16,792
Income tax expense				(5,040)	(157)	(5,197)
Profit for the year				11,330	265	11,595
Investments in joint venture entities	1,284	23,753	-	25,037	383	25,420
Share of net profits/ (losses) of joint venture entities	170	(592)	-	(422)	66	(356)

(b) Geographical segments

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

11 Earnings per share

	Consolidated	
	31 December 2009 Cents	31 December 2008 Cents
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company	**0.4**	4.0
Profit/ (loss) from discontinued operation	**-**	-
Total basic earnings per share attributable to the ordinary equity holders of the company	**0.4**	4.0
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company	**0.4**	4.0
Profit/ (loss) from discontinued operation	**-**	-
Total diluted earnings per share attributable to the ordinary equity holders of the company	**0.4**	4.0

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

Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
from continuing operations	**1,143**	11,330
from discontinued operations	**78**	265
	1,221	11,595

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

	Consolidated	
	31 December 2009 Number	31 December 2008 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**315,486,872**	287,338,685
Options *	**-**	2,925,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**315,486,872**	290,263,685
Shares on issue at 31 December 2009	**315,486,872**	293,493,801

(i) 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.

* Based on the current share price of Devine Limited at balance date no options are likely to be exercised.

12 Financing arrangements

As at 30 June 2009 reporting date, Devine Limited was in breach of two banking covenants that attached to its core debt "Evergreen" multi option facility with its principal financier, the ANZ. Subsequently, the principal financier has waived the covenant breaches until the earlier of:

a) The date on which the company has executed a variation agreement to amend the Facility Agreement on terms that are acceptable to the Financier; or

b) 31 March 2010.

Devine is in advanced stages of negotiations with its principal financier in relation to the proposed terms of the amended facility agreement which includes extension of its facilities until mid 2012 (previously February 2011).

As part of negotiations, a number of undertakings, including the sales of the 96 Albert Street and Carrington development sites were successfully completed. The Directors note that as a result of the above asset sales and the positive operating performance of the Housing and Land business, total net debt for the Devine Group has been reduced by $140 million or 38% since December 2008 to $221 million as at 31 December 2009. Given the debt reduction to date, and advanced status of completion of remaining undertakings and negotiations with the ANZ, Directors are confident that an amended facility agreement containing terms that are acceptable to both its principal financier and Devine will be entered into prior to 31 March 2010. Accordingly, Directors have prepared the accounts on a going concern basis.

As required by AASB 101, interest bearing debt previously classified as non-current has now been classified as current. Notwithstanding this disclosure, Directors are of the view that $150 million of interest bearing debt now classified as current will not be required to be repaid within the next twelve months.

Devine Limited
Directors' declaration
31 December 2009

In the directors' opinion:

(a) the financial statements and notes set out on pages 6 to 25 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 2009 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 chief executive officer 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 J Ridley
Director

P J Ferris AM, KCSG
Director

Brisbane
9 February 2010

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To the members of Devine Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Devine Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year 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 Half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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 half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports 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 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Devine Limited and the entities it controlled during the half-year period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year 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.

Liability limited by a scheme approved under Professional Standards Legislation

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Devine Limited 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 2009 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

Ric Roach
Partner
Brisbane
9 February 2010