Devine LIMITED
A.C.N. 010 769 365

Directors' Comments

Year Ended 30 June 2005

26 August 2005

The Directors of Devine Limited are pleased to announce an after tax profit of $16.125M for the year ended 30 June 2005 (2003/04 $15.650M). This result represents a 3% increase on the previous year and is consistent with the profit guidance given in February 2005. The second half profit result of $10.361M (up 80% on the December 04 half), reflects the timing of the completion of a number of land developments undertaken by the company and the resultant revenue and profits recorded on those developments.

Basic EPS were 13.3 cents per share (2004 14.0 cents) with the lower result, in part, attributable to the increased number of shares on issue following the company's Share Purchase Plan issue in November 2004. The basic net tangible asset backing per share has increased to 72.6 cents, up from 67.9 cents at June 2004.

Revenue increased by 26% to $474.1M (2003/04, $376.6M) reflecting the contribution made by the company's large CBD developments.

Directors have declared a fully franked final dividend of 4.0 cents per share in relation to the company's ordinary shares (last year 4.0 cents).

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

$000's	Year Ended	
	June 2005	June 2004
Revenue	474,056	376,581
Operating Profit Before Tax	22,722	22,486
Net Profit After Tax Attributable to Shareholders	16,125	15,650
EPS Basic	13.3 cents	14.0 cents
EPS Diluted	13.0 cents	13.3 cents
NTA Basic	72.6 cents	67.9 cents
NTA Diluted	70.8 cents	66.1 cents
Final Dividend – Ordinary Shares (Fully Franked)	4.0 cents	4.0 cents
Full-Year Dividend – Ordinary Shares (Fully Franked)	8.0 cents	8.0 cents

Market Conditions

The Housing market has softened over the last year due mainly to housing affordability caused by increased land prices and building costs. However the key economic indicators of job growth and acceptable interest rates, which drive the housing market, are positive, and will see a soft landing with a turnaround expected over the next 12 to 18 months.

Land prices have peaked and land supply has improved which will quicken up site starts to help offset the slowing market.

The CBD residential market is also quieter than a year ago due to increased building costs and lower investment yields. We are fortunate to have three major projects under construction that are 95% sold and on which settlements will occur over the next two years.

Housing Division

As noted above, the tighter conditions prevailing in the Housing market during the year resulted in a reduction in profit contribution from this Division from $18.081M to $9.518M. Also having a negative impact on the results from the company's Housing and Land operations was the time taken to get land developments completed to allow housing starts to occur. The primary cause of these delays was the time taken to get development approvals through councils.

Property Development Division

This Division reported a pre-tax profit of $17.980M on revenue of $248.7M for the 2004/05 year. This was up 173% and 77% respectively on the previous year representing a significant improvement on that year.

As forecast earlier this year, construction commenced in June 2005 on the company's latest residential development in the Brisbane CBD, **"Charlotte Towers".** 388 (93%) of the 416 units are now sold and 377 (91%) of the total 416 units are at unconditional contract and 10% deposit paid status.

Devine has elected to undertake the construction of the "Charlotte Towers" project in its own right. A highly experienced and proven team was assembled in-house earlier this year and undertook preliminary activities in the months leading up to the commencement of construction. This initiative is expected to generate significantly higher margins than would have been achieved by engaging an external contractor.

Finance for the project has been secured and financial close took place in early July of this year. Whilst still in the below-ground phase of construction, 98% of sub-contract and suppliers' costs for the project have been locked in thus significantly reducing the company's exposure to future cost overruns.

Completion of construction occurred in late June on the 214 unit $91M **"Casino Towers"** project in the Brisbane CBD. Confirming the quality of this project is the fact that all but one of the units settled within five weeks of completion.

Construction of the 401 unit, $162M **"Festival Towers"** project is proceeding with completion forecast to occur late in the June 2006 quarter. Sales have continued to be made on the project with 391 (97.5%) of the 401 units sold and 382 (95%) of the total units in the project at unconditional contract and 10% deposit paid status. Contractual arrangements with the external builder mean that any delays in completion will not impact adversely on the project's margins.

The staged completion of the **"Victoria Point Docklands"** project in Melbourne is now occurring with the stand alone nine storey Commercial Building completed and settlement having occurred on the 2nd August 2005. The Serviced Apartments stage is due for completion in early September 2005 with settlements to occur shortly thereafter. The residential tower is now on track to be completed earlier than previously expected with part of the tower forecast to be handed over in January 2006 and the remainder of the project by early March 2006. There are 14 units available for sale out of a total 552 in this development.

The development approval process continues to progress positively on a prime residential development site at **Currumbin** on the Gold Coast. This conditional $27M acquisition is subject to Devine securing a satisfactory development approval for the site from the Gold Coast City Council. Detailed design work has progressed in close consultation with the council and the company's Town Planners.

Finance Division

The loss of $2.912M reported for the year (2003/04 $1.850M loss) was a disappointing result and reflects the tight Housing market referenced above. The results for this Division are very much dependent on the number of loans that are processed on behalf of Devine's customers.

Directors continue to closely monitor the performance of this Division.

International Accounting Standards

For reporting periods beginning on or after 1 January 2005, Australian companies must comply with the Australian Equivalents to International Financial Reporting Standards (AIFRS). Having a 30 June balance date, Devine Limited's first fully AIFRS compliant financial reports will be for the 31 December 2005 half-year and the financial year ending 30 June 2006.

The accompanying appendix 4E (note 9) provides details of the specific areas that will be affected in relation to the company's results under AIFRS and as reported during the transition phase and into the future.

Future Outlook

The Reserve Bank recently indicated that interest rates should remain stable. This, together with the prospect of a possible lowering of rates now that the Housing market has come back to more normal levels of activity, is a positive factor for the housing market generally and specifically for the First Homebuyer segment. However, affordability remains a key impediment to sales in this segment.

The company's major development projects continue to progress well and are expected to produce above budgeted results when completed over the next two years.

In relation to the Housing Division, the timing of completion of new land developments and the direction that market conditions take generally, remain the key factors that will influence the company's results for the coming year.

Achieving a successful development approval outcome on the proposed Currumbin development and the timing of this will also influence the year's results.

As noted above, the company's results will be reported under the Australian Equivalents to International Financial Reporting Standards for the 2005/06 year. This will have a material impact on the results for the coming year with a higher profit expected to be reported.

For further information contact:

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

Appendix 4E

Preliminary final report

Name of Entity

Devine Limited

ABN or equivalent company reference	Financial year ended ('current period')	Previous Corresponding period
51 010 769 365	30 June 2005	30 June 2004

Results for announcement to the market

				$A'000
Revenues from ordinary activities	up	25.9%	to	474,056
Profit (loss) from ordinary activities after tax attributable to members	up	3.0%	to	16,125
Net profit (loss) for the period attributable to members	up	3.0%	to	16,125

Dividends

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

Record date for determining entitlements to the dividend.	21 October 2005

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 final dividend of 4 cents per ordinary share has been declared post 30 June 2005 and, therefore, in accordance with the adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", no provision has been recognised in the Statement of Financial Position as at 30 June 2005.

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

Refer Attached

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	5 November 2005
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	21 October 2005
If it is a final dividend, has it been declared?	Yes

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 ¢

The dividend or distribution plans shown below are in operation.

The company has reinstated it's "Dividend Reinvestment Scheme". Shareholders who hold shares in Devine Limited on the record date may elect to have all or part of their dividend entitlement paid by way of an allocation of ordinary shares in the company. The number of shares to be issued will be calculated by dividing the dividends to be reinvested by the issue price of the new shares. The issue price of the new shares will be the weighted average price of Devine Limited's ordinary shares traded during the 10 trading days after the record date less a discount of 7.5%.

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	47,365	39,995
Net profit (loss) attributable to members	16,125	15,650
Adjustment arising from revised accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (refer note below)	-	-
Dividends and other equity distributions paid or payable (refer note below)	(9,617)	(8,280)
Retained profits (accumulated losses) at end of financial period	53,873	47,365

Net tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA	72.6 ¢	67.9 ¢
Diluted NTA	70.8 ¢	66.1 ¢

Control gained over entities having material effect

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

In accordance with accounting standard AASB 1044, the amount of $9,617,000 shown as "Dividends and other equity distributions paid or payable" does not include the final dividend for the year ended June 2005 and which has not been deducted from retained earnings.

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
Date to which the profit (loss) in item 14.2 has been calculated	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A

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

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

Earnings per security (EPS)	Current period	Previous corresponding period
Basic EPS	13.3 ¢	14.0 ¢
Diluted EPS	13.0 ¢	13.3 ¢

Compliance statement

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

Identify other standards used: 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.
- [ ] The accounts have been subject to review.
- [x] The accounts are in the process of being audited or subject to review.
- [ ] The accounts have not yet been audited or reviewed.

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

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

Sign here: .... (Company Secretary)

Date: **26 August 2005**

Print name: **Vivian N Grayson**

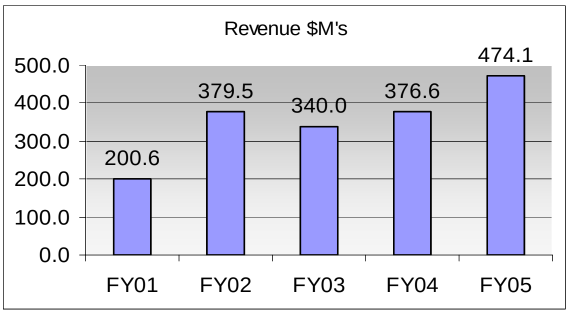
Financial Summary (Five Year Review)

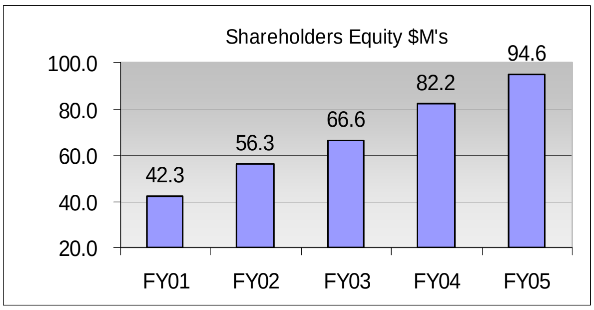
$'000	2001	2002	2003	2004	2005
Revenues from ordinary activities	200,637	379,491	339,983	376,581	474,056
Profit/(Loss) from ordinary activities before Interest & Tax	8,991	46,694	26,703	38,434	53,839
Profit/(Loss) from ordinary activities before Tax	1,189	39,111	19,430	22,486	22,722
Profit/(Loss) from ordinary activities after Tax	138	25,748	13,069	15,650	16,125
Net profit (loss) attributable to outside equity interests	(37)	(875)	(142)	-	-
Net profit (loss) attributable to members of Devine Ltd	175	26,623	13,211	15,650	16,125
Dividends declared, paid or provided for	1,038	8,094	7,970 ***	8,645 ***	9,996 ***
Retained earnings	10,514	29,888	39,995	47,365	53,873
Total assets	126,683	177,311	222,435	320,367	562,026
Net assets/shareholders equity	42,265 **	56,274 **	66,614 **	82,167 **	94,604
Net tangible assets	38,195 **	52,958 **	63,298 **	78,851 **	91,288
Number of ordinary shares on issue ('000)	116,923	103,508	103,508	116,208	125,676
Number of preference shares on issue ('000)	853	853	853	-	-
Net tangible assets per ordinary share (cents)	32.7 **	51.2 **	61.2 **	67.9 **	72.6
Earnings per ordinary share (cents)	0.2	24.3	12.8 *	14.0	13.3
Dividends per ordinary share - fully franked (cents)					
Interim	-	3.0	3.0	4.0	4.0
Final	-	4.0	4.0	4.0	4.0
Total	-	7.0	7.0	8.0	8.0
Closing share price (cents)	21.0	53.0	40.5	66.0	59.5
Return on shareholders equity (%)	0.4	47.3	19.8	19.1	17.1
Dividend yield % (before grossed up effect of franking credits)	-	13.2	17.3	12.1	13.4
Price/ earnings ratio (times)	105.0	2.2	3.2	4.7	4.5

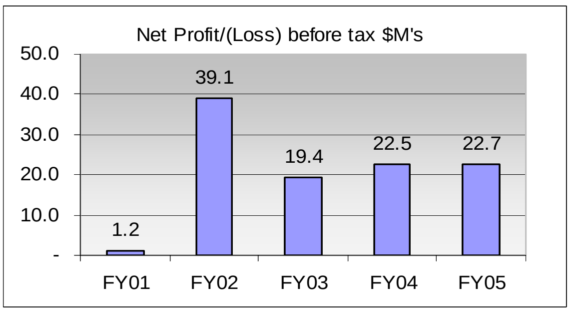
* Based on weighted average number of ordinary shares outstanding during the year, adjusted for any bonus element. This reflects the change in treatment as a result of the amendment to AASB1027. The comparatives have not been amended to reflect this change in standard.

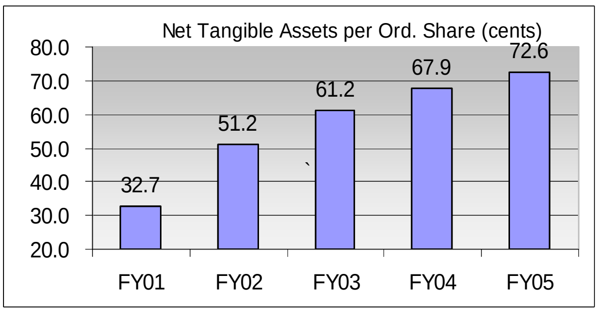
** Reflects the reclassification in the year ended 30 June 2001 of the share capital relating to the company's Converting Preference Shares as Debt rather than Equity as required by Accounting Standard AASB1033.

*** In accordance with AASB 1044, the final dividend declared in respect of the years ended June 2003, June 2004 and June 2005 have not been provided for in the accounts as at June 2003, June 2004 and June 2005.









STATEMENT OF FINANCIAL PERFORMANCE
YEAR ENDED 30 JUNE 2005

	Notes	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
Revenues from ordinary activities	1	474,056	376,581
Expenses from ordinary activities, excluding borrowing costs expense	2(a)	420,217	338,147
Borrowing costs expense	2(c)	31,117	15,948
Profit (loss) from ordinary activities before income tax expense		22,722	22,486
Income tax expense relating to ordinary activities		(6,597)	(6,836)
Profit (loss) from ordinary activities after related income tax expense		16,125	15,650
Net profit (loss) attributable to members of Devine Limited		16,125	15,650
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Devine Ltd		16,125	15,650
Basic earnings per share (cents per share)	3	13.3	14.0
Diluted earnings per share (cents per share)	3	13.0	13.3
Franked dividends per share (cents per share)	4	8.0	8.0

STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2005

	CONSOLIDATED 2005 $'000	2004 $'000
CURRENT ASSETS		
Cash assets	-	-
Receivables	118,623	38,505
Inventories	304,468	90,763
Other assets	6,722	3,402
TOTAL CURRENT ASSETS	**429,813**	**132,670**
NON-CURRENT ASSETS		
Receivables	3,530	2,657
Investments	-	-
Inventories	117,007	168,818
Property, plant & equipment	4,558	9,855
Deferred tax assets	-	-
Intangible assets	3,316	3,316
Other assets	3,802	3,051
TOTAL NON-CURRENT ASSETS	**132,213**	**187,697**
TOTAL ASSETS	**562,026**	**320,367**
CURRENT LIABILITIES		
Payables	65,280	50,471
Interest bearing liabilities	311,852	66,173
Current tax liabilities	-	-
Provisions	3,514	3,143
TOTAL CURRENT LIABILITIES	**380,646**	**119,787**
NON-CURRENT LIABILITIES		
Interest bearing liabilities	65,600	103,899
Deferred tax liabilities	20,864	14,266
Provisions	312	248
TOTAL NON-CURRENT LIABILITIES	**86,776**	**118,413**
TOTAL LIABILITIES	**467,422**	**238,200**
NET ASSETS	**94,604**	**82,167**
SHAREHOLDERS' EQUITY		
Contributed equity	40,731	34,802
Reserves	-	-
Retained profits	53,873	47,365
Shareholders equity attributable to members of Devine Limited	**94,604**	**82,167**
Total outside equity interest in controlled entities	-	-
TOTAL SHAREHOLDERS' EQUITY	**94,604**	**82,167**

STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2005

	Notes	CONSOLIDATED	
		2005	2004
		$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		406,710	402,012
Payments to suppliers and employees (refer note below)		(560,649)	(447,769)
Interest received		543	569
Borrowing costs paid		(41,199)	(25,463)
Income tax (paid)/received		486	498
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (refer note below)		**(194,109)**	**(70,153)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(839)	(1,122)
Proceeds from sale of property, plant and equipment		3,702	19
NET CASH FLOWS FROM(USED IN) INVESTING ACTIVITIES		**2,863**	**(1,103)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings - other (refer note below)		201,144	124,245
Repayment of borrowings - other		(11,266)	(48,721)
Finance lease principal repayments		(6)	(14)
Dividends paid	4	(8,795)	(8,280)
Proceeds from issue of shares		5,106	30
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**186,183**	**67,260**
NET INCREASE/(DECREASE) IN CASH HELD		**(5,063)**	**(3,996)**
Add opening cash brought forward		(3,620)	376
CLOSING CASH CARRIED FORWARD		**(8,683)**	**(3,620)**

Note - The amount reflected above as "Payments to suppliers and employees" includes significant cash payments to external contractors engaged to build the company's major CBD property developments. The corresponding receipts from the funding of these property developments is shown as "borrowings - other" under "Cash Flows From Financing Activities".

Note - The significant increase in Borrowing Costs during the year ended June 2005 compared to June 2004 relates to the progress on, and hence level of borrowings on, the company's large CBD projects under construction at the end of the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2005

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
1. REVENUE FROM ORDINARY ACTIVITIES		
Revenue from operating activities		
Revenue from sale of properties	465,825	369,381
Revenue from loan origination & securitisation	4,314	6,593
Total revenues from operating activities	470,139	375,974
Revenues from non-operating activities		
Interest received - other persons/bodies corporate	543	569
Rent received - other persons/bodies corporate	9	19
Proceeds on sale of other non-current assets	3,365	19
Total revenues from outside the operating activities	3,917	607
Total revenues from ordinary activities	474,056	376,581
2. EXPENSES & LOSSES		
(a) Expenses		
Cost of properties sold	343,533	273,111
Write down of land stocks & other inventory (refer note 2 (b) below)	(1,274)	1,532
Marketing expenses	41,512	32,801
Land holding expenses	1,009	736
Occupancy expenses	2,662	2,771
Employee expenses	21,202	18,787
Administration expenses	7,466	7,642
Cost of sale of non-current assets	2,678	61
Other expenses from ordinary activities	1,429	706
Total expenses from ordinary activities	420,217	338,147
(b) Significant Items		
Profit from ordinary activities before income tax expense includes the following expenses whose disclosure is relevant in explaining the financial performance of the entity:		
Reversal of provision against Display Homes	(832)	-
(Reversal)/Write down of provision against land stocks	(442)	1,532
& other inventory	(1,274)	1,532

The net reversal of provisions against the carrying value of land stocks & other inventory for the year ended June 2005 relates to provisions against the carrying value of three of the Company's land development projects. This follows changes to development approval conditions imposed and forecast revenue and a review of the feasibilities on the development. The reversal in relation to Display Homes follows recent assessments of current market value.

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000

2. EXPENSES & LOSSES (Continued)

(c) Borrowing costs expense

	2005 $'000	2004 $'000
Interest & other borrowing expenses -		
other persons/bodies corporate	31,116	15,703
Finance charges - lease liability	1	2
Converting preference shares	-	243
	31,117	15,948

The significant increase in Borrowing Costs during the year ended June 2005 compared to June 2004 relates to the progress on, and hence level of borrowings on, the company's large CBD projects under construction at the end of the year.

(d) Depreciation and amortisation

	2005 $'000	2004 $'000
Amortisation of non-current assets		
Plant and equipment under lease	5	11
Depreciation of non-current assets		
Buildings	81	96
Plant and equipment	1,158	1,286
Display home centres	-	39
	1,239	1,421
Net (profit)/loss on disposal of property, plant & equipment	(687)	42
Total (profit)/loss on sale of non-current assets	(687)	42

(e) Other expenses

	2005 $'000	2004 $'000
Bad & doubtful debts	443	116
Rental	657	663

3. EARNINGS PER SHARE

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

	2005 $'000	2004 $'000
Net Profit	16,125	15,650
Adjustments:		
Earnings used in calculating basic earnings per share	16,125	15,650
Dividends paid on converting preference shares	-	244
Earnings used in calculating diluted earnings per share	16,125	15,894
	Number of Shares	**Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	120,817,007	111,940,079
Adjusted weighted average number of ordinary shares used in calculating dilutive earnings per share	123,992,007	119,394,589

During the period, the company offered to existing shareholders the option to subscribe to the company's Share Purchase Plan (SPP). In accordance with ASIC requirements, applications under the SPP were limited to a maximum subscription of $5,000 per shareholder. The shares were issued at a 10% discount to the weighted average price of shares traded over the 5 trading days preceeding 22 October 2004. 7,775,502 shares were issued as a result of the SPP. In addition, the company reinstated its Dividend Reinvestment Plan (DRP) in March 2005 for the 2004/2005 interim dividend. 1,442,048 shares were issued as a result of the DRP.

Conversions, calls, subscriptions or issues since 30 June 2005

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

	CONSOLIDATED	
	2005	2004
	$'000	$'000

4. DIVIDENDS PAID OR PROVIDED FOR DURING THE YEAR

Ordinary Shares:

Dividends paid		
- interim (fully franked) (4c per share) (2004: 4c)	4,969	4,140
Dividends proposed but not recognised as a liability		
- final (fully franked) (4c per share) (2004: 4c)	5,027	4,648
Dividends paid during the year as set out above differ to the cash payments shown in the statement of cash flows as follows:		
* Previous year final dividend (4c per share) (2004: 4c)	4,648	4,140
* Interim dividend paid (4c per share) (2004: 4c)	4,147	4,140
* Dividend Re-Investment Plan Allocation	822	
	9,617	8,280
* Converting preference share dividends paid but reflected as an interest expense in the Statement of Financial Performance and Statement of Cash Flows	-	365
Dividends paid in cash	8,795	8,645
The tax rate at which dividends have or will be franked is 30% (2004: 30%)		
The amount of franking credits available for the subsequent financial year are:		
* franking account balance as at the end of the financial year	7,499	11,992
* franking credits that will reverse upon receipt of income tax refund due at the end of the financial year	-	(481)
Adjusted Franking Credit Balance Available	7,499	11,511

5. SEGMENT INFORMATION

	HOUSING & LAND		PROPERTY DEVELOPMENT		FINANCE		CORPORATE/OTHER		ELIMINATIONS		CONSOLIDATED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Business Segments:												
Sales to customers outside the consolidated entity	216,767	228,961	248,734	140,420	4,314	6,593	324	-	-	-	470,139	375,974
Other Revenues from customers outside the consolidated entity	56	93	-	32	-	22	3,861	460	-	-	3,917	607
Intersegment revenues	-	-	-	-	186	239	-	-	(186)	(239)	-	-
Total segment revenue	216,823	229,054	248,734	140,452	4,500	6,854	4,185	460	(186)	(239)		
Unallocated Revenue											-	-
Total consolidated revenue											474,056	376,581
Results												
Segment Result	9,518	18,081	17,980	6,581	(2,912)	(1,850)	(1,864)	(326)	-	-	22,722	22,486
Unallocated expenses											-	-
Consolidated entity profit from ordinary activities before income tax expense											22,722	22,486
Income tax expense											(6,597)	(6,836)
Net Profit											16,125	15,650

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 $1,883,506 (2004: $915,718); Property Development $27,785,292 (2004: $14,381,837); Finance $Nil (2004: $Nil); and Corporate/Other $1,447,243 (2004: $650,383).

5. SEGMENT INFORMATION (Continued)

	HOUSING & LAND		PROPERTY DEVELOPMENT		FINANCE		CORPORATE/OTHER		ELIMINATIONS		CONSOLIDATED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Assets												
Segment assets	109,118	105,723	440,438	215,430	3,602	2,894	17,651	19,804	(14,763)	(28,973)	556,046	314,878
Unallocated assets											5,980	5,489
Total assets											562,026	320,367
Liabilities												
Segment liabilities	47,131	41,822	359,241	169,911	915	838	56,555	40,792	(2,400)	(20,652)	461,442	232,711
Unallocated liabilities											5,980	5,489
Total liabilities											467,422	238,200
Other segment information:												
Acquisition of non-current assets	541	823	110	16	58	80	130	203	-	-	839	1,122
Depreciation	477	520	48	33	146	209	568	659	-	-	1,239	1,421
Amortisation	-	-	-	-	-	-	5	11	-	-	5	11
Non cash expense other than depreciation or amortisation - goodwill writeoff	-	-	-	-	-	-	-	-	-	-	-	-

Geographical Segments:

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

6. CONTINGENT LIABILITIES

The parent entity and controlled entities have entered into local authority and other performance guarantees totaling $5,375,587 at 30 June 2005 (June 2004: $6,410,735) 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.

In addition, performance guarantees totaling $18,200,000 at 30 June 2005 (June 2004: $18,200,000) associated with the company's "Victoria Point Docklands" Project, have been issued. The guarantees are secured by charges over the assets of the relevant entities. Of this amount, $4,200,000 (June 2004: $3,400,000) is payable as a future cost of the project. No liabilities are expected to arise in respect to the balance amount.

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

The company has deposited $3,818,181 (June 2004: $3,972,574) into bank accounts subject to charges by agreement with the financial institutions which provide funding for mortgages under the "Builder Pays Deposit" promotion. A further $3,529,456 (June 2004: $2,656,788) is invested in Trust structures associated with the company's loan origination and securitisation business, First Permanent Financial Services Pty Ltd. In addition a performance guarantee totaling $1,500,000 (June 2004: $1,500,000) has been issued to one of the lending institutions. These funds are only available to meet costs associated with a loss on resale occurring as a result of buyer default on mortgages and repossessions. The consolidated entity's liability is limited to between 2% and 7%, of the original loan amount of the defaulting purchaser in each individual case and the amounts held in the bank accounts and performance guarantee in total. That is, the consolidated entity could not be liable for more than $8,847,637 as at 30 June 2005 (June 2004: $8,129,362). As at the 30 June 2005 a provision of $1,129,291 (June 2004: $921,591) has been raised on the basis of expected future costs.

The company has an interim funding facility for the provision of mortgage loans to its Housing customers by its subsidiary First Permanent Financial Services Pty Ltd. A contingent liability exists to the extent of $1,500,000 (June 2004: $4,000,000) in relation to Devine Limited undertaking to meet the future working capital requirements of First Permanent Financial Services Pty Ltd.

7. LAND ACQUISITION COMMITMENTS

As at 30 June 2005 the group had entered into land marketing agreements to acquire developers' land amounting to $28,054,600 (June 2004: $57,433,000). Of this amount, $6,479,400 related to land that had been sold but was not yet at unconditional contract status (June 2004: $14,125,000). At exercise date the consolidated entity is required to acquire land at a predetermined acquisition price.

8. EVENTS SUBSEQUENT TO BALANCE DATE

A fully franked final dividend in respect of the 2005 financial year of 4 cents (2004: 4 cents) per share was declared by directors on 26 August 2005. In accordance with the adoption of AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" no provision has been recognised in the statement of Financial Position as at 30 June 2005.

There have been no other significant events occur post 30 June 2005.

9. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, Australian companies must comply with Australian Equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. Having a 30 June balance date, Devine Limited's (the company's) first fully AIFRS compliant financial reports will be for the 31 December 2005 half year and the financial year ending 30 June 2006.

The company has been working on transitioning its accounting policies and financial reporting processes from current Australian Accounting Standards (AGAAP) to AIFRS. Over the last 12 months the company has allocated internal resources and engaged expert consultants to assist in this process under the guidance of a Project Steering Committee and support of the Board Audit Committee.

The company has completed an opening balance sheet at 1 July 2004 that will be used in the calculation of comparative values when preparing the first fully AIFRS compliant reports for the 2005/06 year. In addition, Devine has estimated the impact of AIFRS on the 30 June 2005 accounts and provide below a summary of the impact on specific balance sheet accounts, equity, and net profit. No change is anticipated to the reporting of cashflows.

The amounts shown represent management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. It should be noted that the final impact of the effect of AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by management to calculate and validate the effect of the changes, (b) implementation of changes to systems and processes to comply with the new requirements, (c) the potential for amendments to AIFRS's, and (d) emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group (UIG) interpretations.

Review of specific balance sheet movements not affecting net assets

Mortgage Loans - Mortgage loans are originated on behalf of Devine's customers by the company's subsidiary, First Permanent Home Loans. These loans are held in trust arrangements and are now required to be recognised as both an asset and corresponding liability in the consolidated entity's balance sheet. The impact on total assets and total liabilities of this change is shown below:

	Notes	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
AGAAP:			
Total Assets		562,026	320,367
Total Liabilities		467,422	238,200
AIFRS			
Total Assets		732,921	440,226
Total Liabilities		638,317	358,059
Included in the AIFRS balances shown above are the following amounts:			
2000-1 Warehouse Trust		43,022	33,369
2004-1 Mortgage Trust		-	62,190
2005-1 Mortgage Trust		115,956	-
Maison Securitisation Trust		15,446	27,060
Consolidation Adjustment		(3,529)	(2,760)
		170,895	119,859

The increases shown reflect the balance, at the reporting date, of loans held in trust both as part of a Warehouse Fund arrangement (prior to securitisation) and as part of a trust setup on securitisation of loans previously held in the warehouse phase and subsequently securitised by way of an issue of a term bond. The value of the asset and liability will reduce as loan repayments are received and loans are paid out. The value of the asset and liability will increase as new loans are written (into the warehouse trust only). When new bond issues are made a reduction will occur in the warehouse balance and a new trust will be created. Devine's risk exposure to these funds is limited to an equity contribution that has been eliminated as part of the consolidation.

Reconciliation of equity as presented under AGAAP to that under AIFRS

Opening Balance Adjustments: The effective date for recording AIFRS adjustments for comparative purposes is 1 July 2004. Provided below is a summary of the impact of AIFRS on the opening equity balance at that date. The adjustments in the main relate to the company's large property development projects that were not completed and settled at 1 July 2004, and the impact of changes to accounting policies that are required under AIFRS.

	Notes	CONSOLIDATED 30-June 2005 $'000	CONSOLIDATED 1-July 2004 $'000
Total equity under AGAAP		94,604	82,167
Opening equity changes required to comply with AIFRS:			
Profit Recognition - Major Projects	(i)	-	(21,136)
Pre-commitment and Other Expenses	(ii)	-	(7,309)
Tax Effect of AIFRS Adjustments	(iii)	-	8,133
			(20,312)
Prior Year Adjusted equity under AIFRS		(20,312)	
Impact on full year reported profit after tax (see details below)			
Net impact of complying with AIFRS		(16,086)	-
Adjusted equity under AIFRS		58,206	61,855

Reconciliation of net profit as presented under AGAAP to that under AIFRS

		CONSOLIDATED FY 2005 $'000
Net profit attributable to members of Devine Limited under AGAAP		16,125
Changes required to comply with AIFRS:		
Profit Recognition - Major Projects	(i)	(21,730)
Pre-commitment and Other Expenses	(ii)	(1,250)
Tax Effect of AIFRS Adjustments	(iii)	6,894
Net impact of complying with AIFRS		(16,086)
Adjusted Net profit attributable to members of Devine Limited under AIFRS		39

Notes

The following notes provide an overview of the changes required under AIFRS, the estimated financial impact of which is detailed above. Due to the uncertainty that exists with respect to the final details of the standards and Devine's interpretation of them, the company has not finalised updated Accounting Policies at this time. Any changes that are required for the preparation of the 31 December 2005 half year accounts will be reviewed and approved by the company's Audit Committee in due course, however it is anticipated that changes will occur to the following polices that are contained in Note 1 to the company's 2005 annual report.

- Income Recognition
- Expenditure carried forward
- Inventories
- Income tax
- Brand Names
- Put and Call Contracts

(i) Profit Recognition - Major Projects: Profit in relation to the company's large property development projects will change under AIFRS. Profits declared under AGAAP in relation to major projects including Casino Towers, Festival Towers and Victoria Point, have been reversed for prior years (including 2005) as a result of changes to the way revenue, marketing costs, and borrowing costs are recognised under AIFRS. As a result of the completion and settlement of Casino Towers during July 2005, profits reversed on this project, (and included in the adjustments above), will be recognised in the half year accounts prepared for December 2005. Further details on the changes are provided below:

(a) Treatment of Revenue: Under AGAAP / UIG 53, revenue on major projects was recognised based on the percentage of completion over the construction period. Under AIFRS, revenue and cost of sales can only be recognised upon completion and settlement of the individual units.

(b) Treatment of Marketing Costs: Advertising and promotional costs associated with the company's large property development projects are currently not expensed until recognition of revenue occurs. Under AIFRS, they are required to be expensed in the period in which they are incurred. The adjustments shown reflect the marketing costs recognised for prior years (reconciliation of opening balances) and the expense incurred during the current year (reconciliation of net profit) that would previously have been included in the balance of WIP and Cost of Sales.

(c) Treatment of Borrowing Costs: Borrowing costs (including interest) associated with the company's large property development projects are currently not expensed until recognition of revenue occurs. Under AIFRS, they are required to be capitalised up to the time that settlement occurs. The adjustments show the write-back of borrowing costs expensed under AGAAP (reconciliation of opening balances) and the effect of deferring the recognition of borrowing costs incurred during 2004 and 2005 until settlement occurs (reconciliation of net profit).

(ii) Pre-commitment Costs: Costs incurred investigating the feasibility of proposed projects were previously capitalised and recognised as part of the cost of sales based on the percentage of completion method. In accordance with AIFRS these costs must be expensed when incurred and only capitalised from the point at which a project receives both board approval and development approval (DA).

(iii) Tax Effect of AIFRS Adjustments: Income tax will be calculated on the "balance sheet" approach, which has resulted in additional deferred tax assets and liabilities. As tax effects follow the underlying transactions, some tax effects have been recognised in equity (opening balance reconciliations).

(iv) Equity Based Remuneration : Options - Equity based remuneration in the form of shares and options issued after 7 November 2002 which had not vested as at 1 January 2005, are now recognised as expenses in the profit and loss statement in the period during which they vest to the employee. No adjustment has been required in the 2004 or 2005 periods

(v) Valuation of Brand Name - Under AIFRS goodwill and intangible assets with indefinite useful lives can only be carried in the accounts if they are acquired, (they cannot be internally generated), and must be tested annually for impairment in accordance with AIFRS. Management have confirmed that the "Devine" brand name was generated externally by virtue of the business combination created on the occasion of the float of Devine Limited, and have tested the current carrying value for impairment and determined that it is currently not valued in excess of its carrying value. As a result no adjustment to its carrying value has been required.

(vi) Put and Call Contracts Revenue Recognition - Devine currently under AGAAP recognise revenue and profit on land sold under put and call agreements upon signing of an unconditional option agreement and sealing of the relevant plan of subdivision. This is where it can be demonstrated that the risks and rewards of ownership of the land have passed to the purchaser. A technical interpretation is being sought as to whether this revenue recognition policy will continue under AIFRS. The directors note any changes will be of a timing nature only.

(vii) Impairment Testing - Under AASB 136 *Impairment of Assets,* the recoverable amount of an asset is determined as being the higher of its net selling price and value in use. The Group's assets were tested for impairment on transition and will be tested at each subsequent reporting date as part of the cash generating unit to which they belong. No impairments necessitating a write down to carrying values were identified on transition.