Devine
LIMITED
A.C.N. 010 769 365

Devine Limited
ASX Preliminary final report

ABN 51 010 769 365

for the year ended 30 June 2007

Devine LIMITED
A.C.N. 010 769 365

Directors' Comments

Year Ended 30 June 2007

29 August 2007

The Directors of Devine Limited are pleased to announce an after tax profit of $21.367M for the year ended 30 June 2007. The profit result is 13.2% up on the 2005/06 year.

The result was derived from revenue of $547.972M. This was marginally down on the corresponding figure for last year of $550.816M. The FY07 revenue includes the settlement during the year of the company's *Festival Towers* and *Charlotte Towers* apartment developments in the Brisbane CBD.

Dividend

Directors have declared a **final dividend of 4.0 cents per share fully franked** (last year 4.0 cents) which will be payable on 18 October 2007. This will result in a full year dividend of 8 cents per share fully franked (last year 8 cents fully franked).

Highlights for the Year

A number of key initiatives have been taken and material events have occurred during the 2006/07-year and these include:

- Leighton Holdings' acquiring a 40% stake in Devine for $95.6 million. The transaction has enabled Devine to fast track its diversification program and undertake further geographic expansion in the medium term. In addition to the equity investment in the company, Leighton and Devine are committed to exploring joint venture development opportunities.

- Settlement of all units in the company's *Festival Towers* residential project in the Brisbane CBD (401 units).

- The completion in April 2007 of Devine's *Charlotte Towers* residential development in Brisbane's CBD. The project was the first large-scale CBD project constructed by Devine's construction division, Devine Constructions, and was completed ahead of schedule and with costs below budget.

- Settlements achieved on 92.7% of the 416 units in Charlotte Towers as at 30 June 2007, with settlement of all remaining units expected to be achieved in the September quarter.

- The commencement by Devine Constructions of the company's first CBD office tower in Brisbane at 333 Ann Street. More than 80% of the building has been either pre-leased or is under negotiation, more than 12 months ahead of its mid-2008 completion date.

- The sale of Devine's finance division, First Permanent Financial Services Pty Ltd, to Merrill Lynch settlement of which occurred on 23 February 2007.

- The securing of final development approval in November 2006 on Devine's $500M *Hideaway @ Currumbin* project on the Gold Coast. Devine is now considering the possible sale of the site following several off-market approaches from other developers and expressions of interest close on 13 September 2007.

- The securing of control by either acquisition or option of a number of exciting future development sites in Brisbane and Melbourne.

- A 51% increase over the 12 months to June 2007 in the company's national land bank for the Housing & Land Division to now total 4,580 equivalent lots either owned or under control.

- The announcement in May 2007 of further diversification by the Devine Group via the proposed acquisition of the Body Corporate and Property Management company, Stewart Silver King and Burns (SSKB).

EPS

Basic EPS for the year were 14.3 cents (last year 14.4 cents). On a diluted basis, EPS were 13.8 cents (last year 14.1 cents). The 2006/07 numbers reflect the pro rata impact of the expanded capital base of the Group which took effect from 3 May 2007 following the investment by Leighton Holdings in Devine and which involved the issue of 94.7 million new shares.

Dividend Reinvestment Plan

Given the placement of new shares in Devine to Leighton Holdings Limited, Directors have decided to suspend the Company's Dividend Reinvestment Plan until further notice.

Results summary

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

$000's	**Year Ended**	
	June 2007	**June 2006**
Revenue	547,972	550,816
Profit Before Tax	30,895	26,930
Net Profit After Tax Attributable to Shareholders	21,367	18,870
EPS Basic	14.3 cents	14.4 cents
EPS Diluted	13.8 cents	14.1 cents
Final Dividend – (Fully Franked)	4.0 cents	4.0 cents
Full Year Dividend – (Fully Franked)	8.0 cents	8.0 cents

Property development division

This division reported a profit before tax of $37.614M for the year (2005/06 year: $21.703M profit).

Devine's ***Festival Towers*** development in the Brisbane CBD was completed in July 2006 and settlement on all 401 residential units in the project has now occurred.

The market's recognition of the quality of the Company's ***Victoria Point Docklands*** project in Melbourne and the value that the remaining inventory represented has resulted in only 2% of the units in the project remaining unsold. It is expected that all remaining stock should be sold and settled in the period to December 2007.

The company's ***Charlotte Towers*** project was completed in April 2007, 4.5 months ahead of schedule. Final costs on the project were well within budget. Sales of the remaining inventory and settlements on the 416-unit project have progressed well with only 2 units currently available for sale. The management rights for Charlotte Towers have been pre-sold to a leading Australasian hotel and resort operator, Oaks Hotels and Resorts Limited, for $7 million with settlement scheduled to occur in October 2007.

The tight office market in the Brisbane CBD has seen over 80% of the total lettable area in the ***333 Ann Street*** commercial office development either committed or under negotiation. This has been achieved at leasing rates that are on average in excess of budgeted rates. Construction of the 25 level tower which is being undertaken by Devine Constructions, commenced in January 2007 and completion is scheduled for June 2008. This office building has been pre-sold to the Domaine Property Trust for $119.5 million.

With current and forecast growth remaining strong in Brisbane, a number of additional future development sites are either owned or controlled and work is progressing on these to secure development approval and subsequently commencement to occur. ***Hamilton Harbour*****,** adjacent to the new cruise ship terminal at Hamilton, an inner suburb of Brisbane, is one such project with work on this $400M mixed-use development expected to get underway in early 2008.

Other key development sites that have been secured over the past year in Brisbane and in Melbourne which will provide Devine with future development opportunities include:

- **96 Albert Street** in the Brisbane CBD - plans to eventually construct a combined residential and office tower on the site.

- **99 Mary Street** in the Brisbane CBD – plans currently being progressed for a strata titled office building.

- **ICB Central (Butterfield Street Herston)** Brisbane near city– plans well advanced for a commercial office building.

- ***Carrington & Camelot*** **Sites** – 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 6 star boutique hotel and residential apartment tower on the Alice St and Albert Street corner site.

- **Bourke Street** in Melbourne - earmarked for a 444-room hotel.

Housing division

For the year just ended, the Australian Housing Industry was characterised by a record low housing affordability index, record low vacancy rates in most markets, a widening gap between demand for new housing and actual supply, significant increases in rents and further increases in housing prices. These factors have combined to create what is being described as an imminent housing crisis and governments at the Federal and State levels are looking at ways to ease this crisis.

The above factors have had a material adverse impact on Devine's traditional primary target market, the First Homebuyer segment. This was not unforeseen, however the rapid rate at which it occurred exceeded the industry's forecasts.

Figures compiled for the UDIA/Matusik Affordability Measure show the affordability of 70 designated population centres in Australia had plunged from 96 per cent in 2001 to only 39 per cent in 2006.

Devine has been able to offset this impact to some extent by revising its strategy to now target investors, and by selling developed land in its residential estates to other builders. These strategies were not sufficient however to prevent a fall in overall sales revenue by 17% over the previous year. This revenue decrease was exacerbated by delays experienced in securing registration on certain land estates, which has resulted in revenue and profits being deferred until the 2007/08 year. These factors were the main contributors to the loss of $6.205M before tax recorded for the year (last year $13.796M profit) for this division.

In light of the significant undersupply of housing stock that is emerging in the markets in which Devine operates and the continuing shortage of developable land, the company's strategy remains on track to build up its land bank and to diversify both its product range and geographical reach. This latter point was highlighted by the company's expansion into the North Queensland residential market during the year.

In the 2006/07 year Devine increased its national land bank by 51%, which now totals 4,580 equivalent lots across Queensland, Victoria and South Australia. Devine is on track to achieve its goal of exceeding control of 10,000 lots by mid 2010.

Devine Constructions

Devine Constructions commenced a major CBD project at 333 Ann Street in January 2007. The project is Devine's first commercial development in the Brisbane CBD, currently more than 80% of the building is either pre-leased or under negotiation, 12 months ahead of its mid 2008 completion date.

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.

Finance division

The sale of this business to Merrill Lynch was finalised on 23 February 2007. As required under Australian Accounting Standards, this business unit has been treated as a "discontinued operation" in the company's accounts.

Company outlook

With the new development sites either acquired or controlled as detailed above, the outlook for the company remains positive. A number of new projects are set to contribute revenue and profits over the next three to four years.

One area that remains uncertain is the timing of a recovery in the Housing market. Responses by the Federal and State Governments to the current housing affordability crisis will have a large bearing on this. Directors believe that Devine is well positioned to participate in the upturn when this ultimately occurs via the current and planned growth in the company's land bank and product and geographic diversification strategy.

Leighton Holdings' 40% stake in Devine will continue to enable Devine to fast track its diversification program and undertake further geographic expansion in the medium term. In addition to the equity investment in the company, Leighton and Devine are committed to exploring joint venture development opportunities.

Further diversification of the Devine Group is set to occur with the pending acquisition of the body corporate and property management group, Stewart Silver King and Burns (SSKB) due to be completed in September 2007. The $13.5 million transaction includes the acquisition of 100% of SSKB and its subsidiary Silver Energy and will provide a growing source of recurrent income for the company.

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 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 2007**	**30 June 2006**

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

Revenues from continuing operations activities	down	**-0.5%**	to	**547,972**
Net profit (loss) for the period attributable to members	up	**13.2%**	to	**21,367**

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

Record date for determining entitlements to the dividend.	**4 October 2007**

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 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 30 June 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	**18 October 2007**
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)	**4 October 2007**
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.

Directors have decided to suspend the company's 'Dividend Reinvestment Plan' in light of the placement of new shares in Devine Limited to Leighton Residential Investments Pty Ltd.

The last date(s) for receipt of election notices for the dividend or distribution plans	**4 October 2007**

Statement of Retained Earnings

	Current period - $A'000	Previous corresponding period - $A'000
Retained profits (accumulated losses) at the beginning of the financial period	18,347	9,882
Net profit (loss) attributable to members	21,367	18,870
Dividends and other equity distributions paid or payable	(11,124)	(10,405)
Retained profits (accumulated losses) at end of financial period	**28,590**	**18,347**

Net tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA	73.3 ¢	45.8 ¢
Diluted NTA	72.0 ¢	44.8 ¢

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	14.3 ¢	14.4 ¢
Diluted EPS	13.8 ¢	14.1 ¢

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.		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: .... Date: **29 August 2007**
(Company Secretary)

Print name: **Vivian N Grayson**

Financial Summary (Five Year Review)

$'000	2003	2004	2005	2006	2007
	AGAAP	**AGAAP**	**AIFRS**	**AIFRS**	**AIFRS**
Revenues from ordinary activities	339,983	376,581	209,558	550,816	547,972
Profit/(Loss) from ordinary activities before Interest & Tax	26,703	38,434	6,734	69,055	68,725
Profit/(Loss) from ordinary activities before Tax	21,226	24,336	(1,180)	29,780	29,872
Profit/(Loss) from discontinued operations before Tax	(1,796)	(1,850)	(2,912)	(2,850)	1,023
Profit/(Loss) after Tax	13,069	15,650	(2,733)	18,870	21,367
Net profit (loss) attributable to outside equity interests	(142)	-	-	-	-
Net profit (loss) attributable to members of Devine Ltd	13,211	15,650	(2,733)	18,870	21,367
Dividends declared, paid or provided for	7,970	8,645	9,617	10,405	11,124
Retained earnings	39,995	47,365	9,882	18,347	28,590
Total assets	222,435	320,367	659,571	685,336	454,100
Net assets/shareholders equity	66,614 **	82,167	50,613	65,553	176,884
Net tangible assets	63,298 **	78,851	47,297	62,237	173,568
Number of ordinary shares on issue ('000)	103,508	116,208	125,676	135,952	236,837
Number of preference shares on issue ('000)	853	-	-	-	-
Net tangible assets per ordinary share (cents)	61.2 **	67.9	37.6	45.8	73.3
Earnings per ordinary share (cents)	12.8 *	14.0	(2.3)	14.4	14.3
Dividends per ordinary share (cents)					
Interim	3.0	4.0	4.0	4.0	4.0
Final	4.0	4.0	4.0	4.0	4.0
Total	7.0	8.0	8.0	8.0	8.0
Closing share price (cents)	40.5	66.0	59.5	89.0	139.0
Return on shareholders equity (%)	19.8	19.1	(5.4)	28.8	24.8 ***
Dividend yield % (before grossed up effect of franking credits)	17.3	12.1	13.4	9.0	5.8
Price/earnings ratio (times)	3.2	4.7	N/A	6.2	9.7

* 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 of the share capital relating to the Company's converting preference shares as debt rather than equity as required by Accounting Standard AASB 1033.

*** Based on the weighted average shareholders equity for the year, given the injection of $95,577,961 of additional equity from the issue of 94,734,821 shares to Leighton Residential Investments Pty Ltd on 3 May 2007.

AGAAP - Australian Generally Accepted Accounting Principles

AIFRS - Australian Equivalent International Financial Reporting Standards

Devine Limited
Director's Report
For the year ended 30 June 2007

Directors

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

D C Somerville, B.Com, FCA, FCPA (Appointed Chairman 31 October 2006)

D J Ridley (Resigned as Chairman 31 October 2006)

D H T Devine, (Managing Director)

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

R W Parris, FAICD

K M Woodley, (Marketing Director)

Hon. T M Mackenroth

V Vella *

G E McOrist FCPA *

* Joined the Board of Devine Limited on 26th April 2007.

Chief Financial Officer / Company Secretary

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

Review of Results of Operations

Refer Directors' Comments attached.

Events Occurring after Balance Sheet Date

A fully franked final dividend in respect of the 2007 financial year of 4 cents (2006: 4 cents) per share was declared by Directors on 29 August 2007. 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 30 June 2007.

Devine Limited has entered into an agreement to purchase the body corporate and property management business, the SSKB Group. The sale is scheduled to settle in September 2007 subject to certain conditions being met. The $13.5M consideration for the purchase of the business will be made by way of the payment of cash for approximately 80% of the purchase price and the balance 20% by way of an issue of shares in Devine Limited. The price used for calculating the number of Devine shares to be issued will be the volume weighted average price of Devine's shares traded in the 20 trading days ending 14 days prior to completion.

There have been no other significant events occur post 30 June 2007.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

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

D C Somerville
Chairman

D H T Devine
Managing Director

Brisbane, 29 August 2007

Devine Limited
Income statement
For the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	2006 * $'000
Revenue from sale of goods (continuing operations)	2	**547,972**	550,816
Cost of properties sold	4	**(392,708)**	(404,620)
Gross margin on sale of goods		**155,264**	146,196
Other income	3	**1,381**	366
Expenses, excluding finance costs	4	**(87,920)**	(77,507)
Finance costs	4	**(38,853)**	(39,275)
Profit before income tax (continuing operations)		**29,872**	29,780
Income tax (expense) / benefit		**(9,187)**	(8,888)
Profit from continuing operations		**20,685**	20,892
Profit / (loss) from discontinued operations after tax	5	**682**	(2,022)
Profit attributable to members of Devine Limited		**21,367**	18,870
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	10	**13.8**	15.9
Diluted earnings per share	10	**13.4**	15.6
Earnings per share from profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	10	**14.3**	14.4
Diluted earnings per share	10	**13.8**	14.1

* Refer note 1 (d).

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

Devine Limited
Balance sheet
As at 30 June 2007

	Notes	Consolidated 2007 $'000	2006 $'000
ASSETS			
Current assets			
Cash and cash equivalents (a)	7	**61,294**	10,687
Trade and other receivables		**23,194**	12,299
Inventories		**186,837**	282,739
Other assets		**1,119**	5,430
Total current assets		**272,444**	311,155
Non-current assets			
Receivables (c)		**-**	247,035
Inventories		**173,312**	117,968
Property, plant and equipment		**1,423**	3,288
Intangible assets		**3,316**	3,316
Other non-current assets		**3,605**	2,574
Total non-current assets		**181,656**	374,181
Total assets		**454,100**	685,336
LIABILITIES			
Current liabilities			
Trade and other payables		**32,070**	42,339
Interest bearing liabilities		**61,039**	270,428
Provisions		**3,045**	4,474
Non-interest bearing liabilities (b)		**64,667**	11,577
Current tax liabilities		**11,333**	1,098
Derivative financial instruments		**24**	-
Total current liabilities		**172,178**	329,916
Non-current liabilities			
Interest bearing liabilities (c)		**49,237**	268,497
Non-interest bearing liabilities (b)		**48,936**	12,500
Deferred tax liabilities		**6,495**	8,542
Provisions		**370**	328
Total non-current liabilities		**105,038**	289,867
Total liabilities		**277,216**	619,783
Net assets		**176,884**	65,553
EQUITY			
Contributed equity (d)		**148,183**	47,206
Reserves		**111**	-
Retained profits		**28,590**	18,347
Total equity		**176,884**	65,553

(a) Included in the balances shown as "cash and cash equivalents" is an amount of nil (2006: $8,373,153) that was not available to the Group to meet working capital requirements, but rather quarantined to meet future interest payment obligations of the company's First Permanent mortgage trust liabilities.

(b) The $113,603,000 (June 2006: $24,077,000) 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.

(c) The reduction in non-current receivables to nil (June 2006: $247,035,000) and non-current interest bearing liabilities to $49,237,000 (June 2006: $268,497,000) reflects the sale of the First Permanent business and its associated originated and securitised mortgage loans. The balance of these mortgage loan receivables was $247,035,000 at June 2006 and the balance of the liabilities associated with these receivables stood at $246,020,000 at June 2006.

(d) Included in the contributed equity as at June 2007 is the injection of $95,577,961 of additional equity from the issue of 94,734,821 shares to Leighton Residential Investments Pty Ltd on 3 May 2007.

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

Devine Limited
Statement of changes in equity
For the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	2006 $'000
Total equity at the beginning of the financial year		**65,553**	50,613
Add			
Option expense transfered to reserve		**111**	-
Profit for the year		**21,367**	18,870
Contributions of equity, net of transaction costs (a)		**100,957**	6,394
Dividends provided for or paid	6(a)	**(11,124)**	(10,405)
Exercise of executive share options		**20**	81
Total equity at the end of the financial year		**176,884**	65,553

(a) Included in the contributed equity as at June 2007 is the injection of $95,577,961 of additional equity from the issue of 94,734,821 shares to Leighton Residential Investments Pty Ltd on 3 May 2007.

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

Devine Limited
Cash flow statement
For the year ended 30 June 2007

	Notes	Consolidated 2007 $'000	2006 * $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**585,518**	514,681
Payments to suppliers and employees (inclusive of goods and services tax) (a)		**(405,968)**	(389,347)
Interest received		**470**	341
Interest paid		**(37,184)**	(35,850)
Income taxes paid		**(1,256)**	(619)
Net cash (outflow)/inflow from operating activities		**141,580**	89,206
Cash flows from investing activities			
Payments for property, plant and equipment		**(766)**	(568)
Proceeds from sale of discontinued operation	5	**9,171**	-
Net cash (outflow)/inflow from investing activities		**8,405**	(568)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**99,636**	4,216
Proceeds from borrowings (a)		**162,507**	331,748
Share issue transaction costs		**(81)**	-
Repayment of borrowings		**(343,267)**	(405,210)
Dividends paid to company's shareholders	6(a)	**(9,722)**	(8,146)
Net cash inflow/(outflow) from financing activities		**(90,927)**	(77,392)
Net increase/(decrease) in cash and cash equivalents		**59,058**	11,246
Cash and cash equivalents at the beginning of the financial year *		**2,236**	(9,010)
Cash and cash equivalents at end of year *	7	**61,294**	2,236

(a) The amount reflected above as "Payments to suppliers and employees" includes significant cash payments to external sub-contractors engaged to build the company's major CBD property developments. The corresponding receipts from the funding of these property developments is shown as "Proceeds from borrowings" under "Cash flows from financing activities".

* Refer notes 1 (d) and 7.

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

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001.*

Statement of Compliance
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRS ensures that the consolidated financial statements and notes of Devine Limited comply with International Financial Reporting Standards (IFRS).

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Devine Limited ("company" or "parent entity") as at 30 June 2007 and the results of all subsidiaries for the year then ended. Devine Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Devine Limited.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(ii) Joint ventures
Jointly controlled assets
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.

(c) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(d) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures and also to exclude, where necessary, the discontinued operations of the group's finance subsidiary, First Permanent Financial Services Pty Ltd. The sale of this business unit was finalised and settled on 23 February 2007.

(e) Changes in accounting estimates

During the year ended 30 June 2007, the company commenced preliminary work on several new development projects which included projects that are in different market segments to those traditionally undertaken by Devine. As a consequence, the company has re-assessed the point in time at which development expenditure is deemed recoverable, and hence capitalised on the Balance Sheet as inventory.

1 Summary of significant accounting policies (continued)

For previous projects, expenditure was capitalised when a project received both Board and Development Approval. Expenditure incurred prior to Board and Development Approval was considered to be a 'pre-commitment cost' and was expensed in the period in which it was incurred.

The nature of the new projects are such that costs are now capitalised when a project receives Board Approval and the Board considers it highly likely that a Development Approval will be obtained and accordingly the costs to be incurred will be recovered. The result of this change in accounting estimate has resulted in an additional $3,008,078 being capitalised as inventory during the year ended 30 June 2007, which would otherwise have been expensed. It is not practicable to quantify the effect this change in accounting estimate will have in future periods.

2 Revenue

	Consolidated	
	2007	2006
	$'000	$'000
Revenue from operating activities		
Revenue from sale of properties	**547,972**	550,816

3 Other income

	Consolidated	
	2007	2006
	$'000	$'000
Interest received - other persons/bodies corporate	**1,066**	341
Rent received - other persons/bodies corporate	**307**	25
Sundry income	**8**	-
	1,381	366

4 Expenses

	Consolidated	
	2007	2006
	$'000	$'000
Expenses, excluding finance costs, included in the income statement classified by function		
Cost of properties sold	**392,708**	404,620
Other expenses	**87,920**	77,507
	480,628	482,127
Classification of these expenses by function		
Cost of properties sold	**392,708**	404,620
Other expenses from ordinary activities		
Marketing *	**52,885**	46,865
Occupancy	**2,453**	2,527
Administration	**7,866**	6,339
Other	**5,184**	4,861
Land holding expenses	**1,988**	1,288
Employee expenses	**17,544**	15,627
	480,628	482,127
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**936**	851
Display home centres	**355**	279
Total depreciation	**1,291**	1,130
Finance costs *		
Interest and finance charges paid/payable	**38,829**	39,275
Interest rate swap expense	**24**	-
Finance costs expensed	**38,853**	39,275
Bad debt expense	**119**	-
Operating lease rental	**598**	550

* Finance and marketing costs include some costs incurred in prior periods and capitalised into the company's major projects and then recognised as an expense as settlements of sales from these projects occur.

5 Discontinued operation

(a) Description

On 9 November 2006 the Directors announced their intention to sell the company's finance division, First Permanent Financial Services Pty Ltd. Disposal of this division was completed on 23 February 2007 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 9 - segment information.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 23 February 2007 (2007 column) and the year ended 30 June 2006.

	Consolidated	
	2007	2006
	$'000	$'000
Revenue	**15,709**	20,888
Expenses	**(16,951)**	(23,738)
Loss before income tax	**(1,242)**	(2,850)
Income tax expense	**293**	828
Loss after income tax of discontinued operations	**(949)**	(2,022)
Gain on sale of the division before income tax	**2,265**	-
Income tax expense	**(634)**	-
Gain on sale of the division after income tax	**1,631**	-
Profit / (loss) from discontinued operations	**682**	(2,022)
Net cash (outflow)/inflow from operating activities	**(620)**	117
Net cash (outflow)/inflow from investing activities	**(22)**	(58)
Net increase/(decrease) in cash held	**(642)**	59
Less: cash flows contributed by parent	**(3,739)**	(4,007)
Net increase/(decrease) in cash generated independently by the division	**(4,381)**	(3,948)

5 Discontinued operation (continued)

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 23 February 2007 (2007 column) and 30 June 2006 are:

	Consolidated	
	2007	2006
	$'000	$'000
Cash and cash equivalents	**7,810**	8,451
Trade and other receivables	**256,417**	251,263
Other assets	**2,825**	1,624
Property, plant & equipment	**98**	111
Deferred tax assets	**-**	48
Total assets	**267,150**	261,497
Trade and other payables	**(1,317)**	(2,231)
Interest bearing liabilities	**(258,258)**	(251,298)
Provisions	**(383)**	(347)
Deferred tax liabilities	**(66)**	-
Total liabilities	**(260,024)**	(253,876)
Net assets	**7,126**	7,621

(d) Details of the sale of the division

Consideration received or receivable:		
Cash	**9,171**	-
Present value of amount due in August 2007	**820**	-
Total disposal consideration	**9,991**	-
Carrying amount of net assets sold	**(7,126)**	-
Impairment of investment in trust	**(600)**	-
Gain on sale before income tax	**2,265**	-
Income tax expense	**(634)**	-
Gain on sale after income tax	**1,631**	-

6 Dividends

	Devine Limited 2007 $'000	Devine Limited 2006 $'000
(a) Ordinary shares		
Previous year final dividend paid		
Fully franked based on tax paid @ 30% - 4 cents (2006: 4 cents) per share	**5,440**	5,035
Interim dividend paid		
Fully franked based on tax paid @ 30% - 4 cents (2006: 4 cents) per share	**5,684**	5,370
Total dividends provided for or paid	**11,124**	10,405
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2007 and 2006 were as follows:		
Paid in cash	**9,722**	8,146
Satisfied by issue of shares	**1,402**	2,259
	11,124	10,405
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final 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 18 October 2007 out of retained profits at 30 June 2007, but not recognised as a liability at year end.	**9,473**	5,438

(c) Franked dividends

The franked portion of the final dividend recommended after 30 June 2007 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ending 30 June 2007.

	Consolidated 2007 $'000	Consolidated 2006 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2006 - 30%)	**11,734**	4,757

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits that will arise from the payment of the amount of the provision for income tax.

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

7 Current assets - Cash and cash equivalents

	Consolidated	
	2007	2006
	$'000	$'000
Cash at bank	**61,294**	10,687

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated	
	2007	2006
	$'000	$'000
Cash at bank	**61,294**	10,687
Less: Amount relating to discontinued operations (refer note 5)	**-**	(8,451)
Balances per statement of cash flows	**61,294**	2,236

8 Contingencies

Contingent liabilities

The company had contingent liabilities at 30 June 2007 in respect of:

Guarantees
The parent entity and controlled entities have entered into local authority and other performance guarantees totalling $10,423,098 at 30 June 2007 (2006: $4,770,723) 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 $3,751,221 (2006: $3,833,143) 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 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 $5,251,221 as at 30 June 2007 (2006: $5,333,143). As at 30 June 2007 a provision of $573,365 (2006: $1,259,466) has been raised on the basis of expected future costs. Subsequent to the sale of the First Permanent business, which settled on 23 February 2007, Devine has no further exposure to any losses that might occur in respect to the mortgage loans written by subsidiaries of the First Permanent Group, and the amounts invested in trust structures ($5,127,120 at 30 June 2006) together with a performance guarantee for $1,500,000 have been returned to Devine.

Land and Property Acquisition Commitments
As at 30 June 2007 the group had entered into land marketing agreements to acquire other developers' land amounting to $7,685,700 (2006: $21,865,400). Of this amount, $5,204,200 related to land that had been sold but was not yet at unconditional contract status (2006: $2,991,900). At exercise date the consolidated entity is required to acquire land at a predetermined acquisition price.

As at 30 June 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 $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 re-development.

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 Segment information

(a) Primary reporting format - business segments

2007	Housing and land $'000	Property development $'000	Corporate / other $'000	Total continuing operations $'000	Discontinued operation (finance) * $'000	Total $'000
Total sales revenue	183,884	363,651	437	547,972	15,709	563,681
Other revenue / income	400	16	965	1,381	-	1,381
Total segment revenue / income	**184,284**	**363,667**	**1,402**	**549,353**	**15,709**	**565,062**
Segment result	**(6,205)**	**37,614**	**(1,537)**	**29,872**	**1,023**	**30,895**
Profit before income tax				29,872	1,023	30,895
Income tax expense				(9,187)	(341)	(9,528)
Profit for the year				**20,685**	**682**	**21,367**
Segment assets	**214,782**	**170,244**	**69,074**	**454,100**	**-**	**454,100**
Segment liabilities	**124,262**	**86,118**	**66,836**	**277,216**	**-**	**277,216**
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	569	74	123	766	18	784
Depreciation and amortisation expense	802	67	422	1,291	32	1,323

* Refer to note 5(b), page 20.

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 $4,900,316 (2006: $1,267,330); Property Development $33,811,570 (2006: $34,684,713); Corporate / Other $141,451 (2006: $3,323,325); and Finance $Nil (2006: $Nil).

9 Segment information (continued)

2006	Housing and land $'000	Property development $'000	Corporate / other $'000	Total continuing operations $'000	Discontinued operation (finance) * $'000	Total $'000
Total sales revenue	221,156	329,504	156	550,816	20,888	571,704
Other revenue / income	87	2	277	366	-	366
Total segment revenue / income	**221,243**	**329,506**	**433**	**551,182**	**20,888**	**572,070**
Segment result	**13,796**	**21,703**	**(5,719)**	**29,780**	**(2,850)**	**26,930**
Profit before income tax				29,780	(2,850)	26,930
Income tax expense				(8,888)	828	(8,060)
Profit for the year				**20,892**	**(2,022)**	**18,870**
Segment assets	**123,818**	**299,779**	**242**	**423,839**	**261,497**	**685,336**
Segment liabilities	**74,159**	**253,727**	**38,021**	**365,907**	**253,876**	**619,783**
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	66	-	409	475	151	626
Depreciation and amortisation expense	637	55	438	1,130	84	1,214

* Refer to note 5(b), page 20.

(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.

10 Earnings per share

	Consolidated	
	2007	2006
	Cents	Cents
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**13.8**	15.9
Profit / (loss) from discontinued operation	**0.5**	(1.5)
Profit attributable to the ordinary equity holders of the company	**14.3**	14.4
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**13.4**	15.6
Profit / (loss) from discontinued operation	**0.4**	(1.5)
Profit attributable to the ordinary equity holders of the company	**13.8**	14.1

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

	Consolidated	
	2007	2006
	$'000	$'000
Basic and diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company	**20,685**	20,892
Profit / (loss) from discontinued operation	**682**	(2,022)
Profit attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	**21,367**	18,870

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

	Consolidated	
	2007	2006
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**149,911,515**	131,047,463
Options	**4,070,247**	3,008,973
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**153,981,762**	134,056,436

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.