

Appendix 4E

Preliminary final report

Name of Entity

Devine Limited

ABN or equivalent company reference

51 010 769 365

Financial year ended ('current period')

30 June 2010

Previous Corresponding period

30 June 2009

Results for announcement to the market

\$A'000

Revenues from continuing operations and activities	up	33.5%	to	570,865
Net profit (loss) for the period attributable to members	down	-51.1%	to	8,158

Dividends

	Amount per security	Franked amount per security
Final dividend	1¢	1¢
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend.

6-Oct-2010

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 1 cent per ordinary share has been declared post 30 June 2010 and, therefore, in accordance with AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", no provision has been recognised in the Statement of Financial Position as at 30 June 2010.

The profit attributable to members is after net realised and unrealised impairments of 13.2 M after tax in relation to commercial and property development assets which have been exited or reassessed. No impairments were recorded in the second half.

Refer attached Directors' Report and Financial Statements Extract

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable

22 October 2010

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 CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)

6 October 2010

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	1 ¢	1 ¢	0 ¢
	Previous year	Nil	Nil	Nil
Interim dividend:	Current year	Nil	Nil	Nil
	Previous year	3 ¢	3 ¢	0 ¢

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

N/A

The Company's Dividend Reinvestment Plan has been suspended in respect of the final dividend payable of 1 cent per share.

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	8,158	16,699
Dividends and other equity distributions paid or payable	-	(20,250)
Retained profits (accumulated losses) at end of financial period	44,145	35,987

Net Tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA *	52.5 ¢	78.7 ¢
Diluted NTA *	52.5 ¢	78.2 ¢

Earnings Per Security (EPS)

	Current period	Previous corresponding period
Basic EPS *	1.8 ¢	4.9 ¢
Diluted EPS *	1.8 ¢	4.8 ¢

* Current period NTA and EPS have been affected by issue of shares for Rights Issue and Institutional Placement in March 2010. Current and comparative year EPS and diluted EPS has been restated in accordance with AASB 133 *Earnings per Share*.

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.

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 anticipated or expected

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



Sign here:
(Company Secretary)

Date: 25 August 2010

Print name: **Vivian N Grayson**

Devine Limited
Directors' Report
For the year ended 30 June 2010

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 J Ridley (Chairman)
D B Keir (appointed as Managing Director on 1 April 2010)
D H T Devine (resigned on 31 March 2010)
P J Dransfield (appointed as Director on 1 April 2010)
P J Ferris AM, KCSG
Hon. T M Mackenroth
G E McOrist
R W Parris
V A Vella
K M Woodley (resigned on 31 March 2010)

Chief Financial Officer

P V Cochrane (appointed 12 October 2009)

Company Secretary

V N Grayson

Review of Results of Operations

Refer Directors' Comments attached.

Events Occurring after Balance Sheet Date

A fully franked final dividend in respect of the 2010 financial year of 1 cent per share was declared by Directors on 25 August 2010 (2009: Nil). In accordance with the adoption of AASB 137 Provisions, Contingent Liabilities and Contingent Assets no provision has been recognised in the Statement of Financial Position as at 30 June 2010.

There have been no other significant events occur post 30 June 2010.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000.

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



D J Ridley
Chairman



D B Keir
Managing Director

Brisbane, 25 August 2010

Devine Limited
Consolidated income statement
For the year ended 30 June 2010

		Consolidated	
		2010	2009
	Notes	\$'000	\$'000
Revenue from continuing operations	3	570,865	427,734
Cost of properties sold	4	<u>(438,513)</u>	<u>(299,901)</u>
Gross profit		<u>132,352</u>	<u>127,833</u>
Other revenue	3	6,445	8,222
Expenses, excluding finance costs	4	(107,143)	(97,248)
Finance costs	4	(18,462)	(16,331)
Share of net profits/ (losses) of associates and joint venture entities accounted for using the equity method	7(b)	<u>(1,685)</u>	<u>(1,846)</u>
Profit before income tax		11,507	20,630
Income tax expense		<u>(3,399)</u>	<u>(4,859)</u>
Profit attributable to members of Devine Limited		8,108	15,771
Profit from discontinued operations	5	<u>50</u>	<u>928</u>
Profit attributable to members of Devine Limited	2	<u>8,158</u>	<u>16,699</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	11	1.8	4.9
Diluted earnings per share	11	1.8	4.8

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

Devine Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2010

	Consolidated	
	2010	2009
Notes	\$'000	\$'000
Profit for the year	8,158	16,699
Other comprehensive income		
Changes in the fair value of cash flow hedges \ reserves	<u>(263)</u>	<u>-</u>
Net profit and comprehensive income attributable to members of Devine Limited	<u>7,895</u>	<u>16,699</u>

The above consolidated statement of comprehensive income which shows movements in other reserves should be read in conjunction with the accompanying notes.

Devine Limited
Statement of financial position
As at 30 June 2010

	Consolidated	
	2010	2009
Notes	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	20,045	736
Receivables	41,910	35,532
Inventories	181,494	174,585
Current tax receivables	507	-
Other assets	1,957	2,956
Total current assets	<u>245,913</u>	<u>213,809</u>
Non-current assets		
Receivables	36,419	32,025
Inventories	222,811	376,082
Investments accounted for using the equity method	48,327	28,502
Property, plant and equipment	933	2,215
Intangible assets	3,316	17,054
Other non-current assets	1,963	3,497
Total non-current assets	<u>313,769</u>	<u>459,375</u>
Total assets	<u>559,682</u>	<u>673,184</u>
LIABILITIES		
Current liabilities		
Payables	68,964	60,357
Interest bearing liabilities	26,871	265,527
Derivative financial instruments	-	7,901
Current tax liabilities	-	1,198
Provisions	3,555	4,035
Non-interest bearing liabilities	32,300	62,445
Total current liabilities	<u>131,690</u>	<u>401,463</u>
Non-current liabilities		
Interest bearing liabilities	82,594	1,938
Derivative financial instruments	423	-
Deferred tax liabilities	3,766	4,020
Provisions	1,319	480
Non-interest bearing liabilities	3,483	-
Total non-current liabilities	<u>91,585</u>	<u>6,438</u>
Total liabilities	<u>223,275</u>	<u>407,901</u>
Net assets	<u>336,407</u>	<u>265,283</u>
EQUITY		
Contributed equity	292,367	228,997
Reserves	(105)	299
Retained earnings	44,145	35,987
Total equity	<u>336,407</u>	<u>265,283</u>

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

Devine Limited
Statement of changes in equity
For the year ended 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
Total equity at the beginning of the financial year		265,283	251,574
Option expense transferred to reserve		(141)	45
Net profit and other comprehensive income for the year		7,895	16,699
Dividends provided for or paid	6	-	(20,250)
Share issue		66,252	17,363
Transaction costs of share issue		(4,117)	(211)
Deferred tax credit recognised directly in equity		1,235	63
Total equity at the end of the financial year		<u>336,407</u>	<u>265,283</u>

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

Devine Limited
Statement of cash flows
For the year ended 30 June 2010

	Consolidated	
	2010	2009
Notes	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	613,615	520,145
Payments to suppliers and employees (inclusive of goods and services tax)	(446,098)	(422,201)
Interest received	558	1,002
Interest paid	(24,885)	(25,955)
Income taxes paid	(4,062)	(3,682)
Net cash inflow/ (outflow) from operating activities	<u>139,128</u>	<u>69,309</u>
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	-	(437)
Payments for property, plant and equipment	(390)	(1,367)
Proceeds from the sale of property, plant and equipment	-	368
Payments for investment in land inventory	(10,312)	(52,944)
Payments for investment in joint ventures	(24,148)	(7,850)
Proceeds from the sale of interests in joint ventures	3,355	-
Proceeds from sale of discontinued operations	7,600	-
Net cash inflow/ (outflow) from investing activities	<u>(23,895)</u>	<u>(62,230)</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	66,252	6,513
Proceeds from borrowings	12,720	19,604
Payment of retentions and deposits	-	6,899
Share issue transaction costs	(4,117)	(211)
Repayment of borrowings	(170,779)	(49,162)
Finance lease payments	-	(70)
Dividends paid to company's shareholders	-	(9,906)
Net cash inflow/ (outflow) from financing activities	<u>(95,924)</u>	<u>(26,333)</u>
Net increase/(decrease) in cash and cash equivalents	19,309	(19,254)
Cash and cash equivalents at the beginning of the financial year	736	19,990
Cash and cash equivalents at end of year	<u>20,045</u>	<u>736</u>

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

1 Summary of significant accounting policies

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

(a) Basis of preparation

This is an extract from the general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

(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 2010 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 Company or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Company 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 Company controls another entity.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Joint ventures

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 7.

Joint venture entities

The interest in joint venture entities are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the statement of financial position. Details relating to the joint venture entities are set out in note 7.

(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 the 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.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(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 cost 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.

(d) Intangible assets

(i) Goodwill

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

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

(ii) Brand name

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

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

(e) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-Settled Share-based Payment Transactions(AASB 2) (effective 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the Company settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction. The Company will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the company's financial statements.

1 Summary of significant accounting policies (continued)

(e) New accounting standards and interpretations (continued)

(ii) AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issues (AASB 132)* (effective 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which 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 amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Company will apply the amended standard from 1 July 2010. As the Company has not made any such rights issues, the amendment will not have any effect on the Company's financial statements.

(iii) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, initial indications are that it may affect the company's accounting for some loans (that do not have what is referred to as basic loan features) to be accounted for at fair value, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The company is yet to assess its full impact. The company has not yet decided when to adopt AASB 9.

(iv) Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards* (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company will apply the amended standard from 1 July 2011. When the amendments are applied, the Company will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

(v) AASB Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19* (effective 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Company will apply the interpretation from 1 July 2010. It is not expected to have any impact on the company's financial statements since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Company has not entered into any debt for equity swaps since that date.

(vi) AASB 2009-14 *Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Company does not make any such prepayments. The amendment is therefore not expected to have any impact on the Company's financial statements. The Company intends to apply the amendment from 1 July 2011.

(vii) AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 1 July 2010/1 January 2011)

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Company will apply the amendments from 1 July 2010. It does not expect that any adjustments will be necessary as a result of applying the revised rules.

1 Summary of significant accounting policies (continued)

(e) New accounting standards and interpretations (continued)

(viii) AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Devine Limited is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards - Reduced Disclosure Requirements. The two standards will have no impact on the financial statements of the Company.

(f) Comparatives

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

(g) Changes in accounting estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which, form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

2 Net realised and unrealised impairments

	Consolidated	
	2010	2009
	\$'000	\$'000
Reconciliation of underlying net profit after tax		
Underlying net profit after tax	21,361	16,699
Net realised and unrealised impairments after tax	<u>(13,203)*</u>	<u>-</u>
Net profit attributable to the members of Devine Limited	<u>8,158</u>	<u>16,699</u>

Net realised and unrealised impairments in FY10 are in relation to commercial and property development assets which have been exited or reassessed. No impairments were recorded in the second half.

Underlying NPAT was not specifically reported in FY09. Included in the \$16.7 million, are impairments on inventory and other one-off expense/loss items totalling \$6.9 million after tax. Also included in the \$16.7 million are certain profits on commercial development activities which are not recurring.

* As reported in the December 2009 half year results.

3 Revenue

	Consolidated	
	2010	2009
	\$'000	\$'000
From continuing operations		
Revenue from sale of properties	563,491	421,282
Revenue from related parties	<u>7,374</u>	<u>6,452</u>
	<u>570,865</u>	<u>427,734</u>
Interest rate swap income	1,116	310
Interest received - other persons/bodies corporate	4,000	4,994
Rent received - other persons/bodies corporate	975	2,271
Sundry income - other persons/bodies corporate	<u>354</u>	<u>647</u>
	<u>6,445</u>	<u>8,222</u>
	<u>577,310</u>	<u>435,956</u>
From discontinued operations (note 5)		
Service revenue - body corporate management	2,197	12,765
Interest received	4	45
Rent received	6	63
Share of net profits/(losses) of associates and joint venture entities accounted for using the equity method	<u>-</u>	<u>175</u>
	<u>2,207</u>	<u>13,048</u>

4 Expenses

	Consolidated	
	2010	2009
	\$'000	\$'000
Expenses, excluding finance costs, included in the income statement classified by function		
Cost of properties sold	438,513	299,901
Other expenses	<u>107,143</u>	<u>97,248</u>
	<u>545,656</u>	<u>397,149</u>
Classification of these expenses by function		
Cost of properties sold	438,513	299,901
Other expenses from ordinary activities		
Marketing and selling costs	51,430	45,498
Occupancy	2,757	3,335
Administration	30,839	29,100
Other	16,436	13,390
Land holding expenses	<u>5,681</u>	<u>5,925</u>
	<u>545,656</u>	<u>397,149</u>
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	466	684
Display homes	<u>163</u>	<u>131</u>
Total depreciation	<u>629</u>	<u>815</u>
Interest and borrowing costs	<u>18,462</u>	<u>16,331</u>
Provision for bad debts	144	1,464
Operating lease rental	730	721

5 Discontinued operation

At the time of releasing 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 the division was completed on 26 August 2009 and is reported in these financial statements 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 year ended 30 June 2009.

	Consolidated	
	2010	2009
	\$'000	\$'000
Revenue (note 3)	2,207	13,048
Expenses	(1,988)	(11,705)
Profit before income tax	219	1,343
Income tax expense	(75)	(415)
Profit after income tax of discontinued operations	144	928
Loss on sale of the division before income tax	(94)	-
Income tax expense	-	-
Profit/ (loss) from discontinued operation	50	928
Net cash (outflow)/inflow from operating activities	205	639
Net cash (outflow)/inflow from investing activities	19	(265)
Net cash (outflow)/ inflow from financing activities	(39)	(504)
Net increase/ (decrease) in cash generated by the business	185	(130)

5 Discontinued operation (continued)

(b) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 26 August 2009 (June 2010 column) and 30 June 2009 were:

	Consolidated	
	30 June 2010	30 June 2009
	\$'000	\$'000
Cash and cash equivalents	778	593
Trade and other receivables	713	726
Other assets	13	14
Property, plant & equipment	842	862
Intangibles	13,758	13,789
Joint venture investments	490	490
Total assets	<u>16,594</u>	<u>16,474</u>
Trade and other payables	(522)	(1,213)
Interest bearing liabilities	(2,364)	(2,403)
Provisions	(531)	(476)
Deferred tax liabilities	84	52
Total liabilities	<u>(3,333)</u>	<u>(4,040)</u>
Net assets	<u>13,261</u>	<u>12,434</u>
(c) Details of the sale of the business		
Consideration received or receivable:		
Cash	7,600	-
Present value of amount receivable	5,593	-
Total disposal consideration	<u>13,193</u>	-
Carrying amount of net assets sold	(13,261)	-
Costs to sell	(26)	-
Loss on sale before income tax	<u>(94)</u>	<u>-</u>

6 Dividends

	Devine Limited	
	2010	2009
	\$'000	\$'000
(a) Ordinary shares		
Previous year final dividend paid		
Fully franked based on tax paid @ 30% - Nil (2009: 4 cents) per share	-	11,445
Interim dividend paid		
Fully franked based on tax paid @ 30% - Nil (2009: 3 cents) per share	-	8,805
Total dividends provided for or paid	<u>-</u>	<u>20,250</u>
Paid in cash	-	9,906
Satisfied by issue of shares	<u>-</u>	<u>10,344</u>
	<u>-</u>	<u>20,250</u>
(b) Dividends not recognised at year end		
Since year end the directors have declared the payment of a final dividend of 1 cent per fully paid ordinary share, (2009: Nil) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 22 October 2010 out of retained profits at 30 June 2010, but not recognised as a liability at year end is.	<u>6,349</u>	<u>-</u>

(c) Franked dividends

The franked portion of the final dividend recommended after 30 June 2010 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 2010.

	Consolidated	
	2010	2009
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2009 - 30%)	<u>18,207</u>	<u>14,154</u>

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the reporting date, will be a reduction in the franking account of \$2,721,000 (2009: Nil).

7 Interests in joint ventures

(a) Joint venture operations

	% Interest Held 30 June 2010	% Interest Held 30 June 2009
Deer Park Joint Venture	50	50
Halletts Road Joint Venture	50	50
Casey Fields Joint Venture	55	55
Henry Road Pakenham Joint Venture	50	-

The Group's interests in the joint ventures are included in the consolidated statement of financial position, in accordance with the accounting policy described in note 1 under the following classifications:

	Consolidated	
	2010	2009
	\$'000	\$'000
Current assets		
Cash and cash equivalents	-	263
Trade and other receivables	210	833
Inventories	<u>5,210</u>	<u>2,106</u>
Total current assets	<u>5,420</u>	<u>3,202</u>
Non-current assets		
Inventories (land held for resale)	<u>25,523</u>	<u>14,583</u>
Total non-current assets	<u>25,523</u>	<u>14,583</u>
Share of assets employed in joint venture	<u>30,943</u>	<u>17,785</u>
Current liabilities		
Trade and other payables	925	7,549
Interest bearing liabilities	<u>18,273</u>	<u>7,529</u>
Total current liabilities	<u>19,198</u>	<u>15,078</u>
Non-current liabilities		
Interest bearing liabilities	<u>11,619</u>	-
Total non-current liabilities	<u>11,619</u>	-
Share of liabilities employed in joint venture	<u>30,817</u>	<u>15,078</u>
Net assets	<u>126</u>	<u>2,707</u>

(b) Joint venture entities

At balance date, the group had an equity interest in the following joint venture entities:

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

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

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

7 Interests in joint ventures (continued)

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

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 in the consolidated financial statements 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:

Name and ownership interest	% Ownership interest	
	2010	2009
Hamilton Harbour Unit Trust	50	50
145 Ann Street Trust	-	50
Townsville City Project Trust	50	50
Deep Blue Consortium Pty Ltd	45	45
Fallingwater Trust	15	15
Riverina Estate Developments Pty Ltd	50	50
Silver Body Corporate Financial Services Pty Ltd	-	50
	Consolidated	
	2010	2009
	\$'000	\$'000
Investments accounted for using the equity method	<u>48,327</u>	<u>28,502</u>
Share of joint venture entities' assets and liabilities		
Current assets	4,651	2,256
Non-current assets	<u>49,469</u>	<u>41,463</u>
Total assets	<u>54,120</u>	<u>43,719</u>
Current liabilities	7,798	17,626
Non-current liabilities	<u>465</u>	-
Total liabilities	<u>8,263</u>	<u>17,626</u>
Net assets	<u>45,857</u>	<u>26,093</u>
Share of joint venture entities' revenue, expenses and results		
Revenues	9,144	688
Expenses	<u>(10,829)</u>	<u>(2,534)</u>
Profit/ (loss) before income tax	<u>(1,685)</u>	<u>(1,846)</u>
Share of net profits/ (losses) after tax of joint venture entities accounted for using the equity method	<u>(1,685)</u>	<u>(1,846)</u>

8 Contingencies

(a) Contingent liabilities

The Company had contingent liabilities at 30 June 2010 in respect of:

Guarantees

The parent entity and controlled entities have entered into local authority and other performance guarantees totalling \$22,810,133 at 30 June 2010 (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 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. No liabilities are expected to arise.

The Company has deposited \$246,243 (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 a lending institution. 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 \$1,246,243 as at 30 June 2010 (2009: \$1,077,108). As at 30 June 2010 a provision of \$575,018 (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 Events occurring after the reporting period

A fully franked final dividend in respect of the 2010 financial year of 1 cent (2009: Nil) per share was declared by Directors on 25 August 2010. In accordance with the adoption of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, no provision has been recognised in the Statement of Financial Position as at 30 June 2010.

There have been no other significant events which have occurred post 30 June 2010.

Devine Limited
Notes to the financial statements
30 June 2010
(continued)

10 Segment information

(a) Operating segments

2010	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	448,566	122,299	-	570,865	2,197	573,062
Other revenue	261	4,043	2,141	6,445	10	6,455
Total segment revenue	448,827	126,342	2,141	577,310	2,207	579,517
Segment result	33,616	(17,969)	(4,140)	11,507	125	11,632
Profit before income tax				11,507	125	11,632
Income tax expense				(3,399)	(75)	(3,474)
Profit for the year				8,108	50	8,158
Segment assets	402,172	131,888	25,622	559,682	-	559,682
Segment liabilities	97,546	53,861	71,868 *	223,275	-	223,275

Other segment information (Included in the above)

Investments in associates and joint ventures	5,749	42,578	-	48,327	-	48,327
Share of net profits/ (losses) of associates and joint ventures	1,030	(2,715)	-	(1,685)	-	(1,685)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	218	44	128	390	-	390
Depreciation and amortisation expense	431	34	164	629	-	629

* reflects borrowing by the Group and made available to operating divisions as required to fund operations (excluding specific project funding).

Devine Limited
Notes to the financial statements
30 June 2010
(continued)

10 Segment information (continued)

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	322,142	104,969	623	427,734	12,765	440,499
Other revenue	397	5,579	2,246	8,222	108	8,330
Total segment revenue	322,539	110,548	2,869	435,956	12,873	448,829
Segment result	14,672	10,663	(4,705)	20,630	1,343	21,973
Profit before income tax				20,630	1,343	21,973
Income tax expense				(4,859)	(415)	(5,274)
Profit for the year				15,771	928	16,699
Segment assets	458,265	187,602	10,843	656,710	16,474	673,184
Segment liabilities	132,627	85,487	185,747 *	403,861	4,040	407,901
Other segment information (Included in the above)						
Investments in associates and joint ventures	722	27,290	-	28,012	490	28,502
Share of net profits/ (losses) of associates and joint ventures	70	(1,916)	-	(1,846)	175	(1,671)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	488	69	490	1,047	680	1,727
Depreciation and amortisation expense	436	59	320	815	392	1,207

* reflects borrowing by the Group and made available to operating divisions as required to fund operations (excluding specific project funding).

(b) Geographical segments

The Company operates in only one geographic segment: Australia.

11 Earnings per share

	Consolidated	
	2010	2009
	Cents	Cents
(a) Basic earnings per share *		
Profit attributable to the ordinary equity holders of the company	1.8	4.6
From discontinued operation	-	0.3
Total basic earnings per share attributable to the ordinary equity holders of the company	<u>1.8</u>	<u>4.9</u>
(b) Diluted earnings per share *		
Profit attributable to the ordinary equity holders of the company	1.8	4.5
From discontinued operation	-	0.3
Total diluted earnings per share attributable to the ordinary equity holders of the company	<u>1.8</u>	<u>4.8</u>
(c) Reconciliations of earnings used in calculating earnings per share		
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
from continuing operations	8,108	15,771
from discontinued operation	<u>50</u>	<u>928</u>
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	<u>8,158</u>	<u>16,699</u>
(d) Weighted average number of shares used as the denominator *		
	Consolidated	
	2010	2009
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	460,175,391	343,097,008
Options **	-	1,950,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>460,175,391</u>	<u>345,047,008</u>

(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.

*Current and comparative year EPS and diluted EPS has been restated in accordance with AASB 133 *Earnings per Share*.

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