

Devine Limited ABN 51 010 769 365
Preliminary final report - 30 June 2013

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction with the
30 June 2012 Annual report

Contents

	Page
Results for Announcement to the Market	1
Directors' report	4
Financial Statements	
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9

Devine Limited is a company limited by shares, incorporated and domiciled in Australia.
Its registered office and principal place of business is:

Devine Limited
Level 1, KSD1
485 Kingsford Smith Drive
Hamilton Queensland 4007

For queries in relation to our reporting please contact the Company Secretary on (07) 3608 6300

Appendix 4E

Preliminary final report

Name of Entity

Devine Limited

ABN

51 010 769 365

Reporting period ("2013")

30 June 2013

Previous Corresponding period ("2012")

30 June 2012

Results for announcement to the market

\$A'000

Revenues from continuing operations	down	1%	to	311,073
Profit / (Loss) after tax attributable to members	up	96%	to	(559)

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

Not applicable

Commentary on results

Refer to the attached financial statements extract for the year ended 30 June 2013 and Directors' Comments for the review of operations.

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable

N/A

Record date to determine entitlements to the dividend (distribution) (i.e. on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)

N/A

If it is a final dividend, has it been declared?

N/A

Dividends

		Amount per security	Franked amount per security at 30% tax
Final dividend:	Current year	nil	nil
	Previous year	2 cents	2 cents
Interim dividend:	Current year	nil	nil
	Previous year	2 cents	2 cents

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

N/A

Statement of Retained Earnings

	2013 \$A'000	2012 \$A'000
Retained profits at the beginning of the financial period	29,218	51,635
Net profit attributable to members	(559)	(12,893)
Dividends and other equity distributions paid or payable	(3,174)	(9,524)
Retained profits at the end of the financial period	25,485	29,218

Net Tangible Assets per security (NTA)

	2013 \$	2012 \$
Basic and Diluted NTA	\$ 1.98	\$ 2.00

Earnings per security (EPS)

	2013 cents	2012 cents
Basic and Diluted EPS	(0.4) cents	(8.1) cents

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).

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



Sign here:
(Company Secretary)

Date: 14 August 2013

Print name: Vivian N Grayson

**Devine Limited
Directors' report
30 June 2013**

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Devine Limited and the entities it controlled at the end of, or during, the year ended 30 June 2013.

This report is not the Directors' report required under S298 of the *Corporations Act 2001*, which will be included in the Annual report.

DIRECTORS

The following persons held office as directors of Devine Limited during the financial year and until the date of this report. Directors were in office for the entire period unless otherwise stated.

P J Dransfield (*Chairman*)
D B Keir (*Managing Director and CEO*)
D J Ridley (retired 31 December 2012)
J S Downes (appointed 1 January 2013)
Hon. T M Mackenroth
G E McOrist
R W Parris
V A Vella
T G Young

Chief Financial Officer

P V Cochrane

Company Secretary

V N Grayson

REVIEW OF OPERATIONS

The Directors' comments form an integral part of this Directors' report. Refer attached Directors' comments for the review of operations.

EVENTS OCCURRING AFTER BALANCE SHEET DATE

There have been no significant events which have occurred post 30 June 2013.

ROUNDING OF AMOUNTS

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.



P J Dransfield
(Chairman)



D B Keir
(Managing Director and CEO)

Brisbane
14 August 2013

Devine Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Revenue	2	311,073	313,865
Cost of properties sold	3	(244,243)	(273,899)
Gross profit		66,830	39,966
Other revenue	2	6,139	8,967
Expenses, excluding finance expenses	3	(70,846)	(66,656)
Finance expenses	3	(6,840)	(7,012)
Share of net profit of joint venture entities accounted for using the equity method		3,919	6,509
(Loss) before income tax		(798)	(18,226)
Income tax benefit		239	5,333
(Loss) for the year		(559)	(12,893)
Other comprehensive income			
Changes in the fair value of cash flow hedges/reserves, net of tax		(83)	(221)
Total comprehensive income for the year		(642)	(13,114)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share	8	(0.4)	(8.1)

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

Devine Limited
Consolidated statement of financial position
As at 30 June 2013

	2013	2012
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	20,986	20,143
Receivables	41,515	63,676
Inventories	133,901	113,878
Current tax receivables	-	307
Prepayments	734	506
Total current assets	197,136	198,510
Non-current assets		
Receivables	32,080	20,798
Investments accounted for using the equity method	53,317	62,444
Property, plant and equipment	1,771	1,488
Intangible assets	3,316	3,316
Inventories	256,556	282,574
Other non-current assets	191	231
Total non-current assets	347,231	370,851
Total assets	544,367	569,361
LIABILITIES		
Current liabilities		
Payables	50,093	64,869
Interest bearing loans	26,685	32,163
Provisions	3,232	3,987
Non-interest bearing loans	28,783	26,126
Total current liabilities	108,793	127,145
Non-current liabilities		
Interest bearing loans	92,551	100,712
Advances and other payables	14,964	-
Derivative financial instruments	656	755
Deferred tax liabilities	1,825	2,047
Provisions	1,785	1,448
Non-interest bearing loans	6,288	15,793
Total non-current liabilities	118,069	120,755
Total liabilities	226,862	247,900
Net assets	317,505	321,461
EQUITY		
Contributed equity	292,367	292,367
Reserves	(347)	(124)
Retained earnings	25,485	29,218
Total equity	317,505	321,461

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

Devine Limited
Consolidated statement of changes in equity
For the year ended 30 June 2013

Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2012	292,367	(124)	29,218	321,461
Loss for the year	-	-	(559)	(559)
Other comprehensive income	-	(83)	-	(83)
Total comprehensive income for the year	-	(83)	(559)	(642)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(3,174)	(3,174)
Expense / (benefit) pursuant to employee incentive scheme	-	(140)	-	(140)
Balance at 30 June 2013	292,367	(347)	25,485	317,505
Balance at 1 July 2011	292,367	(5)	51,635	343,997
Loss for the year	-	-	(12,893)	(12,893)
Other comprehensive income	-	(221)	-	(221)
Total comprehensive income for the year	-	(221)	(12,893)	(13,114)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	-	-	(9,524)	(9,524)
Expense / (benefit) pursuant to employee incentive scheme	-	102	-	102
Balance at 30 June 2012	292,367	(124)	29,218	321,461

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

Devine Limited
Consolidated statement of cash flows
For the year ended 30 June 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		348,617	363,892
Payments to suppliers and employees (inclusive of goods and services tax)		(316,289)	(331,606)
Profit distributions received from joint ventures		4,045	11,527
Interest received		1,292	1,534
Interest paid		(11,507)	(15,834)
Income taxes received / (paid)		328	(1,969)
Net cash inflow from operating activities		26,486	27,544
Cash flows from investing activities			
Payments for property, plant and equipment		(922)	(1,159)
Payments for investments in joint ventures		(9,732)	(21,741)
Payments for investments in land inventory		(17,941)	(12,401)
Loans to joint ventures		(7,903)	(5,314)
Repayments of loans by joint ventures		-	2,327
Equity distributions received from joint ventures		19,773	22,343
Proceeds from sale of property, plant and equipment		-	54
Loans from joint ventures		10,131	-
Net cash (outflow) from investing activities		(6,594)	(15,891)
Cash flows from financing activities			
Proceeds from borrowings		124,544	114,875
Repayment of borrowings		(140,419)	(118,417)
Dividends paid to company's shareholders	4	(3,174)	(9,524)
Net cash (outflow) from financing activities		(19,049)	(13,066)
Net increase (decrease) in cash and cash equivalents		843	(1,413)
Cash and cash equivalents at the beginning of the financial year		20,143	21,556
Cash and cash equivalents at end of year		20,986	20,143

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

1 Summary of significant accounting policies

This general purpose condensed financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report. Accordingly, this report is to be read in conjunction with the Annual report for the year ended 30 June 2012 and any public announcements made by Devine Limited during the year ended 30 June 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report apart from the changes in accounting policies noted within Note 1(b).

(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) New accounting standards and interpretations

New Standards and amendments to Standards mandatory for the first time for the financial year beginning 1 July 2012 have been adopted. The adoption of the Standards had no material financial impact on the current period or any prior period and is not likely to affect future periods.

Certain new accounting Standards and Interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not yet been applied in the financial report. The Directors believe that these new or amended Standards and Interpretations would not have any material financial effect on the financial statements presented.

(c) Comparatives

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

2 Revenue

	2013 \$'000	2012 \$'000
<i>Revenue</i>		
Revenue from sale of properties	250,571	194,587
Revenue from construction activities for related joint ventures	52,997	112,095
Revenue from related joint ventures	7,505	7,183
	<u>311,073</u>	<u>313,865</u>
<i>Other revenue</i>		
Rent received	400	332
Interest received	3,390	3,994
Sundry income including sale of 50% interest in subsidiary (note 5(b))	2,349	4,641
	<u>6,139</u>	<u>8,967</u>
	<u>317,212</u>	<u>322,832</u>

3 Cost of properties sold and Expenses

	2013 \$'000	2012 \$'000
Expenses, excluding finance expenses, included in the statement of comprehensive income classified by function:		
Cost of properties sold	244,243	273,899
Other expenses	70,846	66,656
	<u>315,089</u>	<u>340,555</u>
Classification of these expenses by function:		
Cost of properties sold	244,243	273,899
Other expenses from ordinary activities		
Marketing and selling costs	31,151	29,070
Occupancy	3,239	2,500
Administration	24,544	24,201
Other	5,145	5,510
Land holding expenses	6,767	5,375
	<u>315,089</u>	<u>340,555</u>
Profit / (loss) before income tax includes the following specific expenses:		
<i>Inventory write-downs and impairment expenses of:</i>		
Write-down included in cost of properties sold	10,000	28,300
Write-down of inventory in joint venture entity	-	6,000
Total	<u>10,000</u>	<u>34,300</u>
<i>Depreciation</i>		
Plant and equipment	475	416
Display homes	462	194
Total depreciation	<u>937</u>	<u>610</u>
Employee benefit expenses	28,825	31,055
Finance expenses	6,840	7,012
Operating lease rental	496	628
Provision for bad debts	4	48

4 Dividends

(a) Ordinary shares

	2013 \$'000	2012 \$'000
Previous year final dividend paid in cash		
Fully franked based on tax paid @ 30% - 2 cents (2011: 4 cents) per share	3,174	6,349
Interim dividend paid in cash		
Fully franked based on tax paid @ 30% - 0 cents (2012: 2 cents) per share	-	3,175
Total dividends provided for or paid	<u>3,174</u>	<u>9,524</u>

(b) Dividends not recognised at the end of the reporting period

Since the end of the financial year Directors have not recommended the payment of a final dividend (2012: 2 cents).

The amount of the dividend proposed but not recognised as a liability at the end of the financial year is:

-	<u>3,175</u>
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(c) Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2012 - 30.0%)

<u>9,514</u>	<u>11,162</u>
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The above amounts represent the balance of the franking account as at the end of the financial year.

5 Interests in joint ventures

(a) Joint venture operations

At balance date, the Group had interests in a number of joint venture operations and these are listed below. Each joint venture is a resident in Australia and their principal activity is property development.

	Percentage interest held	
	2013	2012
Bacchus Marsh Joint Venture	50	50
Deer Park Joint Venture	50	50
Casey Fields Joint Venture	55	55
Henry Road Pakenham Joint Venture	50	50
Hallets Road Joint Venture *	-	50
Turrumurra Joint Venture	50	-

* Hallets Road Joint Venture was deregistered during the year ended 30 June 2013.

5 Interests in joint ventures (continued)

(b) Joint venture entities

At balance date, the Group had equity interest in a number of joint venture entities and these are listed below. Each joint venture is a resident in Australia and their principal activity is property development.

	Ownership interest %	
	2013	2012
Hamilton Harbour Unit Trust	50	50
Townsville City Project Trust	50	50
Riverina Estate Development Trust	50	50
VR Pakenham Trust	50	50
Kurunjang Development Trust	50	50
Wallan Project Trust	50	50
DoubleOne 3 Unit Trust **	50	-
Fallingwater Trust	15	15
Deep Blue Consortium Pty Ltd ***	-	45

** 50% of ownership of a previously wholly owned subsidiary, DoubleOne3 Unit Trust was sold to an external party on 25 June 2013. Devine's ownership of the unit trust was accounted as an equity accounted joint venture as at 30 June 2013.

*** Deep Blue Consortium Pty Ltd was deregistered during the year ended 30 June 2013.

(c) Contributions to joint ventures

As part of its business arrangements Devine enters into joint ventures with other parties. Current trading conditions have resulted in the renegotiation of some terms and conditions of these arrangements. No losses are anticipated from these renegotiations.

6 Contingencies

Contingent liabilities

The Group had contingent liabilities at 30 June 2013 in respect of:

(i) Guarantees

The Group has provided the following guarantees:

The Group and controlled entities have provided bank guarantees and surety bonds totalling \$36.0m at 30 June 2013 (2012: \$40.9m) relating to individual land developments and other aspects of the company's operations. The guarantees and bonds are secured by charges over the assets of the respective entities or indemnities. No liabilities are expected to arise.

The Group, together with its joint venture partner has provided financiers with performance guarantees in relation to leasing of a commercial property for a project. No liabilities are expected to arise.

The Group and its joint venture partners have provided guarantees for the performance of the joint ventures for debt totalling \$40.1m at 30 June 2013 (2012: \$28.2m). The debt is secured against assets of the joint ventures with a recorded value of \$105.9m and is to be repaid from the land sales of the joint ventures. No liabilities are expected to arise.

The Group also provides performance and financial guarantees for land acquisitions, construction and developments in the normal course of its business operations. No liabilities are expected to arise.

6 Contingencies (continued)

Contingent liabilities (continued)

(ii) Litigation

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

7 Segment information

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Managing Director and Chief Executive Officer and the Board.

(b) Operating segments

2013	Housing and Land \$'000	Development and Construction \$'000	Corporate / Other \$'000	Consolidated Total Continuing Operations \$'000
Total sales revenue	237,962	73,111	-	311,073
Interest revenue	618	999	1,773	3,390
Other revenue	174	2,572	3	2,749
Total segment revenue *	238,754	76,682	1,776	317,212
Operating segment result before write-down	3,822	8,303	(2,923)	9,202
Write-down of inventory (note 3)	-	(10,000)	-	(10,000)
Segment result	3,822	(1,697)	(2,923)	(798)
Profit / (loss) before income tax				(798)
Income tax benefit / (expense)				239
Profit / (Loss) for the year				(559)
Segment assets	437,524	81,876	24,967	544,367
Segment liabilities **	100,318	28,817	97,727	226,862
Other segment information				
Investments in joint ventures	15,773	37,544	-	53,317
Share of net profits of joint ventures	1,051	2,868	-	3,919
Depreciation and amortisation expense	454	238	245	937
Write-down of inventory	-	10,000	-	10,000

7 Segment information (continued)

(b) Operating segments (continued)

2012	Housing and Land \$'000	Development and Construction \$'000	Corporate / Other \$'000	Consolidated Total Continuing Operations \$'000
Total sales revenue	196,618	117,247	-	313,865
Interest revenue	440	1,798	1,756	3,994
Other revenue	903	4,056	14	4,973
Total segment revenue *	197,961	123,101	1,770	322,832
Operating segment result before write-down	(1,039)	21,876	(4,763)	16,074
Write-down of inventory (note 3)	(15,300)	(19,000)	-	(34,300)
Segment result	(16,339)	2,876	(4,763)	(18,226)
Profit / (loss) before income tax				(18,226)
Income tax benefit / (expense)				5,333
Profit/(Loss) for the year				(12,893)
Segment assets	407,877	130,840	30,644	569,361
Segment liabilities **	74,167	66,007	107,726	247,900
Other segment information				
Investments in joint ventures	12,064	50,380	-	62,444
Share of net profits of joint ventures	31	6,478	-	6,509
Depreciation and amortisation expense	365	48	197	610
Write-down of inventory	15,300	13,000	-	28,300
Write-down of inventory in joint ventures	-	6,000	-	6,000
Total	15,300	19,000	-	34,300

* Revenue of \$45.8m (2012: \$99.2m) representing Devine's share from the settlement of apartments at the Hamilton Harbour project is not included in this figure. This revenue is recognised directly within the Hamilton Harbour joint venture entity and accounted for by Devine on a net basis through the share of profits of equity accounted joint ventures. Revenues of \$53.0m (2012: \$112.1m) have been included in revenue as derived from the construction of the Hamilton Harbour project. These revenues are attributable to the Development and Construction segment.

** Corporate liabilities reflect borrowing by the Group which is made available to operating divisions as required to fund operations (excluding specific project funding).

(c) Segment information provided to the senior executive management team

The Company operates in only one geographic segment; Australia.

8 Earnings per share

(a) Basic and diluted earnings per share

	2013 Cents	2012 Cents
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	<u>(0.4)</u>	<u>(8.1)</u>

(b) Reconciliation of earnings used in calculating earnings per share

	2013 \$'000	2012 \$'000
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	<u>(559)</u>	<u>(12,893)</u>

(c) Weighted average number of shares used as denominator

	2013 Number	2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	158,730,556	158,730,556
Adjustments for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>158,730,556</u>	<u>158,730,556</u>

Options granted to employees are only included in the determination of diluted earnings per share to the extent they are considered potentially dilutive.

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.

9 Events occurring after the reporting period

There have been no significant events which have occurred post 30 June 2013.