Directors' Comments
Half-Year Ended 31 December 2010

DEVINE LIMITED – 2011 HALF YEAR RESULTS

24 February 2011

The Directors of Devine Limited announce a net profit after tax from operations of $9.5 million for the half-year ended 31 December 2010. This result represents a substantial turnaround on the $1.2 million profit after tax reported for the corresponding period last year. Key outcomes of the half-year result are:

- Net profit after tax $9.5 million representing earnings per share (EPS) of 1.5 cents (last year 0.3 cents)
- Positive operating cashflow of $41.5 million for the six months to December
- Gearing (Net Debt / Total Assets) remains low at 26.8% (December 2009, 39.5%)
- Net Tangible Assets per share (NTA) 53.0 cents
- Substantial growth and future earnings secured with the addition of more than 4,300 lots to backlog

Directors have declared an interim dividend of 1.0 cent per share fully franked (interim dividend last year, Nil) with this to be paid on 31 March 2011.

Operating Highlights

Key highlights for the half-year ending 31 December 2010 and up to the date of this report:

- 929 allotment settlements in the 6 months to 31 December 2010 (968 to December 2009)
- Housing site starts up 46% to 657 for the 6 months to December 2010 (451 to December 2009)
- Continued replenishment of the company's residential pipeline with acquisitions of land in the growth corridors of Brisbane, Melbourne and Adelaide. These will yield in excess of 4,300 lots when developed.

- Optimising the use of Devine's capital and in keeping with the company's strategy, these acquisitions have occurred using a variety of capital efficient structures.

- Acquisition of a future development site in the inner-city suburb of Teneriffe in Brisbane which will yield approximately 107 apartments.

- An increase in the company's evergreen core debt facility and negotiating a further extension of the maturity date for the facility out to July 2013 (previously July 2012).

- Devine Constructions on schedule with the construction of the first two residential towers of the Hamilton Harbour development.

- The successful launch in January 2011 of a refresh of the "Devine" brand.

Results Summary

A summary of the financial results for the half-year ended 31 December 2010 is shown in the table below.

	Half-Year Ended	
	Dec. 2010	**Dec. 2009**
Net Profit After Tax	$9.5m	$1.2m
EPS Basic	1.5 cents	0.3 cents
EPS Diluted	1.5 cents	0.3 cents
Interim Dividend – (Fully Franked)	1.0 cent	Nil

Board Changes

Mr. Travis Young joined the Devine Limited Board as a non-executive Director in November 2010. Mr. Young has had extensive experience in a variety of senior financial roles with Leighton Holdings over more than 30 years. Mr. Young was appointed under the terms of an agreement reached with Leighton Holdings and his appointment will add further diversity to the Devine Board and further strengthen the relationship between Devine and its largest shareholder.

Market & Strategy

As reflected in the trading statistics for the December 2010 half-year, sales of residential allotments on Devine's communities remained strong for the period albeit with market conditions varying in different locations. As stocks of developed land remain under tight supply in most markets, Devine is confident that targeted sales rates will be achieved.

The owner occupier market for housing remained subdued for most of the December 2010 half and into January 2011. There is however some signs emerging that the market is recovering with enquiry levels showing improvement. The investor market has remained reasonably buoyant over the same period.

The Devine Board and senior management have recently completed a review of the strategy for the Devine Group. This review reaffirmed that the company will continue to focus on the residential property markets across key growth corridors within Australia. The company will continue to create residential communities, deliver residential homes and develop a variety of residential and mixed-use apartment projects in those key markets.

Outlook

The carry-in to the June 2011 half of land sales yet to settle and the backlog of housing sales yet to commence or be completed will underpin revenue for this period. Directors have maintained the profit guidance given at the company's AGM in October 2010; that is for a profit after tax for the 2010/11 year in the range of $20 million to $22 million.

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