



Directors' Comments

Half Year Ended 30 June 2017

9 August 2017

The Directors of Devine Limited (Devine) announce the following results for the half year ended 30 June 2017:

	Six month period ended	
	June 2017 (\$'millions)	June 2016 (\$'millions)
Net loss before tax ¹	(13.0)	(27.2)
Net loss after tax ¹	(13.0)	(28.6)
Total revenue	31.1	113.1
Net Tangible Assets - \$ per share	\$1.00	\$1.14
EPS – cents per share	(8.2) cents	(18.0) cents

Review of operations

The loss before tax and the decline in revenue for the six months to 30 June 2017 are due primarily to the completion of projects in the construction business and the closure of the housing business.

During the period to June 2017 Devine recorded the following outcomes:

- Extension of the expiry date of the primary debt facility (ANZ Multi-Option Facility) from 31 March 2017 to 31 March 2018.
- Balance sheet gearing² level of 15.7%;
- Discontinuation of the wholesale and integrated housing business. All remaining integrated and medium density housing contracts were completed and settled.
- Land settlements of 99 allotments, with 78% of the full year settlement forecast either completed or secured and subject to contract.
- Introduction of a new joint venture partner in the Stonehill Project, Victoria.
- Completion and settlement of Mode Apartments, enabling the repayment of the construction funding facility. At the date of this report 55 apartments remain for sale.

¹ Includes losses from discontinued operations. Refer note 7 in the 30 June 2017 Interim Report.

² Gearing is defined as (interest bearing & non-interest bearing debt – cash held) / (total assets – cash held)

- Devine Constructions completed construction of all projects and completed the majority of defects notified during the defects liability period.

Financing Facilities

During the period, Devine continued to keep the market informed of its ability to satisfy its banking covenants and its relationship with primary lender, ANZ Banking Group (ANZ).

As announced in March this year, ANZ has agreed to extend the expiry date of Devine's Multi-option Facility and covenants testing date to 31 March 2018. Devine and ANZ will continue to work together to achieve a mutually acceptable outcome in relation to the ANZ Multi-Option Facility by 31 March 2018.

Outlook

Devine is implementing actions to preserve shareholder value for the medium to long term and is committed to providing a sustainable platform for the company.

In addition to the items above, Devine has prepared and submitted a number of contractual and insurance claims in relation to completed construction projects. The claims are a major focus for management and may take at least nine months to resolve. The receipts from these claims will be applied to debt. This will enable Devine to re-focus on its development businesses and use development funding to deliver projects and future returns.

These Directors' Comments form an integral part of the Directors' Report within the half year ended 30 June 2017 financial report.

Contact:

James Mackay
CFO and Company Secretary
Devine Limited
Ph: (07) 3608 6302