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Notice is given that the Annual General Meeting of Devine Limited ('Company') will be held at the Customs House, 399 Queen Street Brisbane, on Friday 28 October 2011 at 10.30 am (Brisbane time).

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Devine Limited (**Company**) will be held at the Customs House, 399 Queen Street, Brisbane, on **Friday 28 October 2011 at 10.30 am (Brisbane time)**.

AGENDA

1. ORDINARY BUSINESS

1.1 Financial statements and reports

To receive and consider the financial statements and reports of the Directors and the Auditors for the year ended 30 June 2011.

1.2 Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following ordinary resolution:

‘That the Remuneration Report as contained in the Directors’ report section of the Company’s 2011 Annual Report, be adopted’.

Note: This resolution shall be determined under section 250R(2). Votes must not be cast on this resolution by key management personnel and closely related parties in contravention of section 250R or 250BD of the Corporations Act. Restrictions apply to votes cast as proxy unless exceptions apply.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

1.3 Resolution 2 — Election of Director — Mr Travis Young

To consider and, if thought fit, to pass the following ordinary resolution:

‘That, having been appointed a Director by the Company’s Board effective from 23rd November 2010 and in accordance with Article 67 of the Company’s Constitution, and Listing Rule 14.4 Mr Travis Young, being eligible, be elected as a Director of the Company’.

Information about the candidate is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting.

The Directors (with Mr Travis Young abstaining) recommend that you vote in favour of this resolution.

1.4 Resolution 3 — Re-election of Director — Mr Douglas Ridley

To consider and, if thought fit, to pass the following ordinary resolution:

‘That, Mr Douglas Ridley, who retires by rotation in accordance with Article 79 of the Company’s Constitution and Listing Rule 14.4 and being eligible, be re-elected as a Director of the Company’.

Information about the candidate is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting.

The Directors (with Mr Douglas Ridley abstaining) recommend that you vote in favour of this resolution.

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1.5 Resolution 4 — Re-election of Director — Mr Richard Parris

To consider and, if thought fit, to pass the following ordinary resolution:

‘That, Mr Richard Parris, who retires by rotation in accordance with Article 79 of the Company's Constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director of the Company’.

Information about the candidate is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting.

The Directors (with Mr Richard Parris abstaining) recommend that you vote in favour of this resolution.

1.6 Resolution 5 — Re-election of Director — Mr Vyril Vella

To consider and, if thought fit, to pass the following ordinary resolution:

‘That, Vyril Vella, who retires by rotation in accordance with Article 79 of the Company's Constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director of the Company’.

Information about the candidate is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting.

The Directors (with Mr Vyril Vella abstaining) recommend that you vote in favour of this resolution.

1.7 Resolution 6 — Approval of issue of Options to Mr David Keir

To consider and, if thought fit, to pass the following ordinary resolution:

‘That, in accordance with Listing Rule 10.11 and Chapter 2E.1 Corporations Act and for all other purposes, approval be given to approve the issue of Options to the Company's Managing Director and CEO, Mr David Keir, under the Long-term Incentive Plan issued pursuant to the terms of the Employee Share Plan’.

Note: approval is not required under Listing Rule 7.1 if approval is given under Listing Rule 10.11.

Further information about the proposal is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting.

The Directors (with Mr David Keir abstaining) recommend that you vote in favour of this resolution.

NOTICE OF ANNUAL GENERAL MEETING

1.8 Resolution 7 — Approval of Share consolidation

To consider and, if thought fit, to pass the following ordinary resolution:

‘That, for the purposes of section 254H of the Corporations Act and Listing Rules 7.20 and 7.22 and for all other purposes, the issued capital of the Company be consolidated on the basis that every four (4) ordinary Shares be consolidated into one (1) ordinary Share and, where the number of Shares held by a Shareholder as a result of that consolidation results in a fraction of a Share being held by a Shareholder, that fraction is rounded up to the nearest whole Share, and the Options being adjusted in accordance with the consolidation as set out in the Explanatory Notes, with the consolidation taking effect on the date announced to the ASX in accordance with the requirements of the Listing Rules’.

Further information about the proposal is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting.

The Directors recommend that you vote in favour of this resolution.

2. SPECIAL BUSINESS

2.1 Resolution 8 — Adoption of replacement Constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

‘That in accordance with section 136(2) of the Corporations Act, the Company repeal the Company’s existing Constitution and replace it with a New Constitution which complies with the Corporations Act and the Listing Rules’.

Further information about the proposal is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting.

The Directors recommend that you vote in favour of this resolution

DATED 22nd day of September 2011.

By Order of the Board



Vivian N Grayson
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING

NOTES

- (a) Subject to the Corporations Act, including sections 250R and 250BD, a member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form. To be effective the proxy must be received at the share registry of the Company, Computershare Investor Services no later than 10.30am (Brisbane time) Wednesday 26 October 2011.
- (d) If voting by attorney, a proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 10.30am (Brisbane time) on 26 October 2011.
- (e) A corporation may elect to appoint a corporate representative in accordance with section 250D of the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.
- (f) The Company has determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, Shares will be taken to be held by those persons recorded in the Company's register of members as at 7.00pm (Brisbane time) on 26 October 2011.
- (g) If more than one joint holder of Shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.
- (h) If you have any queries on how to cast your votes then call the Company Secretary on (07) 3380 2531 during business hours.

Proxies must be received **before 10.30am (Brisbane time) on 26 October 2011** by one of the following methods:

By post: Computershare Investor Services Pty Limited
 GPO Box 242
 Melbourne VIC 3001

By facsimile: In Australia 1800 783 447
 From outside Australia + 61 3 9473 2555

Online: by visiting www.investorvote.com.au and logging in using the control number found on the front of your accompanying proxy form.

Intermediary Online subscribers (Institutions/Custodians) may lodge their proxy instruction online by visiting www.intermediaryonline.com.

The Company reserves the right to declare invalid any proxy not received in this manner.

NOTICE OF ANNUAL GENERAL MEETING

VOTING EXCLUSION STATEMENT

Corporations Act

Resolution 1 - The Company will disregard votes cast by a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a closely related party of such a member, in contravention of section 250R or 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

Resolution 6 – The Company will disregard votes by Mr David Keir or his associates in contravention of section 224 of the Corporations Act. The Company will disregard votes cast by Key Management Personnel or their closely related parties in contravention of section 250BD of the Corporations Act. Restrictions also apply to votes cast as proxy unless exceptions apply.

Listing Rules

In accordance with Listing Rules 14.11, the Company will disregard any votes cast on each resolution (as applicable) by:

Resolution 6 – Approval of issue of Options to Mr David Keir.	Mr David Keir (or his nominees) and his associates.
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However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form.

Further details regarding proxy voting are set out in the proxy form accompanying this Notice of Meeting.

EXPLANATORY NOTES

1. ORDINARY BUSINESS

The Explanatory Notes have been prepared to assist Shareholders with their consideration of the resolutions to be put to the Annual General Meeting to be held on Friday 28 October 2011.

Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the Auditor's report and the financial report be laid before the AGM. In addition, the Company's Constitution provides for such reports and statements to be received and considered at the meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders at the AGM on such reports or statements, however Shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

In addition to asking questions at the meeting, Shareholders may address written questions to the Chairman about the management of the Company, or to the Company's Auditor which are relevant to:

- (a) the content of the Auditor's Report to be considered at the meeting; or
- (b) the conduct of the audit of the annual financial report to be considered at the meeting.

Pursuant to section 250PA of the Corporations Act, any written questions must be submitted to the Company Secretary on or before 5:00 pm (Brisbane time) on Friday 21 October 2011 to:

By post:

The Company Secretary
Devine Limited
PO Box 2181
Logan City DC QLD 4114

By fax:

The Company Secretary
(07) 3380 2593

1.1 Resolution 1 – Adoption of Remuneration Report

The Corporations Act requires that members be asked to vote on the Remuneration Report contained in the Directors' Report set out at pages 30 to 36 in the Annual Report.

This report sets out the remuneration policy of the Company and reports on the remuneration arrangements in place for Non-Executive Directors, Executive Directors and the Group's Senior Executives.

Note that under section 250R(3) of the *Corporations Act 2001*, the vote by members is advisory only and is not binding on the Directors or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, make no recommendation regarding this resolution.

EXPLANATORY NOTES

1.2 Resolution 2 – Election of Director – Mr Travis Young

Mr Travis Young, a non-executive Director, was appointed to this role on 23 November 2010. In accordance with Article 67 of the Constitution, and consistent with Listing Rule 14.4 the Board may appoint a person as a Director and that person may hold office until the next AGM of the Company when that person is eligible for election as Director by Shareholders. These provisions reflect the requirements of Listing Rule 14.4.

Resolution 2 proposes the election of Mr Young as Director of Devine. If elected under Resolution 2, Mr Young will then be subject to the director rotation provisions under the Constitution.

Mr Travis Young (Non-Executive Director)

Mr Young has more than 30 years experience in the property and construction industry since joining Leighton in 1977. He held the position of Executive General Manager, Financial and Administration from 2003 until his appointment to his current role as Deputy Chief Financial Officer for the Leighton Group in December 2009. He completed his tertiary education in Business Studies at the University of Technology, Sydney. Mr Young was appointed to the Devine Board by Leighton as their third nominated Director on the Devine Board under the terms of agreement associated with Leighton's participation in the March 2010 capital raising. His appointment was effective from 23rd November 2010.

Directors' Recommendation

The Directors (with Mr Travis Young abstaining), recommend the appointment of Mr Travis Young to the Devine Board.

1.3 Resolution 3 – Re-election of Director – Mr Douglas Ridley

Douglas Ridley, the non-executive Chairman, retires in accordance with Article 79 of the Constitution and is standing for re-election at the AGM as the non-executive Chairman of Devine. Under Article 79, no less than one-third of the Directors (other than any Managing Director) must retire from office at each AGM. These provisions reflect the requirements of Listing Rule 14.4.

The Directors who must retire pursuant to Article 79 are the Directors or Director longest in office since last being elected. As between Directors who were elected on the same day, the Directors to retire are (in default of agreement between them), to be determined by ballot. A retiring Director is eligible for re-election.

Mr Douglas Ridley (Chairman)

Mr Doug Ridley is a former senior executive of AV Jennings having been with that company for 34 years, 6 years of which as Chief Executive Officer. Mr Ridley has extensive experience in the Housing Industry and since leaving AV Jennings, his company has provided consulting services to a number of companies allied to the industry. He is currently the Chairman of Bradcorp Holdings Pty Ltd. Doug Ridley was first appointed as a Director of Devine on 1 January 1999.

Directors' Recommendation

The Directors, (with Mr Douglas Ridley abstaining), recommend the reappointment of Mr Douglas Ridley to the Devine Board.

EXPLANATORY NOTES

1.4 Resolution 4 – Re-election of Director – Mr Richard Parris

Mr Richard Parris, a non-executive Director, is retiring in accordance with Article 79 of the Constitution and is standing for re-election at the AGM as a non-executive Director of Devine. Under Article 79, no less than one-third of the Directors (other than any Managing Director) must retire from office at each AGM. These provisions reflect the requirements of Listing Rule 14.4.

The Directors who must retire pursuant to Article 79 are the Directors or Director longest in office since last being elected. As between Directors who were elected on the same day, the Directors to retire are (in default of agreement between them), to be determined by ballot. A retiring Director is eligible for re-election.

Mr Richard Parris (Non-Executive Director)

Mr Rick Parris is a Quantity Surveyor who was formerly Queensland Manager of the Lend Lease Property Group. He has extensive property experience in both the public and private sectors and is an Honorary Ambassador for the City of Brisbane. Rick Parris was first appointed as a Director of Devine on 21 October 1993.

Directors' Recommendation

The Directors (with Mr Richard Parris abstaining), recommend the reappointment of Mr Richard Parris to the Devine Board.

1.5 Resolution 5 – Re-election of Director – Mr Vyril Vella

Mr Vyril Vella, a non-executive Director, is retiring in accordance with Article 79 of the Constitution and is standing for re-election at the AGM as a non-executive Director of Devine. Under Article 79, no less than one-third of the Directors (other than any Managing Director) must retire from office at each AGM. These provisions reflect the requirements of Listing Rule 14.4.

The Directors who must retire pursuant to Article 79 are the Directors or Director longest in office since last being elected. As between Directors who were elected on the same day, the Directors to retire are (in default of agreement between them), to be determined by ballot. A retiring Director is eligible for re-election.

Mr Vyril Vella (Non-Executive Director)

As the former Managing Director of Leighton Properties, Mr Vyril Vella was responsible for the property development activities of the Leighton Group and has over 40 years experience in the property development and construction industry. After completing multiple degrees in science and engineering he worked for a short time in engineering design before joining Leighton Contractors in 1974, rising to the position of General Manager, NSW and ACT and a Director of the company. In 1988 he was appointed to the position of Managing Director of Leighton Properties and an Associate Director of Leighton Holdings, positions he held until his retirement in June 2007.

During his tenure he brought a more focused and commercial approach to the Group's property development activities. Mr Vella holds a Bachelor of Science (Syd), Bachelor of Engineering, Honors 1 (Syd), Master of Engineering Science (NSW), and is a Fellow of the Institution of Engineers and a Fellow of the Australian Institute of Company Directors. Mr Vella is also a Director of Macmahon Holdings. Vyril Vella was first appointed as a Director of Devine on 26 April 2007.

EXPLANATORY NOTES

Directors' Recommendation

The Directors (with Mr Vyril Vella abstaining), recommend the reappointment of Mr Vyril Vella to the Devine Board.

1.6 Resolution 6 – Approval of issue of Options to Mr David Keir

Resolution 6 seeks Shareholder approval for the issue of Options to Mr David Keir, the number of which will be calculated in accordance with a formula (described below). The terms of Mr Keir's appointment as Managing Director and CEO entitle him to participate in the Company's Long Term Incentive (**LTI**) scheme and to receive Options which may be exercised subject to certain performance hurdles being achieved by the Company.

A summary of the terms on which the Options will be issued is set out in the table below.

The Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied. These are summarised below:

Regulatory Requirements – Listing Rule 10.11

Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party of Devine. Mr Keir is a Director and therefore a 'related party' of the Company. Accordingly, approval for the issue of Options to Mr Keir is required under Listing Rule 10.11.

Pursuant to Listing Rule 7.2, exception 14, approval under Listing Rule 7.1 is not required where approval is obtained under Listing Rule 10.11. The issue of Options to Mr Keir will not be included in the 15% calculation for the purposes of Listing Rule 7.1 if approval is obtained under Listing Rule 10.11.

Regulatory Requirements – Listing Rule 10.13

The following information is provided in compliance with the requirements of Listing Rule 10.13:

- (a) the Options will be issued to Mr David Keir;
- (b) the number of Options to be issued will be calculated in accordance with the following formula:
 - 50% of Total Fixed Remuneration Package (**TRP**) divided by the volume weighted average price (**VWAP**) of Devine Limited's Shares in the 5 trading days up to and including the date of grant (**Exercise Price**).
 - The resultant number is then rounded up to the nearest 1,000 Options.
 - The Total Fixed Remuneration Package for the 2011/12 financial year is \$800,000.

Example calculation of Options assuming VWAP of \$0.2414 and TRP of \$800,000:

$$= (\$800,000 / 2) / \$0.2414 = 1,657,000 \text{ Options (after rounding)}$$

- (c) the Options will be issued no later than one month after the date of the AGM;
- (d) no funds will be raised from the issue of the Options; and
- (e) the Options will be granted on the terms summarised in the table below.

Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions to the section apply or Shareholders have in a general meeting approved the giving of that financial benefit to the related party.

The issue of the Options to Mr Keir proposed under Resolution 6 constitutes a 'financial benefit', as defined in the Corporations Act, to a 'related party' of the Company, which is defined under the Corporations Act to include a Director. Accordingly, the proposed issue of Options to Mr Keir is a financial benefit to a related party of the Company.

It is the view of the Directors (Mr Keir abstaining) that the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances.

The Directors have determined it is appropriate to seek Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Options to Mr Keir.

Sections 217 to 227 of the Corporations Act

The Company provides the following information regarding the proposed financial benefit to be given to Mr Keir, for the purposes of Sections 217 to 227 of the Corporations Act:

Information required	Disclosure
Identity of the related party to receive the benefit	Mr David Keir
Nature of the financial benefit	Options in Devine which will be issued on the terms summarised in this table. The number of Options to be issued will be calculated in accordance with the following formula: <ul style="list-style-type: none"> 50% of Total Fixed Remuneration Package divided by the volume weighted average price of Devine Limited's Shares in the 5 trading days up to and including the date of grant (Exercise Price). The resultant number is then rounded up to the nearest 1,000 Options. The Total Fixed Remuneration Package is \$800,000 per annum comprising salary, superannuation contributions and fringe benefits. Where remuneration is made by way of a fringe benefit, the cost to the Company of the applicable fringe benefits tax is paid by the executive.
Reasons for giving this financial benefit	The Directors provide the following reasons for proposing to issue the Options to Mr Keir: <ul style="list-style-type: none"> the Company wishes to maximise the use of its cash resources towards the Company's development and equity based incentives such as Options are used to supplement cash based remuneration; equity based incentives are also a cost effective and efficient mechanism for incentivising compared to other forms of incentive, for example cash bonuses; equity based incentives, such as Options, assist in the alignment of Shareholders' and Directors' interests; the issue of Options is designed to reward the Managing Director and Chief Executive Officer for performance beyond the requirements of their ordinary role and in the interests of retaining a suitably qualified person to fill that role;

	<ul style="list-style-type: none"> the Company believes the nature of the Options package proposed is commensurate with market practice. On this basis, the Company believes the giving of the benefits, as constituted by the issue of the Options, is in the best interests of the Company and its Shareholders.
Terms of the Options	<p>The principal terms of the Options are summarised as follows:</p> <p>Vesting Period</p> <ul style="list-style-type: none"> 50% of the Options vest on the third anniversary of the date of grant; The remaining 50% of the Options vest on the fourth anniversary of the date of grant. <p>Performance Hurdles</p> <ul style="list-style-type: none"> 50% of the Options can be exercised if the options have vested and if either of the following two performance hurdles are achieved: <ul style="list-style-type: none"> growth in Shareholder returns (defined as growth in share price plus dividends reinvested) exceeds the growth in the S&P/ASX Small Ordinaries Accumulation Index; or achievement of targeted Earnings Per Share or EBITDA as set in the business plan. In order to be able to exercise 100% of the Options, both of the above performance hurdles must be achieved. <p>General terms</p> <ul style="list-style-type: none"> Each Option is exercisable at the Exercise Price, calculated as the volume weighted average price of Devine Limited's Shares in the 5 trading days up to and including the date of grant; The Options will not be quoted. Upon exercise of the Options, Devine will apply to ASX for the Shares thereupon issued (on a 1:1 basis) to be granted quotation. Such Shares will rank equally from the date of issue with all other Shares on issue; The rights of the holder of the Options will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation; The Options do not entitle the holder to participate in any new issues by the Company without exercising the Options; The Options do not confer on the holder any rights to a change in the exercise price of the Options or a change to the number of underlying securities over which the Options can be exercised except: <ul style="list-style-type: none"> in the case of a pro rata issue to the holders of shares (except a bonus issue) in which case the exercise price of each Option shall be reduced in accordance with the formula contained in Listing Rule 6.22.2; and in the case of a bonus issue to the holders of Shares, in which case the number of Shares over which each Option is exercisable shall be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue; and The Options are not transferable.

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Directors' recommendation and director's interest	<p>The Directors (Mr Keir abstaining), who do not have a material personal interest in the outcome of the resolution, recommend that Shareholders vote in favour of the resolution as they are of the view that the issue of Options to Mr Keir is appropriate to provide him with an incentive to maximise returns to Shareholders. The Directors (Mr Keir abstaining) considered Mr Keir's experience, the current market price of the Shares and current market practice when determining the number and exercise price of the Options to be issued to Mr Keir.</p> <p>Mr Keir declined to make a recommendation in relation to the resolution due to the fact that he has a material personal interest in its outcome and also abstained from voting on the item of business at the relevant board meeting at which it was considered. An appropriate voting exclusion statement has been included in this Notice of Meeting.</p>
Valuation of the financial benefit	<p>Notwithstanding the fact the number of Options to be issued is not accurately known, for illustrative purposes, the Company has assumed 1,657,000 Options and has calculated the valuation based on this number of Options.</p> <p>The Options have been valued using a Monte Carlo simulation with a binomial tree option pricing model and based upon the following assumptions:</p> <ul style="list-style-type: none"> the Options expire on 1 July 2016 and are all exercisable at \$0.2414 per Share; the average closing market price of the Shares for the 12 month period prior to the time the Company agreed to issue the Options was \$0.269; an annual common volatility factor of 44.4%; an interest rate of 4.96%; and the valuation date for the Options is 1 July 2011. A dividend yield of 8.7% <p>Based on the above, the Options have been valued at \$0.0636 each.</p> <p>The Company is of the view that the Monte Carlo simulation with a binomial tree option pricing model is a commonly used methodology for valuing Options and is appropriate in the circumstances. The valuation ascribed to the Options may not necessarily represent the value of the Options at the date of the issue however.</p>
Director's total remuneration package	<p>Mr Keir currently receives the following emoluments for his position as Managing Director and Chief Executive Officer (FY2010/11):</p> <p>\$1,225,384 per annum comprising salary, superannuation contributions short and long term incentive payments. Where remuneration is made by way of a fringe benefit, the cost to the Company of the applicable fringe benefits tax is paid by the executive.</p> <p>While the value of Mr Keir's total remuneration package for FY2011/2012 cannot be determined at this stage because the quantity of short and long term incentive payments is not known, the total remuneration for FY2011/2012 is anticipated to be similar to the FY2010/2011 year, with Mr Keir's base salary being \$800,000.</p>
Director's current interests in the Company	<p>Mr Keir (and his associates) currently have interests in the following:</p> <ul style="list-style-type: none"> 70,000 Shares; and 1,400,000 Options.
Dilution effect of the Options on existing Shareholders' interests	<p>If Shareholders approve the Resolution, and all Options issued to Mr Keir are exercised, the effect will be to dilute the shareholding of existing Shareholders by an equivalent amount which, assuming for the example purposes the number of Options issued is 1,657,000, the dilution effect will be approximately 0.26% on an undiluted basis based on the number of Shares on issue as at the date of this Notice (assuming 634,918,223 Shares on issue).</p>

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	The market price for Shares during the term of the Options would normally determine whether or not Mr Keir exercises his Options. If, at the time any of the Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company. The amount of the subscription monies that the Company will receive on exercise of the Options cannot be determined as at the date of the Notice of Annual General Meeting.
Other information	The Directors are not aware of any further information that Shareholders should consider before making a decision to vote on this Resolution.

1.7 Resolution 7 – Consolidation of Shares

Legislative requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number. Similarly Article 40 of the Company's constitution allows the Company to alter its share capital provided a resolution to that effect is passed by members at a general meeting by way of an ordinary resolution.

Listing Rule 7.20 provides that if an entity proposes to reorganise its capital, it must advise shareholders of certain matters, which are set out in these Explanatory Notes.

Background

Shareholder approval is sought to consolidate the Company's Shares by converting every four (4) pre-consolidation Shares into one (1) post-consolidation Share with any fraction resulting from dividing the number of Shares held by a Shareholder by four (4) being rounded up to the next whole Share.

The Company has 634,918,223 Shares on issue (as at the date of this Notice of Meeting), constituting a market capitalisation of approximately \$159 million, assuming a Share price of \$0.25 (the Share price at closing on 30 June 2011). The Company also has 4,653,000 unquoted Options on issue as at the date of this Notice of Meeting.

The following table, which utilises the number of Shares on issue at the date of this Notice of Meeting, illustrates the possible impact of the consolidation on the Company's capital structure.

Consolidation basis (4:1)	Pre-consolidation	Post Consolidation
Total Shares on issue	634,918,223	158,729,556
Share price	\$0.25	\$1.00
Market capitalisation	\$159 million	\$159 million
Total Options on issue (see below)	4,653,000	1,163,250

The actual number of Shares post consolidation may vary depending upon the number of any Options exercised between the date of this Notice of Meeting and the date upon which the consolidation occurs.

Rationale for the consolidation

The Directors believe that the consolidation of the Company's Shares is in the best interests of the Company. In particular, the Directors are of the opinion that the large number of Shares imposes a number of disadvantages on the Company, including:

- negative perceptions associated with a low share price;

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- that, in having a large number of Shares on issue, the Company's price per Share is lower than comparable companies for reasons other than valuation;
- precluding investment from institutional or foreign investors who may be limited by their mandates from investing in securities.

Consolidation

The Directors propose to consolidate all of the Shares on issue on a 4 to 1 basis under section 254H of the Corporations Act. The practical effect of the consolidation will be that for each four (4) Shares held, the Shareholder will hold one (1) Share post consolidation.

For example, if you held 12,000 Shares before the consolidation, you would hold 3,000 Shares after the consolidation, and the Company's Share price (all things being equal) will increase to reflect the consolidation and the smaller number of Shares on issue.

Whilst the consolidation involves the reduction of the number of securities on issue, it does not involve a return of capital to Shareholders. Accordingly, there is no direct impact on Devine's market capitalisation or book value of paid up capital.

The consolidation will not affect the voting entitlements or percentage interests currently held by Shareholders, nor will it affect the value of the total parcel of Shares they hold, albeit the number will be smaller and the price per Share will be greater.

If the resolution is approved by Shareholders, the number of Shares on issue will be reduced by a ratio of four to one Shares, subject to rounding.

Options post consolidation

The Company has a number of unquoted Options on issue which were issued in tranches with differing terms. In accordance with Listing Rule 7.22, these Options will be consolidated on the same basis as the Shares. That is, every four (4) Options will be consolidated into one (1) Option. The exercise price of the Options post consolidation will be amended in inverse proportion to the consolidation ratio. Accordingly, the exercise price will be increased by a factor of four (4).

An example based upon the number of Options on issue at the date of this Notice of Meeting is set out below and which shows the effect of the consolidation on the number and exercise price of the Options:

Expiry date	Pre-consolidation		Post Consolidation	
	Number	Exercise Price \$	Number	Exercise Price \$
06.03.2012	500,000	\$0.463	125,000	\$1.852
06.09.2016	161,000	\$0.972	40,250	\$3.888
02.07.2017	233,000	\$1.306	58,250	\$5.224
01.07.2018	439,000	\$0.7879	109,750	\$3.152
01.07.2015	3,320,000	\$0.235	830,000	\$0.940

Rounding

Where any security holder has a holding which is not a multiple of four (4) and would otherwise result in a fractional entitlement post consolidation, the Company proposes to round up that fractional holding to the next whole Share or Option (as the case may be).

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Holding Certificates

Upon the consolidation being approved at the AGM and being implemented in accordance with the timetable, the Company's share registry will issue Shareholders with updated holding certificates showing their post consolidation holdings.

Taxation

The conversion of all of the Company's issued Shares into a smaller number of Shares, by consolidating them by a ratio of 4:1, does not give rise to a capital gains tax (CGT) event or immediate CGT consequences for Shareholders. The cost base for Shareholders of their original Shares will be allocated to the consolidated Shares, so that the total cost base of each Shareholder's holding will remain unchanged (though the relative cost base of each Share will notionally represent the cost base of four (4) pre consolidation Shares).

Shareholders are urged to seek their own tax and accounting advice on the implications of the consolidation for their particular circumstances. Neither the Company nor the Directors nor the share registry or other advisers to the Company accept any responsibility or liability for the individual taxation (and accounting) implications arising from the consolidation.

Indicative timetable

The Listing Rules require the Company to maintain an orderly market in its securities. To ensure as far as possible an orderly market in its securities if the share consolidation resolution is passed, it is anticipated that the following timetable will apply in the consolidation of the Company's securities.

No.	Event	Date	Business Day
1	Date of AGM and ASX announcement confirming the share consolidation was approved (assuming Resolution 7 approved at AGM).	28.10.2011	Day 0
2	Last day for trading in pre consolidation shares will be the next business day (i.e. Day 1) and end on close of trade that day.	31.10.2011	Day 1
3	Trading in the post consolidation shares on a deferred settlement date basis starts. (Note: the ASX Share code will change during this period).	02.11.2011	Day 2
4	Last date to register transfers on a pre-consolidation basis.	08.11.2011	Day 6
5	First day for new holding certificates to be sent to Shareholders.	09.11.2011	Day 7
6	Despatch date. Deferred settlement ends.	15.11.2011	Day 11
7	Last day for new holding certificates to be sent to Shareholders.	15.11.2011	Day 11
8	ASIC form 2205 lodged with ASIC recording the Share consolidation resolution was approved.	15.11.2011	Day 11
9	ASX formally notified of share capital (fully paid Shares on issue and Options following the share consolidation resolution being approved).	15.11.2011	Day 11

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of this resolution.

EXPLANATORY NOTES

2. SPECIAL BUSINESS

2.1 Resolution 8 – Adoption of Replacement Constitution

The Company proposes to put to Shareholders a resolution to repeal and replace the Company's Constitution.

The Old Constitution was adopted prior to 2001. The New Constitution is a standard form constitution appropriate for a public company which reflects the present corporations law as embodied in the Corporations Act.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. As there have been a number of changes to the corporations law since the adoption of the Old Constitution, the Directors believe that it is preferable in the circumstances to repeal the existing document and replace it with a new constitution rather than to amend and insert specific updates.

The proposed New Constitution is broadly consistent with the provisions of the Old Constitution. However, as noted there are some differences to accommodate for changes in law since the Old Constitution was adopted.

A number of amendments are also proposed in the New Constitution to ensure it is as clear and concise as possible. There have been no fundamental changes to shareholders' rights, such as the right to vote, to participate in dividends or in the event of a winding up.

A summary of the principal differences between the Old Constitution and the New Constitution are included in the table below.

Summary of principal differences between Old Constitution and New Constitution

Subject	Summary of Amendment	Old Rule	New Rule
Direct voting	Rule 18 is a new provision which allows members to vote 'directly' on resolutions which are to be determined by poll. Votes cast by direct vote are taken to have been cast on the poll as if the member was present and cast the votes on the poll at the meeting. Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. This change is facilitative.	No similar provision	Rule 18
Computerised trading	Rule 12.1 is a new provision which allows Directors to do anything they consider necessary to facilitate involvement by the Company in any computerised or electronic system established for the purpose of facilitating dealing in securities.	No similar provision	Rule 12.1
Unmarketable parcels	Rules 13.1-13.7 include new detailed provisions regarding the Company's ability to sell a share that is part of an 'unmarketable parcel' (have a value of less than \$500), notice provisions, terms of sale, application of the proceeds and protection for the transferee.	No similar provision	Rules 13.1-13.7
General meetings	These new Rules clarify the rules applying to the calling and conduct of general meetings, including: <ul style="list-style-type: none"> shareholders are entitled to 28 days notice; in addition to the chairman, a poll may be demanded by 5 Shareholders entitled to vote or having at least 5% of the votes. 	No similar provision	Rules 16.2-16.11

EXPLANATORY NOTES

Voting on a poll	The poll voting provisions have been expanded for consistency with the Corporations Act, to allow a poll to be demanded before the results of a show of hands is declared or immediately after the result of a show of hands in addition to being able to demand a poll either immediately before or immediately after any question is put to a show of hands.	Article 53	Rules 16.12 – 16.13
Proxies	This Rule provides greater detail regarding the manner in which proxies may be appointed, and how defects are to be rectified and effect the appointor attending the meeting.	No similar provision	Rule 17.1
Director remuneration	This Rule confirms remuneration paid by the Company includes payments to superannuation funds (which decrease the superannuation guarantee charge) and excludes insurance premiums.	Article 68	Rule 19.5

Pursuant to section 136(2) of the Corporations Act, it is necessary for a special resolution of Shareholders to be passed to repeal and replace the Old Constitution and adopt the New Constitution. A special resolution requires approval by at least 75% of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution. The New Constitution will be effective on and from the passing of the special resolution of Shareholders at the AGM.

A copy of the proposed New Constitution is available at the Company's website, www.devine.com.au, or by calling the Company Secretary on (07) 3380 2531 during business hours.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of this resolution.

EXPLANATORY NOTES

DEFINITIONS

AGM	Annual General Meeting.
Annual Report	means the annual report of the Company for the financial year ending 30 June 2011.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited and the exchange operated by it, being the Australian Securities Exchange.
Auditors	means Ernst & Young.
Board	means the board of Directors of Devine.
Company or Devine	Devine Limited ACN 010 769 365.
Constitution	means the existing constitution (Old Constitution) of the Company.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	one or more directors of the Company.
Explanatory Notes	means the explanatory notes attached to this Notice of Meeting.
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of Devine, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	the listing rules of ASX.
Notice of Meeting	means the notice of meeting and includes the Explanatory Notes.
Options	means an option over an ordinary share in the Company.
Shareholder	a registered shareholder of Devine who is entitled to vote at the AGM.
Shares	means the existing fully paid ordinary shares in the Company.

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EXPLANATORY NOTES

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