



# Devine Limited

ABN 51 010 769 365

## Appendix 4D

### Half Year Report for the six months ended 30 June 2020

#### Results for announcement to the market

	6 months to 30 June 2020 \$'000	6 months to 30 June 2019 \$'000	% Change
Revenue from ordinary activities	12,368	14,828	(16.6%)
Profit / (Loss) after tax attributable to shareholders	(895)	(3,391)	(73.6%)

Additional Appendix 4D disclosure requirements can be found in the notes to the 30 June 2020 Interim Financial report for Devine Limited and the Directors' Comments for the review of operations.

#### Details of Reporting Period

Current reporting period	Six (6) months to 30 June 2020
Previous corresponding period	Six (6) months to 30 June 2019

#### Dividends/Distributions

There were no dividends declared or paid to shareholders during or since the end of the half year ended 30 June 2020.  
The Company does not have an active Dividend Reinvestment Plan

	June 2020	June 2019
Net Tangible Assets (NTA) per share	\$ 0.43	\$ 0.55

**Devine Limited** ABN 51 010 769 365  
**Interim Report – 30 June 2020**

Lodged with the ASX under Listing Rule 4.2A  
This information should be read in conjunction with the  
31 December 2019 Annual Report

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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 2, KSD1  
485 Kingsford Smith Drive  
Hamilton Queensland 4007

For queries in relation to our reporting please call (07) 3608 6300

## DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group or Company) consisting of Devine Limited (Devine) and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

### DIRECTORS

The following persons held office as Directors of Devine during the half-year and continue until the date of this report or unless otherwise stated:

D P Robinson (Chairman)  
G Sassine  
J M Campbell (resigned effective 30 March 2020)  
J S L Mackay (appointed Executive Director 31 March 2020)

### CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

J S L Mackay

### DIVIDENDS

There were no dividends declared or paid to members during or since the end of the half-year ended 30 June 2020 (June 2019: nil).

### REVIEW OF OPERATIONS

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

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

### ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission. Amounts in the Directors' Report and Directors' Comments have been rounded in accordance with that to the nearest thousand dollars, or in certain cases, to the nearest dollar or million dollars.

This report is made in accordance with a resolution of the Directors of Devine Limited.



D P Robinson  
Chairman

Brisbane  
18 August 2020

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2020

	Notes	6 months to June 2020 \$'000	6 months to June 2019 \$'000
<b>Continuing operations</b>			
Revenue	2	12,793	15,082
Expenses	3	(15,234)	(18,965)
Finance income		45	82
Finance expense		(460)	(128)
<b>Net finance (expense)/income</b>		<b>(415)</b>	<b>(46)</b>
Share of net profit of joint ventures accounted for using the equity method		1,912	681
<b>Loss from continuing operations before tax</b>		<b>(944)</b>	<b>(3,248)</b>
Income tax expense	4	-	-
<b>Loss from continuing operations after tax</b>		<b>(944)</b>	<b>(3,248)</b>
<b>Discontinued operations</b>			
Profit / (Loss) after tax from discontinued operations	9	49	(143)
<b>Loss for the half-year</b>		<b>(895)</b>	<b>(3,391)</b>
<b>Total comprehensive loss for the half-year</b>		<b>(895)</b>	<b>(3,391)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings/(loss) per share</b>			
Basic and diluted, loss for the half-year attributable to ordinary equity holders of the Company	8	(0.6)	(2.1)
<b>Earnings/(loss) per share from continuing operations</b>			
Basic and diluted, loss for the half-year attributable to ordinary equity holders of the Company	8	(0.6)	(2.0)
<b>Earnings/(loss) per share from discontinued operations</b>			
Basic and diluted, loss for the half-year attributable to ordinary equity holders of the Company		0.0	(0.1)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Notes	30 June 2020 \$'000	31 December 2019 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,760	836
Trade and other receivables		12,193	12,767
Contract assets		2,627	3,863
Inventories		13,265	15,049
Prepayments		450	779
<b>Total current assets</b>		<b>30,295</b>	<b>33,294</b>
<b>Non-current assets</b>			
Trade and other receivables		-	52
Contract assets		6,232	5,331
Inventories		58,852	58,693
Investments accounted for using the equity method		25,660	23,745
Property, plant and equipment		301	463
Intangible assets		3,316	3,316
<b>Total non-current assets</b>		<b>94,361</b>	<b>91,600</b>
<b>Total assets</b>		<b>124,656</b>	<b>124,894</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		10,294	10,341
Lease liabilities		1,045	1,440
Provisions		1,285	1,353
<b>Total current liabilities</b>		<b>12,624</b>	<b>13,134</b>
<b>Non-current liabilities</b>			
Trade and other payables		-	62
Lease liabilities		12	317
Interest bearing loans		38,685	36,885
Provisions		1,162	1,428
<b>Total non-current liabilities</b>		<b>39,859</b>	<b>38,692</b>
<b>Total liabilities</b>		<b>52,483</b>	<b>51,826</b>
<b>Net assets</b>		<b>72,173</b>	<b>73,068</b>
<b>EQUITY</b>			
Contributed equity		292,367	292,367
Reserves		337	337
Accumulated losses		(220,531)	(219,636)
<b>Total equity</b>		<b>72,173</b>	<b>73,068</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 January 2020</b>	292,367	337	(219,636)	73,068
Loss for the half-year	-	-	(895)	(895)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the half-year</b>	-	-	(895)	(895)
<b>Transactions with owners in their capacity as owners:</b>				
Expense pursuant to employee incentive scheme	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>292,367</b>	<b>337</b>	<b>(220,531)</b>	<b>72,173</b>
<b>Balance at 1 January 2019<sup>1</sup></b>	292,367	337	(199,162)	93,542
Loss for the half-year	-	-	(3,391)	(3,391)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the half-year</b>	-	-	(3,391)	(3,391)
<b>Transactions with owners in their capacity as owners:</b>				
Expense pursuant to employee incentive scheme	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>292,367</b>	<b>337</b>	<b>(202,553)</b>	<b>90,151</b>

<sup>1</sup>Balances at 1 January 2019 are presented inclusive of opening balance adjustments made on application of new accounting standards effective 1 January 2019. Refer to the 31 December 2019 financial statements for details on these adjustments.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

<b>Notes</b>	<b>6 months to June 2020 \$'000</b>	<b>6 months to June 2019 \$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	13,352	16,686
Payments to suppliers and employees (inclusive of goods and services tax)	(14,541)	(19,068)
Interest received	46	41
Interest and borrowing costs paid	(557)	(589)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,700)</b>	<b>(2,930)</b>
<b>Cash flows from investing activities</b>		
Net payments for property, plant and equipment	(63)	-
Payments for investments in joint ventures	(4)	(114)
Loans to joint ventures and repayment of advances from joint ventures	(3,999)	(2,220)
Repayment of loans by joint ventures and advances from joint ventures	5,504	3,882
Equity distributions received from joint ventures	-	48
<b>Net cash inflow/(outflow) from investing activities</b>	<b>1,438</b>	<b>1,596</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,800	2,000
Repayment of borrowings	-	-
Repayment of lease liabilities	(614)	(682)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>1,186</b>	<b>1,318</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>924</b>	<b>(16)</b>
Cash and cash equivalents at the beginning of the reporting period	836	1,413
<b>Cash and cash equivalents at end of period</b>	<b>1,760</b>	<b>1,397</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE HALF-YEAR ENDED 30 JUNE 2020

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Devine Limited during the interim period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

With the exception of the changes in accounting standards and accounting policy judgement per Note 1(b), the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

#### (a) Basis of preparation of half-year financial report

##### (i) *Basis of Accounting*

The half-year ended financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporation Act 2001*, AASB 134 *Interim Financial Reporting*, and other mandatory professional reporting requirements.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

##### (ii) *Going Concern*

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the half year ended 30 June 2020, the Group incurred a net loss after tax of \$0.9m (half year ended June 2020: net loss after tax of \$3.4m) and generated net cash outflows from operating activities of \$1.7m (half year ended June 2019: net cash outflow of \$2.9m). As at 30 June 2020, the Group had net assets of \$72.2m (December 2019: \$73.1m) and current assets exceeded current liabilities by \$17.7m (December 2019: current assets exceeded current liabilities by \$20.2m).

As at 30 June 2020, the Group had drawn debt and bank guarantees of \$44.0m (December 2019: \$43.3m) under the MOF, of which \$38.7m has been classified as a non-current liability due to its maturity being 31 March 2022. The MOF does not contain covenants and is guaranteed by Devine's majority shareholder. The assets of the group exceed the current exposure of the Group to the senior lender in relation to the MOF.

In preparing the financial statements on a going concern basis, the Directors have had regard to the re-organisation of the Company's business and refinancing of the MOF. On the basis of the above and the continued focus on cash and liquidity by management, the Directors are satisfied that the Group can continue to operate as a going concern to realise assets and discharge liabilities in the ordinary course of business and at the amounts stated in the financial report.

Accordingly, no adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) New standards, interpretations and amendments applied by the Group

The accounting policies and methods of computation applied by the Group in this consolidated interim financial report are the same as those applied by the Group in the financial report for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

Several amendments and interpretations apply for the first time in 2020, but unless otherwise stated do not have an impact on the interim condensed consolidated financial statements of the Group.

#### ***Amendments to AASB 16 Leases: Covid-19-Related Rent Concessions***

The amendments to AASB 16 introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance.

The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. The Group has applied the amendments during the period commencing 1 January 2020 and have applied the practical expedient in accounting for COVID-19 related rent concessions for all eligible rent concessions.

#### ***Amendments to AASB 3: Definition of a Business***

The amendment to AASB 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

#### ***Amendments to AASB 7, AASB 9 and AASB 139: Interest Rate Benchmark Reform***

The amendments to AASB 9 and AASB 139 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

#### ***Amendments to AASB 101 and AASB 108: Definition of Material***

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

### **(c) Critical accounting estimates and judgments**

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimates and judgments relating to current and likely future operational activities are necessarily made from time to time. They are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed, at the time, to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. In preparing the consolidated interim financial report, judgements made in the application of AASBs that could have a significant effect on the financial report and estimates with a risk of adjustment in the next year are the same as those disclosed in the 31 December 2019 Annual Report.

### **(d) Comparatives**

The comparative information is for the six month period ended 30 June 2019 and balance sheet information as at 31 December 2019. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosure.

## 2. REVENUE FROM CONTINUING OPERATIONS

6 months ended 30 June 2020	Communities \$'000	Development \$'000	Construction \$'000	Total continuing operations \$'000
<b>Revenue from contracts with customers</b>				
Revenue from land development and resale	10,077	-	-	10,077
Revenue from services	1,622	-	-	1,622
<b>Total revenue from external customers</b>	<b>11,699</b>	<b>-</b>	<b>-</b>	<b>11,699</b>
Revenue from construction activities	-	-	-	-
Revenue from services	669	-	-	669
<b>Total revenue from related parties</b>	<b>669</b>	<b>-</b>	<b>-</b>	<b>669</b>
<b>Total revenue from contracts with customers</b>	<b>12,368</b>	<b>-</b>	<b>-</b>	<b>12,368</b>
<i>Timing of revenue recognition</i>				
<i>At a point in time</i>	10,746	-	-	10,746
<i>Over time</i>	1,622	-	-	1,622
<b>Total revenue from contracts with customers</b>	<b>12,368</b>	<b>-</b>	<b>-</b>	<b>12,368</b>
<b>Other revenue</b>				
Proceeds from insurance claims	-	-	424	424
Sundry income	1	-	-	1
<b>Total other revenue</b>	<b>1</b>	<b>-</b>	<b>424</b>	<b>425</b>
<b>Total revenue from continuing operations</b>	<b>12,369</b>	<b>-</b>	<b>424</b>	<b>12,793</b>

Notes to the consolidated financial statements  
For the half-year ended 30 June 2020  
(continued)

6 months ended 30 June 2019	Communities \$'000	Development \$'000	Construction \$'000	Total continuing operations \$'000
<b>Revenue from contracts with customers</b>				
Revenue from land development and resale	13,661	-	-	13,661
Revenue from services	566	-	-	566
<b>Total revenue from external customers</b>	<b>14,227</b>	<b>-</b>	<b>-</b>	<b>14,227</b>
Revenue from construction activities	-	-	396	396
Revenue from services	187	18	-	205
<b>Total revenue from related parties</b>	<b>187</b>	<b>18</b>	<b>396</b>	<b>601</b>
<b>Total revenue from contracts with customers</b>	<b>14,414</b>	<b>18</b>	<b>396</b>	<b>14,828</b>
<i>Timing of revenue recognition</i>				
At a point in time	13,848	-	-	13,848
Over time	566	18	396	980
<b>Total revenue from contracts with customers</b>	<b>14,414</b>	<b>18</b>	<b>396</b>	<b>14,828</b>
<b>Other revenue</b>				
Sundry income	4	250	-	254
<b>Total other revenue</b>	<b>4</b>	<b>250</b>	<b>-</b>	<b>254</b>
<b>Total revenue from continuing operations</b>	<b>14,418</b>	<b>268</b>	<b>396</b>	<b>15,082</b>

### 3. EXPENSES FROM CONTINUING OPERATIONS

(a) Expenses, excluding finance expenses, included in the statement of comprehensive income:

	6 months to June 2020 \$'000	6 months to June 2019 \$'000
Cost of sales	10,265	11,630
Net inventory impairment/ (write-backs)*	(1,809)	(540)
Marketing and selling costs	3,846	4,022
Occupancy**	335	342
Administration***	1,810	2,506
Land holding expenses	338	519
Other	449	486
	<b>15,234</b>	<b>18,965</b>

\* June 2020 includes \$225k inventory impairment during the period (June 2019: \$nil).

\*\* June 2020 includes depreciation of AASB 16 right-of-use assets of \$0.2m (June 2019: \$0.2m). Occupancy costs are also offset by a \$2k benefit relating to the application of the practical expedient in respect of rent concessions that were a direct consequence of COVID-19.

\*\*\* June 2020 administration expenses are offset by \$179K of JobKeeper Payment subsidies received during the period (June 2019: \$nil).

#### 4. INCOME TAX EXPENSE

##### (a) Income tax expense

	6 months to June 2020 \$'000	6 months to June 2019 \$'000
Current tax expense:	-	-
Deferred tax expense:	-	-
<b>Income tax expense reported in the consolidated statement of comprehensive income</b>	<b>-</b>	<b>-</b>

##### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2020 \$'000	30 June 2019 \$'000
Loss from continuing operations before income tax expense	(944)	(3,248)
Profit / (Loss) from discontinuing operations before income tax expense	49	(143)
<b>Total loss before income tax expense</b>	<b>(895)</b>	<b>(3,391)</b>
Tax at the Australian tax rate of 30.0% (2019 – 30.0%)	(269)	(1,017)
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
Other	(2)	1
Current year tax losses not recognised	271	1,016
<b>Income tax expense</b>	<b>-</b>	<b>-</b>
Income tax expense for continuing operations	-	-
Income tax expense for discontinuing operations	-	-
	-	-

##### (c) Tax losses

The Group has total tax losses of \$169,152,932 (December 2019: \$163,176,169) which will be available for offsetting against future profits provided certain tests under relevant taxation legislations are met.

Deferred tax assets in respect of these losses of \$49,223,504 (December 2019: \$48,952,851) have not been recognised as there is not sufficient certainty that future taxable amounts will be available in the short term to recognise these losses or that these tests will continue to be able to be met.

## 5. DIVIDENDS

### Franking credits balance

	30 June 2020 \$'000	30 June 2019 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (June 2019 – 30.0%)	9,444	9,444

## 6. CONTINGENCIES

### (a) Contingent liabilities

The Group had contingent liabilities at 30 June 2020 in respect of:

#### (i) Guarantees

The Group has provided the following guarantees:

The Group and controlled entities have provided bank guarantees and surety bonds totaling \$12.0m at 30 June 2020 (December 2019: \$13.2m) 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.

Devine Limited and Devine Land Pty Ltd, a 100% controlled entity of Devine Limited, have provided guarantees jointly and severally for the performance of a Group's joint venture for a debt totaling \$12.3m at 30 June 2020 (December 2019: \$15.7m). This debt has been primarily secured against assets of the joint venture with a carrying value of \$23.9m at the reporting date (December 2019: \$29.4m) and a land asset with a carrying value of \$4.9m owned by Devine Land Pty Ltd at the reporting date (December 2019: \$6.2m). The joint venture debt is also backed by guarantees from the joint venture partner and the debt is to be repaid from the property sales of the joint venture. No liabilities are expected to arise.

Devine Limited has also provided a guarantee for the performance of a Group's joint venture in proportion to its 50% shareholding interest for a debt totaling \$3.2m at 30 June 2020 (December 2019: \$5.0m). This had been primarily secured against assets of the joint venture with a carrying value of \$53.1m at the reporting date (December 2019: \$50.8m). The debt is to be repaid from the property sales of the joint venture. No liabilities are expected to arise.

#### (ii) Litigation

There are matters that are the subject of litigation or potential litigation with different parties. A provision is raised in the financial statements, based on estimates, where it is probable that the Group will incur costs either in progressing its investigation of a claim or ultimately in settlement.

During 2018, the Group was served a Claim from a customer. The Group denies the claim, which is being defended and a counterclaim was lodged. The Group has retained lawyers and obtained an advice. The Group remains of the view that the claim has low prospects of success.

### (b) Contingent assets

At 30 June 2020, the Group has claims outstanding against customers and third parties in relation to amounts to be recovered in respect of construction projects carried out by Devine Constructions. The existence of these assets is dependent upon the occurrence of uncertain future events not wholly within the control of the Group, and the Group does not consider it practicable to estimate the financial effect of these claims.

## **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 key management personnel and the Board.

The discontinued segment incorporates the detached housing, medium density and wholesale housing businesses as reported in the prior periods.

## 7. SEGMENT INFORMATION (continued)

### (b) Operating segments

6 months ended 30 June 2020	Communities \$'000	Development \$'000	Construction \$'000	Corporate \$'000	Total continuing operations \$'000	Discontinued \$'000	Consolidated Total \$'000
Revenue from contracts with customers***	12,368	-	-	-	12,368	-	12,368
Other revenue	1	-	424	-	425	-	425
<b>Total segment revenue</b>	<b>12,369</b>	<b>-</b>	<b>424</b>	<b>-</b>	<b>12,793</b>	<b>-</b>	<b>12,793</b>
<b>Segment result before asset write-downs and provisions</b>	<b>(1,587)</b>	<b>(23)</b>	<b>107</b>	<b>(1,525)</b>	<b>(3,028)</b>	<b>(51)</b>	<b>(3,079)</b>
Asset (write-downs) / write-backs*	1,809	-	-	-	1,809	-	1,809
Legal & structural warranty provisions	-	-	275	-	275	100	375
<b>Segment result</b>	<b>222</b>	<b>(23)</b>	<b>382</b>	<b>(1,525)</b>	<b>(944)</b>	<b>49</b>	<b>(895)</b>
Loss before income tax					(944)	49	(895)
Income tax expense					-	-	-
<b>Loss for the half-year</b>					<b>(944)</b>	<b>49</b>	<b>(895)</b>
<b>As at 30 June 2020:</b>							
<b>Segment assets</b>	115,958	4,057	41	4,600	124,656	-	124,656
<b>Segment liabilities*</b>	9,411	3	714	41,466	51,594	889	52,483
<b>Other segment information</b>							
Investments in joint ventures	21,612	4,048	-	-	25,660	-	25,660
Share of net profits / (losses) of joint ventures	1,924	(12)	-	-	1,912	-	1,912

\* Asset write-downs include impairments of inventory / release of inventory impairment provisions. The net Communities Asset write-backs figure above of \$1.81m includes \$2.04m of provisions released upon settlement of 61 lots which had been impaired in previous periods, offset by \$0.23m of additional impairment expense recorded in the current period.

\*\* Corporate liabilities include the Group's interest bearing liabilities which are made available to operating segments as required to fund operations.

\*\*\* During the period, one customer within the communities segment contributed \$1.6m of revenue which individually was more than 10% of the Group's revenue from contracts with customers.



## 7. SEGMENT INFORMATION (continued)

### (b) Operating segments (continued)

6 months ended 30 June 2019	Communities \$'000	Development \$'000	Construction \$'000	Corporate \$'000	Total continuing operation \$'000	Discontinued \$'000	Consolidated Total \$'000
Revenue	14,414	18	396	-	14,828	-	14,828
Other revenue	4	250	-	-	254	-	254
<b>Total segment revenue</b>	<b>14,418</b>	<b>268</b>	<b>396</b>	<b>-</b>	<b>15,082</b>	<b>-</b>	<b>15,082</b>
<b>Segment result before asset write-downs and provisions</b>	<b>(1,934)</b>	<b>102</b>	<b>(415)</b>	<b>(1,791)</b>	<b>(4,038)</b>	<b>(143)</b>	<b>(4,181)</b>
Asset write-downs	540	250	-	-	790	-	790
Legal & structural warranty provisions	-	-	-	-	-	-	-
<b>Segment result</b>	<b>(1,394)</b>	<b>352</b>	<b>(415)</b>	<b>(1,791)</b>	<b>(3,248)</b>	<b>(143)</b>	<b>(3,391)</b>
Loss before income tax					(3,248)	(143)	(3,391)
Income tax expense					-	-	-
Loss for the half-year					(3,248)	(143)	(3,391)
<b>As at 31 December 2019:</b>							
<b>Segment assets</b>	116,505	4,081	38	4,269	124,893	1	124,894
<b>Segment liabilities*</b>	9,493	2	1,007	40,348	50,850	976	51,826
<b>Other segment information</b>							
Investments in joint ventures	19,688	4,057	-	-	23,745	-	23,745
Share of net profits of joint ventures	1,640	172	-	-	1,812	-	1,812

\* Corporate liabilities include the Group's interest bearing liabilities which are made available to operating segments as required to fund operations.

## 8. EARNINGS PER SHARE

**(a) Basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company**

	<b>30 June 2020 Cents</b>	30 June 2019 Cents
Earnings/(loss) per share for continuing operations	(0.6)	(2.0)
<b>Total basic and diluted earnings/(loss) per share</b>	<b>(0.6)</b>	<b>(2.1)</b>

**(b) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share**

	<b>30 June 2020 \$'000</b>	30 June 2019 \$'000
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings/(loss) per share:		
Continuing operations earnings/(loss)	(944)	(3,248)
<b>Total earnings/(loss)</b>	<b>(895)</b>	<b>(3,391)</b>

**(c) Weighted average number of shares used as denominator**

	<b>30 June 2020 Number</b>	30 June 2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>158,730,556</b>	158,730,556

There are no options and performance rights granted to employees at the reporting date.

**(d) 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. DISCONTINUED OPERATIONS

	<b>6 months to June 2020 \$'000</b>	6 months to June 2019 \$'000
Revenue	-	-
Expenses	49	(143)
Finance income	-	-
Finance expense	-	-
<b>Net finance expense</b>	-	-
<b>Profit / (Loss) before tax from discontinued operations</b>	<b>49</b>	<b>(143)</b>
Tax expense	-	-
<b>Profit / (Loss) after tax from discontinued operations</b>	<b>49</b>	<b>(143)</b>

Refer to Note 7 for more details on discontinued operations.

## 9. DISCONTINUED OPERATIONS (continued)

The net cash flows incurred by the discontinued operations are as follows:

	<b>6 months to June 2020 \$'000</b>	6 months to June 2019 \$'000
Operating net cash outflow	(138)	(39)
Investing net cash inflow	138	39
<b>Net increase / (decrease) in cash and cash equivalents</b>	-	-

## 10. RELATED PARTY TRANSACTIONS

As disclosed in Note 2, the Group has received construction revenue from the following related parties:

	<b>6 months to June 2020 \$'000</b>	6 months to June 2019 \$'000
Mode Apartments Unit Trust	-	396
	-	396

The Group has also received property development revenue from the following related parties:

Townsville City Project Trust	669	187
Mode Apartments Unit Trust	-	18
	669	205

During the period, the Group's majority shareholder has continued to guarantee the Group's senior debt facility (a \$55m Multi Option Facility expiring 31 March 2022). No guarantee fee has been charged to Devine in the period to June 2020 (June 2019: \$nil).

The majority of the insurance coverage with respect to the operational activities of the Group fall under the majority shareholder's insurance umbrella at no cost.

The Group has also been supported by its majority shareholder through other services including legal, treasury and information technology products & services for which no fee has been charged.

All other transactions with related parties are made on normal commercial terms and conditions and at market rates.

## **11. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Subsequent to 30 June 2020, reflective of the COVID-19 outbreak, the Victorian State Government declared a state of disaster within the state of Victoria from 2 August 2020 for an expected period of 6 weeks. The restrictions of persons within the state extend out to regional areas as well as metropolitan Melbourne. The project located at Newbridge, Wallan, Victoria is included within the areas impacted by the increased restrictions, while the project located at Stonehill, Bacchus Marsh, Victoria remains at the lower level of restrictions.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or the Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time for these specific assets due to the "state of disaster".

The financial statements have been prepared based on conditions existing at 30 June 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. While the outbreak of COVID-19 occurred prior to 30 June 2020, the increased restrictions in Victoria is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to the financial statements as at 30 June 2020 for the impacts of COVID-19.

There have been no further significant events which have occurred subsequent to 30 June 2020.

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 2 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.



D P Robinson  
Chairman

Brisbane  
18 August 2020



**Building a better  
working world**

Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

## **Auditor's Independence Declaration to the Directors of Devine Limited**

As lead auditor for the review of Devine Limited for the half-year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Devine Limited and the entities it controlled during the financial period.

Ernst & Young

Brad Tozer  
Partner  
18 August 2020



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Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

## **Independent Auditor's Review Report to the Members of Devine Limited**

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Devine Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, other information as set out in Appendix 4D to the Australian Securities Exchange (ASX) Listing Rules and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with:

- a) the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) the ASX Listing Rules as they relate to Appendix 4D.

#### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and complies with the ASX Listing Rules as they relate to Appendix 4D. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 June 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and the ASX Listing Rules as they relate to Appendix 4D. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards



and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Devine Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Brad Tozer'.

Brad Tozer  
Partner  
Brisbane  
18 August 2020