Devine LIMITED
A.C.N. 010 769 365

Directors' Comments
Year Ended 30 June 2009

26 August 2009

The Directors of Devine Limited are pleased to announce an **after tax profit of $16.699 million** for the year ended 30 June 2009. This result was 47.6% down on the previous year and was arrived at after recognising impairments totaling $5.252 million after tax. This followed a review of the carrying value of future development sites and an interest rate swap facility. The result was derived from revenue of $440.499 million, which was 23.7% lower than that reported for the 2007/08 year.

Dividend

No final dividend has been declared for the 2008/09 year. Directors believe that this is a prudent measure given the current state of the debt markets and will preserve capital to assist with the funding required for future projects. The 3 cent interim dividend paid in April 2009 represents a payout ratio of 52.7% of the profit after tax for the year.

Highlights for the Year

The following are key highlights for the year and up to the date of this report:

- Profits for the Housing and Land Division up 225% on last year.
- Excellent profit results recorded in the Victorian and South Australian Housing and Land divisions.
- Entering the 2009/10 year with a strong level of work in hand for the Devine Homes division and pre-sold land in the Devine Communities division.

- Strong sales recorded on the first stage of the company's Hamilton Harbour mixed-use development at Hamilton in Brisbane which is being undertaken in a joint venture with Leighton Properties.

- A significant level of pre-leasing achieved on the 27 level office development "King George Central" in the Brisbane CBD. This project is also being undertaken in a joint venture with Leighton Properties.

- Construction of the company's Serviced Apartment Hotel development in Bourke Street Melbourne ahead of schedule and within budget. This development has been pre-sold to the Ascott Group for $136M.

- Completion in September 2008 of the company's first city fringe commercial development at Herston in Brisbane

Results Summary

A summary of the 2008/09 year's results and related commentary follows:

$000's	**Year Ended**	
	June 2009	**June 2008**
Revenue	440,499	577,519
Operating Profit Before Tax and Impairments	29,097	45,306
Net Profit After Tax Attributable to Shareholders	16,699	31,850
EPS Basic	5.7 cents	12.1 cents
EPS Diluted	5.6 cents	11.9 cents
Interim Dividend – (Fully Franked)	3.0 cents	4.0 cents
Final Dividend – (Fully Franked)	Nil	4.0 cents
Full Year Dividend – (Fully Franked)	3.0 cents	8.0 cents

Housing Division

Devine's Housing and Land Division generated increased profits with a profit before tax of $14.672 million being recorded. This compared with a profit of $4.520 million in the year ending 30 June 2008, an increase of 225%. The profit was recorded on revenues of $322.539 million up 16% on the previous year and reflecting the strong margins achieved from both the Housing and Land operations.

The company's Victorian and South Australian operations both performed well reflecting that housing affordability in these markets remained at reasonable levels. Subdued market conditions persisted in Queensland. This was largely a result of the significant increase in the cost of land over the last few years and the adverse impact this has had on housing affordability in the state. Material increases in infrastructures charges imposed by local authorities in Queensland have been a major contributor to the increased cost of land in that state and the resultant cost to the end buyer.

Another important factor contributing to the improved result for the Housing & Land division is the strategy adopted by Devine to actively market developed lots to other builders. This supplements sales made to Devine's housing customers in the owner occupier and investor segments and resulted in 1,669 lots settling in the 12 months to June 09 compared to the1,350 lots that settled in the corresponding 2007/08 year.

The increase in the Federal Government's First Home Owners Grant (FHOG) available to purchasers of new homes from $7,000 to $21,000 which was announced in October 2008 was welcome news. The 4.25% fall in interest rates (cash rate) from their peak of 7.25% in the current cycle to the current 3.0% also contributed to improved affordability. This saw a significant lift in the level of enquiry from first home buyers. Investors also returned to the market to take advantage of the lower interest rates and low vacancy rates in most markets.

Property Development Division

This division reported a profit before tax of $10.663 million for the 12 months to June 2009 (corresponding period last year $41.333 million) a decrease of 74%.The fall in profits contributed by this division reflected the fact that only three projects contributed revenue and profits for the year. This was from the finalisation of the 333 Ann Street office development in the Brisbane CBD (completed June 2008), the completion phase of the ICB Herston office project in Brisbane (completed September 2008) and the Serviced Apartment Hotel development in Melbourne. Revenues were down 62% on the 2007/08 year to $110.548 million for the 12 months ended June 2009 (2007/08 year revenues were $292.705 million).

The combined end value of the pipeline of future projects, which include projects being undertaken in joint ventures with Leighton Properties, totals $2.7 billion. However, given the state of the current debt markets, securing project funding presents some challenges.

The following is a brief outline of the status of each major project and contribution where applicable to the 2008/09 year:

Completion and settlement occurred on the company's inner-city office development ***ICB Central*** at Herston in Brisbane. The project was completed ahead of schedule and well within budget.

Final settlement on the ***333 Ann St*** office development occurred in the December 2008 half with additional profits being released on finalisation of the project.

***Bourke Street*, Melbourne** - This 398 room serviced apartment hotel project was pre-sold to The Ascott Group for $136 million. Multiplex, who are contracted to build the hotel, commenced construction in June 2008. The structure was 47% complete at 30 June 2009 with completion now expected to occur in June 2010 (previously September 2010).

***96 Albert Street*, Brisbane** – It was announced in the release of the December 2008 half results that this site had been sold and settlement was expected to occur in the June 2009 half. Failure by the purchasers to secure funding for the purchase saw the contract terminated in July 2009, the deposit retained and the property put back on the market.

***99 Mary Street*, Brisbane** – Having determined that this proposed future development site was surplus to requirements, it was sold and settled in the June 2009 half.

***Carrington & Camelot* sites (French Quarter), Brisbane** – These sites are situated on the corners of Alice, Albert and Margaret Streets in the Brisbane CBD opposite the Botanical Gardens. The amalgamation of a total of 46 existing residential units in two older style low-rise unit developments together with two small immediately adjacent sites provides an exciting future redevelopment opportunity.

The following is a brief update on the status of projects being undertaken in Joint Venture with Leighton Properties:

***Hamilton Harbour,* Brisbane** – This is a mixed-use residential, commercial and retail development being undertaken in a Joint Venture with Leighton Properties. It will be developed over a number of stages and has an estimated end value when completed of approximately $490M. Development approval for the site has now been received and marketing of the first stage of the residential component commenced in March 2009.

It is pleasing to report that the market has embraced the project with 86% of the 257 units in the first stage having been sold at the date of this report and 75% of the 257 units at unconditional contract status with 10% deposit paid.

Devine together with its joint venture partner, Leighton Properties, have now commenced the process of securing funding for the construction phase and, given the high level of pre-sales achieved, are confident of achieving this to allow construction to commence in the December 2009 quarter.

***King George Central, 145 Ann Street*, Brisbane** – Development approval for the planned office tower was received in the December 2008 half. Confirming the quality of the project and its desirable location which is immediately adjacent to the new King George Square underground bus station and a short walk to

Central Railway Station, the pre-leasing campaign has been an outstanding success.

At the date of this report and following the commitment to the project by two large Australian professional firms, pre-leasing is at 75% of the 27,000 sq. meters total lettable space. As with the Hamilton Harbour project, the joint venture partners have now commenced the process of securing funding for the construction phase with commencement expected to occur in the December 2009 quarter.

QLD Rail Land**, Townsville** – Following a successful tender for this strategic site adjacent to Townsville's CBD, Leighton Properties and Devine will jointly develop this mixed-use project in stages over the next seven to ten years. Following extensive consultation with the Townsville City Council, a development application has been lodged and is currently being progressed.

Devine Constructions

Following completion in September of the ***ICB Central*** office development, Devine Constructions were awarded the fit out contract for the building by the Queensland Health Department. Work on this supplementary $14 million contract was completed in May 2009. Devine Constructions has also been awarded the construction contract for the Devine/Leighton Properties joint venture development, ***Hamilton Harbour***, discussed above.

This division also tendered for and won a $10 million allocation of the school improvements work being rolled out by the Federal and State Governments.

Body Corporate and Property Management

The Body Corporate and Property Management Division, SSKB, recorded a profit before tax for the 12 months of $1.343 million. This compared to a profit of $1.494 million for the nine months post its acquisition by Devine in September 2007, to June 2008.

Following a strategic review of the Devine Group undertaken by management and the Board in April 2009, a decision was taken to sell this business. This has now occurred with completion of the sale having been finalised on 26 August 2009. The sale has achieved a breakeven result.

Banking Covenants and Debt Facilities

Subsequent to 30 June 2009, Devine received a waiver from its principal financier, the ANZ, in respect to a breach of two banking covenants. The company has been in negotiations with the ANZ in relation to the proposed terms of an amended loan facility agreement which include an extension of the facilities for a further 12 months to February 2012 (previously February 2011). For further details, refer to the notes in the Appendix 4E that accompanies this report.

Company Outlook

As noted earlier, Devine enters the new financial year with a strong level of work in hand for its Housing and Land division. The market fundamentals remain positive with a low interest rate environment and an increasing deficiency in the supply of new housing stock versus demand. This is set to continue and keep pressure on the already low vacancy rate for rental accommodation and put upwards pressure on rents.

The tight lending conditions that are present in debt markets bring challenges for Devine and other developers seeking to progress new projects. This is likely to restrict the supply of new developed residential land into the market, further exacerbating the already tight supply conditions. This places Devine in a positive position to further increase its land development activities over the coming year.

Whilst construction, subject to securing finance, is forecast to commence on the Hamilton Harbour and King George Central projects later this calendar year, these projects will not materially contribute to revenue and profits in the 2009/10 year.

The overall economic environment remains uncertain particularly in relation to the debt markets. There is also the potential for ongoing support from the Federal and/or State Governments to boost the supply of new housing versus established houses for First Homebuyers. Forecasting in this environment therefore is very difficult however, in providing guidance for the 2009/10 year, Directors expect the company to achieve an operating profit that is around 15% up on the year just ended.

For further information contact:

David Devine
Managing Director
Devine Limited
Ph: (07) 3233 1402

Appendix 4E

Preliminary final report

Name of Entity

Devine Limited

ABN or equivalent company reference	Financial year ended ('current period')	Previous Corresponding period
51 010 769 365	30 June 2009	30 June 2008

Results for announcement to the market

				$A'000
Revenues from continuing operations and activities	down	-23.7%	to	440,499
Net profit (loss) for the period attributable to members	down	-47.6%	to	16,699

Dividends	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	3¢	3¢

Record date for determining entitlements to the dividend.	N/A

Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes.

Refer attached Directors' Report and Financial Statements Extract

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	N/A
Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	N/A
If it is a final dividend, has it been declared?	N/A

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	**Nil**	**Nil**	**Nil**
	Previous year	**4 ¢**	**4 ¢**	**Nil**
Interim dividend:	Current year	**3 ¢**	**3 ¢**	**Nil**
	Previous year	**4 ¢**	**4 ¢**	**Nil**

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

Statement of Retained Earnings

	Current period - $A'000	Previous corresponding period - $A'000
Retained profits (accumulated losses) at the beginning of the financial period	**39,538**	**28,590**
Net profit (loss) attributable to members	**16,699**	**31,850**
Dividends and other equity distributions paid or payable	**(20,250)**	**(20,902)**
Retained profits (accumulated losses) at end of financial period	**35,987**	**39,538**

Net Tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA	**78.7 ¢**	**82.1 ¢**
Diluted NTA	**78.2 ¢**	**80.9 ¢**

Earnings Per Security (EPS)

	Current period	Previous corresponding period
Basic EPS	**5.7 ¢**	**12.1 ¢**
Diluted EPS	**5.6 ¢**	**11.9 ¢**

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to the ASX.

Identify other standards used	**N/A**

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies, other than as disclosed

3 This report does/~~does not~~* (delete one) give a true and fair view of the matters disclosed

4 This report is based on accounts to which one of the following applies.
(Tick one)

	The accounts have been audited.		The accounts have been subject to review.
X	The accounts are in the process of being audited or subject to review.		The accounts have not yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available* *(delete one)* .

There are no audit qualifications anticipated or expected

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

Sign here: .... (Company Secretary)

Date: **26 August 2009**

Print name: **Vivian N Grayson**

Devine Limited
Directors' Report
For the year ended 30 June 2009

Directors

The names and details of the directors of the company in office during the year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

D J Ridley (appointed as Chairman on 31 October 2008)
D H T Devine (Managing Director)
P J Ferris AM, KCSG
Hon. T M Mackenroth
G E McOrist
R W Parris
V A Vella
K M Woodley (Marketing Director)
D C Somerville (Resigned as Chairman and Director on 31 October 2008)

Chief Financial Officer / Company Secretary

V N Grayson

Review of Results of Operations

Refer Directors' Comments attached.

Events Occurring after Balance Sheet Date

Sale of SSKB Group
Following the receipt of a management buyout offer in respect to the SSKB Body Corporate and Property Management business, on terms acceptable to Devine Limited, this business has been sold with completion occurring on 26 August 2009. The decision to sell the business follows a strategic review of the Devine Group's operations. The consideration received will result in a break even result on sale.

Banking Covenant
The company has received a waiver from its principal lender the ANZ, in respect of two covenant breaches that had occurred as at the reporting date of 30 June 2009. Refer to note 9 for details.

There have been no other significant events occur post 30 June 2009.

Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000.

Signed in accordance with a resolution of the directors of Devine Limited.

D J Ridley
Chairman

D H T Devine
Managing Director

Brisbane, 26 August 2009

Devine Limited
Income statement
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	2008 $'000
Revenue	2	**440,499**	577,519
Cost of properties sold	3	**(299,901)**	(417,441)
Gross profit		**140,598**	160,078
Other revenue	2	**8,330**	5,510
Expenses, excluding finance costs	3	**(108,206)**	(97,429)
Finance costs	3	**(17,078)**	(22,920)
Share of net profits/ (losses) of associates and joint venture entities accounted for using the equity method	5(b)	**(1,671)**	67
Profit before income tax		**21,973**	45,306
Income tax expense		**(5,274)**	(13,456)
Profit attributable to members of Devine Limited		**16,699** *	31,850

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

∗ The $16.699 million profit attributable to members of Devine Limited has been arrived at after taking up $5.252 million after tax of impairments to assets and the interest rate swap facility during the 2008/09 year.

Devine Limited
Balance sheet
As at 30 June 2009

	Notes	Consolidated 2009 $'000	2008 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**736**	19,990
Receivables		**35,532**	56,773
Inventories		**174,585**	252,167
Derivative financial instruments		**-**	567
Current tax receivables		**-**	4,837
Other assets		**2,956**	9,145
Total current assets		**213,809**	343,479
Non-current assets			
Receivables (b)		**32,025**	38,375
Inventories		**376,082**	328,371
Investments accounted for using the equity method	5(b)	**28,502**	21,396
Property, plant and equipment		**2,215**	2,177
Intangible assets		**17,054**	16,885
Other non-current assets		**3,497**	8,710
Total non-current assets		**459,375**	415,914
Total assets		**673,184**	759,393
LIABILITIES			
Current liabilities			
Payables		**60,357**	81,650
Interest bearing liabilities (c)	9	**265,527**	39,828
Derivative financial instruments		**7,901**	-
Current tax liabilities		**1,198**	-
Provisions		**4,035**	4,374
Non-interest bearing liabilities (a)		**62,445**	84,452
Total current liabilities		**401,463**	210,304
Non-current liabilities			
Interest bearing liabilities		**1,938**	258,509
Deferred tax liabilities		**4,020**	8,548
Provisions		**480**	446
Non-interest bearing liabilities (a)		**-**	30,012
Total non-current liabilities		**6,438**	297,515
Total liabilities		**407,901**	507,819
Net assets		**265,283**	251,574
EQUITY			
Contributed equity		**228,997**	211,782
Reserves		**299**	254
Retained profits		**35,987**	39,538
Total equity		**265,283**	251,574

The above balance sheet should be read in conjunction with the accompanying notes.

(a) The $62,445k (June 2008: $114,464k) relates to vendor funding negotiated in relation to a number of land acquisitions secured by the company and payable on settlement of the land and transfer of title.

(b) The $32,025k (June 2008: $38,375k) shown as non-current receivables relates to the sale of the Currumbin property on the Gold Coast.

(c) Refer to note 9.

Devine Limited
Statement of changes in equity
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	2008 $'000
Total equity at the beginning of the financial year		**251,574**	176,884
Option expense transferred to reserve		**45**	143
Profit for the year		**16,699**	31,850
Dividends provided for or paid	4	**(20,250)**	(20,902)
Share issue		**17,363**	64,343
Transaction costs of share issue		**(211)**	(1,063)
Deferred tax credit recognised directly in equity		**63**	319
Total equity at the end of the financial year		**265,283**	251,574

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

Devine Limited
Cash flow statement
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	2008 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**520,145**	541,403
Payments to suppliers and employees (inclusive of goods and services tax)		**(422,201)**	(389,638)
Interest received		**1,002**	2,552
Interest paid		**(25,955)**	(33,090)
Income taxes paid		**(3,682)**	(27,129)
Net cash inflow (outflow) from operating activities		**69,309**	94,098
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		**(437)**	(46,626)
Payments for property, plant and equipment		**(1,367)**	(1,037)
Proceeds from sale of property, plant and equipment		**368**	-
Payments for investment in land inventory		**(52,944)**	(300,370)
Payments for investment in joint venture partnership		**(7,850)**	(11,174)
Net cash (outflow) inflow from investing activities		**(62,230)**	(359,207)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**6,513**	62,525
Proceeds from borrowings		**19,604**	233,690
Return/ (payment) of retentions and deposits		**6,899**	(4,467)
Share issue and buy-back transaction costs		**(211)**	(1,063)
Repayment of borrowings		**(49,162)**	(45,917)
Finance lease payments		**(70)**	(61)
Dividends paid to company's shareholders	4	**(9,906)**	(20,902)
Net cash inflow/(outflow) from financing activities		**(26,333)**	223,805
Net increase/(decrease) in cash and cash equivalents		**(19,254)**	(41,304)
Cash and cash equivalents at the beginning of the financial year		**19,990**	61,294
Cash and cash equivalents at end of year		**736**	19,990

The above cash flow statement should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001.*

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Stardards (AIFRS). Compliance with AIFRS ensures that the financial report of Devine Limited complies with International Financial Reporting Standards (IFRS).

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Devine Limited ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Devine Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Devine Limited.

Intercompany transactions, balances and unrealised gains on transactions between companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(ii) Joint ventures

Joint venture operations

The proportionate interests in the assets, liabilities, revenues and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details on the joint ventures are set out in note 5.

Joint venture entities

The interest in joint venture entities are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the joint venture entities are set out in note 5.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

(i) Land development and resale

Revenue on the sale of land is recognised on settlement.

(ii) Property development

Revenue in respect of the company's large property development projects is recognised on settlement of the individual units. Costs in relation to individual settled units are recognised in proportion to the total costs for the project and based on the percentage of revenue to total forecast project revenue that the settled units represent.

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(iii) Single contract house and land package sales

Revenue is recognised on house and land package sales that have been sold under one contract when settlement of both the house and land occurs. This treatment contrasts with the recognition of revenue for houses and land sold under separate contracts. In this case, revenue on the land is recognised as per (i) above and revenue on the house component is recognised as per (iv) below.

(iv) Construction contracting

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total costs over revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the cost will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to actual costs incurred to date as a percentage of estimated total costs for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

(v) Service revenue

Delivery agreements

When the outcome of a delivery agreement contract to provide services can be estimated reliably, revenue is recognised by reference to the percentage of the services performed.

Management fees - SSKB Group

Revenue from management fees is recognised upon delivery of services to the customers.

(d) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired business/associate at the date of acquisition. Goodwill on acquisitions of businesses is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Brand name

The initial cost of the brand name "Devine" was generated by virtue of the business combinations created on the occasion of the float of Devine Limited. Directors consider it to be an "Indefinite Lived" asset as defined by AASB 138 and therefore not subject to future amortisation. Directors are required to test for impairment on at least an annual basis to determine the appropriate carrying value.

(iii) Management rights

Management rights have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of management rights over their estimated useful lives.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

1 Summary of significant accounting policies (continued)

(e) Comparatives

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

(f) Changes in accounting estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which, form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

2 Revenue

	Consolidated	
	2009	2008
	$'000	$'000
Revenue from sale of properties	**421,282**	550,955
Revenue from related parties	**6,452**	17,873
Service revenue - Body Corporate Management	**12,765**	8,691
	440,499	577,519
Interest rate swap income	**310**	632
Interest received - other persons/bodies corporate	**5,039**	2,756
Rent received - other persons/bodies corporate	**2,334**	1,916
Sundry income - other persons/bodies corporate	**647**	206
	8,330	5,510
	448,829	583,029

3 Expenses

	Consolidated	
	2009	2008
	$'000	$'000
Expenses, excluding finance costs, included in the income statement classified by function		
Cost of properties sold	**299,901**	417,441
Other expenses	**108,206**	97,429
	408,107	514,870
Classification of these expenses by function		
Cost of properties sold	**299,901**	417,441
Other expenses from ordinary activities		
Marketing	**45,991**	48,024
Occupancy	**4,478**	3,486
Administration	**37,783**	35,793
Other	**14,030**	7,095
Land holding expenses	**5,924**	3,031
	408,107	514,870
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**837**	868
Display homes	**131**	215
Leased assets	**37**	42
Amortisation		
Amortisation of management rights	**202**	150
Total depreciation and amortisation	**1,207**	1,275
Finance costs *		
Interest and finance charges paid/payable	**15,073**	22,866
Finance charges - lease liability	**12**	13
Interest Rate Swap Expense **	**1,993**	41
Finance costs expensed	**17,078**	22,920
Bad debt expense	**1,464**	143
Operating lease rental	**721**	815
Write down of inventory **	**5,510**	129

* Finance costs include some costs incurred in prior periods and capitalised into the company's major projects and then recognised as an expense as settlements of sales from these projects occur.

** Total impairments (before tax effected) for the 2008/09 year were $7,502,636 (2008: $169,964)

4 Dividends

	Devine Limited	
	2009	2008
	$'000	$'000
(a) Ordinary shares		
Previous year final dividend paid		
Fully franked based on tax paid @ 30% - 4 cents (2008: 4 cents) per share	**11,445**	9,473
Interim dividend paid		
Fully franked based on tax paid @ 30% - 3 cents (2008: 4 cents) per share	**8,805**	11,429
Total dividends provided for or paid	**20,250**	20,902
Paid in cash	**9,906**	20,902
Satisfied by issue of shares	**10,344**	-
	20,250	20,902

(b) Dividends not recognised at year end

	Devine Limited	
	2009	2008
	$'000	$'000
The directors have not declared a final dividend for the 2008/09 financial year (2008:4 cents).	**-**	11,429

(c) Franked dividends

	Consolidated	
	2009	2008
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008 - 30%)	**14,154**	18,905

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

5 Interests in joint ventures

(a) Joint venture operations

	% Interest Held 30 June 2009	% Interest Held 30 June 2008
Deer Park Joint Venture	**50**	50
Halletts Road Joint Venture	**50**	50
Casey Fields Joint Venture	**55**	-

The Group's interests in the joint ventures are included in the consolidated balance sheet, in accordance with the accounting policy described in note 1 under the following classifications:

	Consolidated 2009 $'000	Consolidated 2008 $'000
Current assets		
Cash and cash equivalents	**263**	80
Trade and other receivables	**833**	220
Inventories	**2,106**	6,113
Total current assets	**3,202**	6,413
Non-current assets		
Inventories	**14,583**	4,323
Total non-current assets	**14,583**	4,323
Share of assets employed in joint venture	**17,785**	10,736
Current liabilities		
Trade and other payables	**7,549**	1,405
Interest bearing liabilities	**7,529**	3,317
Total current liabilities	**15,078**	4,722
Non-current liabilities		
Interest bearing liabilities	**-**	3,601
Total non-current liabilities	**-**	3,601
Share of liabilities employed in joint venture	**15,078**	8,323
Net assets	**2,707**	2,413

(b) Joint venture entities

At balance date, the group had an equity interest in a number of joint venture entities and these are detailed below:-

- The group has a 50% interest in Devine Hamilton Unit Trust, which is resident in Australia and the principal activity is property development.
- The group has a 50% interest in Silver Body Corporate Financial Services Pty Ltd, which is resident in Australia and the principal activity is banking operations.
- The group has a 50% interest in the Townsville City Project Trust, which is resident in Australia and the principal activity is property development.

5 Interests in joint ventures (continued)

- The group has a 50% interest in the 145 Ann Street Trust, which is resident in Australia and the principal activity is property development.
- The group has a 45% interest in Deep Blue Consortium Pty Ltd, which is resident in Australia and the principal activity is property development.
- The group has a 15% interest in the Fallingwater Trust, which is resident in Australia and the principal activity is property development.
- The group has a 50% interest in Riverina Estate Developments Pty Ltd, which is resident in Australia and the principal activity is property development.

The interests in the joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity.

Information relating to the joint venture entities is set out below.

	Ownership interest		Carrying value of investment Consolidated	
Name and principal activity	**2009**	2008	**2009** **$'000**	2008 $'000
Hamilton Harbour Unit Trust	**50 %**	50 %	**18,037**	13,095
145 Ann Street Trust	**50 %**	50 %	**2,081**	570
Townsville City Project Trust	**50 %**	50 %	**7,164**	7,219
Silver Body Corporate Financial Services Pty Ltd	**50 %**	50 %	**490**	511
Deep Blue Consortium Pty Ltd	**45 %**	45 %	**9**	-
Fallingwater Trust	**15 %**	15 %	**720**	1
Riverina Estate Developments Pty Ltd	**50 %**	- %	**1**	-
			28,502	21,396

Carrying amount of investment in joint venture entities

Share of joint venture entities' assets and liabilities		
Current assets	**2,256**	1,919
Non-current assets	**41,463**	32,532
Total assets	**43,719**	34,451
Current liabilities	**17,626**	193
Non-current liabilities	**-**	13,937
Total liabilities	**17,626**	14,130
Net assets	**26,093**	20,321
Share of joint venture entities' revenue, expenses and results		
Revenues	**1,190**	305
Expenses	**(2,785)**	(113)
Profit/ (loss) before income tax	**(1,595)**	192

5 Interests in joint ventures (continued)

Impairment losses recognised in profit or loss

Impairment losses included in share of profits of associates and joint venture entities accounted for using the equity method in the income statement	**-**	(125)
Share of net profits/ (losses) after tax of joint venture entities accounted for using the equity method	**(1,671)**	67

6 Contingencies

Contingent liabilities

The company had contingent liabilities at 30 June 2009 in respect of:

Guarantees
The parent entity and controlled entities have entered into local authority and other performance guarantees totalling $24,911,043 at 30 June 2009 (2008: $14,060,946) relating to individual land developments and other aspects of the company's operations. The guarantees are secured by charges over the assets of the respective entities. No liabilities are expected to arise.

The parent entity (Devine Limited) has guaranteed, under the terms of Class Order 98/1418, to pay any deficiency in the event of winding up of the controlled entities within the group. The controlled entities have also given a similar guarantee in the event that Devine Limited is wound up. No liabilities are expected to arise.

The Company has deposited $77,108 (2008: $1,317,965) into bank accounts subject to charges by agreement with the financial institution which provides funding for mortgages under the "Builder Pays Deposit" promotion. In addition performance guarantees totalling $1,000,000 (June 2008: $1,650,000) in respect to these loans has been issued to the lending institution. The funds are only available to meet costs associated with a loss on resale occurring as a result of buyer default on mortgages and repossessions. The consolidated entity's liability is limited to between 5% and 7% of the original loan amount of the defaulting purchaser in each individual case and the amounts held in the bank accounts and performance guarantee in total. That is, the consolidated entity could not be liable for more than $1,077,108 as at 30 June 2009 (2008: $2,967,965). As at 30 June 2009 a provision of $384,066 (2008: $709,000) has been raised on the basis of expected future costs.

Land and Property Acquisition Commitments

As at 30 June 2009 the Group had entered into land marketing agreements to acquire other developers' land amounting to $Nil (2008: $9,466,700). Of this amount, $Nil related to land that had been sold but was not yet at unconditional contract status (2008: $3,525,800). At exercise date the consolidated entity is required to acquire land at a predetermined acquisition price.

Litigation

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

7 Segment information

(a) Primary reporting format - business segments

2009	Housing and Land $'000	Property Development $'000	Body Corporate Management $'000	Corporate / Other $'000	Consolidated $'000
Total sales revenue	322,142	104,969	12,765	623	440,499
Other revenue	397	5,579	108	2,246	8,330
Total segment revenue	**322,539**	**110,548**	**12,873**	**2,869**	**448,829**
Segment result	**14,672**	**10,663**	**1,343**	**(4,705)**	**21,973**
Profit before income tax					21,973
Income tax expense					(5,274)
Profit for the year					**16,699**
Segment assets	**458,265**	**187,602**	**16,474**	**10,843**	**673,184**
Segment liabilities	**132,627**	**85,487**	**4,040**	**185,747** *	**407,901**
Other segment information					
Investments in associates and joint venture partnership	722	27,290	490	-	28,502
Share of net profits/ (losses) of associates and joint venture partnership	70	(1,916)	175	-	(1,671)
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	488	69	680	490	1,727
Depreciation and amortisation expense	436	59	392	320	1,207

7 Segment information (continued)

2008	Housing and Land $'000	Property Development $'000	Body Corporate Management $'000	Corporate / Other $'000	Consolidated $'000
Total sales revenue	277,186	290,532	8,691	1,110	577,519
Other revenue	539	2,173	106	2,692	5,510
Total segment revenue	**277,725**	**292,705**	**8,797**	**3,802**	**583,029**
Segment result	**4,520**	**41,333**	**1,494**	**(2,041)**	**45,306**
Profit before income tax					45,306
Income tax expense					(13,456)
Profit for the year					**31,850**
Segment assets	**478,869**	**234,886**	**15,566**	**30,072**	**759,393**
Segment liabilities	**241,034**	**112,001**	**2,820**	**151,964** *	**507,819**
Other segment information					
Investments in associates and joint venture partnership	-	20,885	511	-	21,396
Share of net profits of associates and joint venture partnership	-	(117)	184	-	67
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	823	65	674	159	1,721
Depreciation and amortisation expense	675	59	299	242	1,275

As management is able to identify funds used by each segment, the interest associated with the use of those funds is allocated to the respective segment.

* reflects borrowing by the group and made available to operating divisions as required to fund operations (excluding specific project funding).

8 Earnings per share

	Consolidated	
	2009	2008
	Cents	Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**5.7**	12.1
Total basic earnings per share attributable to the ordinary equity holders of the company	**5.7**	12.1
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**5.6**	11.9
Total diluted earnings per share attributable to the ordinary equity holders of the company	**5.6**	11.9

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2009	2008
	$'000	$'000
Basic earnings per share		
Profit from continuing operations	**16,699**	31,850
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**16,699**	31,850

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2009	2008
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**294,083,081**	262,577,723
Options	**1,950,000**	4,320,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**296,033,081**	266,897,723

(i) 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 Banking Covenants

As at the 30 June 2009 reporting date, Devine Limited was in breach of two banking covenants that attached to its core debt "Evergreen" multi option facility with its principal financier, the ANZ. Subsequent to balance date, the principal financier has waived the covenant breaches for the period from the 30 June 2009 to the earlier of:

a) The date on which the company has executed a variation agreement to amend the Facility Agreement on terms that are acceptable to the Financier; or

b) 31 October 2009

Devine has been in negotiations with its principal financier in relation to the proposed terms of the amended facility agreement which include extension of its facilities for a further 12 months to February 2012 (previously February 2011). Given the advanced status of those negotiations, Directors are confident that an amended facility agreement containing terms that are acceptable to both its principal financier and Devine will be entered into prior to 31 October 2009.

As required by AASB 101, interest bearing debt previously classified as non-current has now been classified as current. Notwithstanding this disclosure, directors are of the view that $193.168 million of interest bearing debt now classified as current will not be required to be repaid within the next twelve months. If the 30 June 2009 accounts had been prepared taking into account the subsequent covenant waiver, then $193.168 million of current liabilities would have been reclassified as non-current liabilities.