LIMITED
A.C.N. 010 769 365

Devine Limited
ASX Preliminary Final Report

ABN 51 010 769 365

for the year ended 30 June 2008

Devine LIMITED
A.C.N. 010 769 365

Directors' Comments

Year Ended 30 June 2008

27 August 2008

Directors of Devine Limited are pleased to announce an **after tax profit of $31.850M** for the year ended 30 June 2008. The profit result represents a **49.1% increase** on the $21.367M declared for the 2006/07 year and is at the upper end of the profit guidance issued by Directors on 4 June 2008.

The result was derived from operating revenue of $577.519M. This was 5.4% up on the corresponding figure for last year of $547.972M.

Dividend

Directors have declared a **final dividend of 4.0 cents per share fully franked** (last year 4.0 cents) which will be payable on 17 October 2008. This will result in a full year dividend of 8 cents per share fully franked (last year 8 cents fully franked).

Directors have elected to re-instate the company's Dividend Reinvestment Plan which was last in operation for the final dividend paid in November 2006. Further commentary on this appears later in this report.

Highlights for the Year

A number of key initiatives have been taken and material events have occurred during the 2007/08-year and these include:

- As foreshadowed in last year's report, Devine and its major shareholder, Leighton have formally entered into three joint venture development opportunities on the following projects:
    - Hamilton Harbour – mixed use development
    - 145 Ann St – Brisbane CBD office development
    - QLD Rail Site Townsville – mixed use development

- Settlement of all remaining units in the company's Charlotte Towers residential project in the Brisbane CBD.
- The completion in June 2008 of Devine's first office development in the Brisbane CBD.
- Fully leasing Devine's office development at Herston in Brisbane which reached 70% completion stage as at 30 June 2008.
- The purchase in September 2007 of a Body Corporate and Property Management company, SSKB Pty Ltd, (Stewart Silver King & Burn).
- The sale for $75M and settlement in May 2008 of a development site at Currumbin on the Gold Coast.
- The commencement of a 398 room Serviced Apartment Hotel development in Bourke St in the Melbourne CBD.
- A return to profitability for the company's Housing & Land Division.
- A 92% increase over the year in the company's national residential land bank for the Housing & Land Division which totaled 8,775 equivalent lots either owned or under control as at June 08.
- The successful completion in December 2007 of a 1 for 5 Rights Issue. This raised $62.5 million in additional shareholders' equity.

EPS

Basic EPS for the year were 12.1 cents on the expanded capital base (last year 14.3 cents). On a diluted basis, EPS were 11.9 cents (last year 13.8 cents).

Dividend Reinvestment Plan (DRP)

Given the Group's pipeline of future projects, Directors believe that it is prudent from a capital management perspective, to re-instate the DRP. This will assist in maintaining acceptable gearing and liquidity levels over the coming year. A discount of 5% to the company's weighted average share price immediately prior to the payment of the dividend will be applied.

Further details will be sent to shareholders shortly and Shareholders wishing to elect to receive all or part of their dividend entitlement by way of shares will need to complete an election form.

Results summary

A summary of the full-year's results and related commentary follows:

$000's	**Year Ended**	
	June 2008	**June 2007**
Revenue	577,519	547,972
Profit Before Tax	45,306	30,895
Net Profit After Tax Attributable to Shareholders	31,850	21,367
EPS Basic	12.1 cents	14.3 cents
EPS Diluted	11.9 cents	13.8 cents
Final Dividend – (Fully Franked)	4.0 cents	4.0 cents
Full Year Dividend – (Fully Franked)	8.0 cents	8.0 cents

Property development division

This division reported a profit before tax of $41.333M for the year 2007/08 year, up 10% on the previous year. This was generated on revenue of $290.532M compared to revenues of $363.651M recorded in the previous year and reflecting an increase in gross margins achieved.

Major contributors to the division's profits for the year were:

- Settlement of all remaining units in the company's Brisbane CBD Charlotte Towers residential unit project.
- Sale of the Hamilton Harbour development site into a JV with Leighton Properties.
- Completion in June 2008 of the previously sold and fully leased 25 level office tower in the Brisbane CBD at 333 Ann St.
- Progress recorded on the company's other fully leased office development at Herston in inner Brisbane which has also been sold.
- The sale and settlement of the development site at Currumbin on the Gold Coast.

Following completion in late June 08, final settlement was received from the Domaine SEQ Growth Trust on the ***333 Ann St*** office development in early July. This building, which had been sold to the trust for $119.5M, was fully let through Devine's commercial division.

The company's ***ICB Central*** office development at Herston, which has also been sold to Domaine, was at 70% complete stage at 30 June. It scheduled for completion in September 08. Devine's Commercial Division has been successful in fully leasing, the 11,000 sq metres of available office space.

During the year, Devine negotiated a sale of the proposed Serviced Apartment Hotel in ***Bourke St*** in the Melbourne CBD. This was sold to The Ascott Group and work commenced in June 08.

Following ongoing consultation with the Brisbane City Council and the newly established body, the Urban Land Development Authority, which has been formed by the government to oversee the future development of the "North Shore" precinct at Hamilton, progress is being made to secure a development approval on the Devine/Leighton Properties JV's ***Hamilton Harbour*** project. This is situated adjacent to Brisbane's new cruise ship terminal at Hamilton, an inner suburb of Brisbane. A $400M mixed-use development is planned for the site.

As announced progressively over the last year, Devine has secured a total of six sites that will comprise a precinct to be known as, ***"The French Quarter"***. A multi-staged development including a six star boutique hotel, up-market residential unit developments, an office building and retail space is planned for this prime site. It is located opposite Brisbane's Botanical Gardens on the corners of Alice, Albert and Margaret Streets in the Brisbane CBD.

Following an international architectural competition, a London based architectural firm (Atkins) who were the architects for the world renowned Burj Al Arab hotel in Dubai, were selected for the $1.2B project. They will be working in conjunction with ML Design, a Brisbane based architectural firm. It is intended that a JV be entered into with a third party to develop the site. Work is now progressing to secure a development approval for the staged project to be developed over several years.

During the June 08 half-year, the Devine/Leighton Properties JV settled on the ***QLD Rail Land*** site situated adjacent to Townsville's CBD. This followed a successful tender for this strategic site. A mixed-use project is planned to be developed in a number of stages over the next seven to ten years having an end value around $1.3 billion. The JV partners are progressing the relevant development approvals to allow works to commence on the first stage which is anticipated to occur early in the 2009 year.

A brief update on other key future development sites follows:

- **145 Ann Street Brisbane** – A conditional 120-year lease has been entered into with the Presbyterian Church on this site. A 35-level office development to be known as "King George Central" is planned for the site by the Devine/Leighton Properties JV. A draft development approval for the development has been received from the Brisbane

City Council and expressions of interest have been received from a number of prospective tenants for the $300M office tower.

- **96 Albert Street** in the Brisbane CBD – A contract of sale has been entered into on this site with settlement from the purchaser due in December 08.

- **99 Mary Street** in the Brisbane CBD – A number of options for this site are currently being considered which include possible strata titled office building and a hotel development. Discussions with a particular party in relation to the latter option are currently progressing.

The estimated combined gross realisation value of the portfolio of future projects detailed alone totals $3.5 Billion.

Housing division

Despite continuing soft market conditions in the Australian Housing market, this division produced a turnaround result to record a profit before tax of $4.520M for the year. This compared to a loss of $6.205M for the preceding year. Revenues for the year were $277.186M ($183.884M for the previous year).

When the building statistics for the 2007/08 year are finalised, total dwelling commencements in Australia are expected to be around 157,000. This is well down on previous highs and well below the level of underlying demand. This latter point is reflected in the very tight rental market conditions in most large population centres and the corresponding significant increases that have occurred in rents.

The market is forecast to stay soft until housing affordability improves. To address this, Devine is continuing with its strategy of selling land that it develops to other builders and is also introducing new housing designs on most of its residential estates.

Devine's land bank as at June 08 is just under 9,000 equivalent lots. This is represented by broad acre land, land under development and some developed stock. It is felt that this level of land inventory will provide a sound base from which to grow the housing and land division over the next few years and to take advantage of the upturn in the housing market when it comes.

A joint venture was recently entered into on one of the company's larger land holdings in Victoria and further joint ventures are planned to optimise capital usage and the management of risk.

Body Corporate and Property Management

The SSKB body corporate and property management business has now been fully integrated into the Devine Group. This followed its acquisition in September 2007. The division contributed a profit before tax of $1.494M for the nine months to June 08 on revenues of $8.699M. This result was in line with the budget and projections reviewed during the acquisition due diligence phase.

As reported in the December 07 Directors' Report, a strategic review for this business has been undertaken and a business plan prepared. Following on from this, plans are now underway to significantly grow the number of "lots" under body corporate management over the next five years. This will leverage off SSKB's proven systems and the sound reputation that the business has in the industry.

Devine Constructions

Devine Constructions completed the CBD office tower project at 333 Ann Street in June 2008. This was ahead of the scheduled completion time and well within budgeted costs. The project was Devine's first commercial development in the Brisbane CBD. Work continues ahead of schedule and within budgeted costs on the other office development located at Herston in inner Brisbane.

Having a construction capability provides Devine with a competitive advantage when considering new development opportunities. This division will also be tendering for the construction of the various Devine/Leighton Properties JV projects detailed earlier in this report. There are currently no plans for this division to tender for third party work.

Capital Management & Debt Profile

The 1 for 5 Rights Issue, which raised $62.5M was successfully completed in December 2007 further strengthing Devine's balance sheet.

The Group has an "Evergreen" rolling two year facility with the ANZ Bank. The balance of the company's debt is project specific (that is secured by individual land holdings and projects).

Company outlook

The past year has seen a significant change in the financial environment both globally and domestically. The tightening of the credit markets and the performance of equity markets has resulted in a significant drop in business and consumer confidence. This latter point, together with the ongoing housing affordability issue, is weighing heavily on the housing market generally. There are however indications that interest rates in Australia might start to trend down in the near future and this should assist in the recovery of the housing sector.

Despite the above backdrop, the fundamentals for the housing market in Australia remain sound. There is a significant and growing undersupply of housing in Australia which is evidenced by historically low vacancy rates and rising rents.

Devine is well positioned in relation to its larger property development projects and the Joint Ventures it has in place. Good progress is being made across a number of these, which will result in a material contribution of revenue and profits over the next few years.

Forecasting activity levels out over the next twelve months does however remain problematic. Uncertainty remains as to the timing of a recovery in the housing market and the commencement of a number of large-scale property development projects is subject to a number of variables including the time taken to gain regulatory and other approvals.

Notwithstanding the above and based on the company's latest budget projections, Directors are expecting at this stage that the result for the 2008/09 year will be around 15% up on the year just ended.

Directors are appreciative for the efforts of the Devine employee team and would also like to thank shareholders for their ongoing interest in and support of the company.

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 2008	30 June 2007

Results for announcement to the market

				$A'000
Revenues from continuing operations and activities	up	5.4%	to	577,519
Net profit (loss) for the period attributable to members	up	49.1%	to	31,850

Dividends	Amount per security	Franked amount per security
Final dividend	4¢	4¢
Interim dividend	4¢	4¢

Record date for determining entitlements to the dividend.	24-Sep-08

Brief explanation of any of the figures reported above (see Note 1) and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

The final dividend of 4 cents per ordinary share has been declared post 30 June 2008 and, therefore, in accordance with the adoption of *AASB 137 "Provisions, Contingent Liabilities and Contingent Assets"* , no provision has been recognised in the Balance Sheet as at 30 June 2008.

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

Refer attached Directors Report and Financial Statement Extract

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	17 October 2008
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)	24 September 2008
If it is a final dividend, has it been declared?	Yes

Amount per security

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	**4 ¢**	**4 ¢**	**0 ¢**
	Previous year	**4 ¢**	**4 ¢**	**0 ¢**
Interim dividend:	Current year	**4 ¢**	**4 ¢**	**0 ¢**
	Previous year	**4 ¢**	**4 ¢**	**0 ¢**

The dividend or distribution plans shown below are in operation.

Directors have decided to re-instate the company's dividend reinvestment plan as part of their capital management strategy.

The last date(s) for receipt of election notices for the dividend or distribution plans	**24 September 2008**

Statement of Retained Earnings

	Current period - $A'000	Previous corresponding period - $A'000
Retained profits (accumulated losses) at the beginning of the financial period	**28,590**	**18,347**
Net profit (loss) attributable to members	**31,850**	**21,367**
Dividends and other equity distributions paid or payable	**(20,902)**	**(11,124)**
Retained profits (accumulated losses) at end of financial period	**39,538**	**28,590**

Net tangible Assets (NTA)

	Current period	Previous corresponding period
Basic NTA	**82.1 ¢**	**73.3 ¢**
Diluted NTA	**80.9 ¢**	**72.0 ¢**

Earnings per security (EPS)

	Current period	Previous corresponding period
Basic EPS	**12.1 ¢**	**14.3 ¢**
Diluted EPS	**11.9 ¢**	**13.8 ¢**

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

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

Sign here: .... Date: **27 August 2008**
(Company Secretary)

Print name: **Vivian N Grayson**

Devine Limited
Director's Report
For the year ended 30 June 2008

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 C Somerville (Chairman)
D H T Devine (Managing Director)
P J Ferris AM
Hon. T M Mackenroth
G E McOrist
R W Parris
D J Ridley
V A Vella
K M Woodley (Marketing Director)

Chief Financial Officer / Company Secretary

V N Grayson

Review of Results of Operations

Refer Directors' Comments attached.

Events Occurring after Balance Sheet Date

A fully franked final dividend in respect of the 2008 financial year of 4 cents (2007: 4 cents) per share was declared by Directors on 27 August 2008. In accordance with the adoption of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* no provision has been recognised in the Balance Sheet as at 30 June 2008.
There have been no other significant events occur post 30 June 2008.

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 C Somerville	D H T Devine
Chairman	Managing Director

Townsville, 27 August 2008

Devine Limited
Income statement
For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	2007 $'000
Revenue	2	**577,519**	547,972
Cost of properties sold	3	**(417,570)**	(392,708)
Gross profit		**159,949**	155,264
Other revenue	2	**5,510**	1,381
Expenses, excluding finance costs	3	**(97,300)**	(87,920)
Finance costs	3	**(22,920)**	(38,853)
Share of net profits of associates and joint venture entities accounted for using the equity method	5(b)	**67**	-
Profit before income tax		**45,306**	29,872
Income tax expense		**(13,456)**	(9,187)
Profit from continuing operations		**31,850**	20,685
Profit from discontinued operations		**-**	682
Profit attributable to members of Devine Limited		**31,850**	21,367
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share	8	**12.1**	13.8
Diluted earnings per share	8	**11.9**	13.4
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	8	**12.1**	14.3
Diluted earnings per share	8	**11.9**	13.8

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

Devine Limited
Balance sheet
As at 30 June 2008

	Notes	Consolidated 2008 $'000	2007 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**19,990**	61,294
Receivables		**56,773**	23,194
Inventories		**252,167**	186,837
Derivative financial instruments		**567**	-
Current tax receivables		**4,837**	-
Other assets		**9,145**	1,119
Total current assets		**343,479**	272,444
Non-current assets			
Receivables (b)		**38,375**	-
Investments accounted for using the equity method	5(b)	**21,396**	-
Property, plant and equipment		**2,177**	1,423
Intangible assets		**16,885**	3,316
Inventories		**328,371**	173,312
Other non-current assets		**8,710**	3,605
Total non-current assets		**415,914**	181,656
Total assets		**759,393**	454,100
LIABILITIES			
Current liabilities			
Payables		**81,650**	32,070
Interest bearing liabilities		**39,828**	61,039
Derivative financial instruments		**-**	24
Current tax liabilities		**-**	11,333
Provisions		**4,374**	3,045
Non Interest bearing liabilities (a)		**84,452**	64,667
Total current liabilities		**210,304**	172,178
Non-current liabilities			
Interest bearing liabilities		**258,509**	49,237
Deferred tax liabilities		**8,548**	6,495
Provisions		**446**	370
Non interest bearing liabilities (a)		**30,012**	48,936
Total non-current liabilities		**297,515**	105,038
Total liabilities		**507,819**	277,216
Net assets		**251,574**	176,884
EQUITY			
Contributed equity		**211,782**	148,183
Reserves		**254**	111
Retained profits		**39,538**	28,590
Total equity		**251,574**	176,884

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

(a) The $114,464 (June 2007 $113,603) 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 $38,375 shown as a non-current receivable relates to the sale of the Currumbin property on the Cold Coast. The first instalment from the sale was received in May 2008.

Devine Limited
Statement of changes in equity
For the year ended 30 June 2008

	Notes	Consolidated 2008 $'000	2007 $'000
Total equity at the beginning of the financial year		**176,884**	65,553
Option expense transferred to reserve		**143**	111
Profit for the year		**31,850**	21,367
Share issue		**64,343**	101,019
Transaction costs of share issue		**(1,063)**	(81)
Deferred tax credit recognised directly in equity		**319**	19
Dividends provided for or paid	4	**(20,902)**	(11,124)
Employee share options		**-**	20
Total equity at the end of the financial year		**251,574**	176,884

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 2008

	Notes	Consolidated 2008 $'000	2007 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**541,403**	585,518
Payments to suppliers and employees (inclusive of goods and services tax)		**(389,638)**	(337,164)
Interest received		**2,552**	470
Interest paid		**(33,090)**	(37,184)
Income taxes paid		**(27,129)**	(1,256)
Net cash (outflow) inflow from operating activities		**94,098**	210,384
Cash flows from investing activities			
Payment for purchase of subsidiaries, net of cash acquired		**(46,626)**	-
Payments for property, plant and equipment		**(1,037)**	(766)
Payments for investment in land inventory		**(300,370)**	(68,804)
Payments for investment in joint venture partnership		**(11,174)**	-
Proceeds from sale of discontinued operations		**-**	9,171
Net cash (outflow) inflow from investing activities		**(359,207)**	(60,399)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**62,525**	99,636
Proceeds from borrowings		**233,689**	162,507
Payments for retentions and deposits		**(4,467)**	-
Share issue and buy-back transaction costs		**(1,062)**	(81)
Repayment of borrowings		**(45,917)**	(343,267)
Finance lease payments		**(61)**	-
Dividends paid to company's shareholders	4	**(20,902)**	(9,722)
Net cash inflow (outflow) from financing activities		**223,805**	(90,927)
Net increase (decrease) in cash and cash equivalents		**(41,304)**	59,058
Cash and cash equivalents at the beginning of the financial year		**61,294**	2,236
Cash and cash equivalents at end of year		**19,990**	61,294

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

1 Summary of significant accounting policies

(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 Standards (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 2008 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the company.

Intercompany transactions, balances and unrealised gains on transactions between group 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 Group.

(ii) Joint ventures
Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 5.

Joint venture entities
The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the partnership 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 partnership are set out in note 5.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the company’s ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(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 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 costs 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 the service to the customers.

(d) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their fair value as at the acquisition date based on the best available evidence of the price at which the instruments could be exchanged between knowledgeable, willing parties in an arm's length transaction. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(e)). If the cost of acquisition is less than the company's share of the fair value of the identifiable net assets of the business acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Intangible assets

(i) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the company'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 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.

1 Summary of significant accounting policies (continued)

(e) Intangible assets (continued)

(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) Other intangible assets
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.

(f) Comparatives

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

2 Revenue

	Consolidated 2008 $'000	2007 $'000
Revenue from sale of properties	**550,955**	547,972
Revenue from related parties *	**17,873**	-
Service revenue - Body Corporate Management	**8,691**	-
	577,519	547,972

Interest received	**2,756**	1,066
Rent received	**1,916**	307
Sundry income	**206**	8
Interest rate swap income	**632**	-
Other revenue	**5,510**	1,381
	583,029	549,353

* On 21 December 2007, Devine Limited and Leighton Properties Pty Ltd entered into a joint venture agreement to deliver Hamilton Harbour, a mixed use development in Brisbane's inner north. Devine Limited sold 50% of the units in Devine Hamilton Unit Trust for the sum of $13,872,500 plus an additional participation fee of $4,000,000.

3 Expenses

	Consolidated	
	2008	2007
	$'000	$'000
Expenses, excluding finance costs, included in the income statement classified by function		
Cost of properties sold	**417,570**	392,708
Other expenses	**97,300**	87,920
	514,870	480,628
Classification of these expenses by function		
Cost of properties sold	**417,570**	392,708
Other expenses from ordinary activities		
Marketing	**45,740**	52,885
Occupancy**	**3,486**	2,453
Administration**	**9,350**	7,866
Other**	**7,022**	5,184
Land holding expenses	**3,031**	1,988
Employee expenses**	**28,671**	17,544
	514,870	480,628
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**868**	936
Display homes	**215**	355
Leased assets	**42**	-
Total depreciation	**1,125**	1,291
Amortisation		
Amortisation of management rights	**150**	-
Total amortisation	**150**	-
Finance costs *		
Interest and finance charges paid/payable	**22,866**	38,829
Finance charges - lease liability	**13**	-
Interest rate swap expense	**41**	24
Finance costs expensed	**22,920**	38,853
Bad debt expense	**143**	119
Operating lease rental	**815**	598

* 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.

**Comparative cost increases result largely from inclusion of newly acquired subsidiary's costs.

4 Dividends

	Devine Limited	
	2008	2007
	$'000	$'000
(a) Ordinary shares		
Previous year final dividend paid		
Fully franked based on tax paid @ 30% - 4 cents (2007: 4 cents) per share	**9,474**	5,440
Interim dividend paid		
Fully franked based on tax paid @ 30% - 4 cents (2007: 4 cents) per share	**11,428**	5,684
Total dividends provided for or paid	**20,902**	11,124
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan during the years ended 30 June 2008 and 2007 were as follows:		
Paid in cash	**20,902**	9,722
Satisfied by issue of shares	**-**	1,402
	20,902	11,124
(b) Dividends not recognised at year end		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 4 cents per fully paid ordinary share, (2007 - 4 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 17 October 2008 out of retained profits at 30 June 2008, but not recognised as a liability at year end is.	**11,428**	9,473

(c) Franked dividends

The franked portion of the final dividend recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ended 30 June 2008.

	Consolidated	
	2008	2007
	$'000	$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2007 - 30%)	**18,905**	11,734

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) Jointly controlled assets

A subsidiary has entered into an unincorporated joint venture called the Deer Park Joint Venture to develop properties for residential housing. The subsidiary has a 50% participating interest in this joint venture and is entitled to 50% of the project profits.

The parent has entered into an unincorporated joint venture called Halletts Road Joint Venture to develop properties for residential housing. The parent has a 50% participating interest in this joint venture and is entitled to 50% of the project profits.

Name and principal activity

	% Interest Held during the year 2008	% Interest Held during the year 2007
Deer Park Joint Venture	**50**	50
Halletts Road Joint Venture	**50**	50

	Consolidated	
	2008 **$'000**	2007 $'000
Current assets		
Cash and cash equivalents	**80**	6
Trade and other receivables	**220**	5
Inventories	**6,113**	6,438
Other assets	**-**	38
Total current assets	**6,413**	6,487
Non-current assets		
Inventories	**4,323**	8,762
Total non-current assets	**4,323**	8,762
Share of assets employed in joint venture	**10,736**	15,249
Current liabilities		
Trade and other payables	**1,405**	6,687
Interest bearing liabilities	**3,317**	3,235
Total current liabilities	**4,722**	9,922
Non-current liabilities		
Interest bearing liabilities	**3,601**	5,299
Total non-current liabilities	**3,601**	5,299
Share of liabilities employed in joint venture	**8,323**	15,221
Net assets	**2,413**	28

5 Interests in joint ventures (continued)

(b) Joint venture partnership

At balance date, the group had a equity interest in a number of joint venture partnerships 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.
- 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 interests in the partnerships are accounted for in the financial statements using the equity method of accounting. Information relating to the joint venture partnership's is set out below.

Name and principal activity	Notes	Ownership interest 2008	Ownership interest 2007	Consolidated 2008 $'000	Consolidated 2007 $'000
Devine Hamilton Unit Trust		**50 %**	- %	**13,095**	-
145 Ann Street Trust		**50 %**	- %	**570**	-
Townsville City Project Trust		**50 %**	- %	**7,219**	-
Silver Body Corporate Financial Services Pty Ltd		**50 %**	- %	**511**	-
Deep Blue Consortium Pty Ltd		**45 %**	- %	**-**	-
Fallingwater Trust		**15 %**	- %	**1**	-
Carrying amount of investment in partnership				**21,396**	-

5 Interests in joint ventures (continued)

	Consolidated 2008 $'000	2007 $'000
Share of partnership's assets and liabilities		
Current assets	**1,919**	-
Non-current assets	**32,532**	-
Total assets	**34,451**	-
Current liabilities	**193**	-
Non-current liabilities *	**13,937**	-
Total liabilities	**14,130**	-
Net assets	**20,321**	-
Share of partnership's revenue, expenses and results		
Revenues	**305**	-
Expenses	**(113)**	-
Profit before income tax	**192**	-
Impairment losses recognised in profit or loss		
Impairment losses included in share of profits of associates and joint venture partnership accounted for using the equity method in the income statement	**(125)**	-
Share of net profits of joint venture partnerships accounted for using the equity method	**67**	-

* This includes borrowings for the joint ventures that are non-recourse to Devine.

6 Contingencies

(a) Contingent liabilities

The company had contingent liabilities at 30 June 2008 in respect of:

Guarantees

The parent entity and controlled entities have entered into local authority and other performance guarantees totalling $14,060,946 at 30 June 2008 (2007: $10,423,098) 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 $1,317,965 (2007: $3,751,221) into bank accounts subject to charges by agreement with the financial institutions which provide funding for mortgages under the "Builder Pays Deposit" promotion. In addition, performance guarantee's totalling $1,650,000 (June 2007: $1,500,000) in respect to these loans has been issued to two of the lending institutions. 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 $2,967,965 as at 30 June 2008 (2007: $5,251,221). As at 30 June 2008 a provision of $709,000 (2007: $573,365) has been raised on the basis of possible future costs.

Land and property acquisition commitments
As at 30 June 2008 the Group had entered into agreements to acquire other developers' land amounting to $9,466,700 (2007: $7,685,700). Of this amount, $3,525,800 related to land that had been sold but was not yet at unconditional contract status (2007: $5,204,200). At exercise date the consolidated entity is required to acquire land at a predetermined acquisition price.

As at 30 June 2008, the Group had entered into a number of options to purchase individual residential units at a site earmarked for future development. The exercise of the options whilst still conditional, is deemed to be probable in the December 2008 half-year. Should the options be exercised, an amount of $12,633,262 (June 2007:$34,062,700) would be required to be paid to the vendors to complete the individual purchases, with a corresponding increase in inventories held for future redevelopment.

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

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