



ASX Announcement/Media Release  
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## DEVINE ACHIEVES 49% PROFIT INCREASE TO \$31.85 MILLION

\$000's	2007/08	2006/07	Change
Revenue	\$577,519	\$547,972	5.4%
Profit Before Tax	\$45,306	\$30,895	46.6%
Net Profit After Tax Attributable to Shareholders	\$31,850	\$21,367	49.1%
Final Dividend – (Fully Franked)	4 cents	4 cents	-
Full Year Dividend – (Fully Franked)	8 cents	8 cents	-

Diversified property group Devine Limited today announced a 49 per cent increase in full-year earnings following a return to profitability by its core Housing and Land division and a strong performance from its Property Development division.

For the year to 30 June 2008, Devine reported an after-tax profit of \$31.85 million, up from \$21.37 million in the previous year. The result was achieved on revenues of \$577.52 million, a 5.4 per cent increase over the previous year.

Devine's founder and Managing Director David Devine said the excellent result reflected the company's decision to increase its residential landbank while simultaneously diversifying into commercial and highrise construction.

"By growing our residential landbank with strategic acquisitions in Victoria, South Australia and Queensland we have been able to achieve greater certainty in the delivery of our land developments. In addition, we have achieved increased margins from our property development activities. These have been major factors in this year's profit growth," Mr Devine said.

"At the same time, our partnership with Leighton Properties is already achieving positive results with three new commercial and mixed-use joint venture developments planned between our companies making us less dependent on the residential building cycle."

### Housing and Land

The turnaround of the Housing and Land division was a highlight for Devine, given the difficult market conditions that again prevailed this year. The division earned a profit before tax of \$4.52 million, compared to a \$6.21 million loss in the preceding year. The division's revenues were \$277.19 million, up 50.7 per cent from the previous year.

The improvement in profitability for the division came as it increased its residential landbank by 92 per cent to 8,775 equivalent lots either owned or under control as at 30 June 2008.

Mr Devine said the division was well positioned for future growth.

"This land inventory will provide a good base from which to grow the division over the next few years and to take advantage of an upturn in the housing market when it comes," Mr Devine said.



## **Property Development**

Property Development reported a profit before tax of \$41.33 million, up 10 per cent on the previous year. This was achieved despite a fall in revenue to \$290.53 million from \$363.65 million, reflecting a significant improvement in gross margins for the business.

Major contributors to the division's profit for the year included the settlement of all remaining units in the company's Brisbane CBD Charlotte Towers residential-unit project, the sale of the Hamilton Harbour development site into a JV with Leighton Properties and the completion in June 2008 of a 25-level office tower in the Brisbane CBD at 333 Ann St.

The division also booked profits from progress on the company's office development at Herston in inner-Brisbane which is now fully-leased and 70 per cent completed and from the sale and settlement for \$75 million of a development site at Currumbin on the Gold Coast.

## **Body Corporate and Property Management**

Devine has fully-integrated the body corporate and property management company SSKB Pty Ltd which it acquired in September 2007. The division contributed a profit before tax of \$1.49 million for the nine months to June 2008 on revenues of \$8.7 million.

"The strong result from this division is in line with our projections and shows we made the right decision when we acquired SSKB," Mr Devine said. "We now plan to grow the business further by increasing the number of lots under body corporate management over the next five years."

## **Devine Constructions**

The highlight of the year for Devine's in-house construction operation, Devine Constructions, was the completion of the CBD office tower project at 333 Ann Street in June 2008. This occurred ahead of schedule and well within budget. The project, which was Devine's first commercial development in the Brisbane CBD, had previously been sold to Mirvac's Domaine SEQ Growth Fund for \$119.5 million.

## **Outlook**

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.

Mr Devine said the fundamentals for the housing market in Australia remained sound although forecasting over the next year was difficult.

"There is a significant and growing undersupply of housing in Australia which is evidenced by historically-low vacancy rates and rising rents," Mr Devine said. "Based on this fact and indications that interest rates in Australia might start to trend down in the near future, we expect a recovery of the housing sector although uncertainty remains as to the timing."

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