

Devine Limited ABN 51 010 769 365
Preliminary final report - 31 December 2013

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction with the
30 June 2013 Annual report

Contents

	Page
Results for Announcement to the Market	1
Directors' report	4
Financial statements	
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	7
Consolidated statement of cash flows	8
Notes to the consolidated financial statements	9

Devine Limited is a company limited by shares, incorporated and domiciled in Australia.
Its registered office and principal place of business is:

Devine Limited
Level 1, KSD1
485 Kingsford Smith Drive
Hamilton Queensland 4007

For queries in relation to our reporting please contact the Company Secretary on (07) 3608 6300

Appendix 4E

Preliminary final report

Name of Entity

Devine Limited

ABN

51 010 769 365

Reporting period (6 months to 31 December 2013) ^

31 December 2013

Previous Corresponding period (12 months to 30 June 2013)

30 June 2013

Results for announcement to the market

\$A'000

Revenues from continuing operations	down	55%	to	139,374
(Loss) after tax attributable to members	down	12,955%	to	(72,977)

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

Not applicable

Details of Reporting Period

Current reporting period ^	Six (6) months to 31 December 2013
Previous corresponding period ^	Twelve (12) months to 30 June 2013

^ In accordance with the requirements of the *Corporations Act 2001* Devine Limited changed its financial year end in the current reporting period from 30 June to 31 December. As a result the current reporting period is a transitional financial year consisting of a 6 month period, 1 July 2013 to 31 December 2013, whilst the previous corresponding period is a 12 month period, 1 July 2012 to 30 June 2013.

Commentary on results

Refer to the attached financial statements extract for the transitional year ended 31 December 2013 and Directors' Comments for the review of operations.

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) (i.e. 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

Dividends

		Amount per security	Franked amount per security at 30% tax
Final dividend:	Current period	nil	nil
	Previous year	nil	nil
Interim dividend:	Current period	nil	nil
	Previous year	nil	nil

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

N/A

Net Tangible Assets per security (NTA)

	31 December 2013 \$	30 June 2013 \$
Basic and Diluted NTA	\$ 1.52	\$ 1.98

Earnings per security (EPS)

	31 December 2013 cents	30 June 2013 cents
Basic and Diluted EPS	(46.0) cents	(0.4) cents

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.

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~~).

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



Sign here:
(Company Secretary)

Date: 20 February 2014

Print name: Paul V Cochrane

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Devine Limited and the entities it controlled at the end of, or during, the 6 month financial period ended 31 December 2013 (the December 2013 transitional financial year).

This report is not the Directors' report required under S298 of the *Corporations Act 2001*, which will be included in the Annual report.

DIRECTORS

The following persons held office as Directors of Devine Limited during the transitional financial year and continue until the date of this report. Directors were in office for the entire period unless otherwise stated.

P J Dransfield (Chairman)
D B Keir (Managing Director and CEO)
J S Downes
Hon. T M Mackenroth
G E McOrist
R W Parris
V A Vella
T G Young

Chief Financial Officer

P V Cochrane

Company Secretary

P V Cochrane (appointed 28 November 2013)

V N Grayson (retired 28 November 2013)

EVENTS OCCURRING AFTER BALANCE SHEET DATE

There have been no significant events which have occurred post 31 December 2013.

ROUNDING OF AMOUNTS

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.



P J Dransfield
(Chairman)



D B Keir
(Managing Director and CEO)

Brisbane
20 February 2014

Devine Limited
Consolidated statement of comprehensive income
For the transitional financial year ended 31 December 2013

		6 months to December 2013 \$'000	12 months to June 2013 \$'000
	Notes		
Revenue	2	139,374	311,073
Cost of properties sold		(158,533)	(244,243)
Gross profit / (loss)		(19,159)	66,830
Other revenue	2	1,520	6,139
Expenses, excluding finance expenses	3	(61,088)	(70,846)
Finance expenses		(2,366)	(6,840)
Share of net profit / (loss) of joint venture entities accounted for using the equity method		(3,912)	3,919
(Loss) before income tax		(85,005)	(798)
Income tax benefit		12,028	239
(Loss) for the year		(72,977)	(559)
Items that may be reclassified subsequently to profit and (loss)			
Changes in the fair value of cash flow hedges/reserves, net of tax		140	(83)
Total comprehensive income / (loss) for the year		(72,837)	(642)
		Cents	Cents
Earnings per share for (loss) attributable to the ordinary equity holders of the Company:			
Basic and diluted earnings per share	8	(46.0)	(0.4)

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

Devine Limited
Consolidated statement of financial position
As at 31 December 2013

	31 December 2013 \$'000	30 June 2013 \$'000
ASSETS		
Current assets		
Cash and cash equivalents	11,264	20,986
Receivables	59,315	41,515
Inventories	147,840	133,901
Current tax receivable	68	-
Prepayments	1,377	734
Total current assets	219,864	197,136
Non-current assets		
Receivables	22,743	32,080
Inventories	173,800	256,556
Investments accounted for using the equity method	36,193	53,317
Plant and equipment	2,866	1,771
Deferred tax assets	10,058	-
Intangible assets	3,316	3,316
Other non-current assets	193	191
Total non-current assets	249,169	347,231
Total assets	469,033	544,367
LIABILITIES		
Current liabilities		
Advances and other payables	57,453	50,093
Interest bearing loans	29,832	26,685
Provisions	4,201	3,232
Non-interest bearing loans	25,280	28,783
Total current liabilities	116,766	108,793
Non-current liabilities		
Advances and other payables	7,341	14,964
Interest bearing loans	93,676	92,551
Deferred tax liabilities	-	1,825
Provisions	1,347	1,785
Non-interest bearing loans	4,751	6,288
Derivative financial instruments	458	656
Total non-current liabilities	107,573	118,069
Total liabilities	224,339	226,862
Net assets	244,694	317,505
EQUITY		
Contributed equity	292,367	292,367
Reserves	(181)	(347)
Retained earnings / (Accumulated losses)	(47,492)	25,485
Total equity	244,694	317,505

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

Devine Limited
Consolidated statement of changes in equity
For the transitional financial year ended 31 December 2013

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings / (Accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2013		292,367	(347)	25,485	317,505
(Loss) for the year		-	-	(72,977)	(72,977)
Other comprehensive income		-	140	-	140
Total comprehensive income / (loss) for the year		-	140	(72,977)	(72,837)
Transactions with owners in their capacity as owners:					
Expense / (benefit) pursuant to employee incentive scheme		-	26	-	26
Balance at 31 December 2013		292,367	(181)	(47,492)	244,694
Balance at 1 July 2012		292,367	(124)	29,218	321,461
(Loss) for the year		-	-	(559)	(559)
Other comprehensive income		-	(83)	-	(83)
Total comprehensive income / (loss) for the year		-	(83)	(559)	(642)
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	4	-	-	(3,174)	(3,174)
Expense / (benefit) pursuant to employee incentive scheme		-	(140)	-	(140)
Balance at 30 June 2013		292,367	(347)	25,485	317,505

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

Devine Limited
Consolidated statement of cash flows
For the transitional financial year ended 31 December 2013

	6 months to December 2013 \$'000	12 months to June 2013 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	151,986	348,617
Payments to suppliers and employees (inclusive of goods and services tax)	(149,518)	(316,289)
Profit distributions received from joint ventures	122	4,045
Interest received	655	1,292
Interest paid	(6,831)	(11,507)
Income taxes received / (paid)	-	328
Net cash (outflow) / inflow from operating activities	(3,586)	26,486
Cash flows from investing activities		
Payments for plant and equipment	(1,778)	(922)
Payments for investments in joint ventures	(4,286)	(9,732)
Payments for investments in land inventory	(7,537)	(17,941)
Loans to joint ventures	(7,724)	(7,903)
Repayments of loans by joint ventures	217	-
Equity distributions received from joint ventures	2,100	19,773
Proceeds from sale of plant and equipment	14	-
Loans from joint ventures	6,600	10,131
Net cash (outflow) from investing activities	(12,394)	(6,594)
Cash flows from financing activities		
Proceeds from borrowings	63,238	124,544
Repayment of borrowings	(56,980)	(140,419)
Dividends paid to company's shareholders	-	(3,174)
Net cash inflow / (outflow) from financing activities	6,258	(19,049)
Net (decrease) / increase in cash and cash equivalents	(9,722)	843
Cash and cash equivalents at the beginning of the financial year	20,986	20,143
Cash and cash equivalents at end of the financial year	11,264	20,986

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

Contents of the notes to the consolidated financial statements

	Page	
1	Summary of significant accounting policies	10
2	Revenue	11
3	Expenses	11
4	Dividends	12
5	Interests in joint ventures	13
6	Contingencies	14
7	Segment information	14
8	Earnings per share	16
9	Events occurring after the reporting period	17

1 Summary of significant accounting policies

This general purpose condensed financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report. Accordingly, this report is to be read in conjunction with the Annual report for the year ended 30 June 2013 and any public announcements made by Devine Limited during the year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report apart from the changes in accounting policies noted within Note 1(b)

(a) Basis of preparation

This is an extract from the general purpose Financial statements which have been prepared in accordance with Australian Accounting Standards and the *Corporations Act 2001*.

(b) New accounting standards and interpretations

New Standards and amendments to Standards mandatory for the first time for the transitional financial year beginning 1 July 2013 have been adopted. The adoption of the Standards resulted in change in accounting policies however had no material financial impact on the current period or any prior period and is not likely to affect future periods.

Certain new accounting Standards and Interpretations have been published that are not mandatory for 31 December 2013 reporting periods and have not yet been applied in the financial report. The Directors believe that these new or amended Standards and Interpretations would not have any material financial effect on the financial statements presented.

(c) Comparatives

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

In accordance with the requirements of the *Corporations Act 2001* Devine Limited changed its financial year end in the current reporting period from 30 June to 31 December. As a result the current reporting period is a transitional financial year consisting of a 6 month period, 1 July 2013 to 31 December 2013, whilst the previous corresponding period is a 12 month period, 1 July 2012 to 30 June 2013.

2 Revenue

	6 months to December 2013 \$'000	12 months to June 2013 \$'000
<i>Revenue</i>		
Revenue from property development	125,111	247,955
Revenue from construction activities	319	2,616
Revenue from property development - related joint ventures	4,395	7,505
Revenue from construction activities - related joint ventures	9,549	52,997
	139,374	311,073
 <i>Other revenue</i>		
Rent received	164	400
Interest received	1,288	3,390
Sundry income	68	2,349
	1,520	6,139
	140,894	317,212

3 Expenses

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

	6 months to December 2013 \$'000	12 months to June 2013 \$'000
Marketing	18,147	31,151
Occupancy	1,622	3,239
Administration	13,637	24,544
Other	4,478	5,145
Land holding expenses	4,187	6,767
Impairment of joint venture entities and receivables	19,017	-
	61,088	70,846

3 Expenses (continued)

(b) Inventory write-downs, impairment and other expenses

	6 months to December 2013 \$'000	12 months to June 2013 \$'000
Write-down of inventory included in cost of properties sold	45,177	10,000
Impairment of joint venture entities and receivables	19,017	-
Write-down of inventory in joint ventures entities included in share of net profit	3,000	-
Restructuring costs	2,825	-
	70,019	10,000

4 Dividends

(a) Ordinary shares

	31 December 2013 \$'000	30 June 2013 \$'000
Previous year final dividend paid in cash		
Fully franked based on tax paid @ 30.0% - 0 cents (June 2012: 2 cents) per share	-	3,174
Total dividends provided for or paid	-	3,174

(b) Franked dividends

Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (June 2013 - 30.0%)	9,474	9,514
--	--------------	-------

The above amounts represent the balance of the franking account as at the end of the financial year.

5 Interests in joint ventures

(a) Joint venture operations

At balance date, the Group had interests in a number of joint venture operations and these are listed below. Each joint venture's principal place of operations and country of incorporation is Australia and their principal activity is property development.

	Ownership interest %	
	31 December 2013	30 June 2013
Bacchus Marsh Joint Venture	50	50
Deer Park Joint Venture	50	50
Casey Fields Joint Venture	55	55
Henry Road Pakenham Joint Venture	50	50
Turramurra Joint Venture	50	50

(b) Joint venture entities

At balance date, the Group had equity interests in a number of joint venture entities and these are listed below. Each joint venture's principal place of operation and country of incorporation is Australia and their principal activity is property development.

	Ownership interest %	
	31 December 2013	30 June 2013
Hamilton Harbour Unit Trust	50	50
Townsville City Project Trust	50	50
Riverina Estate Development Trust	50	50
VR Pakenham Trust	50	50
Kurunjang Development Trust	50	50
Wallan Project Trust	50	50
DoubleOne 3 Unit Trust	50	50
North Parramatta Unit Trust	50	-
Fallingwater Trust	15	15

(c) Contributions to joint ventures

As part of its business arrangements Devine enters into joint ventures with other parties. Current trading conditions have resulted in the renegotiation of some terms and conditions of these arrangements. These negotiations are ongoing and no further losses are anticipated.

6 Contingencies

Contingent liabilities

The Group had contingent liabilities at 31 December 2013 in respect of:

(i) Guarantees

The Group has provided the following guarantees:

The Group and controlled entities have provided bank guarantees and surety bonds totalling \$30.2m at 31 December 2013 (June 2013: \$36.0m) relating to individual land developments and other aspects of the Company's operations. The guarantees and bonds are secured by charges over the assets of the respective entities or indemnities. No liabilities are expected to arise.

The Group and, in most instances, its joint venture partners have provided guarantees for the performance of the joint ventures for debt totalling \$62.1m at 31 December 2013 (June 2013: \$40.1m). The debt is secured against assets of the joint ventures with a recorded value of \$118.4m (June 2013: \$105.9m) and is to be repaid from the property sales of the joint ventures. No liabilities are expected to arise.

The Group also provides performance and financial guarantees for land acquisitions, construction and developments in the normal course of its business operations. No liabilities are expected to arise.

(ii) Litigation

There are a small number of matters that are the subject of litigation or potential litigation with different parties. A provision has been raised in the financial statements, based on estimates, where legal or other advice indicates that it is probable that the Group will incur costs either in progressing its investigation of the claim or ultimately in settlement. No provision has been raised where it is only possible but not probable the action will succeed or where it is expected that these matters will be resolved with no material cost being incurred by the Group.

7 Segment information

(a) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Managing Director and CEO and the Board.

7 Segment information (continued)

(b) Operating segments

December 2013	Housing and Land \$'000	Development and Construction \$'000	Corporate and Other \$'000	Consolidated Total Continuing Operations \$'000
Total sales revenue	106,857	32,517	-	139,374
Interest revenue	224	461	603	1,288
Other revenue	54	178	-	232
Total segment revenue	107,135	33,156	603	140,894
Operating segment result before write-down	(12,159)	(1,095)	(1,732)	(14,986)
Inventory write-down, impairment and other expenses (Note 3)	(66,622)	(3,178)	(219)	(70,019)
Segment result	(78,781)	(4,273)	(1,951)	(85,005)
(Loss) before income tax				(85,005)
Income tax benefit				12,028
(Loss) for the year				(72,977)
Segment assets	373,370	70,915	24,748	469,033
Segment liabilities *	89,974	11,974	122,391	224,339
Other segment information				
Investments in joint venture entities	4,182	32,011	-	36,193
Share of net profits / (losses) of joint venture entities	(129)	(3,783)	-	(3,912)
Write-down / impairment, and other expense information				
Write-down of inventory	45,177	-	-	45,177
Impairment of investments in joint venture entities and receivables	19,017	-	-	19,017
Write-down of inventory in joint venture entities	-	3,000	-	3,000
Restructuring costs	2,428	178	219	2,825
	66,622	3,178	219	70,019

June 2013	Housing and Land \$'000	Development and Construction \$'000	Corporate and Other \$'000	Consolidated Total Continuing Operations \$'000
Total sales revenue	237,962	73,111	-	311,073
Interest revenue	618	999	1,773	3,390
Other revenue	174	2,572	3	2,749
Total segment revenue	238,754	76,682	1,776	317,212
Operating segment result before write-down	3,822	8,303	(2,923)	9,202
Write-down of inventory (Note 3)	-	(10,000)	-	(10,000)
Segment result	3,822	(1,697)	(2,923)	(798)
(Loss) before income tax				(798)
Income tax benefit				239
(Loss) for the year				(559)

7 Segment information (continued)

(b) Operating segments (continued)

June 2013	Housing and Land \$'000	Development and Construction \$'000	Corporate and Other \$'000	Consolidated Total Continuing Operations \$'000
Segment assets	437,524	81,876	24,967	544,367
Segment liabilities *	100,318	28,817	97,727	226,862
Other segment information				
Investments in joint venture entities	15,773	37,544	-	53,317
Share of net profits / (losses) of joint venture entities	1,051	2,868	-	3,919
Write-down of inventory	-	10,000	-	10,000

* Corporate liabilities reflect borrowing by the Group which is made available to operating divisions as required to fund operations (excluding specific project funding).

(c) Segment information provided to the senior executive management team

The Company operates in only one geographic segment, Australia.

8 Earnings per share

(a) Basic and diluted earnings per share

	31 December 2013 Cents	30 June 2013 Cents
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	<u>(46.0)</u>	(0.4)

(b) Reconciliation of earnings used in calculating earnings per share

	31 December 2013 \$'000	30 June 2013 \$'000
(Loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	<u>(72,977)</u>	(559)

8 Earnings per share (continued)

(c) Weighted average number of shares used as denominator

	31 December 2013 Number	30 June 2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	158,730,556	158,730,556
Adjustments for calculation of diluted earnings per share:		
Options	<u>17,104</u>	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>158,747,660</u>	<u>158,730,556</u>

Options granted to employees are only included in the determination of diluted earnings per share to the extent they are considered potentially dilutive.

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 Events occurring after the reporting period

There have been no significant events which have occurred post 31 December 2013.