28 April 2016

ASX Market Announcements
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

2016 AGM Notice of Meeting and Proxy Form

In accordance with Listing Rule 3.17, please find attached copies of the Notice of Meeting and Proxy Form for the Company's 2016 Annual General Meeting (AGM), and the Company's 2015 Annual Report.

The AGM will be held at the Devine Office, Level 1, 485 Kingsford Smith Drive, Hamilton, Queensland, on Monday, 30 May 2016 at 11.00am (AEST).

The Notice of Meeting and Proxy Form together with the Company's 2015 Annual Report will be dispatched to shareholders today.

These documents are also available on the Devine Group website at www.devinegroup.com.au.

Yours faithfully
Devine Limited

James Mackay
Company Secretary

Devine
GROUP

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Devine Limited (**Company**) will be held at the Devine Limited Offices, KSD1, Level 1, 485 Kingsford Smith Drive, Hamilton, on **Monday, 30 May 2016 at 11.00am (Brisbane time).**

AGENDA

1. ORDINARY BUSINESS

1.1 Financial statements and reports

To receive and consider the financial statements and reports of the Directors and the Auditors for the financial year ended 31 December 2015.

1.2 Resolution 1 — Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution in accordance with section 250R (2) of the Corporations Act:

'That the Remuneration Report for the financial year ended 31 December 2015 be adopted'.

Note: This resolution will be decided as if it were an ordinary resolution, but under section 250R (3) of the Corporations Act, the vote does not bind the Directors or the Company. Votes must not be cast on this resolution by Key Management Personnel and their closely related parties in contravention of sections 250R or 250BD of the Corporations Act. Restrictions apply to votes cast as proxy unless exceptions apply.

The Directors are included in the group of Key Management Personnel. Accordingly, they abstain, in the interests of corporate governance, from making a recommendation in relation to this resolution.

1.3 Resolution 2 — Election of Director — Mr George Sassine

To consider and, if thought fit, to pass the following ordinary resolution:

'That, Mr George Sassine, being eligible, be elected as a Director of the Company'.

Information about the candidate is set out in the Explanatory Notes which accompany this Notice of Annual General Meeting. The Directors recommend that you vote in favour of this resolution.

DATED: 26 April 2016

By Order of the Board

James Mackay
Company Secretary

NOTES

(a) Subject to the Corporations Act, including sections 250R and 250BD, a member who is entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.

(b) The proxy need not be a member of the Company. A member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

(c) If you wish to appoint a proxy and are entitled to do so, then complete and return the enclosed proxy form. To be effective the proxy must be received at the share registry of the Company, Computershare Investor Services no later than 11.00am (Brisbane time) Saturday, 28 May 2016.

(d) If voting by attorney, a proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11.00am (Brisbane time) on Saturday, 28 May 2016.

(e) A corporation may elect to appoint a corporate representative in accordance with section 250D of the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

(f) The Company has determined in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 that for the purpose of voting at the meeting or adjourned meeting, Shares will be taken to be held by those persons recorded in the Company's register of members as at 7.00pm (Brisbane time) on Friday, 27 May 2016.

(g) If more than one joint holder of Shares is present at the AGM (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

(h) If you have any queries on how to cast your votes then call the Company Secretary on (07) 3608 6300 during business hours.

Proxies must be received **before 11.00am (Brisbane time) on Saturday, 28 May 2016** by one of the following methods:

By post:	Computershare Investor Services Pty Limited GPO Box 242 Melbourne VIC 3001
By facsimile:	In Australia 1800 783 447 From outside Australia + 61 3 9473 2555
Online:	By visiting www.investorvote.com.au and logging in using the control number found on the front of your accompanying proxy form.

Intermediary Online subscribers (Institutions/Custodians) may lodge their proxy instruction online by visiting www.intermediaryonline.com.

The Company reserves the right to declare invalid any proxy not received in this manner.

VOTING EXCLUSION STATEMENT

Resolution 1

The Company will disregard votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel or any of their closely related parties, unless:

(a) **directed proxy** – the person does so as a proxy appointed under and in accordance with the directions on the proxy voting form; or

(b) **undirected proxy to Chair** – the person is the Chair of the meeting and does so as a proxy appointed under the proxy voting form (or appointed by default), where the proxy voting form does not direct the proxy how to vote on Resolution 1 and expressly authorises the Chair of the meeting to exercise the undirected proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel (which includes the Chair of the meeting), and the vote is not cast on behalf of a member of Key Management Personnel or a closely related party of such a member.

The Chair of the meeting intends to vote undirected proxies in favour of Resolution 1.

Further details regarding proxy voting are set out in the proxy form accompanying this Notice of Meeting.

EXPLANATORY NOTES

1. ORDINARY BUSINESS

The Explanatory Notes have been prepared to assist Shareholders with their consideration of the resolutions to be put to the Annual General Meeting to be held on Monday, 30 May 2016.

Financial Statements and Reports

The Corporations Act requires that the report of the Directors, the Auditor's report and the financial report be laid before the AGM. In addition, the Company's Constitution provides for such reports and statements to be received and considered at the meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Constitution requires a vote of Shareholders at the AGM on such reports or statements however Shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

In addition to being given a reasonable opportunity to ask questions at the meeting, Shareholders may address written questions to the Chairman about the management of the Company, or to the Company's Auditor which are relevant to:

(a) the content of the Auditor's Report to be considered at the meeting; or

(b) the conduct of the audit of the financial report to be considered at the meeting.

Pursuant to section 250PA of the Corporations Act, any written questions must be submitted to the Company Secretary on or before 5.00 pm (Brisbane time) on Monday, 23 May 2016 to:

By post:

The Company Secretary
Devine Limited
PO Box 780
Hamilton Central QLD 4007

By fax or by email:

The Company Secretary
Fax – (07) 3608 6333
Email – james.mackay@devine.com.au

A list of qualifying written questions will be made available at the AGM.

EXPLANATORY NOTES

1.1 Resolution 1 — Adoption of Remuneration Report

The Corporations Act requires that Shareholders be asked to vote on the Remuneration Report.

This report can be found in the Annual Report which is available on the Company's website at http://www.devinegroup.com.au. It sets out the remuneration policy of the Company and reports on the remuneration arrangements in place for non-executive Directors, Executive Directors and the Group's Senior Executives.

Note that under section 250R (3) of the Corporations Act, the vote by Shareholders **is advisory only** and **is not binding on the Directors or the Company**. However, if more than 25% of the votes cast on this resolution are against the adoption of the Remuneration Report, the Remuneration Report for the following year must either address any comments received from Shareholders or explain why no action has been taken in response to those comments.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM. As the resolution relates to matters including the remuneration of the Directors, the Board, as a matter of corporate governance and in accordance with the spirit of section 250R (4) of the Corporations Act, make no recommendation regarding this resolution. However the Chair of the meeting intends to vote undirected proxies in favour of Resolution 1.

1.2 Resolution 2 — Election of Director – Mr George Sassine (non-executive Director)

In connection with the resignation of three Directors during the year, the Board appointed Mr George Sassine as non-independent non-executive Director. Under rule 19.2(b) of the Constitution, a Director appointed by the Board holds office until the conclusion of the next AGM following his or her appointment.

In accordance with rule 19.2(b) of the Constitution, Mr George Sassine will retire at the AGM and is standing for election as non-independent non-executive Director.

Mr George Sassine's election as non-independent non-executive Director has been proposed by the Company's major shareholder, CIMIC Group Limited.

Mr George Sassine is Executive General Manager Corporate Advisory and Group Property for CIMIC Group. Mr Sassine has more than 29 years' experience in the property, construction and development industry, including successfully managing multiple commercial and residential projects. During this time he has held a variety of positions within the CIMIC Group, including General Manager Corporate Advisory, and he has taken a leadership position on key projects delivered by CPB Contractors (formerly Leighton Contractors).

Mr Sassine has an honours degree in building from the University of NSW.

If Mr Sassine is not elected as a Director at the AGM, then the prescribed minimum number of Directors under the Corporations Act and the Constitution will not be met.

Directors' Recommendation

The Directors recommend the election of Mr Sassine as a Director.

DEFINITIONS

AGM	means Annual General Meeting.
Annual Report	means the annual report of the Company for the financial year ended 31 December 2015.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited and the exchange operated by it, being the Australian Securities Exchange.
Auditors	means Ernst & Young.
Board	means the Board of Directors of Devine.
Chairman	means the Chairman of the Company.
Company or Devine	means Devine Limited ACN 010 769 365.
Constitution	means the existing constitution of the Company.
Corporations Act	means *Corporations Act 2001* (Cth).
Director	means one or more Directors of the Company.
Explanatory Notes	means the explanatory notes attached to this Notice of Meeting.
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of Devine, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	means the listing rules of ASX.
Notice of Meeting	means the notice of meeting for the 2016 AGM of the Company and includes the Explanatory Notes.
Remuneration Report	means the section of the Directors' report for the financial year ended 31 December 2015 that is included under section 300A (1) of the Corporations Act.
Shareholder	means a registered shareholder of Devine who is entitled to vote at the AGM.
Shares	means the existing fully paid ordinary shares in the Company.

Devine™
GROUP

Devine Limited
ABN 51 010 769 365

Level 1, KSD1,
485 Kingsford Smith Drive,
Hamilton, QLD 4007

PO Box 780,
Hamilton Central, QLD 4007

P (07) 3608 6300

F (07) 3608 6333

devine.com.au

Devine LIMITED
ABN 51 010 769 365

DVN

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form XX

Vote and view the annual report online

- Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11:00am (Brisbane time) Saturday 28 May 2016

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Devine Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ____________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Devine Limited to be held at Devine Limited Offices, KSD1, Level 1, 485 Kingsford Smith Drive, Hamilton on **Monday, 30 May 2016 at 11:00am (Brisbane time)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Resolution 1** (except where I/we have indicated a different voting intention below) even though **Resolution 1** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Resolution 1** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business	For	Against	Abstain
1 Adoption of Remuneration Report	☐	☐	☐
2 Election of Director — Mr George Sassine	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________________ Contact Daytime Telephone ____________________ Date ____/____/____

Computershare

2015 ANNUAL REPORT

DIRECTORS

D P Robinson - Chairman
P J Dransfield
G Sassine
A M Howse (Alternate for G Sassine)

CHIEF EXECUTIVE OFFICER

S A Cooper

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

J S L Mackay

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 1, KSD1, 485 Kingsford Smith Drive
Hamilton Queensland 4007
07 3608 6300

SHARE REGISTER

Computershare Investor Services Pty Limited
117 Victoria Street
West End Queensland 4101
1300 787 474

AUDITOR

Ernst & Young
Level 51, 111 Eagle Street
Brisbane Queensland 4000

SOLICITORS

McCullough Robertson
Level 11, 66 Eagle Street
Brisbane Queensland 4000

King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney New South Wales 2000

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Level 20, 111 Eagle Street
Brisbane Queensland 4000

SECURITIES EXCHANGE LISTINGS

Devine Limited shares are listed on the Australian Securities Exchange
(ASX Code: DVN)

WEBSITE

www.devine.com.au

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ANNUAL GENERAL MEETING

The annual general meeting of Devine Limited will be held at the offices of Devine Limited
Level 1, KSD1, 485 Kingsford Smith Drive, Hamilton, Brisbane

Time: 11:00am

Date: Monday 30 May, 2016

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REVIEW

Earlier this year, the Devine Limited Board and management commenced a Strategic Review of the Company's operations. Our aim is to strengthen Devine's balance sheet, provide Devine with a flexible operating structure and to achieve ongoing sustainability.

While this Annual Report provides a review of the Company's performance for the 2015 year, it is the outcomes of this Strategic Review that will provide the platform for new opportunities and preserve the value of the Devine businesses.

FINANCIAL RESULTS AND STRATEGIC REVIEW

Devine's 2015 financial result comprised a:

> Loss before tax from continuing operations of $34.6 million;

> Profit before tax from discontinued operations of $0.7 million;

> Loss after tax from continuing and discontinued operations of $36.0 million; and

> Profit after tax of $0.49 million from the discontinued operations of Devine housing.

This result reflects the underperformance of the Company's construction business, Devine Constructions, as well as production delays within the land development business during the period.

Led by Chief Executive Officer Andrew Cooper, the management team is making every effort to stabilise the construction and land development businesses and, ultimately, turnaround the Company's performance.

Within Devine Constructions specifically, we are focused on reducing costs and delays. Individuals with extensive construction expertise have been introduced to Devine Constructions and tasked with improving the division's performance.

More broadly, through the Strategic Review, we are systematically evaluating the entire Company's operations to generate savings and efficiencies. We have made significant steps towards rationalising overheads by reducing costs and assessing savings that can be made in our relationships with suppliers and service providers. We are also improving our approach to resourcing to ensure people are deployed to projects at the right time.

We are improving and streamlining all aspects of the business by ensuring our governance structures are efficient and our risk framework is strong, and we are investigating asset realisation opportunities that will assist our cash flow and reduce debt.

FUNDING ARRANGEMENTS

In relation to the Company's funding arrangements[1], ANZ Banking Group (ANZ) has agreed to extend the date for testing of the relevant covenants to 31 July 2016 from 31 March 2016. Devine and ANZ are continuing to work together to achieve a mutually acceptable outcome in relation to the ANZ loan facilities by 31 July 2016 and will continue to update shareholders as required.

OPERATIONAL BUSINESS REVIEW

Notwithstanding the Company's 2015 financial result, Devine delivered upon a number of operational achievements during the year which will assist with our efforts to stabilise the business in 2016.

These include successfully refocusing the housing operations toward the design and delivery of integrated and medium density housing, including the launch of new home solutions in Queensland and South Australia. This included the completion of over 90% of our project home delivery commitments, and the closure of this area of our business to allow us to refocus on higher-margin projects. Higher-margin development opportunities were successfully secured in selected markets, including the Woodforde project in Adelaide's eastern suburbs.

The Company also announced new joint venture relationships that will assist in leveraging required capital across the business, including Daikyo Australia at Mode Apartments in Brisbane and Starfish Developments at Woodforde in Adelaide.

[1] Refer to announcement to the Australian Securities Exchange on 31 March 2016.

BOARD AND MANAGEMENT

During the period CIMIC Group increased its shareholding in Devine to 59.11%, following an off-market takeover offer.

In addition, a number of structural changes were initiated in response to the performance of the Company. These included reconstituting the Board and making changes to management. At the Board level, I was appointed as Chairman and George Sassine was appointed as a Director. Within management, Andrew Cooper was appointment to the role of Chief Executive Officer and James Mackay joined as Chief Financial Officer and Company Secretary.

I would also like to acknowledge the contributions from the Directors who have retired from the Board over the last year; Hon. Terry Mackenroth, Graeme McOrist, Judith Downes, Jeff Cummings, Mark Gray, Ian Frost and David Keir.

The Strategic Review has the full support of the Devine Board and the Company's major shareholder.

OUTLOOK

After a challenging period for Devine, the Strategic Review is a positive and essential step in the future of the Company. The review has already achieved improved cost control and, while there is more to do, it is generating efficiencies and seeking to reduce debt.

Looking ahead, successful execution of the Strategic Review is critical as the Company strives for a sustainable operating platform from which to deliver our strong pipeline of approximately 9,650 future dwellings across our communities, housing and apartments businesses.

I would like to take this opportunity to thank you, our shareholders, for your support and express my gratitude to our employees for their hard work and focus.

Sincerely,

David Robinson
Chairman

On behalf of the Devine Board
and Chief Executive Officer

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 year ended 31 December 2015.

DIRECTORS

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

D P Robinson
(appointed 27 May 2015 and appointed Chairman 19 January 2016)

P J Dransfield
(resigned as Chairman 18 January 2016)

D B Keir
(Managing Director and CEO)
(resigned 2 November 2015)

J S Downes
(resigned 18 January 2016)

J D Cummings
(resigned 18 January 2016)

M C Gray
(appointed 27 May 2015 – resigned 18 January 2016)

Hon. T M Mackenroth
(resigned 27 October 2015)

G E McOrist
(resigned 27 May 2015)

I Frost
(resigned 30 April 2015)

G Sassine
(appointed 18 January 2016)

A Howse
(appointed alternate 18 January 2016 to G Sassine)

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

C G Bellamy held position of CFO for the full financial year. He was also appointed acting CEO on 2 November 2015 and held the position of acting CEO until 19 January 2016 when S A Cooper was appointed CEO. Mr Bellamy resigned as CFO on 18 February 2016.

J S L Mackay was appointed CFO on 18 February 2016.

COMPANY SECRETARY

J S L Mackay (appointed 18 February 2016)

C G Bellamy (resigned 18 February 2016)

M M Randall (appointed 4 November 2015 – resigned 4 February 2016)

INFORMATION ON DIRECTORS

D P Robinson - Chairman

(appointed Chairman 18 January 2016)

Experience and expertise

Mr David Robinson has been a Non-executive Director of CIMIC Group Limited (formerly Leighton Holdings Limited) since 1990. Mr Robinson is a registered company auditor and tax agent and a chartered accountant and a partner of the firm ESV Accounting and Business Advisers in Sydney. He acts as an adviser to local and overseas companies with interests in Australia. He is also Chairman of Trustees of Mary Aikenhead Ministries, the responsible entity for the health, aged care and education works of the Sisters of Charity in Australia.

Mr Robinson was a Director of Leighton Properties from 2000 to 2012.

Other current directorships (listed entities)

CIMIC Group Limited

Former directorships in last 3 years (listed entities)

None

Special responsibilities

Mr Robinson was appointed Chairman of the Board on 18 January 2016

Member of the Audit Committee (appointed 18 January 2016)

Interests in shares and options

Nil

P J Dransfield - Director

(resigned as Chairman 18 January 2016)

Experience and expertise

Mr Peter Dransfield has been an independent non-executive Director since April 2010. Peter has held senior executive positions with Australand and Walker Corporation and was a Director of the Multiplex Group and Director of Housing for the NSW Government. Peter is also an adviser to Pepper Property and Chairman of several Landcom joint ventures.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

Australian Industrial REIT (resigned December 2015)

Special responsibilities

Chairman of the Board – Mr Dransfield resigned as Chairman of the Board on 18 January 2016 but remains on the Board

Chairman of the Remuneration and Nomination Committee (the committee was disbanded August 2015)

Chairman of the Audit Committee (appointed 18 January 2016)

Interests in shares and options

Nil

G Sassine - Director

(appointed 18 January 2016)

Experience and expertise

Mr George Sassine has more than 29 years' experience in the property, construction and development industry, including successfully managing multiple commercial and residential projects. During this time he has held a variety of positions within the CIMIC Group, including General Manager Corporate Advisory, and he has taken a leadership position on key projects delivered by CPB Contractors (formerly Leighton Contractors). Mr Sassine has an honours degree in building from the University of NSW.

Mr Sassine is currently the Executive General Manager Corporate Advisory and Group Property for CIMIC Group and a Director of Leighton Properties Pty Limited.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

None

Interests in shares and options

Nil

A Howse – Alternate Director to G Sassine

(appointed 18 January 2016)

Experience and expertise

Dr Adelle Howse is CIMIC Group's Chief Strategy Officer and joined CIMIC Group in 2003, initially at John Holland Group before transferring to CIMIC Group Limited in 2006. Prior to joining CIMIC, Dr Howse worked for a number of other companies including Tarong Energy, Energex and Unilever Australasia. Adelle is a graduate of the University of Queensland and was awarded a PhD in Mathematics. She has an executive MBA from IMD (Switzerland), a Graduate Diploma in Applied Finance & Investment and a Diploma from the Australian Institute of Company Directors. Dr Howse is a board member for a number of CIMIC entities including Nextgen Group and Ventia. She is a former Director of the Manila North Tollways Corporation and is an Australian Mathematical Sciences Institute (AMSI) board member.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

None

Interests in shares and options

Nil

DIRECTORS' REPORT
CONTINUED

J S Downes - Director

(resigned 18 January 2016)

Experience and expertise

Ms Judith Downes joined the Devine Board as an independent non-executive Director on 1 January 2013. She has extensive experience in accounting and finance having previously held senior roles in those fields including CFO of Alumina Limited and CFO and Chief Operating Officer, Institutional Division for the Australia and New Zealand Banking Group Limited. Judith has also held a number of professional appointments including having recently completed seven years as a member of the IFRS Advisory Council of the International Accounting Standards Board. She is Chairman of Bank Australia, Australia's first customer owned bank.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

Chairman of the Audit Committee (appointed 27 May 2015 – resigned 18 January 2016)

Member of the Remuneration and Nomination Committee (the committee was disbanded August 2015)

Interests in shares and options

Nil

J D Cummings – Director

(resigned 18 January 2016)

Experience and expertise

Mr Jeff Cummings has been actively involved in the housing and urban development industry for over 26 years. In this period Mr Cummings' roles have provided experience across all facets of urban development; including investment and acquisition, design and development, construction management and project management. Jeff is the former New South Wales General Manager for Pioneer Homes Australia; a role he fulfilled for six years prior to the takeover of the business by Devine Limited in 1997. He is a founding director of private property consultancy firm, The Urban Partnership. In this capacity Jeff worked as project manager for the land development activities of Landco Developers in NSW; including the sale of the Interciti joint venture project with Landcom and the State Rail Authority. Jeff has an impressive career in various consulting roles for private developers, NSW Health and the NSW Governments' development agency, UrbanGrowth NSW (formerly Landcom).

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

Member of the Audit Committee (appointed 1 July 2015 – resigned 18 January 2016)

Member of the Remuneration and Nomination Committee (the committee was disbanded August 2015)

Interests in shares and options

Nil

M C Gray – Director

(appointed 27 May 2015 – resigned 18 January 2016)

Experience and expertise

Mr Mark Gray was Managing Director of Leighton Properties Pty Limited from 2007 until his retirement in December 2014. He has 40 years' experience in the property industry in both Australia and the USA, 28 of which have been with Leighton Properties. He has experience in all facets of property development including from a strategic, delivery and financial/investment perspective across a breadth of large projects including commercial, residential and mixed-use projects throughout Australia. Mr Gray is a past President (NSW) of the Property Council of Australia and is currently an independent Board Member of the Green Building Council of Australia.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

Member of the Audit Committee (appointed 21 December 2015 – resigned 18 January 2016)

Interests in shares and options

Nil

D B Keir -Managing Director and CEO

(resigned 2 November 2015)

Experience and expertise

Mr David Keir was an executive Director from April 2010 and has over 25 years' experience in the property industry in town planning, project management, operations and construction. He has an in-depth understanding of acquisition, funding, development, sales and marketing. Prior to joining Devine in 2010 he spent over 16 years working in a variety of roles at Delfin Limited and Delfin Lend Lease, including as CEO. David holds a Bachelor of Applied Science, Built Environment as well as post graduate qualifications in Town Planning and Project Management.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

Member of the Remuneration and Nomination Committee (executive remuneration only) (the committee was disbanded August 2015)

Interests in shares and options

Nil ordinary shares in Devine Limited

437,750 options over ordinary shares in Devine Limited

Hon. T M Mackenroth – Director

(resigned 27 October 2015)

Experience and expertise

Hon. Terry Mackenroth was an independent non-executive Director since September 2005. Terry is a former Queensland Deputy Premier and Treasurer and was the Minister for State Development, Communication & Information, Housing, Planning & Local Government, Regional & Rural Communities and Sport. He was responsible for establishing the Office of Urban Management and oversaw the South East Queensland Regional Plan and the South East Queensland Infrastructure Plan. Terry is currently a Director of the Queensland Rugby League and Chairman of the Camp Hill Carina Welfare Association.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

Member of the Audit Committee (resigned 27 October 2015)

Interests in shares and options

Nil

G E McOrist - Director

(resigned 27 May 2015)

Experience and expertise

Mr Graeme McOrist was a non-independent non-executive Director since April 2007. Graeme worked at Leighton Holdings Limited from 1969 until his retirement in January 2006. Graeme was involved in and responsible for a number of areas of the Leighton business including accounting, treasury, project finance, mergers and acquisitions and risk management. He was also involved in securing and executing a number of major infrastructure projects in Australia and South East Asia. He is a Director of Gemco Investments Pty Ltd, Gemco Advisory Pty Ltd and Southern Way Holdings Pty Ltd.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

Chairman of the Audit Committee (resigned 27 May 2015)

Interests in shares and options

Nil

DIRECTORS' REPORT
CONTINUED

I Frost – Director

(resigned 30 April 2015)

Experience and expertise

Mr Ian Frost has 40 years' experience in the property industry, with experience across a range of related disciplines including valuation, project management, development management, property management, commercial leasing, sales and acquisition, and investment funds management. Ian has worked for several major Australian property fund management groups involved in the establishment, marketing and management of listed and unlisted investment vehicles. Retiring from full time employment in 2006, Ian undertook independent consulting roles, holding positions on investment committees and advisory boards relating to property investment and financial products, and management companies. Ian is a former Director of Leighton Properties Pty Ltd.

Other current directorships (listed entities)

None

Former directorships in last 3 years (listed entities)

None

Special responsibilities

None

Interests in shares and options

Nil

INFORMATION ON MANAGEMENT

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) AND COMPANY SECRETARY

S A Cooper

(appointed CEO 19 January 2016)

Mr Andrew Cooper has more than 33 years' experience in property development and construction. His previous roles include Leighton Properties' National Head of Operations and NSW State Manager. He has an honours degree in civil engineering from the University of NSW, together with qualifications in law and architecture from the University of Sydney, and is a graduate of the Australian Institute of Company Directors. Mr Cooper was previously the Executive Director and Chief Operating Officer of CIMIC Group's Leighton Properties.

C G Bellamy

(appointed Acting CEO 2 November 2015 and held this position until 18 January 2016)

(resigned as CFO and Company Secretary 18 February 2016)

Mr Craig Bellamy has a depth of property and finance experience having most recently been the Chief Executive Officer of Trinity Limited until his resignation. Mr Bellamy was previously the CFO of Trinity Limited and AMP Capital Meridien Lifestyle. Mr Bellamy holds a Bachelor of Business (Accounting) and is a qualified Chartered Accountant.

M M Randall

(appointed Company Secretary 4 November 2015 and resigned 1 February 2016)

J S L Mackay

(appointed CFO and Company Secretary 18 February 2016)

MEETINGS OF DIRECTORS

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each Director of the Company during the financial year are:

	Full meetings of directors		Meetings of committees			
			Audit		Remuneration and Nomination	
	A	B	A	B	A	B
P J Dransfield	20	22	**	**	1	1
D P Robinson	12	12	**	**	**	**
J S Downes	22	22	5	5	1	1
D B Keir	16	16	**	**	1	1
J D Cummings	21	22	3	3	1	1
M C Gray	10	12	1	1	**	**
Hon. T M Mackenroth	15	16	3	4	**	**
G E McOrist	9	10	2	2	**	**
I Frost	9	9	**	**	**	**

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

** = Not a member of the relevant Committee

*** = No meetings were held during the time the Directors held office

The Remuneration and Nomination Committee was disbanded in August 2015

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the Group consisted of:

> Communities – Land development and integrated housing

> Development – Apartment and mixed use projects; and

> Construction – Residential apartment construction.

Effective 30 April 2015, the Group announced that it would undertake a repositioning of its housing business, with the focus being now on medium density and integrated housing for its existing and new Communities' projects. The Group will also continue to service select wholesale clients with respect to housing solutions.

There have been no other significant changes in the nature of the activities of the Group during the year.

DIVIDENDS

There were no dividends declared or paid to members during the 31 December 2015 financial year.

OPERATING AND FINANCIAL REVIEW

1. About Devine

Devine was first established in 1983 and today the Company is one of the most recognised brands in the Australian residential property sector, proudly standing by its record for quality and value.

Devine's property experience extends across community development and creation, home building and apartment and mixed use projects. In addition, the Company includes a dedicated construction business.

With operations established throughout Queensland, Victoria and South Australia Devine has been responsible for providing homes and apartments for more than 26,500 Australian families since listing on the Australian Securities Exchange in 1993.

As a leader in the Australian property development industry, the Company is committed to providing quality residential developments and homes that people can be proud of.

As at 31 December 2015, Devine's residential development pipeline included the equivalent of approximately 9,650 future dwellings.

2. Business units – continuing operations

A summary of consolidated revenues and results for the year for the continuing operating segments is set out below:

	Segment revenues		Segment results	
	12 months to December 2015 $'000	12 months to December 2014 $'000	**12 months to December 2015 $'000**	12 months to December 2014 $'000
Segment results before tax				
Communities	**124,440**	149,378	**3,663**	7,965
Development	**3,565**	14,268	**278**	7,122
Construction	**87,096**	86,752	**(29,088)**	3,035
Corporate *	**812**	1,811	**(9,433)**	(3,574)
Total	**215,913**	252,209	**(34,580)**	14,548
(Loss)/profit before income tax			**(34,580)**	14,548
Income tax (expense)/benefit			**(1,932)**	(7,781)
(Loss)/profit for the year			**(36,512)**	6,767

* For December 2014 net sale transaction costs of $1.6m is included in Corporate segment result
* For December 2015 the Corporate segment result includes $0.1m net sale transaction costs, $0.7m takeover costs and $0.4m restructure costs

3. Strategy and new opportunities

The Company has delivered upon its undertakings, as set out below, in response to its results in prior years, and continues to refine its operations in order to return the Company to a position of long term sustained earnings.

Throughout 2015 the response included:

> the progressive closure of the traditional project home delivery business and a shift toward the design and delivery of integrated and medium density housing;
> continuing the accelerated trade-out of previously impaired projects;
> pursuing new higher margin opportunities in selected markets, such as the new Tribune Apartments project in South Brisbane consisting of 157 apartments;
> advancing the launch of new higher margin projects to the market, such as Eden's Crossing in south east Queensland and Woodforde in Adelaide's eastern suburbs.

Looking ahead, the business will be guided further by the outcomes of the strategic review that is currently being undertaken jointly with the Company's largest shareholder, CIMIC Group Limited, supported by the Devine Board and the management team.

4. Company strategic review update

In the Target's Statement issued by Devine in December 2015, it was noted that CIMIC would, inter alia, conduct a strategic review of Devine's businesses following the conclusion of the CIMIC offer.

In early January 2016 Devine and CIMIC Group Ltd jointly commenced a strategic review of the various parts of the Devine Group. As a result of the FY15 audit being carried out contemporaneously, and consequential impact on key staff, the strategic review was paused in February 2016 pending the finalisation and announcement of the FY15 financial results.

5. Financial results

The following is a summary of the results that were recorded for the financial year ended 31 December 2015:

> Total revenue from continuing operations of $215.9m (compared to $252.2m for December 2014)
> Loss from continuing operations before tax of $34.6m (compared to a profit of $14.5m for December 2014)
> Gain from discontinued operations before tax of $0.7m (compared to a loss of $4.5m for December 2014)
> Total loss before tax of $33.9m (compared to a profit of $10.0m)
> Gearing levels reduced to 9.6% (15.4% for December 2014) as a result of capital recycling plan (net debt/total assets less cash)
> No dividend has been declared during the 12 month period to December 2015.

5. Financial results (continued)

	12 months to December 2015 $'000	12 months to December 2014 $'000
Revenue from continuing operations	**213,111**	241,450
Revenue from discontinuing operations	**56,368**	92,048
	269,479	333,498
Statutory (loss)/profit before tax from continuing operations	**(34,580)**	14,548
Profit/(loss) before tax from discontinued operations	**697**	(4,526)
	(33,883)	10,022
Gearing	9.6%	15.4%
Net tangible assets - $ per share	$1.32	$1.55
EPS - cents per share - continuing operations	(23.0)c	4.3c
EPS - cents per share	(22.7)c	2.3c

*Impairment reversals of nil are included within the 2015 statutory profit before tax (compared to $3.9m for December 2014)

Comments on operations and operating highlights

The following key trading statistics were achieved in the financial year ended 31 December 2015:

> Residential land settlements: 800
> Housing starts: 463
> Apartment sales: 52

2015 was to be a year where the Company demonstrated a strong change toward sustainable earnings growth. Due to the impacts of trade letting losses and time related costs with the Devine Constructions business, some production delays within the land development business and the withdrawal of a project partner for a planned project due to uncertainty surrounding the then active take-over offer, the 2015 earnings have been extremely disappointing.

While these delivery challenges have significantly impacted the 2015 result, the development businesses remain on track with 46% of 2016 budgeted land settlements secured as at 31 December 2015.

Key operating highlights for the period include:

> Launched 912 allotment at Eden's Crossing community (Redbank Plains, Queensland) and recorded the first settlements for the project;
> Commenced sales of the Newbridge Wallan community in Victoria;
> Accelerated sales and delivery of three projects (Mountview and Waverley Parks in Queensland; and Parks Edge, Victoria) with near final land sales secured for settlement in 2016;
> Final settlements and close-out of the Woodvale community development in Queensland;
> Contracted the sale of a major retail site and 2.6 hectare school site at the Stonehill master planned community (Victoria) in separate transactions;
> Announced a joint venture with Starfish Developments to deliver the new Woodforde community in Adelaide;
> Conditional development approval was obtained for the development of the 157 apartment development at South Brisbane (Queensland) to be known as Tribune Apartments;
> Devine and Daikyo agreed to jointly undertake the development of Mode Apartments;
> Commenced construction of the Mode Apartments project with 74% of the apartments sold and unconditional;
> Progressive sale and settlement of remaining apartment stock at DoubleOne3 Apartments in Brisbane resulting in only two apartments remaining unsold at year end;
> Expanded the Company's medium density housing operations with the successful launch of new homes in both Queensland and South Australia;
> Completed over 90% of the project home delivery commitments that remained post closure of the housing business in late April 2015;
> Wholesale building operations have continued to provide an alternative client base in challenging markets, particularly in the competitive Melbourne market;
> Commenced construction of 138 apartment High Street project for Serra Property Group;
> Completion by Devine Constructions of the 143 apartment Alex Perry Apartment project for Chrome Properties.

6. Going concern

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

For the year ended 31 December 2015, the Group incurred a net loss after tax of $36 million (2014: net profit of $4 million) and generated net cash flows from operating activities of $30 million (2014: $47 million). As at 31 December 2015, the Group had net assets of $213m (2014: $249m) and current liabilities (including the Senior ANZ Bank Multi Option Facility (MOF) balance) exceeded current assets by $0.9m.

As at 31 December 2015 the Group had drawn debt of $56m (including bank guarantees) under the Senior ANZ MOF finance facility, which has been classified as a current liability due to its maturity being 31 August 2016. Testing of financial covenants of the ANZ MOF Agreement has been deferred until 31 March 2016. The current $56m net exposure of Devine to ANZ in relation to the MOF is secured by assets valued well in excess of the debt amount. The Directors note that, based on internal projections, they do not expect the Group to be compliant with the covenants of the ANZ MOF Agreement as at the 31 March 2016 covenant compliance testing date. Under the terms of the ANZ MOF Agreement, a breach of a financial covenant entitles ANZ to request repayment of the facility on demand. In such an event, the Group currently does not have the immediate capacity to repay the facility in full nor does it currently have readily available alternate sources of liquidity. As a result, currently there is uncertainty in regard to whether the Group can continue to operate as a going concern to realise assets and discharge liabilities in the ordinary course of business and at the amounts stated in the financial report.

In preparing the financial statements on a going concern basis, the Directors have had regard to the current strategic review of the Devine business and the Group's ongoing discussions with the ANZ Bank regarding refinance of the ANZ MOF. The Directors note that the ANZ Bank has continued to work closely with Devine Limited and its major shareholder, CIMIC Group Ltd, and has previously agreed to deferrals of a covenant testing date which it has recently extended to 31 March 2016. On the basis of the discussions with ANZ bank, the strategic review jointly conducted with Devine's major shareholder and a renewed focus on cash and liquidity by management, the Directors consider that the Group will not be in a position which would require adjustment to the recoverability and classification of recorded assets and liabilities.

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

7. Market conditions

Most residential markets maintained momentum throughout 2015 with a national record number of dwelling approvals at 232,000 at year's end. However the growth in dwelling approvals was not balanced across market segments with multi-unit approvals up 30%, while detached houses increased only 1% over the year.

Home loan affordability pressures continue to impact the First Home Buyer segment despite the low interest rate environment. This segment recorded only limited recovery in finance approvals over the course of 2015 with the investment purchaser continuing to drive strong volumes across the major city markets. Consumer confidence moved into positive territory over the course of the year where optimism only slightly outweighed pessimism; however the confidence in the property markets has entered negative territory driven by high housing prices particularly in NSW and Victoria.

Queensland:

The South-East Queensland property market remains in a strong position with increasing volumes and good price appreciation within the major growth corridors. Regional markets in Queensland, particularly those related to mining activities remained significantly challenged throughout CY15 with recovery expected to be slow while an oversupply of residential stock remains in these markets.

Annual dwelling approvals in Queensland increased 27% in 2015 with an increasing contribution from the residential apartment sector.

Victoria:

The Victorian property market has maintained the momentum from 2014, with a 12.5% uplift in dwelling approvals to record over 68,000 approvals for the year. Victoria has enjoyed strong overall population growth, up 1.7% over 2014/15 buoyed by a robust economy that has seen it become the fastest-growing economy of the eastern states.

South Australia:

The new home market in South Australia remained flat at comparatively low levels following the withdrawal of the State's Home Building Grant over a year prior. Buyer sentiment generally is hindered by depressed economic prospects, high unemployment and weak dwelling prices. 2015 annual housing approvals were down 3%. Select sub markets including the eastern, inner rim and parts of the southern suburbs defied the broader market with strong results in 2015 driven by limited supply and strong rental yields.

8. Risk management

The risk management processes at Devine Limited consider and manage business risks at a Group, Business unit and Project level. A detailed risk assessment process is undertaken on a quarterly basis and with monthly updates provided to the Devine Board when a specific risk event occurs. The risk assessment process considers both the likelihood of a risk occurring and the impact that the risk would have on the business should it occur. Where the rating assigned to a specific risk warrants it, action plans are established to mitigate both the likely occurrence of the risk and its potential impact on the business.

Key risks

The key risks to the Devine business, whilst not exhaustive, include:

Trading and operations risks

Devine's revenue and profits are reliant on Devine achieving an acceptable level of sales of its products and not incurring any protracted interruptions to its normal operations. To manage this, Devine has a diversified range of product offerings and operates in a number of growth corridors in the major markets in which it operates.

Construction risks

Completion of projects involves a number of typical construction risks including the failure to obtain necessary approvals, liquidated damages, potential litigation and disputes over contractual matters and from third parties, employee or equivalent shortages, higher than budgeted construction costs, the ability of customers to pay, insolvency events and project delays which may impact the commerciality and economies of the project.

Strategic and market risks

Devine is susceptible to major changes to activity levels in the residential sector as a result of changes to macro-economic settings in Australia and the market conditions in the geographies in which it operates and changes in government policies (at all levels of government) and approvals. In order to monitor the potential impact of these external factors, Devine receives regular updates from economists and other experts, and considers the impact of forecast changes on the business plan and the value of its developments.

Funding and liquidity risks

The Group is reliant on its ability to secure and maintain adequate funding for its major projects and normal trading operations. To mitigate this risk Devine:

> ensures it has access to a number of committed credit lines, at both Group and project level, with a variety of counterparties;

> manages its capital structure; and

> may undertake the sale of identified projects or assets.

The Group has a policy of ensuring the appropriate matching of maturity profiles of its assets and liabilities exists. Currently discussions to refinance the senior debt facility have commenced and Devine continues to work positively with its financiers to renegotiate the senior debt facility.

Other risks

Other areas of risk that are faced by Devine include:

> Reputational risks associated with ensuring that high quality standards for its products are maintained and that there is an appropriate response to any complaints received from customers;

> Reputational and funding risks associated with its partners in joint and other business arrangements;

> Securing adequate people and material resources to meet the Company's trading requirements, particularly when there is a significant lift in market activity;

> General risks of a corporate nature which include risks associated with a potential prolonged interruption to the Company's IT Systems, the provision of appropriate insurance cover, disruptions to Devine's administrative functions due to a fire, flood or other major event occurring to one of its offices;

> Operating in an industry where there is a risk of incidents (to persons, property and the environment) occurring on our developments and construction sites. Devine works within the provisions of local, state and federal government legislation, which is managed via the Devine Group WHS and Environmental Management Systems;

> Reporting risks associated with reliance on forecasts. Forecasts are utilised in support of a number of items in the financial accounts. To the extent that actual outcomes vary from the forecasted amounts could subsequently affect the values of these items.

9. Outlook

Pending the outcome of the joint strategic review the Company remains focused on its core business.

EARNINGS PER SHARE

	12 months to December 2015 Cents	12 months to December 2014 Cents
Basic and diluted earnings per share		
Total basic and diluted, (loss)/profit for the year attributable to ordinary equity holders of the Company	**(22.7)**	2.3

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

In early January 2016 Devine and CIMIC Group Ltd jointly commenced a strategic review of the various parts of the Devine Group. As a result of the FY15 audit being carried out contemporaneously, and consequential impact on key staff, the strategic review was paused in February 2016 pending the finalisation and announcement of the FY15 financial results.

On 5 February 2016 ANZ Bank agreed to extend the date for testing of the relevant covenants under the Multi Option Facility from 29 January 2016 until 29 February 2016.

On 8 February 2016 the Group settled on the second block (of two) for the Tribune Apartments development project. This completes the land acquisition component for this important project.

On 24 February 2016 ANZ Bank agreed to extend the date for testing of the relevant covenants under the Multi Option Facility from 29 February 2016 until 31 March 2016.

ENVIRONMENTAL REGULATION

During the financial year the Company's activities were primarily involved in the sale and construction of houses, medium density and high-rise developments and the development and sale of residential land. Accordingly, it is subject to the relevant local, state and federal government environmental regulations relating to these activities. The Company strives at all times to meet the requirements of these regulations and is conscious of its obligations to protect the environment. To the best of the Directors' knowledge, all activities have been undertaken in compliance with these requirements.

WORKPLACE HEALTH AND SAFETY

The nature of the industry in which Devine operates means there is a risk of incidents and injuries occurring on our developments. Devine's WHS Management System places obligations on all employees to help minimise the number of incidents and injuries that occur on our developments. The Health and Safety Managers and through them our Development Managers, Project Managers and Site Managers conduct regular training sessions, site inspections and audits to ensure our contractors, consultants and suppliers are complying with Devine's WHS policies and procedures. The Directors understand their responsibilities under the WHS (OHS in Victoria) Legislation and comply with a strict WHS Due Diligence Framework. The Senior Executive Team, receive monthly WHS reports outlining both lead (positive safety outcomes) and lag (incidents and injuries) indicators for the Company. In the financial year ending 31 December 2015 there were 23 notifiable incidents across the Devine Group (December 2014: 3).

DIVERSITY POLICY

Devine's Diversity policy details the key elements of the Company's commitment to diversity and also recognises the need to set diversity objectives that can be articulated and measured. A copy of the Diversity Policy is available on the Policies and Compliance section of the Devine website. The policy addresses the following key factors as they relate to diversity:

> Devine's corporate culture;
> Devine's commitment to diversity;
> Measurable objectives; and
> Annual disclosure to shareholders.

Whilst the policy addresses the importance of diversity including in relation to age, ethnicity, culture as well as gender, these measurable objectives focus primarily on gender diversity.

Measurable Objectives

In accordance with this policy and ASX Corporate Governance Principles, the Board has established the following measurable objectives in relation to gender diversity. A number of factors have been considered in setting the measurable objectives and these include:

> The historic nature of the industry in which Devine operates in respect to gender diversity;
> The current level of gender diversity in the Devine Group, particularly at senior management level;
> Where gender gaps exist in the Company's management and general workforce;
> The level of female representation on the Devine Board;
> The importance of having procedural measures in place to foster diversity;
> Establishing effective monitoring systems to assist in meeting the Company's diversity objectives; and
> That, overriding the desire for greater gender diversity across the Devine Group, is the need to ensure that at all times the best person is recruited or promoted to fill a particular position.

The following measurable objectives were framed in the context of the above objectives:

Female representation	At 31 December 2015		
Employment group	Total Directors/ Employees	Females	Target representation
Board	5	1	1 female Director
Senior executives	5	0	2 female Senior executives
Management	28	7 (25%)	25%
Balance of workforce	99	41 (41%)	40%

DIRECTORS' REPORT
CONTINUED

Monitoring and Implementation

The Board has direct responsibility for overseeing the implementation of the Diversity policy and achievement of the diversity targets. A report on diversity is included in the monthly Board papers.

Notification under Workplace Gender Equality Act 2012

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Act), Devine Limited on 21 May 2015 lodged its annual public report with the Workplace Gender Equality Agency (WGEA).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The likely developments and expected results are covered in the Operating and Financial review above.

LOANS TO DIRECTORS AND EXECUTIVES

No loans were secured or made to Directors and executives during the financial year ended 31 December 2015 (December 2014: Nil).

INSURANCE OF OFFICERS

Insurance and indemnity arrangements existing in the previous year concerning officers of the Group were renewed or continued. The constitution of Devine Limited provides an indemnity (to the maximum permitted by law) in favour of each Director, Secretary and Executive Officer. The indemnity is against any liability incurred by that person in their capacity as a Director, Secretary or executive officer to another person (other than Devine or a related body corporate) unless the liability arises out of conduct involving a lack of good faith. The indemnity includes costs and expenses incurred by an officer in successfully defending that person's position. The Company has paid a premium regarding a contract insuring each Devine Director and each full time executive, Director and Secretary of the Company against certain liabilities incurred in those capacities, to the extent permitted by law. Disclosure of premiums and coverage is prohibited by the contract of insurance.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

NON-AUDIT SERVICES

The Company may decide to employ the external auditor (Ernst & Young) on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

> all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and

> none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

A copy of the auditor's independence declaration, as required under section 307c of the *Corporations Act 2001*, is set out later in this report.

During the financial year the following fees were paid or payable for services provided by Ernst & Young and its related practices:

	Consolidated	
	12 months to December 2015 $	12 months to December 2014 $
Ernst & Young		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**340,800**	350,000
Other assurance and technical accounting services	**30,738**	98,500
Other services*	**8,026**	301,818
Tax compliance and advisory services	**55,176**	30,688
Total auditors' remuneration	**434,740**	781,006

* December 2014 costs relate to financial vendor due diligence costs incurred due to the Company sale process. December 2015 costs relate to the due diligence costs incurred during the Company takeover process.

REMUNERATION REPORT (AUDITED)

This remuneration report for the financial year ended 31 December 2015 outlines the remuneration arrangements for the Company and the Group and this has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report is presented under the following sections:

> Introduction;
> Remuneration governance;
> Remuneration arrangements;
> Executive remuneration outcomes for the 2015 financial year; and
> Additional statutory disclosures

1. Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined in accordance with AASB 124 *Related Party Disclosures* as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent entity.

For the purposes of this report the term "executive" includes the Chief Executive Officer and other senior executives of the Company and the Group.

Directors disclosed in this report

Name	Position
Non-executive and executive Directors	
D P Robinson	Non-executive Director (appointed 27 May 2015 and appointed Chairman 18 January 2016)
P J Dransfield	Non-executive Director (resigned as Chairman 18 January 2016)
D B Keir	Managing Director and CEO (resigned 2 November 2015)
J S Downes	Non-executive Director (resigned 18 January 2016)
J D Cummings	Non-executive Director (resigned 18 January 2016)
M C Gray	Non-executive Director (appointed 27 May 2015 and resigned 18 January 2016)
Hon. T M Mackenroth	Non-executive Director (resigned 27 October 2015)
G E McOrist	Non-executive Director (resigned 27 May 2015)
I Frost	Non-executive Director (resigned 30 April 2015)
G Sassine	Non-executive Director (appointed 18 January 2016)
A Howse	Non-executive Alternate Director (appointed 18 January 2016)

KMP disclosed in this report

Name	Position
Other KMP	
C G Bellamy	Chief Financial Officer and Company Secretary (appointed Acting CEO 2 November 2015 until 18 January 2016, resigned 18 February 2016)
A S Brimblecombe	General Manager: Communities
T R Conway	Acting General Manager: Apartments and Development (appointed 24 November 2015)
W Rowe	Acting General Manager: Construction (appointed 30 November 2015)
C C Mana	General Manager: Development (resigned 28 January 2016)
S G Norris	General Manager: Housing (resigned 21 May 2015)
M Tucker	General Manager: Construction (resigned 30 November 2015)

S A Cooper commenced employment as CEO on 19 January 2016.

J S L Mackay commenced employment as CFO and Company Secretary 18 February 2016.

DIRECTORS' REPORT
CONTINUED

REMUNERATION REPORT (AUDITED) (CONTINUED)

2. Remuneration governance

A key objective of the Company is to maximise shareholder returns through the attraction and retention of high quality Board and executive teams. To achieve this Directors and executives need to receive fair and appropriate remuneration.

The Board's approach is to take account of the employment market conditions and to link the nature and amount of the executive Director's and executives' emoluments to the Group's financial and operational performance. The expected outcomes of the remuneration structure are:

> To provide satisfactory returns to shareholders;
> The retention and motivation of executives;
> To attract quality management to the Group; and
> By way of performance incentives, to allow executives to share in the success of the Group.

The Remuneration and Nomination Committee was disbanded in August 2015 with the Board taking on the responsibility of this committee.

The Board is responsible for reviewing and determining the compensation arrangements and employment conditions for the Directors, the CEO and the executive team and monitors and reviews the performance hurdles associated with incentive plans as appropriate.

Use of remuneration consultants

To ensure the Board is fully informed when making remuneration decisions it periodically seeks external remuneration advice. At such times, the engagement of remuneration consultants by the Board is based on an agreed set of protocols to be followed by the remuneration consultants, and KMP, whereby the consultants are appointed by, and report directly to, the Chairman of the Board without influence from executives.

No remuneration consultants were engaged in the financial year.

3. Remuneration arrangements

In accordance with best practice corporate governance, the structure of remuneration for the non-executive Directors and executives is separate and distinct.

Non-executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a General Meeting. An amount not exceeding the amount so determined is divided between Directors as agreed. The latest determination was at the General Meeting held on 26 April 2007 where shareholders approved an aggregate remuneration allowance of $1,000,000 per year. In accordance with the Company's Constitution and the *Corporations Act 2001*, the Company meets the reasonable cost of travel and other costs the Directors may incur in attending to the Company's affairs. In addition, any Director who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, or who at the request of the Directors, engages in any journey on the business of the Company, may be paid extra remuneration as determined by the Board. Any such amount paid does not form part of the aggregate remuneration allowance.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Non-executive Directors do not participate in any short or long term incentives.

The remuneration of non-executive Directors is detailed in Section 4 of this report.

Executive remuneration

Objective

The Company aims to reward executives with a mix of remuneration commensurate with their position and responsibilities within the Group to:

> Align the interests of executives with those of shareholders; and
> Ensure total remuneration is competitive by market standards.

Structure

In determining the level and makeup of executive remuneration, the Board considers market levels of remuneration for comparable executive roles and, as required, engages external consultants to provide comparative information and advice.

The Board believes that the current level of remuneration is sufficient to achieve Devine Limited's remuneration philosophy.

Remuneration mix

The remuneration components for KMP provide for fixed and variable "at risk" remuneration. The table below details the relative percentage splits between the fixed remuneration component and the "at risk" variable components to the overall total remuneration available based on 100% achievement.

Position	Percentage of Total Remuneration		
		At Risk Variable Components	
	Fixed Remuneration	Target Base STI	LTI Grant Value
Managing Director & CEO (resigned 2 November 2015)	48%	28% 60% of fixed remuneration	24% 50% of fixed remuneration
CFO & Company Secretary (resigned 18 February 2016)	57%	23% 40% of fixed remuneration	20% 35% of fixed remuneration
GM: Communities GM: Development (resigned 28 January 2016) GM: Housing (resigned 21 May 2015)	57%	23% 40% of fixed remuneration	20% 35% of fixed remuneration
Acting GM: Apartments and Development (appointed 24 November 2015)	100%	Nil	Nil
Acting GM: Construction (appointed 30 November 2015)	100%	Nil	Nil
GM: Constructions (resigned 30 November 2015)	77%	23% 30% of fixed remuneration	Nil

Remuneration consists of fixed and variable remuneration elements in the form of short term and long term incentives. The amount of fixed and variable remuneration is established for each executive by the Board using the principles outlined below.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration for executives is reviewed annually by the Board and the process consists of reviewing individual performance and considering comparative remuneration on offer in the market place.

There is no guaranteed fixed remuneration increase included within the contractual arrangements with any KMP. There was no increase to any KMP fixed remuneration for the year.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment will be optimal for the recipient without creating cost for the Group. Where remuneration is made by way of a fringe benefit, the cost of the applicable fringe benefits tax is absorbed by the executive.

In the past certain executives were provided with a benefit in the form of a retention bonus. This scheme ceased on the 1 July 2012 with no further grants made since this date. If applicable the executive becomes entitled to the retention bonus progressively from the third anniversary of entering into the retention arrangement. Details of the specific retention arrangements previously awarded to KMP are included at section 5 of this report under Service Agreements.

Variable Remuneration - Short Term Incentive (STI)

Objective

The key objective of the STI program is to link the achievement of the Company's financial targets with the remuneration received by the executive charged with meeting those targets. Other objectives of the STI are to motivate executives to outperform the base financial targets that are set each year and to also achieve certain personal goals that relate to the Company's core values and strategic objectives.

Structure

The total STI is set at a base level so as to remunerate executives for achieving the financial targets and specific objectives. It also incorporates a sliding scale element whereby executives who outperform their financial targets are rewarded appropriately. The aggregate of the annual STI payments available to executives across the Company is subject to the approval of the Board. Entitlements historically have been paid by way of a cash bonus.

The structure of the STI program will be reviewed in the coming year. The Board has the discretionary ability to withhold all or part of the deferred portion in certain circumstances.

REMUNERATION REPORT (AUDITED) (CONTINUED)

In brief, the existing STI program operates as follows:

> Payment of the STI reward is dependent upon final approval by the Board.

> Each participant has the potential to be paid a "base bonus" amount, being a percentage of the executive's Fixed remuneration, for the achievement of the budgeted financial targets and the agreed personal goals, as follows:
- Managing Director & CEO – 60% of fixed remuneration;
- CFO & Company Secretary and General Managers of Communities, Housing, and Development operational business units – 40% of fixed remuneration; and
- General Manager of Construction operational business unit – 30% of fixed remuneration.

> Each participant's "base bonus" is then divided between financial goals (75%) and personal (non-financial) goals (25%) relevant to the specific position.

> Financial goals are the target Devine Group and Business Unit's profit before tax (PBT) and the target Devine Group and Business Unit's return on sales (ROS) with the weighting generally being 75% to the PBT and 25% to the ROS measure.

> Personal goals are defined in the participant's individual performance management plan and reference the Company's core values and strategic objectives which are underpinned by the three pillars of "refine, innovate and grow".

> Entitlement to an STI is dependent firstly upon the Devine Group achieving at least 90% of the targeted PBT and ROS for the financial year. Seventy percent of the "base bonus" is payable at 90% achievement of PBT and ROS and increases on a sliding scale to 100% of "base bonus" on achievement of the budget outcome to a maximum 190% of "base bonus" on achievement of 140% of targeted PBT and ROS.

> Generally no STI payment is made if the Devine Group does not achieve at least 90% of budget PBT. A discretionary bonus may be awarded by the Board and paid for exceptional performance.

The following table illustrates how the above components are applied.

Threshold for Entitlement	For all KMPs, the Devine Group achieves at least 90% budgeted profit:						
KMP	Target STI as a percentage of Fixed Remuneration	Devine Group financial component (PBT & ROS)		Business Unit financial component (PBT & ROS)		Personal Goals (values & strategic objectives)	Total
		PBT	ROS	PBT	ROS		
Managing Director & CEO (resigned 2 November 2015)	60%	50%	25%	-	-	25%	100%
CFO & Company Secretary (resigned 18 February 2016)	40%	50%	25%	-	-	25%	100%
GM: Communities GM: Development (resigned 28 January 2016) GM: Housing (resigned 21 May 2015)	40%	18.75%	6.25%	37.5%	12.5%	25%	100%
GM: Construction (resigned 30 November 2015)	30%	18.75%	6.25%	37.5%	12.5%	25%	100%

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI is to align the interests of the executives with those of the Company's shareholders by rewarding executives when the financial performance of the Company generates improved returns for shareholders.

Structure

The LTI has historically been offered to executives by way of an allocation of options over shares in Devine Limited (Executive share option scheme) however this scheme has been replaced by the Long Term Incentive (LTI) plan, approved by shareholders in November 2013, which is based on the issue of performance rights. No further options over Devine Limited shares will be issued to executives. Existing options will remain on foot until they either vest and are exercised or expire.

LTI Plan

LTI awards made under the plan are delivered in the form of performance rights, are granted for no cost and entitle the executive to receive one fully paid ordinary share in the Company per right, subject to the terms and conditions determined by the Board. The performance rights vest at the end of a three year period with no opportunity to retest and participants are specifically prohibited from hedging the exposure to the Company's share price in respect of their unvested performance rights.

During the 2015 financial year there was 127,873 LTIs awarded to KMP (December 2014: nil).

Performance measures to determine vesting

The Plan Rules allow the Board to determine the vesting conditions attaching to the Performance Rights prior to an invitation being made to an executive to participate in the Long Term Incentive Plan. The performance measure determined will be assessed over a three year vesting period with no retesting. The measures used to determine vesting is a combination of relative total shareholder return (TSR) and growth in earnings per share (EPS). TSR performance is monitored by an independent external advisor and the Board has the discretion to determine the target against which the EPS compound annual growth rate will be measured.

Termination and change of control provisions

In general, where an executive resigns or is terminated for cause prior to their award vesting, the LTI awards will be forfeited. Where an executive leaves due to redundancy, the Board may at its absolute discretion allow some or all of the unvested performance rights to vest. In January 2014 the plan was amended to allow for the Board to have discretion on the vesting of performance rights in the case of a change of control. However, for the performance rights already granted in September 2013 the above plan rules do not apply and these will be automatically exercised in the case of a change of control event.

Executive share option scheme

The Executive share option scheme was approved by shareholders in November 1998 whereby executive Directors, senior executives and managers of the Group were, from time to time, issued with options over the ordinary shares in Devine Limited. The options were issued in accordance with guidelines established by the Board. The options were issued for a term of 5 - 10 years and are exercisable beginning on the second anniversary date of grant subject to the satisfaction of performance hurdles. The holder of an option upon payment of the exercise price (the price fixed at time of grant) will receive one fully paid ordinary share in Devine Limited. The options cannot be transferred and are not quoted on the ASX. This scheme has been replaced by the LTI plan detailed above. The former Managing Director and CEO holds the remaining options on issue which lapse November 2016.

When exercisable, each option is convertible into one ordinary share in Devine Limited. The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options were granted.

4. Executive and non-executive remuneration outcome for the 2015 financial year

STI for the 2015 financial year

For the 2015 financial year, no STI will be payable due to the Group not achieving at least 90% of budgeted PBT. For 2014 financial year no STI was paid. The aggregate of the amount that would have been payable in relation to the STI for the Managing Director and other KMP had 100% of the potential bonus been paid would have been $2,233,070 (December 2014: $2,233,070).

Name	STI earned -% of maximum Dec 2015	STI earned -% of maximum Dec 2014
Managing Director and CEO		
D B Keir	n/a	0%
Senior Executives		
C G Bellamy	0%	0%
A S Brimblecombe	0%	0%
C C Mana*	0%	0%
S G Norris	n/a	0%
M Tucker	n/a	0%

* A discretionary bonus of $50,000 was paid in the current year.

LTI for the 2015 financial year

As determined by the Board for the 2015 financial year, 127,873 performance rights were granted to KMP of the Group.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of remuneration

The following tables show details of the remuneration received by the Directors and the KMP of Devine Limited.

		Short-term benefits				Post employment	Sub - total	Long-term benefits		Share based	Termination Payments	Total
		Salary & fees	STI Bonus	Non-mon-etary benefits	Committee & other fees	Super-annuation		Long service leave*	Retention bonus**	Perfor-mance Rights fair value^		
	Period #	$	$	$	$	$	$	$	$	$	$	$
Executive director												
D B Keir (1)	**Dec-15**	**687,403**	**-**	**-**	**-**	**19,046**	**706,449**	**-**	**504,000**	**-**	**670,508**	**1,880,957**
(resigned 2 Nov 2015)	Dec-14	812,500	-	-	-	27,500	840,000	-	-	-	-	840,000
Non-executive directors												
P J Dransfield	**Dec-15**	**159,817**	**-**	**-**	**25,000**	**15,183**	**200,000**	**-**	**-**	**-**	**-**	**200,000**
	Dec-14	160,000	-	-	-	15,000	175,000	-	-	-	-	175,000
J S Downes	**Dec-15**	**118,721**	**-**	**-**	**3,250**	**11,279**	**133,250**	**-**	**-**	**-**	**-**	**133,250**
	Dec-14	96,000	-	-	8,839	9,261	114,100	-	-	-	-	114,100
J D Cummings	**Dec-15**	**95,890**	**-**	**-**	**-**	**9,110**	**105,000**	**-**	**-**	**-**	**-**	**105,000**
	Dec-14	57,063	-	-	-	5,398	62,461	-	-	-	-	62,461
M C Gray	**Dec-15**	**57,042**	**-**	**-**	**-**	**5,419**	**62,461**	**-**	**-**	**-**	**-**	**62,461**
(appointed 27 May 2015)	Dec-14	-	-	-	-	-	-	-	-	-	-	-
D P Robinson	**Dec-15**	**57,042**	**-**	**-**	**-**	**5,419**	**62,461**	**-**	**-**	**-**	**-**	**62,461**
(appointed 27 May 2015)	Dec-14	-	-	-	-	-	-	-	-	-	-	-
Hon. T M Mackenroth	**Dec-15**	**79,908**	**-**	**-**	**-**	**7,591**	**87,500**	**-**	**-**	**-**	**-**	**87,500**
(resigned 27 Oct 2015)	Dec-14	79,890	-	-	4,225	25,110	109,225	-	-	-	-	109,225
G E McOrist	**Dec-15**	**39,954**	**-**	**-**	**5,558**	**3,796**	**49,307**	**-**	**-**	**-**	**-**	**49,307**
(resigned 27 May 2015)	Dec-14	96,000	-	-	21,800	9,000	126,800	-	-	-	-	126,800
I Frost	**Dec-15**	**31,963**	**-**	**-**	**-**	**3,037**	**35,000**	**-**	**-**	**-**	**-**	**35,000**
(resigned 30 April 2015)	Dec-14	44,491	-	-	-	17,970	62,461	-	-	-	-	62,461
V A Vella	**Dec-15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(resigned 28 May 2014)	Dec-14	40,046	-	-	2,600	3,704	46,350	-	-	-	-	46,350
T G Young	**Dec-15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(resigned 23 April 2014)	Dec-14	32,037	-	-	-	2,963	35,000	-	-	-	-	35,000
R W Parris	**Dec-15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(resigned 28 May 2014)	Dec-14	40,046	-	-	-	3,704	43,750	-	-	-	-	43,750
Other KMP												
C G Bellamy	**Dec-15**	**422,621**	**-**	**-**	**-**	**19,046**	**441,667**	**-**	**-**	**4,251**	**-**	**445,918**
(resigned 18 Feb 2015)	Dec-14	306,549	-	-	-	13,835	320,384	-	-	-	-	320,384
A S Brimblecombe	**Dec-15**	**379,954**	**-**	**-**	**-**	**19,046**	**399,000**	**-**	**95,760**	**32,134**	**-**	**526,894**
	Dec-14	373,496	-	-	-	25,504	399,000	-	-	28,143	-	427,143
T R Conway	**Dec-15**	**33,917**	**-**	**-**	**-**	**1,980**	**35,897**	**-**	**-**	**-**	**-**	**35,897**
(appointed 24 Nov 2015)	Dec-14	-	-	-	-	-	-	-	-	-	-	-
W Rowe	**Dec-15**	**23,737**	**-**	**-**	**-**	**1,790**	**25,528**	**-**	**-**	**-**	**-**	**25,528**
(appointed 30 Nov 2015)	Dec-14	-	-	-	-	-	-	-	-	-	-	-
C C Mana (2)	**Dec-15**	**358,954**	**50,000**	**-**	**-**	**19,046**	**428,000**	**-**	**-**	**30,443**	**-**	**458,443**
(resigned 28 Jan 2016)	Dec-14	350,500	-	-	-	27,500	378,000	-	90,720	26,662	-	495,382
S G Norris (3)	**Dec-15**	**127,467**	**-**	**-**	**-**	**9,392**	**136,859**	**-**	**-**	**-**	**136,109**	**272,968**
(resigned 21 May 2015)	Dec-14	331,721	-	-	-	18,279	350,000	-	-	-	-	350,000
M Tucker (4)	**Dec-15**	**266,730**	**-**	**-**	**-**	**19,046**	**285,776**	**-**	**-**	**-**	**60,303**	**346,079**
(resigned 30 Nov 2015)	Dec-14	268,754	-	-	-	33,379	302,133	-	-	-	-	302,133
P V Cochrane (5)	**Dec-15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(resigned 30 Sept 2014)	Dec-14	301,417	-	-	-	13,583	315,000	-	-	(37,100)	477,180	755,080

* Long Service leave is classified as part of the executive's remuneration when, under the relevant state legislation, there is a pro-rata entitlement for this to be paid on termination from the Company, or if has not been previously disclosed, on payment.

** Retention bonus is classified as part of the executive's total remuneration package in the period that payment is made or due. The entitlement is recognised in other payables and provision for employee benefits on a pro-rata basis over the relevant service period.

^ The fair value of equity instruments is determined as at the grant date and is recognised as remuneration progressively over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that the KMP may ultimately realise should the equity instruments vest.

(1) Included in D B Keir's termination payment is unpaid annual leave entitlements at the time of resignation, and a notice period payment.

(2) C C Mana's termination payment is due to be paid in January 2016.

(3) Included in S G Norris's termination payment is unpaid annual leave entitlements at the time of termination, a redundancy and notice period payment.

(4) Included in M Tucker's termination payment is unpaid annual leave entitlements at the time of resignation and a notice period payment.

(5) Expenses of $37,100 were reversed during the 2014 period in relation to PV Cochrane's performance rights that had not vested at the date of his resignation. Included in his termination payment is unpaid annual leave entitlements at the time of termination, a redundancy and notice period payment.

Details of remuneration (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**December 2015 $**	2015 %	**December 2015 $**	2015 %	**December 2015 $**	2015 %
Executive director						
D B Keir (1)	**1,376,957**	73	**-**	-	**504,000**	27
Other KMP						
A S Brimblecombe *	**399,000**	78	**-**	-	**117,382**	22
S G Norris (2)	**272,968**	100	**-**	-	**-**	-
M Tucker (3)	**346,079**	100	**-**	-	**-**	-
T R Conway (4)	**35,897**	100	**-**	-	**-**	-
W Rowe (5)	**25,528**	100	**-**	-	**-**	-
C C Mana (6)	**378,000**	82	**50,000**	11	**30,443**	7
C G Bellamy (7)	**441,667**	98	**-**	-	**4,251**	2

(1) Resigned 2 November 2015. Fixed remuneration incorporates all termination payments, "At Risk- LTI" component is a retention bonus paid in the period

(2) Resigned 21 May 2015. Fixed remuneration incorporates all termination payments

(3) Resigned 30 November 2015. Fixed remuneration incorporates all termination payments

(4) Appointed 24 November 2015

(5) Appointed 30 November 2015

(6) Resigned 28 January 2016

(7) Resigned 18 February 2016

* A S Brimblecombe "At Risk – LTI" component includes $95,760 retention bonus paid in the period

5. Additional Statutory Disclosures

a) Service agreements

All executives of the Group are retained under an employment contract. This sets out the terms on which the executive is employed, key policies and procedures to which the executive must adhere and details of the executive's total remuneration package. The total remuneration package includes the fixed remuneration component (base salary, superannuation, motor vehicle or allowance and any fringe benefits), the variable component of the short term incentive scheme, long term incentive scheme, and a retention bonus*. The retention bonus is not classified as part of the executive's total remuneration package until the relevant period of employment has been served and either the payment is made or is contractually due.

The employment contracts with the executives have no fixed term but may be terminated by either party giving three months' notice. In the event that a Change of Control Event occurs (for example, an acquisition of a controlling stake in the shareholding of Devine Limited by any one person, corporation or consortium), and the employment of the KMP is terminated then a payment of 6 months remuneration is payable.

The remuneration of the senior executives is subject to annual review by the Board.

* The issue of new entitlements under the retention bonus component of executive remuneration ceased from 1 July 2012. Entitlements to a retention bonus that have been previously awarded remain in place until the relevant period of employment has been served and either the payment is made or is contractually due.

DIRECTORS' REPORT
CONTINUED

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Additional Statutory Disclosures (continued)

a) Service agreements (continued)

Specific details relating to the employment agreements of each KMP are summarised in the following table.

Name	Title	Commencement Date	Current Contract Date	Other Key Contract Terms
C G Bellamy	CFO & Company Secretary (resigned 18 February 2016)	CFO - 31 March 2014 Company Secretary - 12 August 2014 Acting CEO - 2 November 2015 until 18 January 2016	31 March 2014	Mr Bellamy was paid higher remuneration for the period he held the position of Acting CEO.
A S Brimblecombe	GM: Communities	21 June 2010	21 June 2010	A retention bonus of 80% of the fixed remuneration component is payable by way of 3 installments being: 30% of 80% on 21 December 2013, 30% of 80% on 21 December 2015, and the remaining 40% of 80% on 21 December 2017, provided still employed by the Company at those dates.
T R Conway	Acting GM: Apartments and Development	24 November 2015	24 November 2015	Mr Conway is eligible for an STI subject to the discretion of the Board.
W Rowe	Acting GM: Construction	30 November 2015	30 November 2015	A project completion bonus of 20% of the fixed remuneration component is payable progressively as various construction jobs complete, and provided he is still employed by the Company.
D B Keir	Managing Director & CEO (resigned 2 November 2015)	CEO - 1 March 2010 Managing Director - 1 April 2010	1 March 2010	A retention bonus of 100% of the fixed remuneration component was payable by way of 2 installments being: 40% paid on 1 March 2013 and the remaining 60% was paid 1 March 2015 provided still employed by the Company at that date.
C C Mana	GM: Development (resigned 28 January 2016)	1 July 2010	1 August 2012	A retention bonus of 80% of the fixed remuneration component was payable by way of 3 installments being: 30% of 80% on 1 July 2014, 30% of 80% on 1 July 2016 and the remaining 40% of 80% on 1 July 2018, provided still employed by the Company at those dates.
S G Norris	GM: Housing (resigned 21 May 2015)	20 May 2013	20 May 2013	Nil
M Tucker	GM: Construction (resigned 30 November 2015)	6 May 2013	6 May 2013	Nil

(b) Disclosures relating to KMP share based payments

The table below discloses the number of options lapsed during the financial year.

Name	Year	Issue date	Expiry date	Options lapsed during the year (No.)
31 December 2015				
Directors of Devine Limited				
D B Keir	FY2011	01 July 2010	01 July 2015	350,000
Other KMP				
P V Cochrane	FY2011	01 July 2010	01 July 2015	190,000

The table below discloses the number of performance rights granted to KMP during the financial year.

Name	Year	Performance rights granted (No.)	Grant date	Fair value per right at grant date ($)^	Vesting date	Expiry date
31 December 2015						
Other KMP						
A S Brimblecombe	FY2015	42,447	18 Feb 2015	$0.81	1 Feb 2018	27 Feb 2018
C G Bellamy*	FY2015	45,213	18 Feb 2015	$0.81	1 Feb 2018	27 Feb 2018
C C Mana*	FY2015	40,213	18 Feb 2015	$0.81	1 Feb 2018	27 Feb 2018

^ The fair value of the equity instruments is determined at the date granted and is progressively expensed over the vesting period. The total amount included as KMP remuneration in the table at section 4 of this report is not related to or indicative of the benefit (if any) that the KMP may ultimately realise should the equity instrument vest.

* As a result of the executives resigning the above performance rights will be forfeited in the 2016 financial year.

Performance rights carry no dividend or voting rights and are both vested and exercised automatically if the vesting conditions are met on the vesting date.

c) Group Performance

The table below shows key total shareholder return (TSR) performance indicators:

	FY 2011 ^	FY 2012	FY 2013	TY Dec 2013 #	FY 2014	**FY 2015**
Earnings per share (cents)	12.7	(8.1)	(0.4)	(46.0)	2.3	**(22.7)**
Dividends per share (cents)	8.0	4.0	0.0	0.0	0.0	**0.0**
Closing share price (cents)	100.0	58.0	67.0	81.0	94.0	**70.0**

^ Comparatives have been restated to reflect the 4 for 1 share consolidation in November 2011.

In accordance with the requirements of the *Corporations Act 2001* Devine Limited changed its financial year end from 30 June to 31 December in the 31 December 2013 reporting period. As a result this period consists of a 6 month period, 1 July 2013 to 31 December 2013, whilst the previous reporting periods are for 12 month periods, 1 July to 30 June and the current reporting periods are for 12 months from 1 January to 31 December.

d) Option and performance right holdings of KMP

The number of options over ordinary shares of Devine Limited and performance rights held during the financial year by each Director of Devine Limited and other KMP of the Group, including their related parties, are set out below:

		Granted as compensation during the period		Exercised during the period		Lapsed during the period				
December 2015 Name	Balance at start of the year	No.	Value ($)	No.	Value ($)	No.	Value ($)	Balance at end of the year (No.)	Vested and exercisable (No.)	Unvested (No.)
Options										
Directors of Devine Limited										
D B Keir *	787,750	-	-	-	-	(350,000)	-	437,750	-	437,750
Other KMP of the Group										
P V Cochrane**	190,000	-	-	-	-	(190,000)	-	-	-	-
Performance Rights										
Other KMP of the Group										
A S Brimblecombe	201,022	42,447	34,425	-	-	-	-	243,469	-	243,469
C C Mana	190,442	40,213	32,613	-	-	-	-	230,655	-	230,655
C G Bellamy	-	45,213	36,668	-	-	-	-	45,213	-	45,213

* As per the terms of DB Keir's exit deed the options are to remain current until November 2016.

** As per the terms of PV Cochrane's exit deed the options remained current until July 2015.

Performance rights carry no dividend or voting rights and are both vested and exercised automatically if the vesting conditions are met on or before the vesting date.

DIRECTORS' REPORT
CONTINUED

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Additional Statutory Disclosures (continued)

(e) Shareholding of KMP

The number of shares held during the financial year by each Director of Devine Limited and other KMP of the Group, including their related parties, are set out below:

December 2015 Name	Balance at the start of the year	On market acquisition/ (sale)	Other changes during the year	Balance at end of the year
Ordinary shares				
Directors of Devine Limited				
P J Dransfield **	100,000	100,000	(200,000)	-
D B Keir (resigned 2 November 2015)*	17,500	-	(17,500)	-
Hon. T M Mackenroth (resigned 27 October 2015)*	52,353	-	(52,353)	-
J S Downes (resigned 18 January 2016)**	55,000	-	(55,000)	-
G E McOrist (resigned 27 May 2015)*	60,402	-	(60,402)	-
Other KMP of the Group				
C C Mana (resigned 28 January 2016)	50,000	(50,000)	-	-
T R Conway (appointed 24 November 2015)**	1,105	-	(1,105)	-

* This represents share holdings of GE McOrist, TM Mackenroth, and DB Keir at the date of their resignation which are required to be excluded.

** P J Dransfield, J S Downes and T R Conway accepted the CIMIC Residential Investments Pty Limited revised takeover offer and received $0.75 per share.

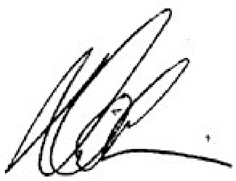
EMPLOYEES

The Group employed 132 employees as at 31 December 2015 (December 2014: 186 employees).

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



D P Robinson
Chairman

Brisbane

26 February 2016

Building a better
working world

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Auditor's Independence Declaration to the Directors of Devine Limited

As lead auditor for the audit of Devine Limited for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Ric Roach
Partner
26 February 2016

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement indicates the company's conformance with the Australian Securities and Exchange's ("ASX") Corporate Governance Council's, "Corporate Governance Principles and Recommendations" (3rd Edition), as required by the ASX Listing Rules. It has been summarised into sections in line with the eight core corporate governance principles as specified by the ASX Corporate Governance Principles and Recommendations.

The Statement contains specific information in relation to the governance practices adopted by Devine Limited and in compliance with the "if not, why not" regime, areas of non-compliance are disclosed under the relevant principle and where the Company has not adopted a recommendation, the statement will explain why.

An assessment of the Company's governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition has been undertaken by the Board and Management. These principles and recommendations should achieve good governance outcomes and meet the reasonable expectations of most investors in most situations.

Documents supporting the Company's Corporate Governance framework referenced in this statement are posted in the shareholders – Policies and Compliance section on the Company's website: www.devine.com.au.

This Statement is current as at 26 February 2016, and has been approved by the Board.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of the Board and Management

The Board acts on behalf of the Company's shareholders and is accountable to them as its agents. It appoints a management team headed by the Chief Executive Officer to help run the day to day affairs of the company.

There is a clear division of roles and responsibilities between the Board and Management. The Board is responsible for seeking and identifying the expectations of shareholders, as well as other regulatory and ethical expectations and obligations. In addition, it is also responsible for identifying areas of business opportunities and significant business risk and ensuring arrangements are in place to adequately take advantage of the opportunities and manage those risks.

The responsibility for the operation and administration of the consolidated entity is delegated to the Chief Executive Officer and the Executive Management Team. The Board ensures that this team works within authority limits and delegations and are appropriately qualified and experienced to discharge their responsibilities.

The Board's role and responsibilities are set out in the Board Charter as posted on the company's website along with delegations to senior management and certain Committees. Key accountabilities and matters reserved for the Board include:

> Approval of a strategic plan designed to meet stakeholders' needs and manage business risk. The strategic plan is a dynamic document which is updated and reviewed annually and the Board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of Devine Group;

> Approval and adoption of budgets by management and monitoring of progress against those budgets. This includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes, the establishment of financial delegations by the Board, applying to management and staff and the review and ratification of systems of risk management and internal compliance and control, codes of conduct and legal compliance;

> To select and appoint (and if appropriate, remove from office) the Chief Executive Officer and determine his/her conditions of service; and

> The Company's formal "Performance Management Plan" which assesses the performance of the Executive Management Team and Senior Executives. The performance of the executive management team has been reviewed.
> To assist the Board in carrying out its responsibilities it establishes and disbands committees as it sees fit. Director appointments to the Board Committees are by formal resolution of the Board. Attendance to full Board and Board Committee meetings is tabulated in the Director's report section of the Company's Annual Financial Reports.

Appointment of Directors and Senior Management

The Board is charged in terms of its charter with review of Board composition, recommending the appointment or removal of Directors and assisting in identifying, interviewing and recruiting candidates for appointment as Directors. For all appointments of new Directors and Senior Executive Management the Board ensures that appropriate background checks are performed.

The Company has formal appointment letters with each Non-Executive Director and formal employment agreements with the Chief Executive Officer and each Senior Executive, setting out all the relevant terms of employment and appointment. Details of remuneration of Directors and Key Management Personnel are disclosed in the Remuneration report in the Company's Annual Financial Reports.

For any director who is to be elected or re-elected the Company provides shareholders with all material information in its possession relevant to deciding whether or not the candidate should be elected as a Director. The Company also advises shareholders as to whether the candidate is considered to be an independent Director, and whether the Board supports the election or re-election of the candidate.

New Directors are briefed on the Company's operations and all information relevant to the performance of their role. Directors have access to the Company Secretary and Chief Executive Officer at all times.

Company Secretary

The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board, including advising on Governance matters, monitoring that Board policies and procedures are followed, coordinating all Board business, including meetings, agendas, Board papers and minutes. The Company Secretary is responsible for lodgments with relevant regulators, management of dividend payments and management of the relationship between shareholders and the share registry.

The decision to appoint or remove a Company Secretary is approved by the Board.

Diversity

The Board believes that a diverse and inclusive workforce at all levels of the organisation makes good business sense and the Board is committed to fostering a corporate culture that embraces diversity. Devine Group values diversity and aims to create a vibrant and inclusive workforce which is reflective of the communities in which it operates. The Company ensures that the recruitment and selection practices are appropriately structured so that a diverse range of candidates are considered and there are no biases that might discriminate against candidates.

In building a more diverse and inclusive workforce, it is recognised that this enables a greater diversity of thought, more informed decision making and ultimately better business outcomes.

The Company's Diversity Policy is available in the Corporate Governance section of the Company's website. The Board is required to establish measurable objectives for diversity across the Company's workforce and assess progress against those objectives. In developing those objectives, the initial emphasis has been on gender diversity and seeking to strengthen the representation of women in senior managerial positions. Further information on Devine's Diversity Policy and measurable objectives can be found in the Directors' Report of the Company's Annual Financial Reports.

Board and Committee Performance Evaluation

It is the responsibility of the Board to assess whether or not it continues to operate within established guidelines and with the appropriate skill mix. In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the Chairman reviews the performance of all Directors annually and may ask Directors whose performance is considered unsatisfactory to retire.

The review process includes interviews with Directors and senior management and it may also involve interviews with key stakeholders.

A review of the Board's performance is done annually.

CORPORATE GOVERNANCE STATEMENT
CONTINUED

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

Senior Executive Performance Evaluation

The Board is responsible for determining and reviewing the compensation arrangements for key management personnel (KMP). It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality executive team by remunerating senior executives fairly and appropriately and with reference to relevant employment market conditions.

To assist in achieving this objective the Board links the nature and amount of the CEO's and KMP's emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

> To provide satisfactory returns to shareholders;
> The retention and motivation of key executives;
> To attract quality management to the Company; and
> To provide performance incentives which are aligned with the interests of shareholders and allow executives to share in the rewards of Devine's success

Full details of the Company's remuneration philosophy and structure for and payments to Directors and KMP are set out in the Company's Remuneration Report contained within the Directors' report.

The Board is also responsible for reviewing the performance of the KMP. The roles and responsibilities of the CEO and KMP are established through key performance objectives. They are assessed against those objectives on an annual basis, or more frequently if that is considered necessary.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board Composition and Independence

Section 201A of the *Corporations Act 2001* stipulates that a public company must have at least three Directors. In compliance to this rule and the recommendations and guidelines as set out in Principle 2:

> Devine Group's Board comprises of three Directors, two of whom are not independent and one who is an independent Director. Under the Company's Constitution the Chairman, has a casting vote under certain circumstances;
> The Chairman is a Non-Executive Director who is not independent;
> The Board is comprised of Directors with an appropriate range of qualifications and expertise; and
> The Board meets regularly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion on all agenda items.

The Directors of Devine Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

In the context of director independence, "materiality" is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to act in an independent manner.

At the date of this statement one of our three Directors are independent and two of our Directors are representatives of our major shareholder, CIMIC. Although the composition does not comply with recommendation 2.4, we consider CIMIC's representation on the Board to be fair and reasonable given its majority shareholding in the Company. We also consider that the current Board structure will allow it to act in the best interests of the company and all shareholders.

The table below identifies the status of each Director in office as at the date of this report:

Name	Company Title	Term	Independence Status
D P Robinson	Non-executive Director (Chairman)	7 months	Not Independent **
P J Dransfield	Non-executive Director	5 years	Independent
G Sassine	Non-executive Director	1 month	Not Independent **
A Howse (Alternate)	Non-executive Director	1 month	Not Independent **

** These Directors are nominated representatives of a major shareholder and are therefore deemed to be not independent.

The names of the Directors who held office during the year are detailed in the Directors' Report, together with details of each Director's length of service, skills, experience and expertise and whether the Director is considered to be independent. Board membership changes are also set out in the Directors' Report.

The Company currently does not have a board skills matrix, which is a departure from Recommendation 2.2. The Board considered that, given its size, it was able to identify and address any gaps in skills without such a matrix.

In August 2015, the previously established Remuneration and Nomination Committee was disbanded with its role transferred to the full Board. This is a departure from recommendation 2.1. The rationale behind the decision is that due to the size of the Company and its Board, it was more efficient for generic duties of such a committee to be performed by the full Board.

The Chairman

Our current Chairman, Mr David Robinson, was appointed to the position of Chairman on 19 January 2016. Although we do not comply with Recommendation 2.5, the Company considers that, at this time and reflective of the majority shareholding, the Board will continue to function more effectively with a non-independent Chairman. Details regarding the current Chairman including his experience and qualifications are set out in the Directors' Report.

It is the Chairman's responsibility to provide leadership to the Board and ensure that the Board works effectively and discharges its responsibilities. The Chairman is responsible for ensuring that each Director participates fully in the Board activities and works with the Company Secretary to set and guide the Board's agenda and ensure that Board meetings are held regularly throughout the year.

Director Induction and Education Programs

New Directors are inducted individually on the Company's financial, strategic, operational and risk management positions, the culture and values of the Company and meeting arrangements. Directors have access to Company records and information through the Company Secretary and KMP. They receive regular detailed reports on the financial and operational aspects of the company's business and may request elaboration or explanation of those reports at any time.

To assist the Directors in exercising their responsibilities, there are procedures in place to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

Company Values and Code of Conduct

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. It has in place a number of policies to assist staff when performing their duties by providing guidance on matters that relate to ethical and responsible decision making. The following are amongst a number of documents that are published on the Company's Policy and Procedures intranet site:

> Ethical Code of Conduct;
> Management Principles and Practices;
> Confidential Information;
> Conflicts of Interest;
> Diversity Policy;
> Securities Trading Policy; and
> Procurement Principles and Practices.

These policies are communicated to all new staff by way of an "Employee Handbook" that extracts key aspects of the policies for review and formal acknowledgement by new staff as part of their induction into the Company.

The current employee handbook identifies a number of areas where staff and management need to be aware of the legal and other obligations of all stakeholders. Significant areas that affect the business include occupational health and safety, environmental considerations surrounding major developments and construction activities, and the interests of shareholders, finance providers, customers and fellow employees. In addition, the Company has put in place five key principles – integrity, commitment, excellence, care and innovation, which are collectively known as the "Devine Way". These key principles set out the way that employees are expected to conduct themselves in relation to the conduct of the Company's business and the workplace environment.

Conflict of Interest

Directors are required to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the company. All Directors are required to disclose to the Board details of transactions which may create a conflict of interest for them in the decisions placed before the Board in accordance with the *Corporations Act 2001*.

Directors do not participate in discussions, and abstain from voting on any decisions, in which they have or may be perceived to have an interest.

CORPORATE GOVERNANCE STATEMENT
CONTINUED

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY (CONTINUED)

Securities Trading Policy

Directors and employees are allowed to acquire shares in the company if they comply with the provisions of the securities trading policy.

In accordance with the ASX listing rules, the Company has a securities trading policy in place which provides comprehensive guidelines for trading in the Company's shares by Directors, employees and their "connected persons" (collectively defined as relevant persons). The Board approved policy only allows trading in the Company's shares by relevant persons in the six week period commencing on the next trading day after the Company's annual general meeting or an announcement by the Company to the ASX of either the preliminary final statement for the full year or half year result. Additionally the trading policy allows for the trading window to be opened for any other period that the Company specifies from time to time.

The Board may waive this trading restriction where a relevant person needs to deal in the Company's securities due to exceptional circumstances. Relevant persons must not deal in the Company's securities in connection with a margin lending arrangement. Directors, employees and connected persons are reminded that at all times they must be satisfied that their actions comply with rules relating to insider trading.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit Committee

An Audit Committee was established when the Company listed on the ASX in 1993 and has been in continuous operation since that time. It operates under a charter approved by the Board and meets at least quarterly. Details of the Committee's meetings and attendance of the members at those meetings are set out in the Directors' Report. The current members of the Audit Committee are:

> P J Dransfield (Chairman of the Audit Committee);
> D P Robinson.

Mr P J Dransfield was elected Chairman of the Audit Committee in January 2016. As noted under Principle 2 above, Mr Dransfield is considered to be an independent member of the Board and is not the Chairman of the Board. The Board believes that given his extensive experience in the property industry Mr Dransfield is qualified to fill the role of Chairman of the Committee.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, as well as the safeguarding of assets, maintenance of proper accounting records, and the reliability of financial information as well as non-finance considerations.

The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the Group to the Audit Committee.

The Audit Committee is responsible for the nomination of the external auditor and for reviewing the adequacy, scope and quality of the annual statutory audit and half-year statutory review. The Committee has considered the issue of independence of the statutory auditor and is satisfied that the appointment and conduct of the statutory auditor and the practices and procedures adopted are appropriate with respect to auditor independence.

The Company's external auditors, Chief Executive Officer and the Chief Financial Officer attend each meeting of the Committee. In accordance with the Committee's charter, the external auditors are provided with an opportunity to discuss matters with the Committee in the absence of management at each meeting. The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Company's external Auditor is required to attend the AGM and make themselves available to answer questions from the shareholders relevant to the audit.

Chief Executive Officer and Chief Financial Officer Declarations

The Chief Executive Officer and the Chief Financial Officer make the following declarations to the Board prior to the Company's financial statements being approved:

> That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and the Group and are in accordance with relevant accounting standards; and
> That the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control processes are operating efficiently and effectively in all material respects.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURES

Continuous Disclosure and Shareholder Communication

The Company has a Continuous Disclosure Policy designed to ensure compliance with Listing Rule 3.1. This policy was reviewed during the reporting period and the updated policy was adopted on the 21 December 2015. This policy ensures that shareholders have equal and timely access to material information concerning the Company.

Price sensitive information for public announcement is reviewed by the CEO, CFO and KMP before being approved by the Board for release. Announcements are available on the Company's website.

The Continuous Disclosure Policy is available in the Policies and Compliance section of the Company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Shareholder Communication

The Board of Directors aim to ensure that shareholders to whom they are accountable, are informed of all information necessary to assess the performance of the Company. Information is communicated to shareholders through:

> The annual report, which is made available to all shareholders;

> The half yearly report;

> The results presentation;

> The Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate;

> Media releases and continuous disclosure announcements made through the ASX and reporting to shareholders from time to time on the performance of the Company; and

> Any selected briefings to investors will be notified to all shareholders via the ASX platform.

Copies of this information are available on the ASX Information section of the Devine website under the heading of "Financial Reports".

Investor Relations

The company engages Research Analysts on a scheduled (release of Half and Full Year results) or ad-hoc basis. The Board places importance on these interactions as it allows the Company to articulate its strategy and also to receive feedback from investors on its strategy, financial performance and governance. Presentation slides relating to the briefings are lodged with the ASX prior to the briefings.

Meetings of Shareholders

All Shareholders are encouraged to attend Devine Limited's AGM in person or participate by sending a proxy as there representative. At the Annual General Meeting, the Chairman encourages questions and comments from shareholders and seeks to ensure the meeting is managed to give the maximum number of shareholders the opportunity to participate. The External Auditor attends the Company's AGM and is available to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

The Company's website provides contact details for the share registry and Devine Group.

CORPORATE GOVERNANCE STATEMENT
CONTINUED

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board has ultimate responsibility for risk management, compliance and control functions across the Group.

There is a departure from Recommendation 7.1, in that the Company does not have a formal Risk Committee, but the Board considers the following processes sufficient to ensure that risk is being managed across the Group.

Devine continues to update its risk management policies and procedures and is constantly monitoring its exposure to risk. A policy is in place setting out the formal risk reporting processes for Strategic, Health and Safety, and Trading and Operational risk areas. Risk assessments are also carried out on any new projects that are being considered and are included in any proposals that are submitted to the Board. The development of risk management processes within both existing and new business activities will continue to be refined and updated as necessary.

As part of this constant monitoring and review process, the Company has an established program to review and update the potential areas of risk in relation to its Housing, Communities, Development, Construction and Corporate segments and this facilitates the preparation and review of its overall risk matrix chart for the Group.

A Risk and Compliance Update Report is prepared by each business unit and division on a monthly basis and the results of this are summarised and reported to the Board. A more detailed Risk Review Report is prepared by each Business Unit and Division on a quarterly basis. This review applies a rating to the various risks that have been identified and provides commentary on the actions that are being taken to mitigate those risks. It also covers each project that the Company is undertaking. The results of these review reports are summarised and communicated to the Audit Committee for review at their quarterly meetings.

The reporting on risk by management is a standing agenda item at Board meetings.

Based on the current size and complexity of the business the Company has decided not to put in place a formal internal audit function. The above sets out the processes it employs to evaluate and improve the effectiveness of its risk management and internal control processes.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Board is responsible for determining and reviewing compensation arrangements for the Directors and the key management personnel (KMP). It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating Directors and senior executives fairly and appropriately and with reference to relevant employment market conditions.

To assist in achieving this objective the Board links the nature and amount of the Chief Executive Officer's and Key Management Personnel's emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

> To provide satisfactory returns to shareholders;
> The retention and motivation of key executives;
> To attract quality management to the Company; and
> To provide performance incentives which are aligned with the interests of shareholders and allow executives to share in the rewards of success.

Full details of the Company's remuneration philosophy and structure for and payments to Directors and Key Management Personnel are set out in the Company's Remuneration report contained within the Directors' report.

KMP's and senior managers receive a balance of fixed and variable ("at risk") remuneration. The Company aims to reward executives with a mix or remuneration commensurate with their position and responsibilities within the Group. The bonuses, if any, to executives is based on a review of the performance of the individual as well as the Company's overall financial performance.

The Group's LTI Plan Rules specifically prohibit participants from entering into arrangements to protect the value of the unvested LTI reward. Details of the STI and LTI schemes are set out in the Remuneration report.

Director's fees paid to Non-Executive Directors are determined by the Board, and are within the aggregate limits approved by shareholders.

From August 2015 there has been a departure from Recommendation 8.1, which recommends that a listed entity should have a Remuneration Committee. The role of the Remuneration and Nomination Committee was transferred to the Board from this date. The rationale behind the decision was that due to the size of the Company it was more efficient for generic duties of such a committee to be performed by the full Board.

FINANCIAL REPORT

CONTENTS	PAGE

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	**12 months to December 2015 $'000**	12 months to December 2014 $'000
Continuing operations			
Revenue	3	**213,111**	241,450
Cost of sales		**(209,642)**	(190,650)
Gross profit		**3,469**	50,800
Other revenue	3	**2,802**	10,759
Expenses, excluding finance expenses	4	**(35,231)**	(40,366)
Finance expenses		**(5,500)**	(6,338)
Share of net loss of joint ventures accounted for using the equity method	31(b)	**(120)**	(307)
(Loss)/profit from continuing operations before income tax		**(34,580)**	14,548
Income tax expense	5	**(1,932)**	(7,781)
(Loss)/profit from continuing operations after income tax		**(36,512)**	6,767
Discontinued operations			
Profit/(loss) after tax from discontinued operations	37	**488**	(3,168)
(Loss) /profit for the year		**(36,024)**	3,599
Items that may be reclassified subsequently to profit and (loss)			
Changes in the fair value of cash flow hedges/reserves, net of tax	25(a)	**130**	249
Total comprehensive (loss)/income for the year		**(35,894)**	3,848

		Cents	Cents
Earnings per share			
Basic and diluted, (loss)/profit for the year attributable to ordinary equity holders of the Company	34	**(22.7)**	2.3
Earnings per share for continuing operations			
Basic and diluted, (loss)/profit for the year attributable to ordinary equity holders of the Company	34	**(23.0)**	4.3
Earnings per share for discontinuing operations			
Basic and diluted, (loss)/profit for the year attributable to ordinary equity holders of the Company		**0.3**	(2.0)

Note: The consolidated loss before tax of Devine Limited and its subsidiaries of $33,882,895 comprises a loss from continuing operations of $34,579,863 and profit from discontinued operations of $696,968. Refer also to note 33(b) segment information.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	31 December 2015 $'000	31 December 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**15,704**	18,122
Receivables	8	**40,277**	47,935
Inventories	9	**95,471**	91,955
Prepayments		**923**	1,496
Total current assets		**152,375**	159,508
Non-current assets			
Receivables	10	**20,909**	11,251
Inventories	14	**170,242**	195,656
Investments accounted for using the equity method	31(b)	**19,124**	12,473
Plant and equipment	15	**2,082**	2,477
Deferred tax assets	17	**1,428**	3,569
Intangible assets	16	**3,316**	3,316
Total non-current assets		**217,101**	228,742
Total assets		**369,476**	388,250
LIABILITIES			
Current liabilities			
Advances and other payables	18	**101,518**	57,485
Interest bearing loans	19	**49,334**	70,356
Provisions		**2,430**	2,837
Derivative financial instruments	21	**-**	174
Non-interest bearing loans	20	**-**	3,500
Total current liabilities		**153,282**	134,352
Non-current liabilities			
Advances and other payables	22	**2,199**	3,815
Provisions		**1,190**	1,448
Total non-current liabilities		**3,389**	5,263
Total liabilities		**156,671**	139,615
Net assets		**212,805**	248,635
EQUITY			
Contributed equity	24	**292,367**	292,367
Reserves	25(a)	**355**	161
Accumulated losses	25(b)	**(79,917)**	(43,893)
Total equity		**212,805**	248,635

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	**Contributed equity $'000**	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2015		**292,367**	**161**	**(43,893)**	**248,635**
Loss for the Year		-	-	(36,024)	(36,024)
Other comprehensive income		-	130	-	130
Total comprehensive income/(loss) for the year		**-**	**130**	**(36,024)**	**(35,894)**
Transactions with owners in their capacity as owners:					
Expense/(benefit) pursuant to employee incentive scheme	25(a)	-	64	-	64
Balance at 31 December 2015		**292,367**	**355**	**(79,917)**	**212,805**

	Notes	**Contributed equity $'000**	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2014		292,367	(181)	(47,492)	244,694
Profit for the period		-	-	3,599	3,599
Other comprehensive income		-	249	-	249
Total comprehensive income/(loss) for the period		**-**	**249**	**3,599**	**3,848**
Transactions with owners in their capacity as owners:					
Expense/(benefit) pursuant to employee incentive scheme	25(a)	-	93	-	93
Balance at 31 December 2014		**292,367**	**161**	**(43,893)**	**248,635**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	**12 months to December 2015 $'000**	12 months to December 2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**304,198**	364,331
Payments to suppliers and employees (inclusive of goods and services tax)		**(267,704)**	(307,372)
Interest received		**1,046**	2,180
Interest and borrowing costs paid		**(7,542)**	(12,436)
Income taxes received		**-**	29
Net cash inflow from operating activities	26	**29,998**	46,732
Cash flows from investing activities			
Payments for plant and equipment		**(203)**	(644)
Proceeds/(payments) for investments in joint ventures		**236**	(797)
Payments for investments in land inventory		**(7,534)**	(31,784)
Loans to joint ventures		**(6,188)**	(7,595)
Repayments of loans by joint ventures		**1,867**	21,246
Equity distributions received from joint ventures		**-**	24,063
Proceeds from sale of subsidiary		**1,430**	-
Proceeds from sale of equity accounted investments		**-**	9,369
Net cash (outflow)/inflow from investing activities		**(10,392)**	13,858
Cash flows from financing activities			
Proceeds from borrowings		**54,432**	60,361
Repayment of borrowings		**(76,456)**	(114,093)
Net cash outflow from financing activities		**(22,024)**	(53,732)
Net (decrease)/increase in cash and cash equivalents		**(2,418)**	6,858
Cash and cash equivalents at the beginning of the financial year		**18,122**	11,264
Cash and cash equivalents at end of the financial year	7	**15,704**	18,122

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Devine Limited and its subsidiaries.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The consolidated financial statements are presented in Australian dollars. All values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(i) Statement of compliance

The consolidated financial statements of Devine Limited and the separate financial statements of Devine Limited comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(ii) Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

(iii) Critical accounting estimates

The preparation of consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(iv) Going concern

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

For the year ended 31 December 2015, the Group incurred a net loss after tax of $36 million (2014: net profit of $4 million) and generated net cash flows from operating activities of $30 million (2014: $47 million). As at 31 December 2015, the Group had net assets of $213m (2014: $249m) and current liabilities (including the Senior ANZ Bank Multi Option Facility (MOF) balance) exceeded current assets by $0.9m.

As at 31 December 2015 the Group had drawn debt of $56m (including bank guarantees) under the Senior ANZ MOF finance facility, which has been classified as a current liability due to its maturity being 31 August 2016. Testing of financial covenants of the ANZ MOF Agreement has been deferred until 31 March 2016. The current $56m net exposure of Devine to ANZ in relation to the MOF is secured by assets valued well in excess of the debt amount. The Directors note that, based on internal projections, they do not expect the Group to be compliant with the covenants of the ANZ MOF Agreement as at the 31 March 2016 covenant compliance testing date.

Under the terms of the ANZ MOF Agreement, a breach of a financial covenant entitles ANZ to request repayment of the facility on demand.

In such an event, the Group currently does not have the immediate capacity to repay the facility in full nor does it currently have readily available alternate sources of liquidity. As a result, currently there is uncertainty in regard to whether the Group can continue to operate as a going concern to realise assets and discharge liabilities in the ordinary course of business and at the amounts stated in the financial report.

In preparing the financial statements on a going concern basis, the Directors have had regard to the current strategic review of the Devine business and the Group's ongoing discussions with the ANZ Bank regarding refinance of the ANZ MOF. The Directors note that the ANZ Bank has continued to work closely with Devine Limited and its major shareholder, CIMIC Group Ltd, and has previously agreed to deferrals of a covenant testing date which it has recently extended to 31 March 2016. On the basis of the discussions with ANZ bank, the strategic review jointly conducted with Devine's major shareholder and a renewed focus on cash and liquidity by management, the Directors consider that the Group will not be in a position which would require adjustment to the recoverability and classification of recorded assets and liabilities

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

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Devine Limited ('Company') as at 31 December 2015 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 entities (including special purpose entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This generally accompanies a shareholding of more than one half of the voting rights.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee; rights arising from other contractual arrangements; and the Group's voting rights and potential voting rights. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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 Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of the subsidiaries are prepared for the same reporting period as the Company and accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company has two types of joint arrangements:

Joint operations

The Group's share of assets, liabilities, revenues and expenses of the joint operations have been incorporated in the financial statements under the appropriate headings. The financial statements and accounting policies of joint operations have been changed where necessary to ensure consistency with the reporting period and policies adopted by the Company. Details of the joint operations are set out in Note 31(a).

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The interests in joint ventures 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 entities are recognised in the consolidated statement of comprehensive income, and the share of post-acquisition movements in reserves is recognised in reserves in the consolidated statement of financial position. Details relating to joint ventures are set out in Note 31(b).

(d) 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 when risks and benefits of ownership transfer to a third party.

(ii) Property development

Revenue in respect of the Company's property development projects is recognised when risks and benefits of ownership transfer to a third party. 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 for each settled unit. Marketing and selling costs associated with the Company's property development projects are directly expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Single contract house and land package sales

Revenue is recognised on Devine house and land package sales that have been sold under one contract when settlement of both the house and land occurs. All other housing revenue is recognised by reference to the percentage of the services performed.

(iv) Construction contracts

Revenue and costs on construction contracts with external parties are recognised in accordance with the percentage of completion method. When the outcome of the contract cannot be reliably estimated profits are deferred and where it is probable that the cost will be recovered, revenue is recognised to the extent of the costs incurred. 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.

For fixed price contracts, the percentage of completion is measured by reference to the actual costs incurred to date as a percentage of the total estimated costs for that contract. For cost plus contracts, revenue is recognised by reference to the costs incurred during the reporting period that will be recovered under the contract plus the relevant margin earned.

Where the Group undertakes a building contract for Devine, revenue and costs are recognised in the consolidated financial statements when the building is complete and the risk and rewards of ownership have transferred to the end buyer/s.

Where the Group enters into a construction contract for a joint venture in which Devine has an equity interest, only that portion of the revenue generated and costs incurred that relates to the equity interest of Devine's joint venture partner is recognised in the consolidated financial statements in the period in which the work is carried out. That portion of the revenue and costs that relates to Devine's equity interest in the joint venture is only recognised in the consolidated financial statements when the construction contract is completed and the risk and rewards of ownership have transferred to the end buyer/s.

(v) Service revenue

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

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.

(e) Segment reporting

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 Chief Executive Officer and the Board.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(h) Inventories

(i) Construction work in progress

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Pre-commitment costs are expensed when incurred and only capitalised from the point at which a project receives both Board approval and development approval (DA) is deemed probable or has been obtained.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the Group's construction activities in general.

(ii) Land held for resale / capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(i) Leases

Leases of property, plant and equipment where the Group as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 27). Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(j) Plant and equipment

Plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts, net of the residual values, over the estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Plant and equipment	2 - 5 years
Computer equipment	2 - 5 years
Vehicles	3 - 5 years
Leasehold improvements	2 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(m)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Intangible assets / Brand name

The initial cost of the brand name was generated by virtue of the business combinations created on the occasion of the listing of Devine Limited on the Australian Securities Exchange. Directors consider it to be an "Indefinite Life" asset as defined by AASB 138 *Intangible Assets* and therefore not subject to future amortisation. It is however, required to be tested for impairment on either an individual basis or the cash generating unit level on at least an annual basis to determine the appropriate carrying value.

(l) Investments and other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables (Notes 8 and 10) in the consolidated statement of financial position.

(iii) Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held to maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held to maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets

Purchases and sales of investments are recognised on the date that the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(i) Vendor funding

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(ii) Advances

These amounts represent funds advanced to the Group under contractual arrangements with settlement on deferred terms. Where payment is not due within 12 months from the reporting date, the amounts are presented as non-current liabilities and recognised at the present value of outstanding monies discounted at prevailing commercial borrowing rates.

(o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group, at balance date, has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Capitalisation of borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, accumulating sick leave and annual leave which are expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the end of the reporting period. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when leave is taken and measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the statement of financial position as provision for employee benefits. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees through the Devine Limited Executive Option Scheme and the Long Term Incentive (LTI) Plan. Information relating to these plans is set out in the Remuneration Report. The Executive Option Scheme was replaced with the LTI Plan from 1 July 2013.

The fair value of options granted under the Executive Option Scheme and performance rights granted under the LTI Plan are recognised as an employee benefit expense with a corresponding increase in share based payment reserve in equity. The fair value is measured at grant date using an appropriate valuation model and recognised over the period during which the employees become unconditionally entitled to the share based payment.

Upon the exercise of options and vesting of performance rights, the balance of the share based payments reserve relating to those instruments is transferred to share capital.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

> hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or

> hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 21. Movements in the hedging reserve in shareholder's equity are shown in Note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

(t) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However deferred tax is not recognised for:

> temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit or loss;

> temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

> temporary differences arising at the initial recognition of goodwill.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Tax consolidation legislation

Devine Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, Devine Limited, as the head entity in the tax consolidated group, recognises current tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances.

(ii) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as, tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward and available for use.

(u) Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Contributed equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(y) Parent entity financial information

The financial information for the Parent entity, Devine Limited, disclosed in Note 13 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for at cost in the financial statements of Devine Limited. Dividends received from associates are recognised in the Parent entity's profit or loss when its right to receive the dividend is established.

(ii) Tax consolidation legislation

Devine Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Devine Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Devine Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Devine Limited for any current tax payable and are compensated by Devine Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Devine Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(iii) Financial guarantees

Where the Parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Comparatives

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

(aa) Changes in accounting estimates

The preparation of the consolidated financial statements requires management to make judgments, 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. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

(ab) New accounting standards and interpretations

New standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2015 have been adopted by the Group. The adoption of these standards had no material financial impact on the current period or any prior period and is not likely to affect future periods.

- AASB 2013-9 *Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-1 *Part A Annual Improvements 2010-2012 Cycle*
- AASB 2014-1 *Part A Annual Improvements 2011-2013 Cycle*

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 reporting period and have not yet been applied in the consolidated financial statements. These are:

- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* effective 1 January 2016
- AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)* effective 1 January 2016
- AASB 2014-9 *Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements* effective 1 January 2016
- AASB 2014-10 A*mendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* effective 1 January 2016
- AASB 2015-1 *Annual Improvements 2012-2014 Cycle* – effective 1 January 2016
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative (Amendments to AASB 101)* effective 1 January 2016
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* effective 1 January 2016

The Directors believe that the application of these new or amended accounting standards and interpretations would not have any material financial effect on the consolidated financial statements presented.

The following new accounting standard has been published but is not mandatory for the 31 December 2015 reporting period. Although further work will be required to assess the impact of the new standard the Directors believe that the preliminary assessment shows that the introduction of AASB 15 will not have a significant impact on Devine Group's existing revenue recognition.

- AASB 15 *Revenue from Contracts with Customers* effective 1 January 2018

The following new accounting standards have been published but are not mandatory for the 31 December 2015 reporting period. The Directors believe it is too early to assess the impact of these standards on the consolidated financial statements of the Group.

- AASB 9 *Financial Instruments* effective 1 January 2018
- IFRS 16 *Leases* effective 1 January 2019

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Estimates and judgments relating to current and likely future operational activities are necessarily made from time to time. They are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed, at the time, to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the reported revenues and expenses and/or the carrying amounts of assets and liabilities within the financial year are:

> The Group has recognised deferred tax assets to the extent that it is probable that taxable profit will be available, against which the deferred tax asset can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group has $20.7m (2014: $8.8m) of tax losses that have not been recognised (refer Note 5) and overall deferred tax assets of $25.7 (2014: $13.8m);

> In assessing the carrying value of property development projects and land held for sale, assumptions of future sales prices, sales rates and other factors impacting projects are made based on the current state and future expectation of markets in which the Group operates. Management makes assessments on a project by project basis and where appropriate will adjust the carrying value of inventory to the lower of cost and net realisable value, as outlined in Note 1(h). These assessments may also be impacted by government policy, changes in interest rates and other economic factors;

> The recoverability of accounts receivables is reviewed on an ongoing basis. An allowance will only be established when there is objective evidence that the Company will not be able to collect all amounts due. Management uses judgment in determining the level that is recoverable from the customers, taking into account the historic analysis of all customers, their relationship with the Company and the prevailing economic condition (refer Note 8 and 10);

> For construction projects, the Group recognises profit by reference to the stage of completion method and when the profit outcome can be reliably measured. Until the profit outcome can be reliably measured, profit recognition is deferred. The Group prepares project cost forecasts and periodically assesses the cost to complete on each construction project, which requires management to estimate the cost of materials, trades and other direct and indirect costs. Management uses judgement in determining the amount of costs to be included in the forecasts, as well as the estimated construction timeline and potential impacts from project delays, disputes and contractual matters. The outcome of the project could be subsequently affected to the extent that actual costs vary from the forecasted amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

3 REVENUE FROM CONTINUING OPERATIONS

	12 months to December 2015 $'000	12 months to December 2014 $'000
Revenue		
Revenue from property development	**114,500**	143,936
Revenue from construction activities	**83,212**	41,394
Revenue from property development - related joint ventures	**11,542**	10,793
Revenue from construction activities - related joint ventures	**3,857**	45,327
	213,111	241,450
Other revenue		
Rent received	**6**	164
Interest received	**1,229**	2,572
Sundry income*	**1,567**	618
Net realised gain on sale of interest in equity accounted investments	**-**	7,405
	2,802	10,759
Total Revenue	**215,913**	252,209

* Included in sundry income for December 2015 is $1.3m for sale of 50% interest in a subsidiary. December 2014 includes $0.5m reimbursement for sale transaction costs incurred.

4 EXPENSES FROM CONTINUING OPERATIONS

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

	12 months to December 2015 $'000	12 months to December 2014 $'000
Marketing and selling costs	**11,744**	16,689
Occupancy	**2,640**	2,467
Administration *	**16,220**	17,835
Other	**1,753**	160
Land holding expenses	**2,459**	3,215
Restructure expenses **	**415**	-
	35,231	40,366

* December 2015 includes takeover costs of $0.7m and additional sale transactions costs of $0.1m. December 2014 includes sale transactions costs of $2.1m.

** Relates to costs incurred in the Corporate segment as a result of the restructure of the detached housing business (Refer to Note 33 for further information).

(b) Inventory write-downs/write- backs, impairments:

	12 months to December 2015 $'000	12 months to December 2014 $'000
Write-back of inventory included in cost of properties sold	**-**	3,941

(c) Other expenses:

Employee benefits	**11,605**	11,377

December 2015 includes employee costs of $0.4m relating to the restructure of the detached housing business

5 INCOME TAX EXPENSE/(BENEFIT)

(a) Income tax expense/(benefit)

	12 months to December 2015 $'000	12 months to December 2014 $'000
Current tax expense/(benefit):		
Adjustments in respect of prior periods	-	155
Deferred tax expense/(benefit):		
Origination and reversal of temporary differences	761	5,822
Adjustments in respect of prior periods		
Temporary differences on joint ventures not recognised	-	(64)
Utilisation of prior year tax losses not recognised	-	(19)
Reversal of prior year tax losses recognised	-	529
Prior year timing differences not recognised	1,380	-
Income tax expense reported in the consolidated statement of comprehensive income	2,141	6,423

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

	12 months to December 2015 $'000	12 months to December 2014 $'000
(Loss)/profit from continuing operations before income tax expense	(34,580)	14,548
Profit/(loss) from discontinuing operations before income tax expense	697	(4,526)
Total (loss)/profit before income tax expense	(33,883)	10,022
Tax at the Australian tax rate of 30% (2014 - 30%)	(10,165)	3,007
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Current year tax losses not recognised	10,493	2,756
Prior year timing differences not recognised	1,380	-
Utilisation of prior year tax losses not recognised	-	(19)
Reversal of prior year tax losses recognised	-	529
Prior year timing differences in joint ventures not recognised	-	(64)
Entertainment	19	31
Options issued to employees	19	28
Capital gain from subsidiary exiting the tax group	395	-
Under/(over) provisions from prior year	-	155
Total income tax expense	2,141	6,423
Income tax expense for continuing operations	1,932	7,781
Income tax expense/(benefit) for discontinuing operations	209	(1,358)
	2,141	6,423

(c) Amounts recognised directly in equity

	12 months to December 2015 $'000	12 months to December 2014 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Net deferred tax - debited directly to equity	-	104

5 INCOME TAX EXPENSE/(BENEFIT) (CONTINUED)

(d) Tax losses

The Group has total tax losses of $85,505,424 (December 2014: $46,014,595) which will be available for offsetting against future profits provided certain tests under relevant taxation legislations are met. $69,072,824 of these losses (December 2014: $29,581,995) have not been recognised.

Deferred tax assets in respect of these losses of $20,721,847 (December 2014: $8,874,599) have not been recognised as there is not sufficient certainty that future taxable amounts will be available in the short term to utilise these losses or that these tests will be able to be met.

(e) Unrecognised temporary differences

Deferred tax assets of $5,469,978 (December 2014: $5,469,978) have not been recognised in respect of temporary differences arising from the Group's investment in joint venture entities as there is not sufficient certainty that these entities will generate future taxable distributions to ensure realisation of these losses. In the December 2014 financial year $1,525,010 of this balance not recognised has been reversed.

6 DIVIDENDS

(a) Franked dividends

	31 December 2015 $'000	31 December 2014 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (Dec 2014 - 30%)	**9,444**	9,444

7 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	31 December 2015 $'000	31 December 2014 $'000
Cash and cash equivalents	**15,704**	18,122

Included in cash and cash equivalents is an amount of $15.0m (December 2014: $15.0m) that is required to be held on deposit under the terms of the Company's senior debt facility.

8 CURRENT ASSETS - RECEIVABLES

	31 December 2015 $'000	31 December 2014 $'000
Trade receivables	**17,190**	24,956
Provision for impairment	**(5,198)**	(5,047)
	11,992	19,909
Other receivables	**28,154**	27,949
Deposits	**131**	77
	28,285	28,026
Total receivables	**40,277**	47,935

(a) Impaired trade receivables

The Group has recognised a provision of $5.0m (December 2014: $5.0m) in respect of an individual trade receivable.

Movements in the provision for impairment of receivables are as follows:

	31 December 2015 $'000	31 December 2014 $'000
Opening balance	**5,047**	5,043
Provision for impairment recognised during the year	**151**	4
Closing balance	**5,198**	5,047

8 CURRENT ASSETS - RECEIVABLES (CONTINUED)

(b) Past due but not impaired

As of 31 December, the aging analysis of trade receivables not impaired is as follows:

	31 December 2015 $'000	31 December 2014 $'000
Neither past due nor impaired	**4,989**	13,387
Less than 30 days	**3,394**	4,314
30 - 60 days	**1,547**	806
61 - 90 days	**466**	207
Greater than 90 days	**1,596**	1,195
	11,992	19,909

(c) Other receivables

These amounts indirectly arise from the activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months and an agreement has been negotiated. Collateral is not normally obtained.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of receivables mentioned above. The fair value of security held for certain trade receivables is insignificant as is the fair value of any collateral sold or repledged. Refer to Note 36 for more information on the risk management policy of the Group and the credit quality of the entity's trade and other receivables.

	31 December 2015 $'000	31 December 2014 $'000
Additional information on contract debtors		
Total progressive value of all contracts in progress at reporting date	**89,754**	58,371
Less: Cash received to date	**82,448**	53,707
Amounts due from customers – contract debtors	**7,306**	4,664
Amounts due to customers – trade creditors	**-**	-
Net contract debtors	**7,306**	4,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

9 CURRENT ASSETS - INVENTORIES

	31 December 2015 $'000	31 December 2014 $'000
Work in progress		
Work in progress	**14,453**	13,213
	14,453	13,213
Land held for sale		
Acquisition costs	**20,074**	27,411
Development costs capitalised	**60,944**	51,331
	81,018	78,742
Total current inventories - at the lower of cost and net realisable value	**95,471**	91,955

Capitalised interest and borrowing costs

The amount of interest and borrowing costs capitalised to inventory (current and non-current- refer Note 14) during the financial year ended 31 December 2015 was $8.1m (December 2014: $11.8m). The rate used to determine the amount of interest and borrowing costs eligible for capitalisation was 7.5% (December 2014: 6.61%).

10 NON-CURRENT ASSETS - RECEIVABLES

	31 December 2015 $'000	31 December 2014 $'000
Trade and other receivables	**20,909**	11,251

(a) Past due but not impaired

At 31 December 2015 there were no past due non-current receivables (December 2014: Nil). Refer also Note 8(b).

(b) Fair values

The fair value of non-current trade and other receivables is approximately equal to their carrying values.

The fair values are based on the estimated future cash flows considering the balance of amounts outstanding, timing of receipts and where appropriate are discounted using the current lending rate of 5.77%.

(c) Credit Risk

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivable mentioned above. The Group holds relevant security in relation to receivables where available. Further information about the Group and the Parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 36.

11 SUBSIDIARIES

Interests in subsidiaries

The Consolidated financial statements of the Group include the following entities:

		Equity Interest **	
Name of entity	**Principal activities**	**December 2015 %**	December 2014 %
Devine Homes Pty Ltd*	Home building	**100**	100
Devine Constructions Pty Ltd*	Construction	**100**	100
Talcliff Pty Ltd *	Property development	**100**	100
DMB Pty Ltd *	Property development	**100**	100
Pioneer Homes Australia Pty Ltd *	Property development	**100**	100
Devine Funds Pty Ltd *	Property development	**100**	100
Devine Funds Unit Trust	Property development	**100**	100
Devine Springwood No 1 Pty Ltd *	Property development	**100**	100
Moorookyle Devine Pty Ltd *	Property development	**100**	100
111 Margaret Street Pty Ltd*	Property development	**100**	100
Devine Springwood No 2 Pty Ltd *	Property development	**100**	100
Devine Bacchus Marsh Pty Ltd *	Property development	**100**	100
Devine Management Services Pty Ltd *	Property development	**100**	100
Devine Queensland No 10 Pty Ltd*	Property development	**100**	100
Devine Land Pty Ltd *	Property development	**100**	100
Riverstone Rise Gladstone Pty Ltd *	Property development	**100**	100
Riverstone Rise Gladstone Unit Trust	Property development	**100**	100
DoubleOne 3 Pty Ltd *	Property development	**100**	100
Devine Springwood No 3 Pty Ltd *	Property development	**100**	100
Victoria Point Docklands Pty Ltd	Property development	**100**	100
Devine Building Management Services Pty Ltd*	Property management	**100**	100
DoubleOne 3 Building Management Services Pty Ltd*	Property management	**100**	100
Devine Projects (VIC) Pty Ltd*	Property development	**100**	100
Devine SA Land Pty Ltd*	Property development	**100**	100
Devine Woodforde Pty Ltd*	Property development	**100**	100
Tribune SB Pty Ltd*	Property development	**100**	100
Tribune SB Unit Trust	Property development	**100**	100
Trafalgar EB Pty Ltd*	Property development	**100**	100
Trafalgar EB Unit Trust	Property development	**100**	100
Devine Colton Avenue Pty Ltd*	Property development	**100**	-
Mode Apartments Pty Ltd***	Property development	**-**	100
Mode Apartments Unit Trust***	Property development	**-**	100

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission, as set out in Note 12. An updated Deed of Cross Guarantee was lodged with ASIC on 22 December 2015.

** The proportion of ownership interest is equal to the proportion of voting rights held by the Group.

*** 50% ownership of Mode Apartments Unit Trust and Mode Apartments Pty Ltd was sold to an external party on 28 May 2015 and Mode Apartments Pty Ltd was removed from the Deed of Cross Guarantee lodged with ASIC on 22 December 2015.

All subsidiaries have a statutory reporting date of 31 December. The reporting dates were changed to be in line with the parent entity's reporting date as required by the *Corporations Act 2001*.

All subsidiaries are incorporated and registered in Australia. Australia is also their principal place of business.

12 DEED OF CROSS GUARANTEE

Devine Limited and the subsidiary companies specifically referenced in Note 11 are parties to a Deed of Cross Guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated statements of profit or loss and summary of movements in consolidated accumulated losses

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Devine Limited, they also represent the 'Extended Closed Group'.

Set out below is a Consolidated statement of profit or loss and a summary of movements in consolidated retained earnings/(accumulated losses) for the financial year ended 31 December 2015 for the Closed Group.

	12 months to 31 December 2015 $'000	12 months to 31 December 2014 $'000
Consolidated statement of profit or loss		
Loss/(profit) from continuing operations before income tax	**(33,797)**	14,711
Income tax benefit/(expense)	**488**	(6,846)
(Loss)/profit after tax from continuing operations	**(33,309)**	7,865
Profit/(loss) after tax from discontinued operations	**488**	(3,168)
Net (loss)/profit for the period	**(32,821)**	4,697
Summary of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the reporting period	**(50,469)**	(71,466)
Accumulated profits of entities added to the Closed Group	**-**	16,300
(Loss)/profit for the year	**(32,821)**	4,697
Accumulated losses at the end of the reporting period	**(83,290)**	(50,469)

12 DEED OF CROSS GUARANTEE (CONTINUED)

(b) Consolidated statement of financial position

Set out below is a Consolidated statement of financial position as at 31 December 2015 for the Closed Group.

	31 December 2015 $'000	31 December 2014 $'000
Current assets		
Cash and cash equivalents	**15,704**	18,121
Receivables	**40,261**	47,814
Inventories	**92,325**	86,955
Prepayments	**846**	1,331
Total current assets	**149,136**	154,221
Non-current assets		
Receivables	**59,224**	42,817
Inventories	**114,991**	140,074
Investments accounted for using the equity method	**19,124**	12,473
Plant and equipment	**2,052**	2,264
Deferred tax assets	**4,825**	4,546
Intangible assets	**3,316**	3,316
Total non-current assets	**203,532**	205,490
Total assets	**352,668**	359,711
Current liabilities		
Advances and other payables	**101,281**	57,653
Derivative financial instruments	**-**	174
Interest bearing loans	**36,143**	49,826
Provisions	**2,423**	2,836
Non-interest bearing loans	**-**	3,500
Total current liabilities	**139,847**	113,989
Non-current liabilities		
Provisions	**1,190**	1,448
Advances and other payables	**2,199**	2,215
Total non-current liabilities	**3,389**	3,663
Total liabilities	**143,236**	117,652
Net assets	**209,432**	242,059
Equity		
Contributed equity	**292,367**	292,367
Reserves	**355**	161
Accumulated losses	**(83,290)**	(50,469)
Total equity	**209,432**	242,059

13 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the Parent entity show the following aggregate amounts:

	31 December 2015 $'000	31 December 2014 $'000
Statement of financial position		
Assets		
Current assets	**190,123**	239,765
Non-current assets	**60,831**	82,260
Total assets	**250,954**	322,025
Liabilities		
Current liabilities	**32,216**	53,064
Non-current liabilities	**454**	722
Total liabilities	**32,670**	53,786
Net assets	**218,284**	268,239
Equity		
Contributed equity	**292,367**	292,367
Reserves	**355**	161
Accumulated losses	**(74,438)**	(24,289)
Total equity	**218,284**	268,239
Loss for the year	**(50,149)**	(5,507)
Total comprehensive loss for the year	**(50,019)**	(5,264)

(b) Guarantees entered into by the Parent entity

Devine Limited and controlled entities have provided bank guarantees and surety bonds totaling $40.1m at 31 December 2015 (December 2014: $32.9m) relating to individual land developments and other aspects of the Company's operations. The guarantees and bonds are secured by charges over the assets of the respective entities or indemnities. No liabilities are expected to arise.

Devine Limited and in most instances, its joint venture partners have provided guarantees for the performance of the joint ventures for debt totaling $33.4m at 31 December 2015 (December 2014: $25.2m). The debt is secured against assets of the joint ventures with a recorded value of $109.2m (December 2014: $64.9m) and is to be repaid from the land sales of the joint ventures. No liabilities are expected to arise.

Devine Limited 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.

Devine Limited has guaranteed, under the terms of Class Order 98/1418, issued by the Australian Securities and Investments Commission, 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. For further information refer to Note 12.

(c) Contingent liabilities of the Parent entity

For further information about contingencies refer to Note 32.

14 NON-CURRENT ASSETS - INVENTORIES

	31 December 2015 $'000	31 December 2014 $'000
Land held for sale		
Acquisition costs	**65,113**	78,442
Development costs capitalised	**105,129**	117,214
Total non-current inventories - at the lower of cost and net realisable value	**170,242**	195,656

15 NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Year ended 31 December 2015	**Display home furniture and equipment $'000**	**Plant and equipment $'000**	**Total $'000**
Opening net book amount	241	2,236	2,477
Additions	68	412	480
Disposals	-	(26)	(26)
Assets written off	(349)	(4,281)	(4,630)
Depreciation charge	(103)	(624)	(727)
Depreciation write back on disposals and assets written off	232	4,276	4,508
Closing net book amount	89	1,993	2,082
At 31 December 2015			
Cost	213	3,356	3,569
Accumulated depreciation	(124)	(1,363)	(1,487)
Net book amount	89	1,993	2,082
Year ended 31 December 2014			
Opening net book amount	378	2,488	2,866
Additions	32	612	644
Disposals	(711)	(752)	(1,463)
Depreciation charge	(150)	(646)	(796)
Depreciation write back on disposals	692	534	1,226
Closing net book amount	241	2,236	2,477
At 31 December 2014			
Cost	494	7,251	7,745
Accumulated depreciation	(253)	(5,015)	(5,268)
Net book amount	241	2,236	2,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

16 NON-CURRENT ASSETS - INTANGIBLE ASSETS/BRAND NAME

	Brand name $'000	Total $'000
At 31 December 2015		
Cost	3,316	3,316
Net book amount	3,316	3,316

	Brand name $'000	Total $'000
At 31 December 2014		
Cost	3,316	3,316
Net book amount	3,316	3,316

Impairment tests for intangibles with indefinite useful lives

The Brand Name asset is tested for impairment using the Relief-from-Royalty method. (In previous years it was tested against the recoverable amount of the cash-generating unit to which the brand name belongs.) The Relief-from-Royalty method is based on a hypothetical royalty (calculated as a percentage of revenue) that the owner would otherwise be willing to pay to use the asset – assuming it were not already owned.

The method uses revenue projections based on financial budgets approved by management covering a 12 month period for the Devine Group. The group is considered to be the lowest level CGU appropriate for this valuation. Revenues beyond this period are forecast for a further 4 years on a segment basis.

The Royalty has been calculated using 0.7% of forecast Revenue.

A post tax discount rate of 10.55% has been applied to the calculation which reflects management's estimate of the time value of money and the risks associated with the Group.

Sensitivities to changes to the key assumptions have been considered and have not indicated circumstances in which the unit's carrying value exceeds its recoverable amount.

17 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	Notes	31 December 2015 $'000	31 December 2014 $'000
The balance comprises temporary differences attributable to:			
Accrued expenses		**1,058**	940
Doubtful debts		**1,559**	1,514
Employee benefits		**706**	1,215
Establishment fees		**588**	8
Inventories		**5,143**	8,592
Investment in associates		**1,107**	715
Mark-to-market adjustments on derivative financial instruments		**-**	74
Provisions		**429**	137
Tax losses		**4,930**	4,930
Unearned income		**-**	60
Other		**43**	553
		15,563	18,738
Set-off of deferred tax liabilities pursuant to set-off provisions	23	**(14,135)**	(15,169)
Net deferred tax assets		**1,428**	3,569

Movements:		
Opening balance	**18,738**	24,208
Credited/(charged) to the statement of comprehensive income	**666**	(5,521)
Charges directly to equity	**-**	(104)
Prior year adjustments	**(3,841)**	155
Set-off	**(14,135)**	(15,169)
Closing balance	**1,428**	3,569

18 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	31 December 2015 $'000	31 December 2014 $'000
Current liabilities		
Trade payables	**57,527**	28,652
Advances and other payables	**43,991**	28,833
	101,518	57,485

19 CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

	31 December 2015 $'000	31 December 2014 $'000
Secured		
Bank loans	**49,334**	70,356

(a) Total secured liabilities

Total secured liabilities are:

	31 December 2015 $'000	31 December 2014 $'000
Bank loans (current and non-current)	**49,334**	70,356

(b) Assets pledged as security

Bank loans are secured by mortgages over the consolidated entity's inventories including developed and undeveloped land. A fixed and floating charge over all the assets of the consolidated entity is also held by the consolidated entity's principal bankers.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31 December 2015 $'000	31 December 2014 $'000
Current		
Cash and cash equivalents	**15,704**	18,122
Receivables	**40,277**	47,935
Inventories	**95,471**	91,955
Prepayments	**923**	1,496
Total current assets pledged as security	**152,375**	159,508
Non-current		
Receivables	**20,909**	11,251
Inventories	**170,242**	195,656
Investments accounted for using the equity method	**19,124**	12,473
Plant and equipment	**2,082**	2,477
Intangible assets	**3,316**	3,316
Deferred tax assets	**1,428**	3,569
Total non-current assets pledged as security	**217,101**	228,742
Total assets pledged as security	**369,476**	388,250

19 CURRENT LIABILITIES - INTEREST BEARING LIABILITIES (CONTINUED)

(c) Financing arrangements

At balance date, the following financing facilities had been negotiated and were available:

	31 December 2015 $'000	31 December 2014 $'000
Bank loans		
Total facilities limits*	**83,119**	158,836
Total facilities available	**83,119**	90,187
Used at balance date- including guarantees	**58,648**	82,106
Available at balance date	**24,471**	8,081

* The total facility limit is available only if the Group has complying assets to provide as security.

20 CURRENT LIABILITIES - NON-INTEREST BEARING LIABILITIES

	31 December 2015 $'000	31 December 2014 $'000
Secured		
Vendor funding	**-**	3,500

Vendor funding on land developments has been provided to the Group from time to time subject to commercial negotiations.

21 CURRENT LIABILITIES - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2015 $'000	31 December 2014 $'000
Interest rate - cash flow hedges	**-**	174

The hedge contracts have matured in the financial year ended 31 December 2015.

22 NON-CURRENT LIABILITIES - ADVANCES AND OTHER PAYABLES

	31 December 2015 $'000	31 December 2014 $'000
Advances and other payables	**2,199**	3,815

The fair value of non-current advances and other payables is equal to their carrying values.

The fair values are based on estimated future cash flows considering the balance of amounts outstanding, the expected timing of payments and the interest cost implicit in these payments.

23 NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

	31 December 2015 $'000	31 December 2014 $'000
The balance comprises temporary differences attributable to:		
Income received in advance	**405**	-
Other	**66**	20
Accrued expenses	**475**	-
Inventories	**13,189**	15,149
	14,135	15,169
Set-off of deferred tax liabilities pursuant to set-off provisions (Note 17)	**(14,135)**	(15,169)
Net deferred tax liabilities	**-**	-
Movements:		
Opening balance	**15,169**	14,150
Charged/(credited) to statement of comprehensive income	**1,428**	1,019
Prior year adjustments	**(2,462)**	-
Set off	**(14,135)**	(15,169)
Closing balance	**-**	-

24 CONTRIBUTED EQUITY

(a) Share capital

	31 December 2015 Shares	31 December 2014 Shares	31 December 2015 $'000	31 December 2014 $'000
Ordinary shares - fully paid	158,730,556	158,730,556	292,367	292,367

(b) Movements in ordinary share capital

Date	Details	Number of shares	$'000
1 January 2015	Opening balance	158,730,556	292,367
31 December 2015	Closing balance	158,730,556	292,367

(c) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group and the Parent entity monitor capital adequacy on the basis of the overall gearing of the Group and the unused facilities available to it.

24 CONTRIBUTED EQUITY (CONTINUED)

The gearing ratios are as follows:	31 December 2015 $'000	31 December 2014 $'000
Interest and non-interest bearing loans and borrowings	49,509	75,032
Less: cash and cash equivalents	(15,704)	(18,122)
Net debt	33,805	56,910
Total assets	369,476	388,250
Less: cash and cash equivalents	(15,704)	(18,122)
Assets	353,772	370,128
Gearing ratio	9.6%	15.4%

25 RESERVES AND RETAINED EARNINGS/(ACCUMULATED LOSSES)

(a) Reserves

	31 December 2015 $'000	31 December 2014 $'000
Hedging reserve - cash flow hedges	-	(130)
Share based payment reserve	355	291
	355	161
Movements:		
Hedging reserve - cash flow hedges		
Opening balance	(130)	(379)
Revaluation - gross	-	(16)
Maturity/termination hedge contract	130	369
Deferred tax	-	(104)
Closing balance	-	(130)
Share-based payments reserve		
Opening balance	291	198
Share based payment expense	64	93
Closing balance	355	291

Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 1(s) . Amounts are reclassified to profit or loss when the associated hedged transaction crystalises.

(b) Retained earnings/(accumulated losses)

Movements in retained earnings/(accumulated losses) were as follows:

	31 December 2015 $'000	31 December 2014 $'000
Opening balance	(43,893)	(47,492)
Net (loss)/profit for the year	(36,024)	3,599
Closing balance	(79,917)	(43,893)

26 NOTES TO STATEMENT OF CASHFLOWS

(a) Reconciliation of (loss)/profit after income tax to net cash flows from operations

	31 December 2015 $'000	31 December 2014 $'000
(Loss)/profit for the year	**(36,024)**	3,599
Non-cash items		
Interest capitalised	**(2,042)**	(6,098)
(Profit)/losses from joint ventures and sale of subsidiaries not received as cash	**(1,197)**	307
Depreciation and amortisation	**727**	796
Non-cash employee benefits expense - share-based payments	**64**	93
Fair value (gains)/losses on financial assets at fair value through profit or loss	**(45)**	70
Loss on write off plant and equipment	**139**	236
Net gain/(loss) on sale of equity accounted investments	**-**	(7,353)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and sundry debtors	**3,388**	(3,775)
Decrease in inventories	**31,473**	71,512
Decrease in prepayments	**1,575**	461
Increase in provision for income taxes payable (receivable)	**-**	68
Increase/(decrease) in trade creditors and accruals	**30,463**	(18,307)
Increase in deferred income tax	**2,142**	6,385
Decrease in other provisions	**(665)**	(1,262)
Net cash inflow/(outflow) from operations	**29,998**	46,732

(b) Minimum cash reserve

Included in cash and cash equivalents is an amount of $15.0m (December 2014: $15.0m) that is required to be held on deposit under the terms of the Company's senior debt facility.

27 COMMITMENTS

Non-cancellable operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:	31 December 2015 $'000	31 December 2014 $'000
Within one year	**3,148**	3,480
Later than one year but not later than five years	**10,402**	9,819
Later than five years	**516**	2,741
	14,066	16,040

Operating leases have an average remaining term of 4.8 years (December 2014: 5.4 years). Assets that are the subject of operating leases include motor vehicles, equipment and office premises.

28 SHARE-BASED PAYMENTS

(a) Long Term Incentive (LTI) Plan

The LTI plan was approved by the shareholders in November 2013.

LTI awards made under the plan are delivered in the form of performance rights, which are granted for no cost and entitle the executive to receive one fully paid ordinary share in the Company per right, subject to the terms and conditions determined by the Board. During the 2015 financial year there was 127,873 LTI's awarded. The performance rights issued in February 2015 and September 2013 are for a term of 3 years and vest automatically on the satisfaction of both the service condition and performance hurdles in February 2018 and September 2016 respectively.

The performance rights cannot be transferred and are not quoted on the ASX. At 31 December 2015 there were 4 senior executives participating in the plan (December 2014: 4 senior executives and managers). When exercised each performance right is converted into one ordinary share in Devine Limited.

Information with respect to the performance rights granted under the LTI plan is as follows:

Grant date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	**Balance at end of the year**	**Vested and exercisable at end of the year**
		Number	Number	Number	Number	**Number**	**Number**
December 2015							
18 Feb 2015	27 Feb 2018	-	127,873	-	-	**127,873**	**-**
16 Sept 2013	30 Sept 2016	692,362	-	-	(121,036)	**571,326**	**-**
Weighted average FV (Sept 13)		$1.05				**$1.05**	
Weighted average FV (Feb 15)						**$0.81**	

Grant date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	**Balance at end of the year**	**Vested and exercisable at end of the year**
		Number	Number	Number	Number	**Number**	**Number**
December 2014							
16 Sept 2013	30 Sept 2016	971,980	-	-	(279,618)	**692,362**	**-**
Weighted average fair value		$1.05				**$1.05**	

Fair value of performance rights granted

The assessed fair value at grant date of the performance rights has been independently determined using option pricing models that take into account the exercise price, the term of the securities, the current price of the underlying securities, the expected volatility of the security price, the expected dividend yield and the risk-free rate for the term of the security. The fair value of the performance rights has been determined using Monte Carlo simulation and the Black Scholes option pricing model as appropriate.

28 SHARE-BASED PAYMENTS (CONTINUED)

(a) Long Term Incentive (LTI) Plan (continued)

Assumptions used for the fair value of the performance rights are as follows:

Grant Date	16 Sept 2013
Performance hurdles	50% TSR and 50% EPS
Performance testing date	Earlier of 16 Sept 2016 or release of the 30 June 2016 financial results
Closing share price at grant date	$1.26
Exercise price	$Nil
Expected life	3 years
Volatility	35.2%
Risk-free interest rate (p.a.)	2.91%
Annual dividend yield	0%

Grant Date	18 Feb 2015
Performance hurdles	50% TSR and 50% EPS
Performance testing date	Earlier of 1 Feb 2018 or release of the 31 December 2017 financial results
Closing share price at grant date	$0.945
Exercise price	$Nil
Expected life	3 years
Volatility	50%
Risk-free interest rate (p.a.)	1.9%
Annual dividend yield	0%

Performance hurdles:

The performance measures used to determine vesting is a combination of relative total shareholder return (TSR) and growth in earnings per share (EPS). TSR performance is monitored by an independent external advisor and the Board has the discretion to determine the basis on which the EPS compound annual growth rate will be measured.

(b) Executive share option scheme

The Executive share option scheme has historically been offered to executives, however, this scheme has been replaced by the LTI plan approved by shareholders in November 2013. No further options over Devine Limited shares will be issued. Existing options will remain on issue until they either vest and are exercised or expire.

The options were issued in accordance with guidelines established by the Directors of Devine Limited. The options were issued for a term of 5 - 10 years and are exercisable beginning on the second anniversary date of grant subject to the satisfaction of performance hurdles. The options cannot be transferred and are not quoted on the ASX. At 31 December 2015 there was only 1 person participating in the scheme (December 2014 – 4 people).

When exercised, each option is converted into one ordinary share in Devine Limited. The exercise price of options is based on the weighted average price at which the Company's shares are traded on the Australian Securities Exchange during the five trading days immediately before the options are granted.

28 SHARE-BASED PAYMENTS (CONTINUED)

(b) Executive share option scheme (continued)

Information with respect to the options on issue under the Executive share option scheme is as follows:

Grant date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	**Balance at end of the year Number**	**Vested and exercisable at end of the year Number**
December 2015							
01/07/2010	01/07/2015	630,000	-	-	630,000	**-**	**-**
28/10/2011	28/10/2016	437,750	-	-	-	**437,750**	**-**
		1,067,750	-	-	630,000	**437,750**	**-**
Weighted average exercise price		$1.05	-	-	-	**$0.91**	**-**

Grant date	Expiry date	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	**Balance at end of the year Number**	**Vested and exercisable at end of the year Number**
December 2014							
02/07/2007	02/07/2017	24,500	-	-	24,500	**-**	**-**
01/07/2010	01/07/2015	630,000	-	-	-	**630,000**	**-**
28/10/2011	28/10/2016	437,750	-	-	-	**437,750**	**-**
		1,092,250	-	-	24,500	**1,067,750**	**-**
Weighted average exercise price		$1.03	-	-	$5.22	**$1.05**	**-**

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	31 December 2015 $'000	31 December 2014 $'000
Expense/(benefit) arising from share based payments	**64**	93

29 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of Devine Limited and its' related practices:

	12 months to December 2015 $	12 months to December 2014 $
Ernst & Young		
Audit and other assurance services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**340,800**	350,000
Other assurance and technical accounting services	**30,738**	98,500
Other services *	**8,026**	301,818
Total remuneration for audit and other assurance services	**379,564**	750,318
Taxation services		
Tax compliance and advisory services	**55,176**	30,688
Total remuneration for taxation services	**55,176**	30,688
Total remuneration of Ernst & Young	**434,740**	781,006

* December 2015 costs relate to the due diligence costs incurred during the Company takeover process, while December 2014 relate to financial vendor due diligence costs incurred due to the Company sale process.

30 RELATED PARTY TRANSACTIONS

(a) Parent entities

The ultimate Australian parent entity is HOCHTIEF Australia Holdings Limited and the ultimate parent entity is Actividades de Construccion y Servicios SA, incorporated and listed in Spain. There were no transactions between the Group and HOCHTIEF Australia Holdings Limited and nor between the Group and Actividades de Construcción y Servicios SA during the financial year (December 2014: Nil).

On 19 December 2013 CIMIC Group Limited (formerly Leighton Holdings Limited), the immediate Australian parent entity, provided a $50m partial guarantee of the Group's debt facility with Australia and New Zealand Banking Group Limited (ANZ) on which fees of 1.5%p.a. are payable quarterly in arrears plus legal costs. The guarantee was released on 30 September 2015. Guarantee fees totaling $587,672 (December 2014: $750,000) and legal fees totaling $21,046 (December 2014: nil) were paid or payable. Additionally, through its relationship with CIMIC Group Limited, the Group has accessed competitive rates in respect of information technology products and services and travel services. Amounts totaling $119,925 for information technology services (December 2014: $102,567) and $563 for travel services (December 2014: nil) were paid or payable. These fees were determined under normal commercial terms and conditions.

In the December 2014 financial year CIMIC Group Limited agreed to reimburse the Company for sale transaction costs incurred up to a maximum of $500,000. An amount of $500,000 was recognised in the December 2014 accounts and paid in the December 2015 financial year.

(b) Directors

There have been no transactions with Directors or their related parties for the financial year ended 31 December 2015 (December 2014: nil).

(c) Loans to key management personnel

No loans were secured or made during the financial year ended 31 December 2015 (December 2014: Nil)

(d) Other transactions with key management personnel

There have been no transactions with key management personnel or their related parties for the financial year ended 31 December 2015 (December 2014: Nil)

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Compensation of key management personnel of the Group

	12 months to December 2015 $'000	12 months to December 2014 $'000
Short-term employee benefits	3,024,931	3,427,973
Post-employment benefits	169,223	251,692
Long-term benefits	599,760	90,720
Termination payments	866,920	477,180
Share-based payments	66,828	17,705
	4,727,662	4,265,270

(f) Interests held by key management personnel under the Executive share option scheme and LTI plan

Interests held by key management personnel under Executive share option scheme and LTI plan are as follows:

Issue Date	Expiry date	Exercise price	Dec 2015 Number outstanding	Dec 2014 Number outstanding
Performance rights				
18 February 2015	27 February 2018	-	127,873	-
16 September 2013	30 September 2016	-	391,464	391,464
			519,337	391,464
Options				
1 July 2010	1 July 2015	$0.94	-	540,000
28 October 2011	28 October 2016	$0.91	437,750	437,750
			437,750	977,750
			957,087	1,369,214

(g) Transactions with Joint Ventures

Lease rental including outgoing of $nil (December 2014: $506,317) has been paid to the Hamilton Harbour joint venture in respect of a property lease. During the 2014 financial year the joint venture sold the rental property and lease rental transactions ceased to be related. The lease term and rental were determined under normal commercial conditions.

(h) Revenue from related parties

	12 months to December 2015 $'000	12 months to December 2014 $'000
Sales of goods and services		
Interest received from related parties	457	1,449
Revenue from property development - related joint ventures	11,542	10,793
Revenue from construction services - related joint ventures	3,857	45,327
	15,856	57,569

(i) Amounts owed by related parties

	31 December 2015 $'000	31 December 2014 $'000
Trade receivables owing by other related parties	331	-
Trade receivables owing by joint ventures	8,224	10,917
Less: Provision for doubtful debt	(5,066)	(5,000)
Loans advanced to joint ventures	30,363	18,963
	38,852	24,880

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(j) Amounts owed to related parties

	31 December 2015 $'000	31 December 2014 $'000
Trade payables to related parties	**2**	-
Loans advanced by joint ventures	**38,508**	20,715
	38,510	20,715

(k) Guarantees

Devine Limited and in most instances its joint venture partners, have provided guarantees for the performance of the joint ventures for debt totaling $33.4m at 31 December 2015 (December 2014: $25.2m). The debt is secured against assets of the joint ventures with a recorded value of $109.2m (December 2014: $64.9m) and is to be repaid from the land sales of the joint ventures. No liabilities are expected to arise.

(l) Terms and conditions

Transactions with related parties are made on normal commercial terms and conditions and at market rates.

31 INTERESTS IN JOINT ARRANGEMENTS

(a) Joint operations

Joint operations ownership interest

At balance date, the Group had interests in a number of joint operations and these are listed below.

Each joint operation is resident in Australia and their principal activity is property development.

	Ownership interest %	
	31 December 2015	31 December 2014
Bacchus Marsh	**50**	50
Deer Park	**50**	50
Casey Fields *	**55**	55
Henry Road Pakenham	**50**	50

* The Group has an ownership interest greater than 50% but does not have the power to direct the relevant activities of the operation. Accordingly the joint operation is not required to be consolidated.

All joint operations have a year end of 30 June. They have a different year end to the Group as they have remained consistent with the reporting date adopted by the joint operation at the inception of the arrangement.

The Group has included its interests generated by these joint operations the assets employed, liabilities incurred, revenue and expenses in the appropriate line items in the consolidated statement of financial position and consolidated statement of comprehensive income in accordance with the accounting policy set out in Note 1 (c).

31 INTERESTS IN JOINT ARRANGEMENTS (CONTINUED)

(b) Joint ventures

(i) Joint ventures ownership interest

At balance date, the Group had equity interests in a number of joint ventures and these are listed below. Each joint venture is resident in Australia and their principal activity is property development.

	Ownership interest %	
	31 December 2015	31 December 2014
Hamilton Harbour Unit Trust	50	50
Townsville City Project Trust	50	50
Riverina Estate Development Trust	50	50
Kurunjang Development Trust	50	50
Wallan Project Trust	50	50
DoubleOne 3 Unit Trust	50	50
Fallingwater Trust	15	15
Woodforde JV Pty Ltd	50	50
Mode Apartments Unit Trust*	50	-

* 50% ownership of a previously wholly owned subsidiary, Mode Apartments Unit Trust was sold to an external party on 28 May 2015. Devine's ownership of the unit trust was consolidated up to the date of disposal and then equity accounted from 28 May 2015 to 31 December 2015.

All joint ventures have a year end of 30 June except for Mode Apartments Unit Trust which has a 31 December year end. The joint ventures with a 30 June year end have a different year end to the Group as they have remained consistent with the reporting date adopted at the inception of the arrangement.

(ii) Share of joint ventures' net assets

The Group's share of assets and liabilities in other joint ventures which are individually immaterial are as follows:

	31 December 2015 $'000	31 December 2014 $'000
Current assets	**30,388**	17,029
Non-current assets	**34,693**	21,581
Total Assets	**65,081**	38,610
Current liabilities	**14,169**	20,037
Non-current liabilities	**28,556**	5,664
Total Liabilities	**42,725**	25,701
Net Assets	**22,356**	12,909

The Group's share of the joint venture entities statement of financial position reflects carrying values after write-down of inventory.

(iii) Share of joint venture entities' results

Loss for the year and total comprehensive loss for the year	**120**	307

32 CONTINGENCIES

Contingent liabilities

The Group had contingent liabilities at 31 December 2015 in respect of:

(i) Guarantees

The Group has provided the following guarantees:

The Group and controlled entities have provided bank guarantees and surety bonds totaling $40.1m at 31 December 2015 (December 2014: $32.9m) 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 totaling $33.4m at 31 December 2015 (December 2014: $25.2m). The debt is secured against assets of the joint ventures with a recorded value of $109.2m (December 2014:$64.9m) 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 is 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.

33 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 CEO and the Board.

Effective from 30 April 2015 the Group announced that it would undertake a repositioning of its housing business and progressively wind up the detached housing business over the 8 months to 31 December 2015. The closure of the detached housing business will be completed in the 2016 financial year.

Going forward the Group intends to focus on the medium density and integrated housing business for its existing and new Communities' projects. In addition to the medium density business the Group will also continue to service select wholesale clients with respect to housing solutions. This continuing business has now been incorporated as part of the Communities segment. The prior year comparatives also reflect this change.

As a result of this decision, the Group has incurred $1.6m in business restructure costs across the entire Group of which $1.2m directly relates to the housing business.

(b) Operating segments

December 2015	Communities $'000	Development $'000	Construction $'000	Corporate $'000	Total continuing operations $'000	Housing $'000	Consolidated Total $'000
Total sales revenue ***	124,028	2,014	87,069	-	213,111	56,368	**269,479**
Interest revenue	390	2	27	810	1,229	(4)	**1,225**
Other revenue	22	1,549	-	2	1,573	-	**1,573**
Total segment revenue	**124,440**	**3,565**	**87,096**	**812**	**215,913**	**56,364**	**272,277**
Segment result	3,663	278	(29,088)	(8,165)	(33,312)	1,870	**(31,442)**
Net sale transaction costs				(133)	(133)	-	**(133)**
Takeover costs				(720)	(720)	-	**(720)**
Restructure costs				(415)	(415)	(1,173)	**(1,588)**
Segment result	3,663	278	(29,088)	(9,433)	(34,580)	697	**(33,883)**
Loss before income tax					(34,580)	697	**(33,883)**
Income tax expense					(1,932)	(209)	**(2,141)**
Loss for the year					(36,512)	488	**(36,024)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

33 SEGMENT INFORMATION (CONTINUED)

(b) Operating segments (continued)

As at December 2015:	Communities	Development	Construction	Corporate	Total continuing operations	Housing	Consolidated Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets	298,532	35,069	11,096	21,065	365,762	3,714	**369,476**
Segment liabilities *	54,465	6,783	38,856	50,937	151,041	5,630	**156,671**
Other segment information							
Investments in joint ventures	4,075	15,049	-	-	19,124	-	**19,124**
Share of net losses of joint ventures	(1)	(119)	-	-	(120)	-	**(120)**

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

** During the financial year corporate costs/recharges ceased to be allocated to individual operating segments.

*** During the period, as a result of the restructure and the winding down of the detached housing business, a customer within the construction segment contributed to more than 10% of the Group revenue.

December 2014	Communities $'000	Development $'000	Construction $'000	Corporate $'000	Total continuing operations $'000	Housing $'000	Consolidated Total $'000
Total sales revenue	148,854	5,875	86,721	-	241,450	92,048	333,498
Interest revenue	485	766	26	1,294	2,571	50	2,621
Other revenue	39	7,627	5	517	8,188	2	8,190
Total segment revenue	**149,378**	**14,268**	**86,752**	**1,811**	**252,209**	**92,100**	344,309
Operating segment result before write-back	4,024	7,122	3,035	(1,935)	12,246	(4,526)	7,720
Write-back of inventory (refer Note 4)	3,941	-	-	-	3,941	-	3,941
Net sale transaction costs	-	-	-	(1,639)	(1,639)	-	(1,639)
Segment result	7,965	7,122	3,035	(3,574)	14,548	(4,526)	10,022
Profit before income tax	-	-	-	-	14,548	(4,526)	10,022
Income tax expense	-	-	-	-	(7,781)	1,358	(6,423)
Profit for the year	**-**	**-**	**-**	**-**	**6,767**	**(3,168)**	3,599
As at December 2014:							
Segment assets	315,800	30,693	5,283	24,080	375,856	12,394	388,250
Segment liabilities *	45,397	2,251	9,689	72,788	130,125	9,490	139,615
Other segment information							
Investments in joint ventures	3,782	8,691	-	-	12,473	-	12,473
Share of net profits/ (losses) of joint ventures	214	(521)	-	-	(307)	-	(307)

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

** Corporate costs/recharges are included within individual operating segment results.

34 EARNINGS PER SHARE

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

	31 December 2015 cents	31 December 2014 cents
Earnings per share for continuing operations	**(23.0)**	4.3
Total basic and diluted earnings per share	**(22.7)**	2.3

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

	31 December 2015 $'000	31 December 2014 $'000
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
Continuing operations earnings	**(36,512)**	6,767
Total earnings	**(36,024)**	3,599

(c) Weighted average number of shares used as denominator

	31 December 2015 Number	31 December 2014 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**158,730,556**	158,730,556

Options and performance rights 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.

35 EVENTS OCCURRING AFTER THE REPORTING PERIOD

In early January 2016 Devine and CIMIC Group Ltd jointly commenced a strategic review of the various parts of the Devine Group. As a result of the FY15 audit being carried out contemporaneously, and consequential impact on key staff, the strategic review was paused in February 2016 pending the finalisation and announcement of the FY15 financial results.

On 5 February 2016 ANZ Bank agreed to extend the date for testing of the relevant covenants under the Multi Option Facility from 29 January 2016 until 29 February 2016.

On 8 February 2016 the Group settled on the second block (of two) for the Tribune Apartments development project. This completes the land acquisition component for this important project.

On 24 February 2016 ANZ Bank agreed to extend the date for testing of the relevant covenants under the Multi Option Facility from 29 February 2016 until 31 March 2016.

36 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise of interest bearing loans, advances and other payables and financial guarantees. The main purpose of these financial liabilities is to finance and guarantee the Group's operations. The Group's principal financial assets include trade and other receivables and cash and cash equivalents, which it derives from its operations. The Group can also enter into derivatives such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes and not as trading or other speculative instruments.

The Board provides oversight of the overall risk management framework and liquidity risk, as well as policies covering specific areas of interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's main interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. If the Group's core banking facility has a maturity date in excess of twelve months then it may maintain at least 50% of its borrowings at fixed rates using interest rate derivatives to achieve this. During the financial year ended 31 December 2015 and year ended 31 December 2014, the Group's borrowings at variable rate were denominated in Australian Dollars.

In past years the Group has managed its cash flow interest rate risk by using floating to fixed interest rate and other derivatives. Such interest rate derivatives had the economic effect of converting borrowings from floating rates to fixed rates. Under interest rate derivatives, the Group agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between the fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk. As at December 2015 the Group does not hold any interest rate derivatives.

	Impact on post-tax profit		**Impact on other components of equity**	
Index	**12 months to December 2015 $'000**	12 months to December 2014 $'000	**12 months to December 2015 $'000**	12 months to December 2014 $'000
+1% (100 basis points)	-	-	-	72
-1% (100 basis points)	-	-	-	(207)

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

	31 December 2015		31 December 2014	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Bank overdrafts and bank loans	**5.77%**	**49,334**	4.6%	70,356
Value of variable rate borrowings hedged		**-**		(50,000)
Net exposure to cash flow interest rate risk		**49,334**		20,356

(b) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions to be accepted, they must be Australian registered banks or institutions recognised by the Australian Prudential Regulation Authority (APRA) as Authorised Deposit-taking Institutions (ADIs) and have an independent external rating of at least the equivalent of Standard & Poor's (S&P) BBB. The Group's activities are centered around the development and sale of real estate (housing, residential land, residential units and retail/commercial office developments) and title does not transfer until settlement has occurred. Sales to individual customers are settled predominantly with financial institutions at the time the properties are settled. The Group from time to time, enters into arrangements with business and joint venture partners. Credit risk further arises in relation to financial guarantees, vendor funding, and other receivables with business and joint venture partners, which if material, either individually or in aggregate to a single party, are subject to Board approval.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Credit quality

	December 2015 $'000	December 2014 $'000
Trade receivables		
Trade receivables	**11,992**	19,909
Other receivables	**49,194**	39,277
	61,186	59,186
Cash at bank and short-term bank deposits		
AA-	**14,732**	17,294
A-	**972**	828
	15,704	18,122
Retentions		
Not rated	**-**	127

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Group Treasury maintains flexibility in funding by keeping committed credit lines available with a variety of counterparties. Surplus funds are generally only invested in instruments that are tradable in highly liquid markets.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	12 months to December 2015 $'000	12 months to December 2014 $'000
Floating rate		
Bank loans	**24,471**	8,081

The facility expires 31 August 2016 (refer Note 1(a) (iv))

Further access to facilities is available when appropriate assets are provided as security.

Maturities of financial liabilities

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

Contractual maturities of financial liabilities

At 31 December 2015	Less than 6 months $'000	Between 6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Non-derivatives						
Trade payables	60,820	40,707	2,078	31	81	103,717
Interest bearing	1,710	49,907	-	-	-	51,617
Total non-derivatives	62,530	90,614	2,078	31	81	155,334

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

At 31 December 2014	Less than 6 months $'000	Between 6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Non-derivatives						
Trade payables	37,893	19,604	3,679	35	89	61,300
Interest bearing	6,583	68,576	-	-	-	75,159
Non-interest bearing	-	3,500	-	-	-	3,500
Total non-derivatives	44,476	91,680	3,679	35	89	139,959

These amounts represent the contractual values, not the carrying amounts or fair values.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The only financial assets and liabilities measured at fair value are derivatives used for hedging. All other financial assets and liabilities are measured at their carrying values which are considered to approximate fair value.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2015 the Group holds no derivatives.

The following table presents the Group's assets and liabilities required to be measured at fair value at 31 December 2014:

31 December 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	**Total $'000**
Liabilities				
Derivatives used for hedging	-	174	-	**174**
Total liabilities	**-**	174	**-**	**174**

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, forward interest yield curves and the current creditworthiness of the swap counterparties.

37 DISCONTINUED OPERATIONS

	12 months to December 2015 $'000	12 months to December 2014 $'000
Revenue	**56,364**	92,100
Expenses	**(55,667)**	(96,625)
Operating income/(loss)	**697**	(4,525)
Finance expenses	**-**	(1)
Profit/(loss) before income tax from discontinued operations	**697**	(4,526)
Tax (expense)/benefit	**(209)**	1,358
Profit/(loss) after tax from discontinued operations	**488**	(3,168)

Refer to Note 33 for more details on discontinued operations

The net cashflows incurred by the discontinued operations are as follows:

	12 months to December 2015 $'000	12 months to December 2014 $'000
Operating	**5,516**	(8,744)
Net cash inflow/(outflow)	**5,516**	(8,744)

DIRECTORS' DECLARATION

31 DECEMBER 2015

In the Directors' opinion:

(a) the Financial statements and notes of Devine Limited for the financial year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 11 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 12.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

D P Robinson
Chairman

Brisbane
26 February 2016

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Independent auditor's report to the members of Devine Limited

Report on the financial report

We have audited the accompanying financial report of Devine Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a) the financial report of Devine Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial positions as at 31 December 2015 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Devine Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Ric Roach
Partner
Brisbane
26 February 2016

SHAREHOLDER INFORMATION

THE SHAREHOLDER INFORMATION SET OUT BELOW WAS APPLICABLE AS AT 4 APRIL 2016.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Class of equity security					
	Ordinary shares		Executive options		Performance rights	
Holding	Holders	No of shares	Holders	No of options	Holders	No of performance rights
1-1,000	659	194,379	-	-	-	-
1,001 - 5,000	558	1,335,599	-	-	-	-
5,001-10,000	175	1,327,601	-	-	-	-
10,001-100,000	289	7,836,462	-	-	-	-
100,001 and over	52	148,036,515	1	437,750	2	423,331
	1,733	158,730,556	1	437,750	2	423,331

There were 611 holders of less than a marketable parcel of ordinary shares ($500).

B. EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders.
The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Name	Number held	Percentage of issued shares
CIMIC Residential Investments Pty Ltd	93,831,265	59.11
Brazil Farming Pty Ltd	29,592,213	18.64
J P Morgan Nominees Australia Limited	4,639,673	2.92
Citicorp Nominees Pty Limited	2,660,572	1.68
HSBC Custody Nominees (Australia) Limited	2,552,307	1.61
Luton Pty Ltd	2,346,273	1.48
National Nominees Limited	1,714,332	1.08
Hugh Green Foundation	860,000	0.54
Mr Sean Anthony Dennehy	748,557	0.47
Mr Gerald Francis Pauley + Mr Michael James Pauley <Pauley Super Fund A/C>	627,880	0.40
ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/C>	505,383	0.32
Golden Venture Pty Ltd <The Tirman Super Fund A/C>	500,000	0.31
Bond Street Custodians Limited <Forager Wholesale Value Fd>	487,821	0.31
Mr Steven Fahey + Mrs Lynette Fahey <SF Super Fund A/C>	424,872	0.27
Mr John Robert Dillon	400,000	0.25
John E Gill Trading Pty Ltd	353,391	0.22
Locope Pty Ltd	350,000	0.22
Mr Sean Dennehy	283,554	0.18
Pythagoras Australia Pty Ltd <CKL Super A A/C>	282,000	0.18
Mr Murray John Gilbert	280,000	0.18
	143,440,093	90.37

C. SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

	Number held	Percentage of issued shares
Ordinary shares		
CIMIC Residential Investments Pty Ltd	93,831,265	59.11%
Brazil Farming Pty Ltd	29,592,213	18.64%
	123,423,478	77.75%

D. VOTING RIGHTS

The voting rights attaching to each class of equity security are set out as follows:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Option and performance rights
No voting rights.

NOTES

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