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DEVINE REPORTS IMPROVED TRADING LEVELS IN DECEMBER HALF

Leading residential developer Devine Limited (ASX: DVN) has today reported an Operating pre-tax profit for the six months to 31 December 2012 of \$6.1 million (\$4.2 million after tax); compared to \$10.4 million (\$7.3 million after tax) for the December 2011 period.

The result reflects a solid contribution in the first half from the company's Apartment and Construction businesses, and improved volumes from its Housing and Land business.

The Company has maintained a strong balance sheet and a positive operating cash flow surplus of \$30 million with gearing¹ at 23% at the end of the half, down from 28% at 30 June 2012.

The Group reported total revenue from operations of \$173 million and additional revenue of \$34.5 million which includes Devine's share of revenue from the settlement of apartments at its Hamilton Harbour joint venture development.

Directors re-confirm the guidance provided at the Company's AGM in November last year which is for a profit before tax of approximately \$10 million for the 2012/13 year. Directors have determined that consideration of the payment of a dividend for the year will be deferred until the full year's results are confirmed.

Devine's Managing Director and CEO, David Keir, said the result provided a solid foundation to deliver on the company's full-year guidance and reflected improvements being experienced in Devine's core operations.

"Our strategy of diversifying within existing markets and entering new markets has provided us with a solid hedge against the challenges of the current trading environment," Mr Keir said.

"Our emphasis on delivering quality developments and innovative solutions for customers has helped us better withstand the ongoing weakness in the housing market.

"While markets remain challenging, delivering affordable housing product in our residential communities, a focus on operating costs, and providing exceptional customer service, has led to improvements in our core trading."

Apartments

During the first half the Group settled a total of 131 apartments at the Hamilton Harbour project in Queensland. A total of 551 apartments, representing 84% of the total, have now been sold and settled at this landmark project.

The Group also achieved pre-sales for 70% of apartments at the "DoubleOne3" project at Teneriffe in Brisbane with construction due to commence in February 2013. First settlements are expected to occur in May 2014.

Mr Keir said the DoubleOne3 project was evidence of the company's ability to identify and execute value-adding opportunities in a short time frame.

¹ Gearing is defined as (interest bearing & non-interest bearing debt – cash held) / (total assets – cash held)

“Recent sales at the project and renewed interest from owner occupiers and investors is indicative of emerging strong conditions in the Queensland apartment market,” he said.

Devine also completed the sale of a 1,500 square metre site at 111 Margaret Street, Brisbane, as part of its capital management strategy.

In December 2012 the Group announced it had secured an option over a 5,900 square metre site at Turramurra in Sydney which has been earmarked for an 86-apartment development. The development is expected to commence in 2014, following achievement of appropriate planning approvals.

“Devine had identified an opportunity to re-enter the Sydney housing market and this site allows us to re-establish our operations and credentials in this market,” Mr Keir said.

Housing and Land

Devine’s Housing and Land operations showed improvement in the half with volumes increasing on the same period last year. The Group achieved 486 land settlements and 316 housing starts (compared to 360 land settlements and 277 housing starts during the corresponding half).

Solid enquiry and sales levels towards the end of the half have provided strong carry-in for the second half with more than 70% of forecast full year settlements secured as at 31 December 2012.

Sales and settlements were assisted by the completion of the first stages on the Group’s three key master planned communities – “Riverstone Rise” (Gladstone), “Parks Edge” (Melbourne), and “Orleana Waters” (Adelaide). These projects will continue to underpin the Group’s operations for many years to come.

Mr Keir said the company’s strategic decision to enter the wholesale building market was also beginning to reap rewards with 57 homes for corporate and government clients commencing construction during the half, with a further 150 to commence in the second half.

“The Devine business model, systems and products are ideally suited to delivering high-quality product for corporate clients and we expect this segment to be an increasingly important part of our business in the future,” he said.

Construction

Devine Constructions successfully completed handover of the third residential tower at Hamilton Harbour ahead of schedule and on budget. The construction group also completed a significant refurbishment for the Queensland Nurses Union in the half as it continued to expand operations to deliver construction services to a variety of external clients.

The division is currently undertaking construction of the commercial building (KSD1) at Hamilton Harbour with completion due in March 2013. Devine Constructions will also undertake the construction of the Group’s DoubleOne3 project.

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About Devine Limited

Devine Limited (ASX: DVN) is one of Australia's most recognised and trusted residential property brands with experience extending across community development and creation, home building and mixed-use apartment projects.

Devine has operations throughout Queensland, Victoria and South Australia and has been responsible for providing homes for more than 21,500 Australian families over the past 28 years.

For further information please visit www.devine.com.au