

21 August 2008

Clough announces profit in full year results**HIGHLIGHTS**

Net Profit After Tax	-	☺	\$66.6 million
Underlying Earnings	-	☺	\$35.4 million
Total Revenue	-	☺	\$769.4 million
Net Cash	-	☺	\$9.5 million – versus Net Debt of \$79.5 million in 06/07
Order Intake	-	☺	\$1,283.4 million – up 160% on 06/07
Order Book	-	☺	\$1,183.1 million – up 44% on 06/07
Dividend Payable	-	☺	1c per share fully franked

Clough Builds Platform for Growth

Clough has delivered a solid profit and built a high quality Order Book which provides the platform for future growth. The Board was pleased to approve the payment of a dividend of 1c per share fully franked.

Commenting on the years' performance, Chief Executive John Smith said, "It was imperative this year that we delivered our projects well and profitably for customers, employees and shareholders alike. I'm delighted to say that we have done that whilst at the same time building a well balanced Order Book".

"We have focused this year on getting strategic clarity, strengthening our organisation and nurturing our core Engineering, Procurement and Construction skills for the long term."

"The year end Order Book of \$1.2 billion provides \$600m of order coverage for our 2008/09 Revenues which are expected to be augmented from a further \$200m of work awarded subject to contract finalisation since year end."

Cash balances were good at year end in part due to the timing of Capital Expenditure payments, which will now be incurred in the second half of this calendar year, strong operational receipts across the business and deferral of the G1 bond payment, which was paid in July. The Recapitalisation of the business completed in the year has strengthened the balance sheet and positioned the company for growth.

"The fundamentals in our chosen markets are solid, despite the uncertainty in the global finance sector and we have sight of a wealth of opportunities, particularly in the gas markets in Australia and across the region," added Mr Smith.

"In the coming year we will continue to build capacity by focusing on recruitment and training and through our investment in equipment."

Clough expects further improvement in the coming year.

Ends

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About Clough

Clough is a leading Australian based engineering, construction and asset support contractor providing full project life cycle solutions to its clients for capital projects, marine construction, fabrication, asset support and mining.

www.clough.com.au

Clough Limited
ASX Preliminary final report
for the year ended 30 June 2008

Clough Limited

ASX Preliminary final report - 30 June 2008

Lodged with the ASX under listing Rule 4.3A

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Clough Limited
For the year ended 30 June 2008
(Previous corresponding period: Year ended 30 June 2007)

Results for Announcement to the Market
30 June 2008

				\$'000
Revenue from ordinary activities * <i>(Appendix 4E item 2.1)</i>	up	3.5 %	to	600,077
Profit / (loss) from ordinary activities after tax attributable to members <i>(Appendix 4E item 2.2)</i>	up	- %	to	66,605
Net profit / (loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up	- %	to	66,605

Dividends / distributions <i>(Appendix 4E item 2.4)</i>	Amount per security	Franked amount per security
Final dividend - declared and not paid	1 cent	1 cent
Interim dividend	-	-

Record date for determining entitlements to the final dividend

8 October 2008

Date the final dividend is payable

29 October 2008

* Excludes share of revenue from jointly controlled entities and associates.

Clough Limited
Income statement
For the year ended 30 June 2008

		Consolidated	
	Notes	2008	2007
		\$'000	\$'000
Revenue	3	600,077	579,656
Other income	4	42,300	6,024
Material, plant and subcontractor costs		(293,780)	(449,620)
Labour costs		(196,928)	(160,982)
Other expenses		(66,774)	(62,799)
Depreciation and amortisation expense	5	(18,717)	(17,547)
Finance costs	5	(11,433)	(11,130)
Share of net profits of associates and jointly controlled entities accounted for using the equity method		17,474	17,438
Profit (loss) before income tax		72,219	(98,960)
Income tax (expense) / benefit	6	(3,804)	(4,959)
Profit (loss) for the year		68,415	(103,919)
Profit (loss) is attributable to:			
Equity holders of Clough Limited		66,605	(105,260)
Profit attributable to minority interest		1,810	1,341
		68,415	(103,919)
		Cents	Cents
Profit (loss) per share attributable to the ordinary equity holders of the Company:			
Basic earnings (loss) per share	13	11.23	(18.85)
Diluted earnings (loss) per share	13	9.95	(18.85)

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

Clough Limited
Balance sheet
As at 30 June 2008

	Notes	Consolidated 2008 \$'000	2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		120,629	82,947
Receivables		116,489	137,439
Work in progress		138,005	116,622
Derivative financial instruments		<u>89</u>	<u>1,530</u>
		375,212	338,538
Non-current assets classified as held for sale		<u>10,905</u>	<u>12,579</u>
Total current assets		<u>386,117</u>	<u>351,117</u>
Non-current assets			
Receivables		1,784	711
Investments accounted for using the equity method		19,458	26,965
Available-for-sale financial assets		1,478	1,789
Other non-current assets		1,696	7,281
Property, plant and equipment		117,616	85,312
Intangible assets - computer software		2,697	4,206
Deferred tax assets		<u>24,266</u>	<u>18,604</u>
Total non-current assets		<u>168,995</u>	<u>144,868</u>
Total assets		<u>555,112</u>	<u>495,985</u>
LIABILITIES			
Current liabilities			
Payables		154,607	153,940
Amounts due to customers for contract work		59,229	76,538
Borrowings		27,319	106,883
Current tax liabilities		1,751	1,806
Provisions		27,837	14,940
Derivative financial instruments		-	843
Total current liabilities		<u>270,743</u>	<u>354,950</u>
Non-current liabilities			
Payables		13,850	18,200
Borrowings		82,137	55,596
Deferred tax liabilities		74	230
Provisions		<u>5,432</u>	<u>3,599</u>
Total non-current liabilities		<u>101,493</u>	<u>77,625</u>
Total liabilities		<u>372,236</u>	<u>432,575</u>
Net assets		<u>182,876</u>	<u>63,410</u>
EQUITY			
Contributed equity	7	193,885	130,232
Reserves	8(a)	(26,605)	(18,570)
Retained profits/(accumulated losses)	8(b)	<u>264</u>	<u>(66,880)</u>
Parent entity interest		<u>167,544</u>	44,782
Minority interest		<u>15,332</u>	<u>18,628</u>
Total equity		<u>182,876</u>	<u>63,410</u>

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

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

		Consolidated	
	Notes	2008	2007
		\$'000	\$'000
Total equity at the beginning of the financial year		<u>63,410</u>	<u>187,682</u>
Changes in the fair value of available-for-sale financial assets, net of tax	8	317	(2,942)
Changes in fair value of cash flow hedges, net of tax	8	(419)	281
Exchange differences on translation of foreign entities	8	<u>(10,715)</u>	<u>(17,696)</u>
Net loss recognised directly in equity		(10,817)	(20,357)
Profit (loss) for the year		<u>68,415</u>	<u>(103,919)</u>
Total recognised income and expense for the year		<u>57,598</u>	<u>(124,276)</u>
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs	7	63,653	-
Employee share options	8	829	112
Convertible note premium reserve, net of tax	8	(59)	453
Increase/(decrease) in retained profits due to change in interest in controlled entity	8	539	(126)
Total changes in minority interest		<u>(3,094)</u>	<u>(435)</u>
		<u>61,868</u>	<u>4</u>
Total equity at the end of the financial year		<u>182,876</u>	<u>63,410</u>
Total recognised income and expense for the year is attributable to:			
Equity holders of Clough Limited		57,800	(122,902)
Minority interest		<u>(202)</u>	<u>(1,374)</u>
		<u>57,598</u>	<u>(124,276)</u>

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

Clough Limited
Cash flow statement
For the year ended 30 June 2008

	Notes	Consolidated 2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		626,599	634,905
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(586,470)</u>	<u>(660,025)</u>
		40,129	(25,120)
Interest received		2,857	2,265
Dividends and distributions received from equity accounted entities		6,773	28,707
Interest paid		(13,835)	(12,894)
Income taxes paid		<u>(9,676)</u>	<u>(5,852)</u>
Net cash inflow (outflow) from operating activities	12	<u>26,248</u>	<u>(12,894)</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		517	(550)
Payments for property, plant and equipment		(42,857)	(19,850)
Payments for intangible assets - computer software		(149)	(38)
Payments for available-for-sale financial assets		-	(1,760)
Payments for investments in equity accounted entities		-	(6,736)
Payments for non-current assets classified as held for sale		(654)	-
Loans to equity accounted entities		(675)	(1,359)
Loans to other persons		(1,088)	(3,073)
Repayment of loans from equity accounted entities		(632)	-
Proceeds from sale of property, plant and equipment		5,340	3,629
Proceeds from sale of available-for-sale financial assets		-	1,138
Proceeds from sale of investments in equity accounted entities		40,000	16,000
Proceeds from sale of other non-current assets		2,696	-
Proceeds from sale of non-current assets classified as held for sale		6,445	-
Loans from equity accounted entities		15	632
Repayment of loans made to equity accounted entities		-	1,384
Repayment of loans made to other persons		35	228
Proceeds from disposal of subsidiary, net of cash disposed		<u>17,044</u>	<u>3,221</u>
Net cash inflow (outflow) from investing activities		<u>26,037</u>	<u>(7,134)</u>
Cash flows from financing activities			
Proceeds from issue of shares		47,554	-
Share issue costs		(536)	-
Proceeds from convertible note issue		-	39,249
Convertible note issue costs		-	(638)
Payments to minorities for shares bought back by listed subsidiary		-	(649)
Proceeds from borrowings		26,392	43,889
Repayment of borrowings		(80,162)	(27,730)
Dividends paid to minority interests in subsidiaries		<u>(1,032)</u>	<u>-</u>
Net cash inflow (outflow) from financing activities		<u>(7,784)</u>	<u>54,121</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		82,947	53,636
Effects of exchange rate changes on cash and cash equivalents		<u>(6,819)</u>	<u>(4,782)</u>
Cash and cash equivalents at end of year		<u>120,629</u>	<u>82,947</u>

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

1 Basis of preparation of preliminary financial report

This preliminary financial report has been prepared in accordance with the Australian Stock Exchange Listing rules as they relate to Appendix 4E and in accordance with the measurement requirements of Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2008 and with any public announcements made by Clough Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

The audit report, which was unqualified, will be made available with the Company's financial report.

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2007.

2 Segment information

(a) Description of segments

Business segments

The consolidated entity comprises the following main business segments:

Oil & Gas

Provides both onshore and offshore turnkey services including complex design, procurement, construction, commissioning, operations and maintenance. Onshore capabilities incorporate processing facilities, pipelines, refineries and petrochemical plants. Offshore activities include installations in deep or shallow water and marginal fields ranging from moorings, flowlines, subsea systems and offshore platforms.

Minerals and Infrastructure

Provides engineering, construction, procurement, operations and maintenance services. Includes infrastructure capabilities in water, power, pipelines, transport, harbour works, buildings, waste management facilities and mine infrastructure. Other services and capabilities provided include contract mining, ore preparation, materials handling systems, process plant and equipment hire capabilities.

Property

Includes property development from residential land subdivision to commercial buildings.

Other

Includes costs for continuing businesses, net of other income and unallocated costs, assets and liabilities.

Geographical segments

The group operates in the main geographical areas of Australia and Asia.

2 Segment information (continued)

(b) Primary reporting format - business segments

2008	Oil & Gas \$'000	Minerals & Infrastructure \$'000	Property \$'000	Other \$'000	Total \$'000
Sales to external customers	338,179	239,797	2,504	-	580,480
Share of net profits of associates and jointly controlled entities	14,880	2,455	139	-	17,474
Other revenue/income	<u>34,218</u>	<u>21,803</u>	<u>4,623</u>	<u>1,253</u>	<u>61,897</u>
Total segment revenue/income	<u>387,277</u>	<u>264,055</u>	<u>7,266</u>	<u>1,253</u>	<u>659,851</u>
Segment result	<u>38,202</u>	<u>35,823</u>	<u>1,741</u>	<u>(3,547)</u>	72,219
Income tax expense					<u>(3,804)</u>
Profit for the year					<u>68,415</u>
Segment assets	<u>217,828</u>	<u>179,080</u>	<u>81,513</u>	<u>76,691</u>	<u>555,112</u>
Segment liabilities	<u>165,758</u>	<u>91,522</u>	<u>35,683</u>	<u>79,273</u>	<u>372,236</u>
Investments in associates and jointly controlled entities	<u>12,429</u>	<u>2,776</u>	<u>4,253</u>	-	<u>19,458</u>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	<u>24,134</u>	<u>38,185</u>	-	<u>2,521</u>	<u>64,840</u>
Depreciation and amortisation expense	<u>3,293</u>	<u>13,288</u>	<u>7</u>	<u>2,129</u>	<u>18,717</u>
Other non-cash expenses	<u>642</u>	<u>720</u>	<u>1,096</u>	-	<u>2,458</u>
2007	Oil & Gas \$'000	Minerals & Infrastructure \$'000	Property \$'000	Other \$'000	Total \$'000
Sales to external customers	338,764	192,463	32,194	-	563,421
Share of net profits of associates and jointly controlled entities	6,334	10,838	266	-	17,438
Other revenue/income	<u>9,131</u>	<u>9,767</u>	<u>1,716</u>	<u>1,645</u>	<u>22,259</u>
Total segment revenue/income	<u>354,229</u>	<u>213,068</u>	<u>34,176</u>	<u>1,645</u>	<u>603,118</u>
Segment result	<u>(110,767)</u>	<u>16,419</u>	<u>1,447</u>	<u>(6,059)</u>	(98,960)
Income tax expense					<u>(4,959)</u>
Loss for the year					<u>(103,919)</u>
Segment assets	<u>159,888</u>	<u>162,812</u>	<u>105,760</u>	<u>67,525</u>	<u>495,985</u>
Segment liabilities	<u>170,618</u>	<u>69,324</u>	<u>59,879</u>	<u>132,754</u>	<u>432,575</u>
Investments in associates and jointly controlled entities	<u>18,413</u>	<u>4,332</u>	<u>4,220</u>	-	<u>26,965</u>
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	<u>3,859</u>	<u>26,809</u>	-	<u>1,342</u>	<u>32,010</u>
Depreciation and amortisation expense	<u>3,073</u>	<u>12,204</u>	<u>9</u>	<u>2,261</u>	<u>17,547</u>
Other non-cash expenses	<u>31,527</u>	<u>291</u>	<u>3,641</u>	-	<u>35,459</u>

2 Segment information (continued)

(c) Secondary reporting format - geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Australia	121,459	177,796	217,257	256,037	10,254	3,768
Asia	256,573	231,748	316,039	226,429	54,586	28,059
New Zealand	165,943	110,589	21,142	12,381	-	-
Other countries	36,505	43,288	674	1,138	-	183
	<u>580,480</u>	<u>563,421</u>	<u>555,112</u>	<u>495,985</u>	<u>64,840</u>	<u>32,010</u>

3 Revenue

	Consolidated	
	2008 \$'000	2007 \$'000
<i>Revenue</i>		
Construction projects	577,976	531,227
Property development	<u>2,504</u>	<u>32,194</u>
Revenue from external customers	<u>580,480</u>	<u>563,421</u>
<i>Other revenue</i>		
Rents	146	608
Interest income	2,857	2,265
Other revenue	<u>16,594</u>	<u>13,362</u>
Other revenue	<u>19,597</u>	<u>16,235</u>
Total revenue	<u>600,077</u>	<u>579,656</u>

The Consolidated Entity's share of revenue from joint ventures and associates is excluded from Revenue noted above and from the income statement in accordance with Accounting Standards. The delivery of a number of projects by the Consolidated Entity is through various joint venture and associate arrangements. Details of the Consolidated Entity's share of joint venture and associates' revenue are provided as additional information below as Revenue - Group, joint ventures and associates. Revenue - joint ventures and associates represents the Group's share of the operations of the joint venture or associated entity.

	Consolidated	
	2008 \$'000	2007 \$'000
Revenue - Group, joint ventures and associates		
Revenue - Group	580,480	563,421
Revenue - joint ventures and associates	<u>169,332</u>	<u>160,524</u>
Revenue - Group, joint ventures and associates	<u>749,812</u>	<u>723,945</u>
Other revenue	<u>19,597</u>	<u>16,235</u>
Total revenue - Group, joint ventures and associates	<u>769,409</u>	<u>740,180</u>

4 Other income

	Consolidated	
	2008 \$'000	2007 \$'000
Net gain on disposal of property, plant and equipment	657	864
Net gain on disposal of other non-current assets	2,707	1,533
Net gain on disposal of controlled entities	12,168	2,860
Net gain on disposal of interests in jointly controlled entities	20,824	-
Net gain on non-current assets classified as held for sale	4,038	-
Other income	938	767
Foreign exchange gains (net)	968	-
	<u>42,300</u>	<u>6,024</u>

5 Expenses

	Consolidated	
	2008 \$'000	2007 \$'000
Profit (loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	8,581	10,265
Freehold and leasehold land and buildings	<u>1,194</u>	<u>254</u>
Total depreciation	<u>9,775</u>	<u>10,519</u>
<i>Amortisation</i>		
Plant and equipment under finance leases	7,284	5,483
Computer software	<u>1,658</u>	<u>1,545</u>
Total amortisation	<u>8,942</u>	<u>7,028</u>
<i>Write down of investments to recoverable amount</i>		
Impairment of investment classified as an available-for-sale financial asset	<u>720</u>	-
Impairment of investment classified as held for sale	<u>1,088</u>	<u>3,641</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	13,141	13,091
Amount capitalised	<u>(1,708)</u>	<u>(1,961)</u>
Finance costs expensed	<u>11,433</u>	<u>11,130</u>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	<u>26,259</u>	<u>26,686</u>
<i>Foreign exchange gains and losses (net gain in 2008 - see note 4)</i>		
Net foreign exchange losses	<u>-</u>	<u>1,332</u>
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	<u>11,855</u>	<u>10,806</u>
<i>Impairment of other assets</i>		
Trade receivables	<u>650</u>	<u>32,533</u>

6 Income tax expense

	Consolidated	
	2008 \$'000	2007 \$'000
(a) Income tax expense		
Current tax	9,596	6,862
Deferred tax	(6,265)	(2,283)
Under provided in prior years	<u>473</u>	<u>380</u>
	<u>3,804</u>	<u>4,959</u>
Deferred income tax (revenue) expense included in income tax expense comprises:		
(Increase) decrease in deferred tax assets	(6,288)	(2,175)
(Decrease) increase in deferred tax liabilities	<u>23</u>	<u>(108)</u>
	<u>(6,265)</u>	<u>(2,283)</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit (loss) before income tax expense	<u>72,219</u>	<u>(98,960)</u>
Tax at the Australian tax rate of 30% (2007 - 30%)	<u>21,665</u>	<u>(29,688)</u>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accounting (profit) loss on sale	-	(1,021)
Profits from incorporated equity accounted investments	(1,917)	(1,399)
Share based payment	249	-
Benefit in kind	1,212	-
Entertainment	60	181
Donations	24	3
Other sundry items	<u>251</u>	<u>(419)</u>
	<u>21,544</u>	<u>(32,343)</u>
Difference in overseas tax rates including withholding tax on foreign revenue	(12)	214
Under (over) provision in prior years	473	380
Reversals of prior year deferred tax assets not recognised	4,644	-
Deferred tax assets previously not recognised now brought into account	(15,339)	-
Deferred tax asset not recognised arising from temporary differences	-	15,947
Losses utilised in current period not previously brought to account	(6,274)	(221)
Tax losses not previously recognised now brought to account	(1,569)	-
Tax losses not brought to account	<u>337</u>	<u>20,982</u>
Total income tax expense	<u>3,804</u>	<u>4,959</u>

7 Contributed equity

	Parent entity		Parent entity	
	2008 Shares	2007 Shares	2008 \$'000	2007 \$'000
(a) Share capital				
Ordinary shares				
Fully paid	<u>667,941,092</u>	<u>510,232,225</u>	<u>193,885</u>	<u>130,232</u>

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$'000
1 July 2006	Opening balance	<u>510,232,225</u>		<u>130,232</u>
30 June 2007	Balance	<u>510,232,225</u>		<u>130,232</u>
1 July 2007	Opening balance	510,232,225		130,232
31 October 2007	Issue of 30 million new shares at a price of 57.2 cents per share to Murray & Roberts	30,000,000	\$0.572	17,160
31 December 2007	Rights issue of 108,046,445 new shares at a price of 36.8 cents per share	108,046,445	\$0.368	39,761
31 December 2007	Issue of 15,306,967 new shares at a price of 36.8 cents per share to Murray & Roberts	15,306,967	\$0.368	5,633
31 December 2007	Conversion of 476,244 \$1 convertible notes into 1,294,244 new shares at a conversion price of 36.8 cents per share	1,294,244	\$0.368	476
31 March 2008	Conversion of 1,053,529 \$1 convertible notes into 2,862,873 new shares at a conversion price of 36.8 cents per share	2,862,873	\$0.368	1,054
30 June 2008	Conversion of 72,984 \$1 convertible notes into 198,338 new shares at a conversion price of 36.8 cents per share	198,338	\$0.368	73
30 June 2008	Issue costs of shares issued in the period, net of tax			(504)
30 June 2008	Balance	<u>667,941,092</u>		<u>193,885</u>

8 Reserves and retained profits/(accumulated losses)

	Consolidated	
	2008 \$'000	2007 \$'000
(a) Reserves		
Available-for-sale investments revaluation reserve	-	(251)
Convertible note premium reserve	394	453
Hedging reserve - cash flow hedges	62	481
Share-based payments reserve	1,066	237
Foreign currency translation reserve	(28,847)	(20,210)
Capital reserve	720	720
	<u>(26,605)</u>	<u>(18,570)</u>
Movements:		
<i>Available-for-sale investments revaluation reserve</i>		
Balance 1 July	(251)	2,625
Revaluation - gross	-	(2,843)
Transfer to net profit - gross	251	(63)
Deferred tax	-	30
Balance 30 June	<u>-</u>	<u>(251)</u>
Movements:		
<i>Convertible note premium reserve</i>		
Balance 1 July	453	-
Issue of convertible notes on 15 December 2006	-	563
Deferred tax	(59)	(110)
Balance 30 June	<u>394</u>	<u>453</u>
Movements:		
<i>Hedging reserve - cash flow hedges</i>		
Balance 1 July	481	200
Revaluation - gross	89	687
Deferred tax	(27)	(206)
Transfer to asset - gross	(687)	(286)
Deferred tax	206	86
Balance 30 June	<u>62</u>	<u>481</u>
Movements:		
<i>Share-based payments reserve</i>		
Balance 1 July	237	125
Option expense	829	112
Balance 30 June	<u>1,066</u>	<u>237</u>
Movements:		
<i>Foreign currency translation reserve</i>		
Balance 1 July	(20,210)	(5,163)
Currency translation differences arising during the year	(8,637)	(15,047)
Balance 30 June	<u>(28,847)</u>	<u>(20,210)</u>

8 Reserves and retained profits/(accumulated losses) (continued)

(b) Retained profits/(accumulated losses)

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

	Consolidated	
	2008 \$'000	2007 \$'000
Balance 1 July	(66,880)	38,506
Net profit (loss) for the year	66,605	(105,260)
Increase/(decrease) in retained profits arising from transactions with minority interests	<u>539</u>	<u>(126)</u>
Balance 30 June	<u>264</u>	<u>(66,880)</u>

(i) Available-for-sale investments revaluation reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(ii) Convertible note premium reserve

The convertible note premium reserve is used to record the equity conversion component of the convertible notes issued on 15 December 2006 and the associated deferred tax liability.

(iii) 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 directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

(iv) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(v) Foreign currency translation reserve

Exchange differences arising on translation of foreign entities are taken to the foreign currency translation reserve. The reserve is recognised in profit and loss when the net investment in a foreign entity is disposed of.

9 Dividends

	Parent	
	2008 \$'000	2007 \$'000

(a) Dividends not recognised at year end

Since year end the directors have recommended the payment of a final dividend of 1 cent per fully paid ordinary share, (2007 - Nil) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 29 October 2008 out of profits, but not recognised as a liability at year end, is

	<u>6,679</u>	<u>-</u>
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No dividends were paid or declared during the year (2007: Nil).

9 Dividends (continued)

(b) Franked dividends

The franked portions of the final dividends recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2008.

	Consolidated	
	2008	2007
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2007 - 30%)	4,967	4,817

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$2,862,000.

10 Contingencies

(a) Contingent liabilities

Claims

Certain claims arising out of engineering and construction contracts have been made by or against certain controlled entities in the ordinary course of business, some of which involved litigation or arbitration.

On G1, Clough and ONGC are progressing their dispute through an arbitration process. Clough has submitted its claim and a counterclaim has been received from ONGC. Their counterclaim ignores the limits of liability contained in the contract, and is substantially for the recovery of consequential damages which are explicitly excluded by the contract. Although the outcome of the arbitration process is uncertain, Clough maintains its previous guidance on this matter and is committed to continue with the rigorous pursuit of its rights under the contract as it continues to seek a negotiated settlement with ONGC.

The Directors do not consider the outcome of any other claims outside of G1 will have a material adverse impact on the financial position of the consolidated entity.

11 Events occurring after the balance sheet date

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in periods subsequent to the year ended 30 June 2008, apart from the matters noted below.

On 22 July 2008, the injunction related to the G1 project which prohibited encashment of the performance bonds amounting to US\$21.5 million (\$22,353,000) was lifted, resulting in the payment of the performance bonds on 25 July 2008. The payment of the bonds has not resulted in any change to the accounting position taken for G1. Further, the Company commits to continue with the rigorous pursuit of its rights under the contract as it continues to seek a negotiated settlement with ONGC.

Subsequent to year end, the Directors have recommended the payment of a final dividend of 1 cent per fully paid ordinary share fully franked. For further details refer to note 9.

12 Reconciliation of profit (loss) after income tax to net cash inflow (outflow) from operating activities

	Consolidated	
	2008	2007
	\$'000	\$'000
Profit (loss) for the year	68,415	(103,919)
Depreciation and amortisation	18,717	17,547
Write off of trade receivables	650	32,533
Non-cash employee benefits expense - share-based payments	829	112
Net gain on disposal of property, plant and equipment	(657)	(864)
Net gain on sale of other non-current assets	(2,707)	(1,533)
Net gain on disposal of non-current assets classified as held for sale	(4,038)	-
Net gain on disposal of jointly controlled entities	(20,824)	-
Net gain on disposal of controlled entities	(12,168)	(2,860)
Impairment of non-current asset classified as held for sale	1,088	3,641
Impairment of investment classified as an available-for-sale financial asset	720	-
Difference between equity accounted profits of associates and jointly controlled entities and dividends or distributions received	(10,701)	11,129
Net exchange differences and other non-cash items	(3,460)	(7,760)
Change in operating assets and liabilities, net of effects from sale/purchase of controlled entities		
Decrease (increase) in receivables	16,226	26,227
Decrease (increase) in work in progress	(22,188)	28,171
Decrease (increase) in deferred tax assets	(5,661)	(2,175)
Decrease (increase) in other assets	5,532	(212)
Increase (decrease) in payables	(968)	(74,605)
Increase (decrease) in amounts due to customers for contract work	(17,309)	63,636
Increase (decrease) in provision for income taxes payable	(55)	1,300
Increase (decrease) in deferred tax liabilities	(156)	(18)
Increase (decrease) in other provisions	14,963	(3,244)
Net cash inflow (outflow) from operating activities	<u>26,248</u>	<u>(12,894)</u>

13 Earnings per share

	Consolidated	
	2008	2007
	Cents	Cents
(a) Basic earnings (loss) per share		
Profit (loss) attributable to the ordinary equity holders of the Company	11.23	(18.85)
(b) Diluted earnings (loss) per share		
Profit (loss) attributable to the ordinary equity holders of the Company	9.95	(18.85)
(c) Reconciliations of profit (loss) used in calculating basic and diluted earnings per share		
	Consolidated	
	2008	2007
	\$'000	\$'000
<i>Basic earnings per share</i>		
Profit (loss) for the year	68,415	(103,919)
Profit attributable to minority interests	(1,810)	(1,341)
Profit (loss) attributable to the ordinary equity holders of the company used in calculating basic earnings (loss) per share	<u>66,605</u>	<u>(105,260)</u>
<i>Diluted earnings per share</i>		
Profit (loss) attributable to the ordinary equity holders of the company used in calculating basic earnings (loss) per share	66,605	(105,260)
Interest savings on convertible notes	3,002	-
Profit (loss) attributable to the ordinary equity holders of the company used in calculating diluted earnings (loss) per share	<u>69,607</u>	<u>(105,260)</u>
(d) Weighted average number of shares used as the denominator		
	Consolidated	
	2008	2007
	Number	Number
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings (loss) per share</i>	592,845,326	558,296,101
Adjustments for calculation of diluted earnings/(loss) per share:		
Options	1,235,864	-
Convertible notes	<u>105,298,501</u>	<u>-</u>
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings (loss) per share</i>	<u>699,379,691</u>	<u>558,296,101</u>

14 Ultimate parent entity

The ultimate parent entity is Murray & Roberts Holdings Limited, a company incorporated in South Africa.

Clough Limited
Supplementary Appendix 4E information

Additional dividend information

Details of dividends declared or paid during or subsequent to the year ended 30 June 2008 are as follows:

Record Date	Payment Date	Type	Amount per security	Total dividend	Franked amount per security
8 October 2008	29 October 2008	Final	1.0 cents	\$ 6,679,411	1.0 cents
		Interim	0.0 cents	\$ -	0.0 cents

Dividend reinvestment plans

The Company has suspended the dividend reinvestment plan.

NTA Backing

	2008	2007
Net tangible asset backing per ordinary share (cents)	21.45	5.13

Controlled entities acquired or disposed of

Disposed of	
	Clough Engineering & Maintenance Pty Ltd
Date control lost	24 January 2008
Contribution to profit after tax in current period, where material	Net gain (after tax) on disposal \$11,315,000
Profit after tax during the whole of the previous corresponding period, where material	Not material

Associates and Jointly Controlled Entities

Name	Ownership interest	
	2008 %	2007 %
Aker Clough Joint Venture	-	50
Aker Kvaerner Clough Murray & Roberts Joint Venture	19.5	19.5
Al Bilad S&B Clough, Ltd	50	50
Asia Offshore Services Pte Ltd	50	50
Boulderstone Clough Joint Venture	50	50
Clough Aker Joint Venture	50	50
Clough Amec Joint Venture – CoP	50	50
Clough Amec Joint Venture - WEL	-	50
Clough Amec Pty Ltd	50	50
Clough Demol Joint Venture	80	80
Clough Diversified Northern Pipeline Joint Venture	50	-
Clough Diversified United Joint Venture	50	-
Clough Downer Joint Venture	50	50
Clough Lucas (Bundeena) Joint Venture	-	80
Clough Murray & Roberts Joint Venture	50	50
Clough Sandwell Joint Venture	50	50
Clough Seymour Whyte Joint Venture	-	50
Clough Seymour Whyte Joint Venture – Lake Cowal	50	50
Clough Sino-Thai Co Ltd	50	50
Elclough Pty Ltd	50	50
Harbourworks Clough Contracting Pty Ltd	51	51
Harbourworks Clough Joint Venture	50	50
Henry Walker Eltin – Clough Joint Venture	50	50
Kellogg Joint Venture - Gorgon	20	20
Kvaerner Clough Joint Venture	33.3	33.3

Clough Limited
Supplementary Appendix 4E information

Associates and Jointly Controlled Entities (continued)


Marelink Joint Venture	50	-
Mashhor Clough Sdn Bhd	50	50
Mermaid Clough Pty Ltd	100	50
Mernda (Lot 6) Joint Venture	50	50
Moltoni Clough (No. 2) Joint Venture	-	50
Nambeelup Joint Venture	50	50
Petrosea Calibre Roberts & Schaeffer Joint Operation	33.3	33.3
PT LOR Indonesia Joint Operation	50	50
PT Santan Batubara	50	50
PT Tirta Kencana Cahaya Mandiri	47	47
Rapley Clough Joint Venture	50	50
Shedden Uhde Pty Ltd	-	50
St Quentin's Claremont Pty Ltd	50	50
St Quentin's Claremont Unit Trust	50	50

The contribution to net profit/(loss) from the above associates and jointly controlled entities was \$17,474,000 (2007: \$17,438,000).

Annual Meeting

The Annual General Meeting will be held at 10 am on Friday 24 October 2008 at the Perth Parmelia Hilton Hotel. The Annual Report will be available in early October 2008.


John Smith
Director


Andrew John Walsh
Director

20 August 2008