

## APPENDIX 4D

### HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

(PREVIOUS CORRESPONDING PERIOD: HALF-YEAR ENDED 31 DECEMBER 2008)

<b>CLOUGH LIMITED ABN 59 008 678 813</b>
--

#### RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Total Revenue from continuing operations including share of revenue from jointly controlled entities	up	23.2%	to	# 407,553
Revenue from ordinary activities	down	31.7%	to	* 259,401
Profit/(loss) from ordinary activities after tax attributable to members	up	6.3%	to	25,333
Net profit/(loss) for the period attributable to members	up	6.3%	to	25,333
<b>Dividends</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
Interim dividend		0.0 ¢		0.0 ¢
Previous corresponding period		0.0 ¢		0.0 ¢
Record date for determining entitlements to the dividend				N/A
 # Excludes revenue from discontinued operations comprising Petrosea and the property business				
* Includes revenue from discontinued operations comprising Petrosea and the property business and excludes share of revenue from associates and jointly controlled entities and other income.				

Refer to the attached press release and interim financial report for further information on the results for the half-year ended 31 December 2009.

## Dividends

No dividend is payable for the current period.

Amount per security		Amount per security	Franked amount per security at 30% tax rate	Amount per security of foreign source dividend
<b>Interim dividend:</b>	Current period	- ¢	- ¢	- ¢
	Previous period	- ¢	- ¢	- ¢
<b>Final dividend:</b>	Current period	2¢	0.15¢	- ¢
	Previous period	1¢	0.3¢	- ¢

## Dividend Plans

The Company has suspended the dividend reinvestment plan.

Net Tangible Assets per Security	31 December 2009	31 December 2008
Net tangible asset backing per ordinary security	<b>30.93¢</b>	26.54¢

## Interests in entities which are not controlled entities

### Equity accounted associates and jointly controlled entities

### Percentage of ownership interest held

31 December 2009	31 December 2008
%	%

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
Boulderstone Clough Joint Venture	50	50
CBI Clough JV Pte Ltd	35	-
Clough Aker Joint Venture - Angel	50	50
Clough Amec Joint Venture – CoP	50	50
Clough Amec Pty Ltd	50	50
Clough Curtain Joint Venture	65	-
Clough Demol Joint Venture	80	80
Clough Diversified Joint Venture	50	50
Clough Diversified Northern Pipeline Joint Venture	50	50
Clough Diversified United Joint Venture	33.3	33.3
Clough Downer Joint Venture	50	50
Clough Murray & Roberts Joint Venture	50	50
Clough Sandwell Joint Venture	50	50
Clough Seymour Whyte Joint Venture – Lake Cowal	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
Maretlink Joint Venture	50	50
Mashhor Clough Sdn Bhd	50	50
Mernda (Lot 6) Joint Venture	50	50
Petrosea Calibre Roberts & Schaeffer Joint Operation	-	33.3

<b>Equity accounted associates and jointly controlled entities</b>	<b>Percentage of ownership interest held</b>	
	<b>31 December 2009 %</b>	<b>31 December 2008 %</b>
Petrosea Clough Joint Operation	50	100
PT LOR Indonesia Joint Operation	-	50
PT Santan Batubara	-	50
PT Tirta Kencana Cahaya Mandiri	-	47
Rapley Clough Joint Venture	-	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 \$20,425,000 (2008 : \$7,093,000).

  
**JOHN SMITH**  
Chief Executive Officer

17 February 2010

**SUPPLEMENTARY INFORMATION**  
**For the Half-Year Ended 31 December 2009**

**GROUP TOTAL REVENUE**

A significant proportion of the Clough Group's operations are performed through jointly controlled entities.

The Clough Group operates through two types of jointly controlled entities:

**Unincorporated Joint Ventures**

- these are unincorporated arrangements.
- the share of profits or losses are equity accounted in the statement of comprehensive income.

**Joint Venture Entities**

- these are incorporated arrangements such as jointly held companies and associated companies.
- the share of profits or losses are equity accounted in the statement of comprehensive income.

The Clough Group's total revenue is made up of revenue and its share of revenue from jointly controlled entities and associated companies.

	<b>31 December 2009 \$'000</b>	31 December 2008 \$'000
<b>CONSOLIDATED GROUP TOTAL REVENUE</b>		
Construction projects	249,751	358,737
Other revenue *	9,650	21,159
	<hr/>	<hr/>
	259,401	379,896
Share of revenue from jointly controlled entities and associates	152,422	89,274
	<hr/>	<hr/>
	<b>411,823</b>	<b>469,170</b>
	<hr/>	<hr/>
<b>CONSOLIDATED GROUP TOTAL REVENUE</b>		
From continuing operations *	407,553	330,739
From discontinued operations *	4,270	138,431
	<hr/>	<hr/>
	<b>411,823</b>	<b>469,170</b>
	<hr/>	<hr/>

\* Includes interest income.

# **Clough Limited**

ABN 59 008 678 813

## **Interim financial report for the half-year ended 31 December 2009**

**Clough Limited** ABN 59 008 678 813  
**Interim report - 31 December 2009**

**Contents**

	Page
Directors' report	2
Interim financial report	
Consolidated statement of comprehensive income	5
Consolidated statement of financial position	6
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Directors' declaration	19
Independent review report to the members	20

## DIRECTORS' REPORT

The Directors of Clough Limited ABN 59 008 678 813 present the financial statements of the Clough Group, the consolidated entity, for the half-year ended 31 December 2009 and in accordance with a resolution of the Directors report as follows:

### 1. DIRECTORS

The Directors of Clough Limited at the date of this report are:

<b>Director</b>	<b>Qualifications</b>	<b>Main Duties</b>
<b>RM Harding</b>	MSc (Mech.Eng)	Chairman
<b>J Smith</b>	BSc (Mech.Eng), C.Eng, M.I.Mech.E(UK)	Chief Executive Officer & Managing Director
<b>BC Bruce</b>	PrEng, BSc Eng(Civil), DEng(hc), Hon FSAICE	Director
<b>K Spence</b>	BSc(Geophysics)(Hons), FAIM	Director
<b>ER Stein</b>	BSc(Physics)(Hons), MBA, FAICD	Director
<b>RW Rees</b>	BSc(Econ)(Hons), FCA	Director

All Directors held office during the whole of the half-year and up to the date of this report except for:

- AJ Walsh resigned as Chief Financial Officer and Executive Director on 4 September 2009.
- JD Cooper resigned as a Non-Executive Director on 31 January 2010.

### 2. REVIEW OF OPERATIONS AND DEVELOPMENTS

The net profit attributable to members of Clough Limited for the half-year was \$25.3 million after deducting income tax expense of \$4.9 million and profits attributable to non-controlling interests in controlled entities of \$0.7 million.

The result includes losses from discontinuing operations of \$4.3 million, comprising of a profit from PT Petrosea Tbk and related entities (Petrosea) of \$1.2 million and a loss from the property business of \$5.5 million, giving an underlying result from continuing operations of \$30.4 million. Petrosea was sold on 6 July 2009 for consideration of US\$83.8 million. The property business was classified as a discontinued operation in the year ended 30 June 2009 and an active sales process is continuing.

Revenue for the half-year ended 31 December 2009 was ahead of the comparative period reflecting increased project activity. The cash balance in the first half increased to \$146 million mostly due to the sale of Petrosea and the settlement of the G1 dispute. The convertible notes matured in December 2009 which has reduced current borrowings and this conversion has resulted in an increase in contributed equity of \$37 million during the period.

### 3. AUDITOR INDEPENDENCE

A copy of the auditors' independence declaration required under section 307C of the Corporations Act 2001 is set out on page 4.

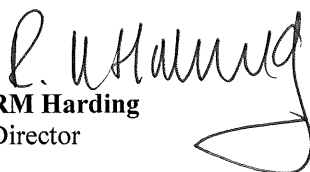
**DIRECTORS' REPORT (Continued)**

**4. ROUNDING OF AMOUNTS**

Clough Limited is a company of the kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding" of amounts in the Directors' Report and Financial Report. All amounts have been rounded to the nearest thousand dollars, unless otherwise stated.

For and on behalf of the Board  
PERTH  
17 February 2010

  
**John Smith**  
Director

  
**RM Harding**  
Director

Board of Directors  
Clough Limited  
Level 6  
251 St Georges Terrace  
Perth WA 6000

17 February 2010

Dear Board Members

**Clough Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Clough Limited.

As lead audit partner for the review of the consolidated financial statements of Clough Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



**DELOITTE TOUCHE TOHMATSU**



**Kathleen Bozanic**  
Partner  
Chartered Accountants

**Clough Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2009**

	<b>Half-year ended</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from continuing operations</b>	<b>255,131</b>	255,971
Other income	<b>2,231</b>	3,779
Materials, plant and subcontractor costs	<b>(100,836)</b>	(61,044)
Labour costs	<b>(100,765)</b>	(121,218)
Depreciation and amortisation expense	<b>(3,737)</b>	(3,037)
Other expenses	<b>(32,445)</b>	(47,675)
Finance costs	<b>(4,729)</b>	(4,248)
Share of net profits of associates and jointly controlled entities accounted for using the equity method	<b>20,425</b>	6,441
<b>Profit before income tax</b>	<b>35,275</b>	28,969
Income tax expense	<b>(4,861)</b>	(1,993)
Profit from continuing operations	<b>30,414</b>	26,976
Loss from discontinued operations	<b>(4,335)</b>	(3,612)
<b>Profit for the half-year</b>	<b>26,079</b>	23,364
<b>Other comprehensive income</b>		
Cash flow hedges	<b>(1,437)</b>	(10,544)
Exchange differences on translation of foreign operations	<b>7,915</b>	39,430
Income tax relating to components of other comprehensive income	<b>683</b>	3,164
<b>Other comprehensive income for the period, net of tax</b>	<b>7,161</b>	32,050
<b>Total comprehensive income for the period</b>	<b>33,240</b>	55,414
Profit for the period is attributable to:		
Owners of Clough Limited	<b>25,333</b>	23,826
Non-controlling interest	<b>746</b>	(462)
	<b>26,079</b>	23,364
Total comprehensive income for the period is attributable to:		
Owners of Clough Limited	<b>32,519</b>	51,107
Non-controlling interest	<b>721</b>	4,307
	<b>33,240</b>	55,414
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent entity:</b>		
Basic earnings per share	<b>4.36</b>	4.04
Diluted earnings per share	<b>4.00</b>	3.69
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent entity:</b>		
Basic earnings per share	<b>3.71</b>	3.57
Diluted earnings per share	<b>3.42</b>	3.28

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

**Clough Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2009**

	Notes	31 December 2009 \$'000	30 June 2009 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		146,350	36,587
Other current assets		-	2,474
Receivables		80,923	38,806
Work in progress		10,684	57,855
Derivative financial instruments		<u>90</u>	<u>2,735</u>
		<b>238,047</b>	<b>138,457</b>
Assets classified as held for sale	4	52,790	56,773
Assets of a disposal group held for sale	4	<u>-</u>	<u>275,840</u>
Total current assets		<u><b>290,837</b></u>	<u><b>471,070</b></u>
<b>Non-current assets</b>			
Receivables		12,535	4,475
Investments accounted for using the equity method		21,134	12,982
Property, plant and equipment		118,362	128,182
Intangible assets		10,154	1,782
Deferred tax assets		<u>28,659</u>	<u>26,306</u>
Total non-current assets		<u><b>190,844</b></u>	<u><b>173,727</b></u>
<b>Total assets</b>		<u><b>481,681</b></u>	<u><b>644,797</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables		59,901	61,868
Amounts due to customers for contract work		21,671	13,558
Borrowings		10,224	43,080
Current tax liabilities		758	5,160
Provisions		21,329	29,211
Derivative financial instruments		<u>-</u>	<u>370</u>
		<b>113,883</b>	<b>153,247</b>
Liabilities directly associated with assets classified as held for sale	4	30,469	31,043
Liabilities directly associated with a disposal group held for sale	4	<u>-</u>	<u>156,669</u>
Total current liabilities		<u><b>144,352</b></u>	<u><b>340,959</b></u>
<b>Non-current liabilities</b>			
Payables		9,013	-
Borrowings		47,787	53,837
Deferred tax liabilities		1,054	129
Provisions		<u>2,383</u>	<u>3,281</u>
Total non-current liabilities		<u><b>60,237</b></u>	<u><b>57,247</b></u>
<b>Total liabilities</b>		<u><b>204,589</b></u>	<u><b>398,206</b></u>
<b>Net assets</b>		<u><b>277,092</b></u>	<u><b>246,591</b></u>

**Clough Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2009**  
(continued)

		31 December 2009 \$'000	30 June 2009 \$'000
	Notes		
<b>EQUITY</b>			
Contributed equity		231,629	194,636
Reserves	5(a)	(13,597)	(11,895)
Retained profits	5(b)	<u>57,939</u>	<u>46,010</u>
Parent entity interest		<u>275,971</u>	<u>228,751</u>
Non-controlling interest		<u>1,121</u>	<u>17,840</u>
<b>Total equity</b>		<u>277,092</u>	<u>246,591</u>

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

**Clough Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2009**

Consolidated	Notes	Attributable to members of company			Total \$'000	Non- controlling interest \$'000	Total \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000			
<b>Balance at 1 July 2008</b>		193,885	(26,605)	264	167,544	15,332	182,876
<b>Total comprehensive income for the half-year</b>		-	<b>27,281</b>	<b>23,826</b>	<b>51,107</b>	<b>4,307</b>	<b>55,414</b>
<b>Transactions with owners in their capacity as owners</b>							
Contributions of equity, net of transaction costs	3	402	-	-	402	-	402
Employee share options	5	-	809	-	809	-	809
Change in non-controlling interest on acquisition of additional interest in a subsidiary		-	-	-	-	(333)	(333)
Dividends provided for or paid	6	-	-	(6,680)	(6,680)	-	(6,680)
<b>Balance at 31 December 2008</b>		<b>194,287</b>	<b>1,485</b>	<b>17,410</b>	<b>213,182</b>	<b>19,306</b>	<b>232,488</b>

Consolidated	Notes	Attributable to members of company			Total \$'000	Non- controlling interest \$'000	Total \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000			
<b>Balance at 1 July 2009</b>		194,636	(11,895)	46,010	228,751	17,840	246,591
<b>Total comprehensive income for the half-year</b>		-	<b>7,186</b>	<b>25,333</b>	<b>32,519</b>	<b>721</b>	<b>33,240</b>
<b>Transactions with owners in their capacity as owners</b>							
Contributions of equity, net of transaction costs	3	36,993	-	-	36,993	-	36,993
Employee share options	5	-	937	-	937	-	937
Minority buyback reserve arising on acquisition of a subsidiary	5	-	(9,825)	-	(9,825)	-	(9,825)
Non-controlling interest on acquisition of a subsidiary		-	-	-	-	530	530
Non-controlling interest on disposal of a subsidiary		-	-	-	-	(17,970)	(17,970)
Dividends provided for or paid	6	-	-	(13,404)	(13,404)	-	(13,404)
<b>Balance at 31 December 2009</b>		<b>231,629</b>	<b>(13,597)</b>	<b>57,939</b>	<b>275,971</b>	<b>1,121</b>	<b>277,092</b>

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

**Clough Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2009**

	Half-year ended	
	2009	2008
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	267,794	370,661
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(236,846)</u>	<u>(405,722)</u>
	30,948	(35,061)
Dividends and distributions received from equity accounted entities	12,338	9,177
Interest received	1,359	1,797
Interest paid	(3,781)	(5,692)
Income taxes paid	<u>(5,735)</u>	<u>(9,060)</u>
<b>Net cash inflow (outflow) from operating activities</b>	<u><b>35,129</b></u>	<u><b>(38,839)</b></u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(11,900)	(32,436)
Payments for intangible assets - computer software	-	(258)
Payments for acquisition of other current assets	-	(6,631)
Payments for subsidiary, net of cash acquired	8 (9,780)	-
Loans to other persons	-	(4,074)
Loans to equity accounted entities	-	(9,708)
Loans from equity accounted entities	310	-
Repayment of loans from equity accounted entities	(2,836)	(15)
Proceeds from sale of property, plant and equipment	242	1,396
Proceeds from sale of available-for-sale financial assets	-	1,478
Proceeds from sale of other non-current assets	-	3,643
Proceeds from sale of investments in equity accounted entities	2,895	-
Proceeds from sale of assets classified as held for sale	-	6,435
Proceeds from sale of subsidiaries, net of cash disposed of	4 101,804	2,500
Repayment of loans by other persons	33	5,936
Repayment of loans by equity accounted entities	-	1,302
<b>Net cash inflow (outflow) from investing activities</b>	<u><b>80,768</b></u>	<u><b>(30,432)</b></u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	45	16
Proceeds from borrowings	15,065	15,481
Repayment of borrowings	(10,495)	(11,314)
Dividends paid to company's shareholders	<u>(13,404)</u>	<u>(6,680)</u>
<b>Net cash inflow (outflow) from financing activities</b>	<u><b>(8,789)</b></u>	<u><b>(2,497)</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>107,108</b>	<b>(71,768)</b>
Cash and cash equivalents at the beginning of the half-year	44,198	120,629
Effects of exchange rate changes on cash and cash equivalents	<u>(4,956)</u>	<u>18,350</u>
<b>Cash and cash equivalents at end of the half-year</b>	<u><b>146,350</b></u>	<u><b>67,211</b></u>

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

## **1 Summary of significant accounting policies**

### **(a) Basis of preparation of half-year financial report**

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 and any public announcements made by Clough Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

#### **Changes in accounting policy**

Clough Limited had to change some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

#### **Business combinations**

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

The changes were implemented prospectively from 1 July 2009 and affected the accounting for the acquisition of Ocean Flow International LLC disclosed in note 8.

#### **Segment reporting**

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change to the reportable segments presented, as the previously reported segments of Oil & Gas, Minerals & Infrastructure, Petrosea and Property have been replaced by Capital Projects, Asset Support, Marine Construction and Other.

Operating segments are now reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker.

#### **Early adoption of standards**

The Company has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2009:

- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

This includes minor changes to disclosures required by AASB 8 Segment Reporting and applying the revised pronouncement to the comparatives in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. None of the items in the financial statements had to be restated as the result of applying this standard.

## **2 Segment information**

### **(a) Description of segments**

Management has determined the operating segments based on reports reviewed by its chief operating decision maker that are used to make strategic decisions. The chief operating decision maker has been identified as comprising of the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer and the Board of Directors (the CODM).

The CODM considers the business from a Business Line perspective and has identified four reportable segments as follows:

#### **Capital Projects**

This comprises the delivery of an engineering, procurement and construction (EPC) service.

The primary market is LNG and domestic gas projects in Australia and South East Asia. The secondary market is infrastructure projects including water and mineral infrastructure in Australia.

Capital Projects comprises a number of separate projects that are combined to form the Capital Projects Business Line. The Capital Projects business has been determined as both an operating segment and a reportable segment.

#### **Marine Construction**

This comprises engineering, procurement, installation and commissioning (EPIC) service for small and medium oil and gas projects across Australia with marine construction as a key element.

This business includes pipelay and facilities installation with the Java Constructor and subsea construction, umbilicals, risers and flowlines (SURF) globally with the Normand Clough and Normand Clipper.

Marine Construction comprises a number of separate projects and assets that are combined to form the Marine Construction Business Line. The Marine Construction business has been determined as both an operating segment and a reportable segment.

#### **Asset Support**

This comprises engineering led service to enable the operation, maintenance and upgrade of existing upstream oil & gas infrastructure both offshore and onshore in Australia and South East Asia.

Asset Support comprises a number of separate projects that are combined to form the Asset Support Business Line. The Asset Support business has been determined as both an operating segment and a reportable segment.

#### **Other**

This includes fabrication and assembly services and certain central costs which have not been allocated to business segments such as central foreign exchange gains/losses.

#### **Discontinued Segments**

PT Petrosea Tbk and related entities (Petrosea) was sold on 6 July 2009. Information about this discontinued segment is disclosed in note 4.

The property business is also classified as a discontinued operation. Further information about this discontinued segment is disclosed in note 4.

## 2 Segment information (continued)

### (b) Segment information provided to the CODM

The segment information provided to the CODM for the reportable segments for the half-year ended 31 December 2009 is as follows:

	<b>Capital Projects</b>	<b>Marine Construction</b>	<b>Asset Support</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total segment revenue *	<u>225,368</u>	<u>151,321</u>	<u>24,716</u>	<u>2,561</u>	<u>403,966</u>
<b>Revenue from external customers</b>	<b><u>225,368</u></b>	<b><u>151,321</u></b>	<b><u>24,716</u></b>	<b><u>2,561</u></b>	<b><u>403,966</u></b>
<b>Underlying earnings before interest and tax</b>	<b><u>17,652</u></b>	<b><u>23,874</u></b>	<b><u>2,010</u></b>	<b><u>(1,987)</u></b>	<b><u>41,549</u></b>

\* Includes share of revenue of jointly controlled entities.

The segment information provided to the CODM for the reportable segments for the half-year ended 31 December 2008 is as follows:

	<b>Capital Projects</b>	<b>Marine Construction</b>	<b>Asset Support</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Total segment revenue *	<u>187,766</u>	<u>107,229</u>	<u>19,956</u>	<u>15,099</u>	<u>330,050</u>
<b>Revenue from external customers</b>	<b><u>187,766</u></b>	<b><u>107,229</u></b>	<b><u>19,956</u></b>	<b><u>15,099</u></b>	<b><u>330,050</u></b>
<b>Underlying earnings before interest and tax</b>	<b><u>13,780</u></b>	<b><u>16,980</u></b>	<b><u>1,540</u></b>	<b><u>(1,839)</u></b>	<b><u>30,461</u></b>

\* Includes share of revenue of jointly controlled entities.

### (c) Notes to, and forming part of, the segment information

#### (i) Segment revenue

Segment revenue reconciles to revenue from continuing operations as follows:

	<b>Half-year ended</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total segment revenue</b>	<b>403,966</b>	330,050
Segment revenue from jointly controlled entities	<b>(152,422)</b>	(74,768)
Interest revenue	<b>1,358</b>	1,366
Other	<b><u>2,229</u></b>	<u>(677)</u>
<b>Revenue from continuing operations</b>	<b><u>255,131</u></b>	<u>255,971</u>

## 2 Segment information (continued)

### (ii) Underlying EBIT

The CODM assesses the performance of the operating segments based on a measure of underlying EBIT. Overheads are allocated to each business segment on a proportionate basis linked to segment revenue, to determine a segment result. The underlying EBIT excludes certain central costs including the effects of equity-settled share-based payments. This measurement basis also excludes the effects of non-recurring expenditure from the operating segments such as legal expenses, legacy project costs and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not allocated to segments as the financing function of the Group is centralised through the Group's treasury function.

A reconciliation of underlying EBIT to operating profit before income tax from continuing operations is provided as follows:

	Half-year ended	
	2009 \$'000	2008 \$'000
<b>Underlying EBIT</b>	<b>41,549</b>	30,461
Interest revenue	1,358	1,366
Finance costs	(4,729)	(4,248)
Legacy project costs	(1,967)	(301)
Share based payments	(936)	(809)
Contingent consideration received on business sold in prior year	-	2,500
<b>Profit before income tax from continuing operations</b>	<b><u>35,275</u></b>	<b><u>28,969</u></b>

### (iii) Segment assets and liabilities

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. The total assets and liabilities are provided for the Group as a whole and are not allocated to each operating segment.

## 3 Equity securities issued

	2009 Shares	2008 Shares	2009 \$'000	2008 \$'000
<b>Issues of ordinary shares during the half-year</b>				
Balance at start of period	670,116,757	667,941,092	194,636	193,885
Conversion of 36,948,766 \$1 convertible notes into 100,404,512 new shares at a conversion price of 36.8 cents per share	100,404,512	-	36,948	-
Conversion of 386,138 \$1 convertible notes into 1,049,303 new shares at a conversion price of 36.8 cents per share	-	1,049,303	-	386
Exercise of 145,000 options with a exercise price of 31 cents per share	145,000	-	45	-
Exercise of 50,000 options with a exercise price of 31 cents per share	-	50,000	-	16
Balance at end of period	<b><u>770,666,269</u></b>	<b><u>669,040,395</u></b>	<b><u>231,629</u></b>	<b><u>194,287</u></b>

### Convertible Notes

The convertible notes matured on 15 December 2009. A total of 36,948,766 \$1 convertible notes were converted into 100,404,512 new shares during the period. A total of 216,635 \$1 convertible notes were redeemed on 15 December 2009 for an amount of \$216,635.

## 4 Discontinued operations

### (a) Description

#### Petrosea

The Company, having undertaken a strategic review of its operations during the year ended 30 June 2009, confirmed its intent to concentrate activities within the Oil and Gas market, resulting in the decision to dispose of its 82% holding in PT Petrosea Tbk and related entities (Petrosea), which is now almost entirely focused on the Indonesian coal sector.

On 26 February 2009, the Company announced that it had entered into a binding Heads of Agreement to sell its shareholding in Petrosea to PT Indika Energy Tbk (PT Indika) for cash consideration of US\$83.8 million. The sale of Petrosea was completed on 6 July 2009.

The balances and results of Petrosea have been recorded in these financial statements as being a discontinued operation. Financial information relating to Petrosea for the period is set out below.

#### Property

During the year ended 30 June 2009, the Company determined that it was going to exit from the property business and an active sales process was commenced. It is expected that these disposals will be completed in the next 12 months. As a result, the property business has been reported in this financial report as a discontinued operation. The assets of the property business have been presented in the statement of financial position as assets classified as held for sale and the associated liabilities have been presented as liabilities directly associated with assets classified as held for sale.

The property business recorded a net loss after tax of \$5,531,000 (2008: \$758,000) for the period. The result for the period ended 31 December 2009 included an impairment of a property development of \$7.35 million and an income tax benefit of \$2.205 million.

The property business recorded net cash outflows from operating activities of \$4,616,000 (2008: \$5,129,000), net cash inflows from investing activities of \$nil (2008: \$1,714,000) and net cash outflows from financing activities of \$574,000 (2008: net cash inflows of \$1,010,000) for the period.

As at 31 December 2009, the property business has assets classified as held for sale of \$52,790,000 (30 June 2009: \$56,773,000) and liabilities directly associated with assets classified as held for sale of \$30,469,000 (30 June 2009: \$31,043,000).

### (b) Financial performance and cash flow information of Petrosea

The financial performance and cash flows of the Petrosea are detailed below.

	<b>Half-year ended</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit (loss) for the period from Petrosea</b>		
Revenue	4,020	123,462
Other income	99	3,222
Share of net profits of associates and jointly controlled entities accounted for using the equity method	6	628
Expenses	<u>(3,125)</u>	<u>(130,444)</u>
Profit (loss) before income tax	1,000	(3,132)
Income tax expense	<u>(279)</u>	<u>278</u>
Profit (loss) after income tax of Petrosea	721	(2,854)
Gain on sale of Petrosea (see (d) below)	<u>475</u>	<u>-</u>
<b>Profit (loss) from Petrosea</b>	<b><u>1,196</u></b>	<b><u>(2,854)</u></b>
<b>Cash flows of Petrosea (including sale)</b>		
Net cash inflow (outflow) from operating activities	535	(19,431)
Net cash inflow (outflow) from investing activities	109,595	280
Net cash inflow (outflow) from financing activities	<u>(240)</u>	<u>(5,374)</u>
<b>Net increase (decrease) in cash generated by Petrosea</b>	<b><u>109,890</u></b>	<b><u>(24,525)</u></b>

#### Net cash inflow on disposal of Petrosea

The net cash inflow on disposal of Petrosea was \$101,689,000. This was made up of total disposal consideration of \$114,763,000 (including cash received from forward exchange contracts used to protect part of the proceeds from the sale from adverse foreign exchange movements) less cash costs associated with the disposal of \$5,168,000, net of cash held by Petrosea at the date of disposal of \$7,906,000.

#### 4 Discontinued operations (continued)

##### (c) Carrying amounts of assets and liabilities of Petrosea

The carrying amounts of the assets and liabilities of Petrosea as at 6 July 2009 and 30 June 2009 are as follows:

	6 July 2009 \$'000	30 June 2009 \$'000
Cash and cash equivalents	7,906	7,611
Receivables	53,320	56,131
Work in progress	39,869	35,750
Investments accounted for using the equity method	929	923
Other assets	362	377
Property, plant and equipment	152,106	152,426
Deferred tax assets	11,355	11,355
Derivative financial instruments	11,267	11,267
<b>Total assets</b>	<b>277,114</b>	<b>275,840</b>
Payables	(46,211)	(45,623)
Amounts due to customers for contract work	(3,021)	(3,021)
Borrowings	(102,293)	(102,533)
Provisions	(4,261)	(3,982)
Derivative financial instruments	(1,436)	(1,510)
<b>Total liabilities</b>	<b>(157,222)</b>	<b>(156,669)</b>
<b>Net assets</b>	<b>119,892</b>	<b>119,171</b>
<b>Amounts recognised directly in equity as at 6 July 2009 and 30 June 2009</b>		
Hedging reserve, net of tax	(838)	(838)
Foreign currency translation reserve	(12,047)	(12,264)
Minority interests	17,970	17,840
<b>Net equity</b>	<b>5,085</b>	<b>4,738</b>

##### (d) Details of the sale of Petrosea

The sale of Petrosea was completed on 6 July 2009 and cash consideration of US\$83,834,850 was received. In addition, Clough entered into forward exchange contracts in order to protect approximately 75% of the US dollar proceeds of the sale from adverse fluctuations in foreign exchange rates. The forward exchange contracts were delivered on receipt of the Petrosea proceeds and resulted in the receipt of additional cash of \$11,267,000.

	Half-year ended	
	2009 \$'000	2008 \$'000
Consideration received or receivable:		
Cash	103,496	-
Forward exchange contracts	11,267	-
Total disposal consideration	114,763	-
Carrying amount of net assets sold	(119,892)	-
Less: Amount owed to Clough Group recorded on deconsolidation of Petrosea	7,727	-
Less: Minority interests	17,970	-
Less: Hedging reserve	(838)	-
Less: Foreign currency translation reserve	(12,047)	-
Less: Costs associated with the disposal	(7,208)	-
<b>Gain on sale before income tax</b>	<b>475</b>	<b>-</b>
Income tax expense	-	-
<b>Gain on sale after income tax</b>	<b>475</b>	<b>-</b>

## 5 Reserves and retained profits

	31 December 2009 \$'000	30 June 2009 \$'000
<b>(a) Reserves</b>		
Convertible note premium reserve, net of tax	394	394
Hedging reserve - cash flow hedges, net of tax	63	817
Share-based payments reserve	3,678	2,741
Foreign currency translation reserve	(8,627)	(16,567)
Minority buyback reserve	(9,825)	-
Capital reserve	720	720
	<b>(13,597)</b>	<b>(11,895)</b>

### *Minority buyback reserve*

The minority buyback reserve comprises the fair value of the estimated consideration for acquiring the non-controlling interest (30%) in Ocean Flow International LLC from the minority shareholder at the date of the acquisition.

### (b) Retained profits

Movements in retained profits were as follows:

	31 December 2009 \$'000	30 June 2009 \$'000
Balance start of period	46,010	264
Profit for the period attributable to members of Clough Limited	25,333	52,426
Dividends	(13,404)	(6,680)
Balance end of period	<b>57,939</b>	<b>46,010</b>

## 6 Dividends

Half-year ended	
2009 \$'000	2008 \$'000

### (a) Ordinary shares

Final dividend for the year ended 30 June 2009 of 2 cents (2008 - 1 cent) per fully paid share paid on 7 October 2009

Franked to 25% based on tax paid @ 30% (2008 - fully franked)	<b>13,404</b>	<b>6,680</b>
---	---------------	--------------

## 7 Contingencies

### 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 involve litigation or arbitration. The Directors do not consider the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

During the period, Clough and ONGC settled their dispute arising from the G1 Development Project on a full and final basis and executed a formal Settlement Agreement on 9 December 2009. This settlement has not had a material impact on the results for the half-year.

## 8 Business combination

### (a) Summary of acquisition

On 14 August 2009, the Group acquired a 70% interest in Ocean Flow International LLC, a SURF engineering company based in Houston, USA.

Consideration of US\$9.1 million was paid at the date of acquisition and a further amount of US\$320,000 is payable at 31 December 2009 based on a price adjustment mechanism.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration	
Cash paid	10,848
Additional amount payable	<u>381</u>
Total purchase consideration	11,229
Fair value of net identifiable assets acquired (refer to (c) below)	<u>2,829</u>
Goodwill	<u>8,400</u>

The goodwill is attributable to Ocean Flow International LLC's position and profitability in the Houston SURF market, its skilled workforce and expertise and synergies expected to arise from the acquisition.

### (b) Cash flow information

	Half-year ended	
	2009 \$'000	2008 \$'000
Outflow of cash to acquire business, net of cash acquired		
Cash consideration	<u>10,848</u>	-
Less: Balances acquired		
Cash	<u>1,068</u>	-
Outflow of cash	<u>9,780</u>	-

### (c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	1,068	1,068
Inventories	1,137	1,137
Other assets	61	61
Client relationships	-	2,118
Payables	<u>(342)</u>	<u>(342)</u>
Net assets	<u>1,924</u>	<u>4,042</u>
Less: non-controlling interests (measured at the proportionate share of the acquiree's identifiable net assets)		<u>(1,213)</u>
Net identifiable assets acquired		<u>2,829</u>

#### *Acquisition-related costs*

Acquisition-related costs of \$148,000 are included in other expenses in the statement of comprehensive income.

## **8 Business combination (continued)**

### *Purchase of remaining interest in Ocean Flow International LLC*

In accordance with the terms of the Membership Purchase Agreement, Clough will acquire the balance of Ocean Flow International LLC in early 2013. The purchase price payable for acquiring the remaining 30% will be based on a multiple of 1.5 times the average EBITDA achieved by Ocean Flow International LLC during the years ended 31 December 2009 to 2012, reduced by 30% of the value of the profit share scheme paid out over this period.

Clough has estimated that it will pay additional consideration of approximately US\$9,075,000 for acquiring the balance of Ocean Flow International LLC based on current forecasts for the business. The fair value of this consideration at the date of acquisition was calculated to be US\$8,146,000. The liability for the estimated additional consideration payable has been recorded as a non-current payable.

### *Revenue and profit contribution*

Ocean Flow International LLC has contributed revenues of \$5,721,000 and net profit of \$903,000 (after tax and minority interests) to the Company for the period from 14 August 2009 to 31 December 2009.

## **9 Events occurring after the balance sheet date**

No matters or circumstances have arisen since the end of the financial period, 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 period ended 31 December 2009.

The directors declare that:

- (a) in the directors' opinion, 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
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

  
**John Smith**  
Director

  
**RM Harding**  
Director

PERTH  
17 February 2010

## Independent Auditor's Review Report to the members of Clough Limited

We have reviewed the accompanying half-year financial report of Clough Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 19.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Clough Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.



A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Clough Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

**DELOITTE TOUCHE TOHMATSU**

*Kathleen Bozanic*

**Kathleen Bozanic**

Partner

Chartered Accountants

Perth, 17 February 2010