

30 June 2005

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This concise financial report to shareholders is a short form overview that is designed to give readers an easy-to-read concise summary of the activities and financial position for the year ended 30 June 2005. This concise financial report has been derived from the full financial report. A copy of the full financial report is available to all shareholders, and upon request will be sent to shareholders without charge. A copy can be requested by telephone 61 8 9281 9310. Readers can also access both the concise financial report and the full financial report via the Internet at www.clough.com.au.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Clough Limited and its controlled entities as the full financial report.

DIRECTORS' REPORT

The Directors of Clough Limited ABN 59 008 678 813 present the financial statements of the Company and of the Clough Group, the consolidated entity, for the financial year ended 30 June 2005 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:		
Director	Qualifications	Main Duties
JM Clough	BE, MIEAust, CPEng	Chairman
DPA Singleton	BSc(Hons), FIEAust	Chief Executive Officer & Managing Director
AJ Walsh	ACMA	Chief Financial Officer
CM Anderson	BEc, ASA	Director
BC Bruce	PrEng, BSc(Eng), DEng(hc), PSE(MIT), FSAICE	Director
WH Clough	AO, OBE, BE(Hons), MS(Calif), Hon FIEAust, CPEng, Hon DE(UWA), FTSE, FAICD, FAIM	Director
N Jorek	Dipl.-Kfm, MBA	Director
RW Kelly	BE(Hons), FAICD	Director
MB Robinson	AO, LLB	Director

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

- BC Bruce and N Jorek who were appointed on 11 November 2004.

Details relating to Directors' qualifications, experience and special responsibilities appear on pages 14 and 15 and these pages are incorporated in and form part of this report.

The Company Secretary is MJ Uchanski and details of his qualifications and experience appear on page 15 and this page is incorporated in and forms part of this report.

Details relating to the Directors' directorships of other listed companies over the last three years are as follows:

- DPA Singleton and AJ Walsh are both Directors of PT Petrosea Tbk and were both appointed on 9 June 2004.
- CM Anderson has been a Director of Southern Pacific Petroleum NL since 1 May 2001.
- BC Bruce and N Jorek are both Directors of Murray & Roberts Holdings Limited. BC Bruce was appointed as a Director on 31 March 2000 and N Jorek was appointed as a Director on 8 September 2004. BC Bruce was previously a Director of Unitrans Limited (resigned 18 January 2005).
- WH Clough has been a Director of Advanced Nanotechnology Ltd since 10 January 2000.
- RW Kelly has been a Director of Imdex Limited since 14 January 2004 and was previously a Director of Aurora Gold Limited (resigned 5 February 2003) and Orbital Corporation Limited (resigned 21 August 2003).
- MB Robinson has been a Director of Tabcorp Holdings Limited since 27 June 1994. MB Robinson was previously a Director of TAB Limited (resigned 23 September 2004) and Gandel Management Limited (resigned 27 November 2002).

2. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were engineering and construction contracting, contract mining, building and property development. There were no significant changes in the nature of these activities during the year.

3. TRADING RESULTS

The net loss for the consolidated entity for the year was \$59,638,000 after deducting income tax expense of \$2,410,000 and profits attributable to outside equity interests in controlled entities of \$1,176,000.

4. DIVIDENDS

No dividends were paid during the year.

5. OPERATING AND FINANCIAL REVIEW

A review of the operations of the consolidated entity and the results of those operations and the financial review are contained in the Chairman's Report on pages 6 and 7, Chief Executive Officer's Review on pages 8 to 11 inclusive, Chief Financial Officer's Analysis on page 12 and Business Sector Review from pages 24 to 31 inclusive. These pages are incorporated in and form part of this report.

6. STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial report.

7. EVENTS SUBSEQUENT TO BALANCE DATE

Since the end of the financial year the Directors are not aware of any matter or circumstance not otherwise dealt with in this report or the consolidated financial report that has significantly 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 subsequent financial years.

8. LIKELY DEVELOPMENTS

Disclosure of information relating to likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years, which will not in the opinion of the Directors unreasonably prejudice the interests of the consolidated entity, is contained in the Chairman's Report on pages 6 and 7, Chief Executive Officer's Review on pages 8 to 11 inclusive, Chief Financial Officer's Analysis on page 12 and Business Sector Review on pages 24 to 31 inclusive. These pages are incorporated in and form part of this report.

9. ENVIRONMENTAL REGULATION

The operations of the consolidated entity are subject to environmental regulations under Commonwealth, State and Territory legislation. Overseas operations are also subject to relevant environmental regulations. The standard policy of the Company in relation to the environment requires all operations to be conducted in a manner to protect and preserve the environment. The Directors are not aware of any material breaches of environmental regulations during or since the end of the financial year.

10. REMUNERATION REPORT

10.1 PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration levels are set with the objective of attracting and retaining appropriately qualified and experienced senior executives. Remuneration packages are structured to recognise, encourage and reward improved performance and business growth, balanced between short term and long term goals. In establishing appropriate levels of remuneration external advice is regularly sought.

Remuneration levels of the current executive management team recognise the objective of improving Company performance as defined in the Company's goal of servicing our shareholders with growth in market capitalisation and earnings per share. Short term incentive plans are structured to achieve improved business performance. Long term incentives are aligned to increase value for shareholders through the Executive Option Plan. The Company's Board has recognised however, that the long term incentive plan should be broadened to include key executives and managers to encourage sustained business improvement and to provide an improved retention package in the current heated market.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board also has agreed to the advice of independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive Directors do not receive share options.

Directors' fees

The current base remuneration was last reviewed with effect from 1 January 2002. The Chairman's remuneration is inclusive of committee fees while non-executive Directors who chair a committee receive additional yearly fees.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum aggregate amount of fees that may be paid per annum currently stands at \$600,000 and was approved at the Annual General Meeting of the Company held on 13 November 2002.

Remuneration Committee

The Remuneration Committee, consisting of three non-executive Directors, advises the Board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and non-executive Directors.

10. REMUNERATION REPORT (CONT'D)

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits
- short-term performance incentives
- long-term incentives through participation in the Clough Limited Executive Option Plan, and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration. The Company intends to introduce long-term equity-linked performance incentives specifically for executives during the year ending 30 June 2006.

Base pay

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards, structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executive's discretion.

External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases fixed in any senior executive's contracts.

Benefits

Executives receive benefits including salary continuance, group life insurance and motor vehicle allowances.

Retirement benefits

Retirement benefits are delivered under the Clough Superannuation Fund. This Fund provides defined lump sum benefits based on contributions made. Other retirement benefits may be provided directly by the Company if approved by shareholders.

Short-term incentives

Executive Directors and senior executives have the opportunity to qualify for participation in the Clough Incentive Scheme. The objective of the scheme is to align the interests of executives with those of shareholders through the payment of bonuses linked to pre-agreed targets and performance standards. The performance standards include earnings before interest and tax, order intake and operating cash flow. The potential bonus consists of a number of elements:

- Business Unit performance – A bonus percentage will be calculated on the basis of the Clough Group, and business unit achieving all or some of its Key Performance Indicators.
- Individual performance – A performance multiplier is calculated on the basis of individual performance.
- Stretch targets – A bonus percentage will be calculated if performance exceeds plan. These pre-agreed stretch targets are determined by the Bonus Review Committee whose members include the Chief Executive Officer, the Chief Financial Officer and the Group Human Resources Manager.

Each year, the Remuneration Committee considers the appropriate targets and key performance indicators to link the Short Term Incentive plan and the level of payout if targets are met. This includes setting any maximum payout under the Short Term Incentive plan, and minimum levels of performance to trigger payment of Short Term Incentive.

The short term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the Remuneration Committee.

The Short Term Incentive target annual payment is reviewed annually.

Executive Option Plan

Information on the Clough Limited Executive Option Plan is set out in Section 10.4.

10. REMUNERATION REPORT (CONT'D)

10.2 DETAILS OF REMUNERATION

Amounts of remuneration

Details of the nature and amount of each element of the remuneration of each non-executive Director and executive Director of Clough Limited and each of the 5 executives of the consolidated entity receiving the highest remuneration are set out in the following tables. The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed Short-term incentives above. All other elements of remuneration are not directly related to performance.

Non-executive Directors of Clough Limited

Name	Directors' Fee \$	Superannuation \$	Other (i) \$	Total \$
JM Clough	165,000	24,300	113,054	302,354
CM Anderson	50,000	6,750	25,607	82,357
BC Bruce (ii)	-	-	-	-
WH Clough	29,000	-	4,920	33,920
N Jorek (ii)	-	-	-	-
RW Kelly	50,000	4,500	-	54,500
MB Robinson	50,000	6,750	25,000	81,750

(i) Other includes travel and accommodation for CM Anderson and MB Robinson and a consultancy fee for JM Clough.

(ii) BC Bruce and N Jorek were appointed as Directors of Clough Limited on 11 November 2004. No remuneration was paid to these Directors during the year.

Executive Directors of Clough Limited

Name	Base Salary \$	Bonus \$	Superannuation \$	Other \$	Options \$	Total \$
DPA Singleton	757,246	299,700	36,754	106,000	744	1,200,444
AJ Walsh	530,413	120,000	36,754	32,833	16,963	736,963

Other Executives of the Consolidated Entity

Name	Base Salary \$	Motor Vehicle \$	Bonus (i) \$	Super-annuation \$	Termination Payment (ii) \$	Other \$	Options \$	Total \$
NV Hall # Former CEO Oil & Gas	367,666	18,791	17,400	34,691	315,375	8,257	-	762,180
SR High CEO Services	346,000	20,500	230,600	91,845	-	9,450	-	698,395
MJ Goddard * Former Director and Executive	165,584	11,959	-	15,776	356,500	4,457	-	554,276
JFB Sheridan (iii) President Director PT Petrosea Tbk	301,120	18,195	53,956	-	-	140,419	-	513,690
ME Anderson (iii) Group Manager, Project Execution	337,433	17,608	68,168	8,955	-	66,169	-	498,333

NV Hall's employment with the Clough Group was terminated on 19 May 2005.

* MJ Goddard's employment with the Clough Group was terminated on 31 January 2005.

(i) Bonus includes adjustments for previous year.

(ii) Termination payments include amounts for unused annual leave and long service leave.

(iii) Other includes benefits for executives located overseas.

10. REMUNERATION REPORT (CONT'D)

Cash bonuses

For each cash bonus included in the above table for Executive Directors, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the Company did not meet the performance criteria is set out below.

Name	Cash Bonus	
	Paid %	Forfeited %
DPA Singleton	33	67
AJ Walsh	33	67

10.3 SERVICE AGREEMENTS

Remuneration and other terms of employment for the Chief Executive Officer and the Chief Financial Officer are formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

DPA Singleton - Chief Executive Officer

- Base package inclusive of superannuation, for the year ended 30 June 2005 of \$900,000, to be reviewed annually by the Remuneration Committee.
- An annual cash bonus of up to 100% of the salary package based on the achievement of agreed targets and objectives established by the Board in the first month of each financial year.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, if terminated within the first 12 months, twice the prevailing package. If terminated between 1 and 2 years, one and a half times the prevailing package. If terminated between 2 to 5 years, one times the prevailing package. If terminated after 5 years, one half times the prevailing package.

AJ Walsh - Chief Financial Officer

- Base package inclusive of superannuation, for the year ended 30 June 2005 of \$600,000, to be reviewed annually by the Remuneration Committee.
- An annual cash bonus of up to 60% of the salary package based on the achievement of agreed targets and objectives established by the Board in the first month of each financial year.
- Payment of termination benefit on early termination by the employer, other than for gross misconduct, if terminated within the first 12 months, twice the prevailing package. If terminated between 1 and 2 years, one and a half times the prevailing package. If terminated between 2 to 5 years, one times the prevailing package. If terminated after 5 years, one half times the prevailing package.

10.4 SHARE-BASED COMPENSATION

Options are granted under the Clough Limited Executive Option Plan which was approved by special resolution at the Annual General Meeting of the Company held on 16 November 1998. The Board of Directors of the Company determines the eligibility of executives and their entitlement having regard to, amongst other things, the performance and future potential contribution of each executive. Participation by executive Directors is subject to prior approval of a general meeting of the Company.

The maximum number of shares that can be issued or acquired under the Plan is 0.5% of the number of issued shares in the Company in each year from the commencement of the Plan. If less than 0.5% is issued or acquired in one year, the remainder can be added to issues in subsequent years.

The Board believes it is appropriate that the options be used as an incentive to retain key executives under a vesting criteria. This involves setting the exercise price of options at or above the current market price of the shares in the Company, at the time that the options are granted.

The rules of the Plan permit the Directors, at their discretion, to provide loans to executives to assist them in meeting the exercise price payable on the exercise of options. Options will only be exercisable between 3 and 6 years after they are granted. Any options not exercised during that time will lapse.

No options were exercised or issued by the Company under the Executive Option Plan during the year ended 30 June 2005. The number of options that lapsed during the year totalled 1,075,000. The percentage of remuneration consisting of options for DPA Singleton was 0.06% and for AJ Walsh was 2.30%.

11. SHARE OPTIONS

Unissued ordinary shares of Clough Limited under option at the date of this report are as follows:

Issue Date	Vesting Date	Number of Options	Exercise Price to Shares	Exercise Period
17/11/99	Vested	575,000	\$0.76	Present to 17/11/05
11/06/03	Vested	1,000,000	\$0.50	11/06/07 – 11/06/08
11/06/03	Vested	1,000,000	\$0.75	11/06/07 – 11/06/08
11/06/03	Vested	1,000,000	\$1.00	11/06/07 – 11/06/08
11/06/03	01/07/06	1,000,000 *	\$1.25	11/06/07 – 11/06/08
11/06/03	01/07/07	1,000,000 *	\$1.50	01/07/07 – 11/06/08
14/11/03	Vested	600,000	\$0.67	14/11/07 – 14/11/08
14/11/03	Vested	600,000	\$0.92	14/11/07 – 14/11/08
14/11/03	26/09/05	600,000 *	\$1.17	14/11/07 – 14/11/08
14/11/03	26/09/06	600,000 *	\$1.42	14/11/07 – 14/11/08
14/11/03	26/09/07	600,000 *	\$1.67	14/11/07 – 14/11/08

* These options will vest on the above vesting dates provided the executive is employed on the respective vesting dates.

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

12. ROUNDING OFF 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 off” of amounts in the Directors’ Report and Financial Report. All amounts have been rounded off to the nearest thousand dollars, unless otherwise stated.

13. SHAREHOLDINGS OF DIRECTORS

Shareholdings of Directors of Clough Limited in the Company at the date of this report are as follows:

Director	Ordinary Shares	Options
WH Clough, JM Clough & families through McRae Investments Pty Ltd	166,280,208	-
DPA Singleton	-	5,000,000
AJ Walsh	-	3,000,000
CM Anderson	75,000	-
MB Robinson	53,363	-

14. DIRECTORS’ MEETINGS

The number of Directors meetings and number of meetings attended by each of the Directors of Clough Limited during the financial year are as follows:

Director	Board of Directors Meetings		Special Directors Meetings *		Audit Committee Meetings		Remuneration Committee Meetings		Governance & Nomination Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
JM Clough	8	8	-	-	-	-	4	4	1	1
DPA Singleton	8	8	3	3	-	-	-	-	-	-
AJ Walsh	8	8	3	3	-	-	-	-	-	-
CM Anderson	8	8	3	3	3	3	-	-	-	-
BC Bruce #	4	4	-	-	-	-	-	-	-	-
WH Clough	8	8	-	-	3	3	4	4	-	-
N Jorek #	4	4	-	-	-	-	-	-	-	-
RW Kelly	8	8	3	3	3	3	4	4	-	-
MB Robinson	8	8	3	3	3	3	-	-	1	1

The number of meetings held represents the time the Director held office or was a member of the committee during the year.

* Special Directors meetings relate to the Information Memorandum on the Murray & Roberts transaction.

BC Bruce and N Jorek were appointed as Directors on 11 November 2004.

15. INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has entered into agreements to indemnify all Directors of the Company named in paragraph 1 of this report and current and former executive officers of the Company and its controlled entities against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as Director or executive officer unless the liability relates to conduct involving a lack of good faith.

The Company has agreed to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

During the financial year the Company and the Directors paid insurance premiums in respect of Directors' and Officers' Liability insurance. The policy does not specify the premium for individual Directors and executive officers. Disclosure of the premium paid is subject to confidentiality requirements under the contract of insurance.

16. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditors' independence declaration required under section 307C of the Corporations Act 2001 is set out on page 41.

The following non-audit services were provided by the Company's auditors, PricewaterhouseCoopers. The Board of Directors has considered the position and in accordance with the advice received from the Audit Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

PricewaterhouseCoopers received or are due to receive the following amounts for provision of non-audit services:

PricewaterhouseCoopers - Australia	\$
Review of internal audit function	20,000
Provision of and assistance with the implementation of financial reporting package	50,780
Training session on Australian Equivalents to International Financial Reporting Standards	3,000
PricewaterhouseCoopers - Overseas	
Taxation services	128,415

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

PERTH

23 August 2005



Jock McRae Clough
Director



David Patrick Alexander Singleton
Director

AUDITORS' INDEPENDENCE DECLARATION

As lead auditor for the audit of Clough Limited for the year ended 30 June 2005, I declare that 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 Clough Limited and the entities it controlled during the period.

PERTH

23 August 2005



PricewaterhouseCoopers



John O'Connor

Partner

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
REVENUE FROM ORDINARY ACTIVITIES		549,316	752,982
Materials, plant and subcontractor costs		(400,741)	(447,515)
Labour costs		(134,111)	(213,448)
Written down value of non-current assets sold		(16,208)	(13,535)
Depreciation and amortisation expense		(12,616)	(21,422)
Other expenses		(46,487)	(42,579)
Borrowing costs expense		(3,046)	(1,288)
Share of net profits of associates and joint venture entities accounted for using the equity method		7,841	5,962
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(56,052)	19,157
Income tax expense		(2,410)	(2,860)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(58,462)	16,297
Net profit attributable to outside equity interest		(1,176)	(126)
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF CLOUGH LIMITED	2(b)	(59,638)	16,171
Net increase (decrease) in foreign currency translation reserve	2(a)	(6,673)	(3,829)
TOTAL CHANGES IN EQUITY FROM NON-OWNER TRANSACTIONS ATTRIBUTABLE TO MEMBERS OF CLOUGH LIMITED		(66,311)	12,342
		Cents	Cents
Basic earnings per share		(13.01)	3.85
Diluted earnings per share		(13.01)	3.83

The above consolidated statement of financial performance should be read in conjunction with the accompanying notes and discussion and analysis.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2005

	Notes	2005 \$'000	2004 \$'000
CURRENT ASSETS			
Cash assets		70,751	82,389
Receivables		152,009	162,815
Work in progress		67,920	36,597
Prepayments and deposits		17,684	14,590
Total Current Assets		308,364	296,391
NON-CURRENT ASSETS			
Receivables		11,178	1,984
Investments accounted for using the equity method		24,614	29,751
Other financial assets		15,607	8,595
Property, plant and equipment		74,190	70,363
Deferred tax assets		12,680	12,771
Total Non-Current Assets		138,269	123,464
TOTAL ASSETS		446,633	419,855
CURRENT LIABILITIES			
Payables		159,088	110,716
Contract work in progress		18,818	33,741
Interest bearing liabilities		56,080	37,162
Current tax liabilities		139	760
Provisions		11,390	9,705
Total Current Liabilities		245,515	192,084
NON-CURRENT LIABILITIES			
Interest bearing liabilities		6,944	3,433
Deferred tax liabilities		38	1,220
Provisions		8,992	10,345
Total Non-Current Liabilities		15,974	14,998
TOTAL LIABILITIES		261,489	207,082
NET ASSETS		185,144	212,773
EQUITY			
Parent entity interest			
Contributed equity		115,512	75,508
Reserves	2(a)	(20,801)	(14,128)
Retained profits	2(b)	74,095	133,733
Total parent entity interest		168,806	195,113
Outside equity interest in controlled entities		16,338	17,660
TOTAL EQUITY		185,144	212,773

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2005

	2005 \$'000	2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	525,888	777,664
Payments to suppliers and employees (inclusive of goods and services tax)	(596,956)	(836,391)
Dividends received from associates and joint venture entities	936	7,692
Interest received	2,176	2,630
Borrowing costs paid	(3,046)	(1,303)
Income taxes paid	(4,122)	(3,505)
Net cash inflow (outflow) from operating activities	(75,124)	(53,213)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of controlled entity, net of cash acquired	(192)	-
Payments for property, plant and equipment	(15,296)	(7,793)
Payments for investments	(2,557)	(1,428)
Payment for minority interest in controlled entity	-	(101)
Loans (to)/from other persons	994	(300)
Loans (to)/from associates and joint venture entities	(2,677)	(95)
Proceeds from sale of property, plant and equipment	2,841	12,913
Proceeds from sale of investments	25,460	4,024
Proceeds from disposal of controlled entities and interest in joint venture operation, net of cash disposed	8,019	786
Net cash inflow (outflow) from investing activities	16,592	8,006
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	40,800	-
Share issue costs	(796)	-
Proceeds from borrowings	104,156	48,949
Repayment of borrowings	(90,183)	(32,032)
Dividends paid to outside equity interests in controlled entities	(1,056)	(167)
Net cash inflow (outflow) from financing activities	52,921	16,750
Net increase (decrease) in cash held	(5,611)	(28,457)
Cash at the beginning of the financial year	82,389	114,007
Effects of exchange rate changes on cash	(6,027)	(3,161)
Cash at the end of the financial year	70,751	82,389

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

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2005

The Group's revenue of \$549.3 million from its operations was 27% lower than the previous year, however, this result was in line with the Company's internal plans. The movement down was because of delays in rebuilding the Group's order book during 2004. This outcome was in part due to a more critical appraisal of project bids and a determination not to accept contracts with unacceptable terms and conditions. The order book has improved as at 30 June 2005 with work-in-hand totalling \$851.1 million, more than twice the value as at 30 June 2004. Geographic results reflect our market focus being Australia, the Middle East, the Sub-Continent and the greater South East Asian Region.

The end of year operating loss for the Group and underlying cash flows result reflect the impact of the BassGas Project and Clough's dispute with the BassGas Joint Venture partners. Losses incurred during the year include cost overruns to complete both the onshore and offshore facilities and provisions to reflect bank guarantees cashed by the BassGas JV and the costs of pursuing our claim through arbitration. The claim against the BassGas JV is currently \$110.0 million, however, this amount will increase as the particulars of the claim are finalised. In assessing the provision, Clough has taken a prudent but balanced view of its commercial position and does not expect further changes to the BassGas contract loss until the arbitration result is announced. This is currently expected to be in late 2006.

The results in the tables below show the breakdown of activity by business segment and line of business.

Business Segment	\$ million 2005	\$ million 2004	Line of Business	\$ million 2005	\$ million 2004
Oil & Gas	(84.8)	6.0	EPC	(89.3)	(11.0)
Minerals & Infrastructure	7.3	9.5	EPCM/Services	5.0	13.0
Property	9.6	9.8	Petrosea	6.8	6.4
Other	11.8	(6.1)	Property	9.6	9.8
			Other	11.8	1.0
	(56.1)	19.2		(56.1)	19.2
Less: tax and minority interests	(3.5)	(3.0)		(3.5)	(3.0)
Net profit/(loss) after tax	(59.6)	16.2		(59.6)	16.2

The Oil & Gas business segment and engineering, procurement and construction (EPC) line of business results include the BassGas Project. EPC results include fixed cost write-offs due to the lower volume of project activity. Where appropriate, the Group has expensed costs which are considered to be recoverable from our customers, but have not progressed sufficiently in negotiations to recognise value against the Group's claims.

Profits in engineering, procurement and construction management (EPCM), and engineering services were derived mostly from the oil and gas sector. Although these results were below the previous year they were ahead of Clough's internal plans. These results have reflected the growth in activities from a number of new long term contracts, including the Gorgon Project for Chevron and the Bayu-Undan operations and maintenance project for ConocoPhillips. There was a continued strong performance from Shedden Uhde, a company that provides engineering services through a business we own in joint venture with Uhde of Germany. Clough expects ongoing growth in this line of business where during the year a range of new long term contracts were awarded in Saudi Arabia and Pakistan, and an engineering services contract from Woodside Energy in Australia.

PT Petrosea Tbk delivered improved profits mostly from the mining and mine services areas and continues to provide a regional outlet for oil and gas activities. During the year, Petrosea signed new long term contracts for the provision of mining in Kalimantan and has embarked on an asset procurement program to support these activities, substantially financed through new debt. This program accounts for a majority of the \$23.6 million of new capital expenditure incurred during the year, which will continue through 2005/06.

The Property business segment delivered profits at a similar level to last year and sustained the business improvement it first demonstrated in 2004. The Property business has also continued to identify and acquire development projects across Australia and is expected to achieve sustained growth in the medium and long-term.

The 2005 end of year result includes profits from the disposal of the Group's interests in the Shark Bay Salt Joint Venture, which were sold to Mitsui. Shares in Mermaid Marine Australia Limited, held at the balance sheet date, were sold (at carrying value) in July 2005. Total proceeds from sale of investments was \$25.6 million.

The Group has incurred substantial tax losses in Australia, the majority of which are not included in the statement of financial position. Tax costs relate mostly to overseas companies.

The Group's net assets decreased by \$27.6 million to \$185.1 million, which included a \$6.7 million reduction in the value of assets held overseas due to the appreciation of the Australian dollar.

At year end net cash holdings were \$16.0 million, having reduced by \$25.8 million from the previous year. During the year, the Company generated \$40.0 million from an equity placement to Murray & Roberts of South Africa. The resulting net cash outflow, excluding proceeds from this equity raising, of \$65.8 million relates substantially to the BassGas contract dispute. The Group's undrawn cash facilities at year end totalled \$32.4 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

This concise financial report relates to the consolidated entity consisting of Clough Limited and the entities it controlled at the end of, or during, the year ended 30 June 2005. The accounting policies adopted are consistent with those of the previous year. This concise financial report has been derived from the full financial report for the year ended 30 June 2005. This concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of Clough Limited and its controlled entities as the full financial report.

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in financial reports. Amounts in the concise financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

1. SEGMENT INFORMATION

Primary reporting - business segments	Oil & Gas \$'000	Minerals & Infrastructure \$'000	Property \$'000	Other \$'000	Consolidated \$'000
2005					
Operating revenue	308,554	173,629	31,717	-	513,900
Other revenue	3,051	2,253	4,756	25,356	35,416
Revenue from ordinary activities	311,605	175,882	36,473	25,356	549,316
Share of net profits of associates and joint venture entities	4,497	677	2,133	534	7,841
Segment revenue	316,102	176,559	38,606	25,890	557,157
Profit/(loss) from ordinary activities before income tax	(84,690)	7,291	9,582	11,765	(56,052)
Assets	217,749	129,253	44,530	55,101	446,633
Liabilities	141,246	46,995	7,882	65,366	261,489
2004					
Operating revenue	524,735	180,515	14,549	4,340	724,139
Other revenue	7,348	18,521	2,602	372	28,843
Revenue from ordinary activities	532,083	199,036	17,151	4,712	752,982
Share of net profits of associates and joint venture entities	3,006	739	1,731	486	5,962
Segment revenue	535,089	199,775	18,882	5,198	758,944
Profit/(loss) from ordinary activities before income tax	6,010	9,452	9,753	(6,058)	19,157
Assets	183,044	164,509	42,027	30,275	419,855
Liabilities	110,159	45,528	13,951	37,444	207,082

2. RESERVES AND RETAINED PROFITS

	2005 \$'000	2004 \$'000
(a) Reserves		
Foreign currency translation reserve	(21,521)	(14,848)
Capital reserve	720	720
	(20,801)	(14,128)
Movements		
Foreign currency translation reserve		
Balance 1 July 2004	(14,848)	(11,019)
Net exchange differences on translation of foreign controlled entity	(6,673)	(3,829)
Balance 30 June 2005	(21,521)	(14,848)
(b) Retained Profits		
Retained profits at the beginning of the financial year	133,733	117,562
Net profit/(loss) attributable to members of Clough Limited	(59,638)	16,171
Retained profits at the end of the financial year	74,095	133,733

3. DIVIDENDS

No dividends were paid or declared during the year or subsequent to the year end (2004: Nil).

4. IMPACTS OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board ("AASB") has adopted International Financial Reporting Standards ("IFRS") for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS ("AIFRS"), and the Urgent Issues Group has issued interpretations. The adoption of AIFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The consolidated entity has established a project team to manage the transition to AIFRS, including training of staff and systems and internal control changes necessary to gather all the required financial information. The project team is chaired by the Chief Financial Officer and reports to the Audit Committee on a regular basis. The project team has prepared a detailed timetable for managing the transition to AIFRS and this is currently on schedule.

The known or reliably estimable impacts on the opening AIFRS balance sheet as at 1 July 2004 and on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out in Note 43 in the full financial report.

DIRECTORS' DECLARATION

The Directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2005 as set out on pages 42 to 47 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 June 2005.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available on request.

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

For and on behalf of the Board

PERTH

23 August 2005



Jock McRae Clough
Director



David Patrick Alexander Singleton
Director

AUDIT OPINION

In our opinion, the concise financial report of Clough Limited for the year ended 30 June 2005 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

This opinion must be read in conjunction with the rest of our audit report.

SCOPE

The concise financial report and Directors' responsibility

The concise financial report comprises the consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and notes to the financial statements, and the Directors' declaration for Clough Limited (the Company) for the year ended 30 June 2005.

The Directors of the Company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We also performed an independent audit of the full financial report of the Company for the financial year ended 30 June 2005. Our audit report on the full financial report was signed on 23 August 2005, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports.

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

PERTH

23 August 2005



PricewaterhouseCoopers



John O'Connor
Partner

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2005

GROUP TURNOVER

A significant proportion of the Clough Group's operations are performed through joint ventures.

The Clough Group operates through two types of joint ventures:

Joint Venture Operations

- these are unincorporated arrangements such as partnerships where Clough and its partners have joint and several liability
- the proportionate interests in the assets, liabilities, expenses and revenues are consolidated in the financial statements under the appropriate headings

Joint Venture Entities

- these are incorporated arrangements such as jointly held companies and associate companies where Clough Limited and its partners may have limited liability
- the share of profits or losses are equity accounted in the statement of financial performance

The Clough Group's turnover is made up of revenue from ordinary activities and its share of revenue from joint venture entities and associated companies.

	2005 \$'000	2004 \$'000
CONSOLIDATED GROUP TURNOVER		
Construction projects	459,883	624,598
Share of revenue from joint venture operations	54,017	89,687
Sale of goods	-	9,854
Other revenue	35,416	28,843
Revenue from ordinary activities	549,316	752,982
Share of revenue from joint venture entities and associates	105,564	79,272
	654,880	832,254

SHAREHOLDER AND INVESTOR INFORMATION

The shareholder information set out below was applicable as at 31 August 2005.

DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

Size of holding	Number of Holders	
	Ordinary Shares	Options over Ordinary shares
1 - 1,000	304	-
1,001 - 5,000	1,524	-
5,001 - 10,000	918	-
10,001 - 100,000	1,236	16
100,001 and over	149	2
	<u>4,131</u>	<u>18</u>

There were 397 holders of less than a marketable parcel of ordinary shares.

TWENTY LARGEST SHAREHOLDERS

Name	Percentage of Issued Capital %	Number of Ordinary shares held
McRae Investments Pty Ltd	34.62	166,280,208
Zero Nominees Pty Ltd (Murray & Roberts Group)	30.27	145,350,000
Citicorp Nominees Pty Ltd	8.96	43,007,707
JP Morgan Nominees Australia Ltd	3.52	16,925,722
HSBC Custody Nominees	1.36	6,517,594
Westpac Custodian Nominees Ltd	1.21	5,834,954
Clough Petrosea Pty Ltd in its capacity as trustee of the Clough Share Purchase Plan	0.61	2,909,600
Argo Investments Ltd	0.55	2,631,806
Bond Street Custodians Ltd <MC0514 A/c>	0.50	2,407,897
Bond Street Custodians Ltd <MF0327 A/c>	0.45	2,197,750
Gerald Harvey	0.32	1,530,240
Geoffrey John Smith	0.23	1,125,000
Chemco Pty Ltd	0.21	1,000,000
WG & BM Martin Chemco Super Fund A/c	0.21	1,000,000
Estate Late Richard Malcolm Reid	0.19	904,992
Pecus Pty Ltd	0.17	833,400
BE & J Hewitt Super Fund A/c	0.17	793,797
ANZ Nominees Limited	0.17	781,461
Evelin Investments Pty Ltd	0.14	660,000
Anthony Daniel Gerard Quinlan	0.13	641,745
	<u>83.99</u>	<u>403,333,873</u>
TOTAL NUMBER OF ISSUED SHARES		<u>480,232,225</u>

SUBSTANTIAL SHAREHOLDERS

The number of shares held by substantial shareholders, as disclosed in the substantial shareholding notice given to the Company.

Shareholder	Number held
McRae Investments Pty Ltd	166,280,208
Murray & Roberts Group through Zero Nominees Pty Ltd * (notice dated 15 November 2004)	140,600,000

* Shareholder has a relevant interest in the shares held by McRae Investments Pty Ltd pursuant to a heads of agreement dated 25 August 2004.

UNQUOTED EQUITY SECURITIES

There are 8,575,000 options issued to 18 executives under the Clough Limited Executive Option Plan to take up ordinary shares.

VOTING RIGHTS

Ordinary shares carry voting rights of one vote per share. Options have no voting rights.

SHAREHOLDER INQUIRIES

Shareholders can obtain information about their shares or dividend payments by contacting the Company's share registry:

Computershare Investor Services Pty Ltd

Level 2, Reserve Bank Building
45 St Georges Terrace
Perth, Western Australia 6000
Telephone +618 9323 2000
Facsimile +618 9323 2033

STOCK EXCHANGE LISTING

Securities in Clough Limited are quoted on the Australian Stock Exchange Limited.

CHANGE OF ADDRESS

Shareholders should notify the share registry in writing immediately there is a change of their registered address or change in banking details for dividends electronically credited to a bank account in Australia.

PUBLICATIONS

The annual report is the main source of information for shareholders.

REMOVAL FROM ANNUAL REPORT MAILING LIST

Shareholders who do not wish to receive the annual report, or who are receiving more than one copy, should advise the share registry in writing.

CLOUGH LIMITED WEBSITE

Clough Limited has an Internet address at:

www.clough.com.au

This contains the Company's latest annual report, interim reports and media statements released through the Australian Stock Exchange.