

## CLOUGH LIMITED CONCISE FINANCIAL REPORT

30 June 2006

# CONTENTS

DIRECTORS' REPORT	31
CONSOLIDATED INCOME STATEMENT	42
CONSOLIDATED BALANCE SHEET	43
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	44
CONSOLIDATED CASH FLOW STATEMENT	45
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	
1. ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	46
2. SEGMENT INFORMATION	46
3. REVENUE	47
4. RESERVES AND RETAINED PROFITS	47
5. DIVIDENDS	47
6. PRESENTATION CURRENCY	47
7. EFFECT OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS	48
8. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE	48
DIRECTORS' DECLARATION	49
INDEPENDENT AUDIT REPORT TO THE MEMBERS	50

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 2006. 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](http://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 2006 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>JM Clough</b>	BE, MIEAust, CPEng	Chairman
<b>DPA Singleton</b>	BSc(Hons), FIEAust	Chief Executive Officer & Managing Director
<b>AJ Walsh</b>	ACMA	Chief Financial Officer
<b>CM Anderson</b>	BEc, ASA	Director
<b>BC Bruce</b>	PrEng, BSc(Eng), DEng(hc), PSE(MIT), FSAICE	Director
<b>WH Clough</b>	AO, OBE, BE(Hons), MS(Calif), Hon FIEAust, CPEng, Hon DE(UWA), FTSE, FAICD, FAIM	Director
<b>RM Harding</b>	MSc	Director
<b>N Jorek</b>	Dipl.-Kfm, MBA	Director
<b>RW Kelly</b>	BE(Hons), FAICD	Director
<b>RW Rees</b>	BSc(Econ) Hons, FCA	Director
<b>MB Robinson</b>	AO, LLB	Director

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

- RW Rees who was appointed on 9 November 2005.
- RM Harding who was appointed on 30 May 2006.

Details relating to Directors' qualifications, experience and special responsibilities appear on pages 26 and 27 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 27 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 as Directors on 9 June 2004.
- CM Anderson has been a Director of Southern Pacific Petroleum NL since 1 May 2001.
- BC Bruce, N Jorek and RW Rees are all Directors of Murray & Roberts Holdings Limited. BC Bruce was appointed as a Director on 31 March 2000, N Jorek was appointed as a Director on 8 September 2004 and RW Rees was appointed as a Director on 31 August 2000. BC Bruce and RW Rees were previously Directors 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 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).
- RM Harding has been a Director of Santos Limited since 1 March 2004 and has also been a Director of Arc Energy Limited since 26 August 2003.

## 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 \$15,077,000 after deducting income tax expense of \$2,624,000 and profits attributable to outside equity interests in controlled entities of \$1,736,000.

### 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 pages 12 and 13 and Business Sector Review from pages 14 to 21 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 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 apart from the matter noted below.

The Company has announced, subsequent to balance date, of its intention to divest of the Clough Property business segment. Clough Property is considered to be a non-core activity of the Clough Group and its sale will allow the Company to concentrate on its core business. It is expected the disposal will be completed within the next twelve months.

### 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 and Business Sector Review on pages 14 to 21 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 broadened the long term incentive plan to include key executives and managers to encourage sustained business improvement and to provide an improved retention package in the current heated market.

## 10. REMUNERATION REPORT (CONT'D)

### *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 9 November 2005. 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 \$900,000 and was approved at the Annual General Meeting of the Company held on 9 November 2005.

### *Remuneration Committee*

The Remuneration Committee, consisting of four 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.

### *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.

### *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 executives' 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 executives' 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.

## 10. REMUNERATION REPORT (CONT'D)

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.

## 10.2 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 the key management personnel (including the five executives who received the highest remuneration) of the consolidated entity 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	Short-Term Benefits					Post-Employment Benefits	Total
	Directors' Fee	Consultancy Fee	Travel Allowance	Non-Monetary Benefits	Other	Superannuation	
	\$	\$	\$	\$	\$	\$	\$
JM Clough	165,000	105,000	1,114	4,730	2,509	24,300	302,653
CM Anderson	59,659	-	25,000	-	235	7,619	92,513
BC Bruce (i)	53,124	-	-	-	-	-	53,124
WH Clough	52,182	-	-	4,730	2,540	-	59,452
RM Harding (ii)	10,000	-	4,167	-	20	1,275	15,462
N Jorek (i)	53,124	-	-	-	-	-	53,124
RW Kelly	69,318	-	-	-	-	6,239	75,557
RW Rees (i), (iii)	53,124	-	-	-	-	-	53,124
MB Robinson	54,242	-	22,917	-	-	15,119	92,278

Name	Short-Term Benefits					Post-Employment Benefits	Total
	Directors' Fee	Consultancy Fee	Travel Allowance	Non-Monetary Benefits	Other	Superannuation	
	\$	\$	\$	\$	\$	\$	\$
JM Clough	165,000	105,000	-	4,920	3,134	24,300	302,354
CM Anderson	50,000	-	25,000	-	607	6,750	82,357
BC Bruce (iv)	-	-	-	-	-	-	-
WH Clough	29,000	-	-	4,920	2,614	-	36,534
N Jorek (iv)	-	-	-	-	-	-	-
RW Kelly	50,000	-	-	-	-	4,500	54,500
MB Robinson	50,000	-	25,000	-	-	6,750	81,750

(i) The Directors' fees for BC Bruce, N Jorek and RW Rees are paid to Murray & Roberts Limited.

(ii) RM Harding was appointed a Director on 30 May 2006.

(iii) RW Rees was appointed a Director on 9 November 2005.

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

# DIRECTORS' REPORT

Continued

## 10. REMUNERATION REPORT (CONT'D)

### Executive Directors of Clough Limited

2006	Short-Term Benefits				Post-Employment Benefits Superannuation	Share-Based Payments Options	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
	Cash Salary	Cash Bonus	Non-Monetary Benefits	Other					
	\$	\$	\$	\$					
DPA Singleton	754,478	150,000	5,160	100,840	39,522	82	1,050,082	14%	1%
AJ Walsh	538,478	60,000	5,160	16,840	39,522	3,143	663,143	9%	1%

2005	Short-Term Benefits				Post-Employment Benefits Superannuation	Share-Based Payments Options	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
	Cash Salary	Cash Bonus	Non-Monetary Benefits	Other					
	\$	\$	\$	\$					
DPA Singleton	759,066	299,700	4,920	99,260	36,754	744	1,200,444	25%	1%
AJ Walsh	530,413	120,000	4,920	27,913	36,754	16,963	736,963	16%	2%

### Other Key Management Personnel of the Consolidated Entity

2006	Short-Term Benefits				Post-Employment Benefits Superannuation	Share-Based Payments Options	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
	Cash Salary	Cash Bonus	Non-Monetary Benefits	Other					
	\$	\$	\$	\$					
ME Anderson (i) <i>Group Manager – Project Execution</i>	340,174	93,182	5,160	1,108	100,365	10,511	550,500	17%	2%
SR High <i>Chief Executive Officer – Services</i>	385,540	188,370	5,160	3,060	84,745	21,022	687,897	27%	3%
DJ Kucan <i>Group Manager – HR &amp; QHSE</i>	296,953	58,894	5,160	1,757	37,582	10,511	410,857	14%	2%
PC Loots (ii) <i>Group General Counsel</i>	197,566	37,500	4,300	939	17,776	1,314	259,395	14%	1%
IG Meares (iii) <i>Group Manager – Business Development</i>	131,218	23,333	1,720	1,010	11,810	-	169,091	14%	-
GL Miller <i>Chief Executive Officer – Infrastructure &amp; Construction</i>	361,359	91,507	5,160	847	32,287	5,255	496,415	18%	1%
S Rogers <i>Chief Executive Officer – Oil &amp; Gas</i>	355,873	90,000	5,160	2,285	112,855	13,139	579,312	16%	2%
JFB Sheridan (iv) <i>President Director – PT Petrosea Tbk</i>	402,330	60,000	-	177,297	-	13,139	652,766	9%	2%
JE Tucker <i>General Manager – Property</i>	277,894	45,373	5,160	1,917	24,883	-	355,227	13%	-

# DIRECTORS' REPORT

Continued

## 10. REMUNERATION REPORT (CONT'D)

### Other Key Management Personnel of the Consolidated Entity

2005  Name	Short-Term Benefits				Post- Employment Benefits	Share- Based Payments	Total	Proportion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
	Cash Salary	Cash Bonus	Non-Monetary Benefits	Other	Superannuation	Options			
	\$	\$	\$	\$	\$	\$	\$		
PD Archer (v) <i>Former Group General Counsel</i>	284,419	-	4,715	3,367	26,595	-	319,096	-	-
ME Anderson (iv) <i>Group Manager – Project Execution</i>	355,041	68,168	1,230	64,939	8,955	-	498,333	14%	-
NV Hall (vi) <i>Former Chief Executive Officer – Oil &amp; Gas</i>	701,832	17,400	4,305	3,952	34,691	-	762,180	2%	-
SR High <i>Chief Executive Officer – Services</i>	366,500	230,600	4,920	4,530	91,845	-	698,395	33%	-
DJ Kucan (vii) <i>Group Manager – HR &amp; QHSE</i>	224,758	50,000	4,100	1,429	20,228	-	300,515	17%	-
GL Miller <i>Chief Executive Officer – Infrastructure &amp; Construction</i>	365,194	21,000	4,920	3,707	31,950	-	426,771	5%	-
S Rogers (viii) <i>Chief Executive Officer – Oil &amp; Gas</i>	45,594	-	410	359	4,103	-	50,466	-	-
JFB Sheridan (iv), (ix) <i>President Director – PT Petrosea Tbk</i>	192,328	14,635	-	84,923	-	-	291,886	5%	-
JE Tucker <i>General Manager – Property</i>	221,598	131,366	4,920	2,260	21,904	-	382,048	34%	-

(i) ME Anderson – cash bonus for 2006 includes an adjustment for prior year bonus under accrued.

(ii) PC Loots commenced employment on 8 September 2005.

(iii) IG Meares commenced employment on 22 February 2006.

(iv) Other includes benefits for executives located overseas.

(v) PD Archer resigned on 17 June 2005.

(vi) NV Hall's employment was terminated on 19 May 2005. He received a termination payment of \$315,375 which included unused annual leave and long service leave and is included in cash salary.

(vii) DJ Kucan commenced employment on 30 August 2004.

(viii) S Rogers commenced employment on 23 May 2005.

(ix) JFB Sheridan was appointed as President Director – PT Petrosea Tbk on 23 March 2005.

### Cash bonuses and options

For the financial year ended 30 June 2006, the percentage of the available bonus that vested in the year, and the percentage that was forfeited because either the Company or Business Unit did not meet the performance criteria is set out below. Details of the grant value of options relating to future financial years is also set out below.

Name	Cash Bonus		Options	
	Vested	Forfeited	Minimum total value of grant yet to vest	Maximum total value of grant yet to vest
	%	%	\$	\$
DPA Singleton	17	83	-	10
AJ Walsh	17	83	-	730
ME Anderson	33	67	-	40,689
SR High	75	25	-	81,378
DJ Kucan	33	67	-	40,689
PC Loots	33	67	-	5,086
IG Meares	33	67	-	-
GL Miller	41	59	-	20,345
S Rogers	35	65	-	50,861
JFB Sheridan	37	63	-	50,861
JE Tucker	27	73	-	-

## 10. REMUNERATION REPORT (CONT'D)

### 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**

- Employment commenced in 2003 and will continue thereafter unless and until terminated.
- Base package inclusive of superannuation, for the year ended 30 June 2006 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**

- Employment commenced in 2003 and will continue thereafter unless and until terminated.
- Base package inclusive of superannuation, for the year ended 30 June 2006 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 Company believes it is appropriate that the options be subject to suitable performance criteria. This may involve setting the exercise price of options above the current market price of the shares in the Company, or it may involve imposing performance conditions that must be satisfied before the options can be exercised. The Board will review and set the performance criteria attaching to options, as it considers appropriate. The exercise price of options as a minimum must not be less than the market price of shares in the Company at the time the options were granted.

The rules of the Plan permit the Directors, in 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.

During the year the Company issued 4,105,000 options under the Executive Option Plan. The number of options that lapsed during the year totalled 715,000. No options were exercised during the year.

# DIRECTORS' REPORT

Continued

38

## 10. REMUNERATION REPORT (CONT'D)

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are as follows:

Grant date	Vesting date	Exercise price	Value per option at grant date	Date exercisable
11 June 2003	01/07/05	\$1.00	\$0.001	11/06/07 – 11/06/08
11 June 2003	01/07/06	\$1.25	\$-	11/06/07 – 11/06/08
11 June 2003	01/07/07	\$1.50	\$-	01/07/07 – 11/06/08
14 November 2003	26/09/05	\$1.17	\$0.019	14/11/07 – 14/11/08
14 November 2003	26/09/06	\$1.42	\$0.006	14/11/07 – 14/11/08
14 November 2003	26/09/07	\$1.67	\$0.002	14/11/07 – 14/11/08
17 November 2005	17/11/08	\$0.39	\$0.128	17/11/08 – 17/11/11

Options granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share in Clough Limited.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Clough Limited and other key management personnel (including the five executives who received the highest remuneration) of the Group are set out below.

Name	Number of options granted during the year	Number of options vested during the year
<b>Directors of Clough Limited</b>		
No options were issued to Directors of Clough Limited during the year		
<b>Other key management personnel of the Group</b>		
ME Anderson	400,000	-
SR High	800,000	-
DJ Kucan	400,000	-
PC Loots	50,000	-
GL Miller	200,000	-
S Rogers	500,000	-
JFB Sheridan	500,000	-

The assessed fair value at grant date of options granted to Directors and other key management personnel is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and expected life, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2006 included:

(a) options are granted for no consideration, have a six year life and are exercisable at any time between the vesting date and the expiry date	
(b) exercise price:	\$0.39
(c) grant date:	17 November 2005
(d) vesting date:	17 November 2008
(e) expiry date:	17 November 2011
(f) expected exercise date:	17 May 2009
(g) share price at grant date:	\$0.38
(h) expected price volatility of the Company's shares:	38%
(i) expected dividend yield:	0%
(j) risk-free interest rate:	5.25%

# DIRECTORS' REPORT

Continued

## 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
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	Vested	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	Vested	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
17/11/05	17/11/08	3,965,000 *	\$0.39	17/11/08 – 17/11/11

\* 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:

Director	Ordinary Shares	Options
WH Clough, JM Clough & families through McRae Investments Pty Ltd	106,280,208	-
DPA Singleton	-	5,000,000
AJ Walsh	-	3,000,000
CM Anderson	75,000	-
RW Kelly	100,000	-
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	7	7	2	2	-	-	1	1	2	2
DPA Singleton	7	7	4	4	-	-	-	-	-	-
AJ Walsh	7	7	4	4	-	-	-	-	-	-
CM Anderson	7	7	4	4	3	3	-	-	-	-
BC Bruce	7	7	2	2	-	-	-	-	-	-
WH Clough	7	7	2	2	3	3	1	1	-	-
N Jorek	7	7	2	2	-	-	-	-	-	-
RW Kelly	7	7	4	4	3	3	1	1	-	-
MB Robinson	7	7	4	4	3	3	-	-	2	2
RW Rees #	4	4	1	1	1	1	-	-	-	-
RM Harding +	1	1	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 meetings relates to Murray & Roberts, McRae Investments Pty Ltd & related project issue transactions during the time of the Director's appointment.

# RW Rees was appointed as a Director on 9 November 2005.

+ RM Harding was appointed as a Director on 30 May 2006.

## 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 entity'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:


<b>PricewaterhouseCoopers Australia</b>	<b>\$</b>
Provision of software and support for ValueFinancials financial reporting package	20,896
Taxation advice	4,550
<b>PricewaterhouseCoopers Overseas</b>	
Taxation services	58,183

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

PERTH  
22 August 2006



**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 2006, 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 this period.

PERTH  
23 August 2006



**John O'Connor**  
Partner  
PricewaterhouseCoopers

# CONSOLIDATED INCOME STATEMENT

For the Year Ended 30 June 2006

	NOTES	2006 \$'000	2005 \$'000
<b>Revenue</b>	3	<b>641,140</b>	464,466
Other income		<b>12,659</b>	12,503
Materials, plant and subcontractor costs		<b>(476,435)</b>	(358,404)
Labour costs		<b>(141,746)</b>	(130,248)
Other expenses		<b>(61,496)</b>	(40,377)
Depreciation and amortisation expense		<b>(15,123)</b>	(12,573)
Finance costs		<b>(6,431)</b>	(3,046)
Shares of net profits of associates and jointly controlled entities accounted for using the equity method		<b>36,715</b>	13,627
<b>Loss before income tax</b>		<b>(10,717)</b>	(54,052)
Income tax expense		<b>(2,624)</b>	(2,410)
<b>Loss for the year</b>		<b>(13,341)</b>	(56,462)
Profit attributable to minority interest		<b>(1,736)</b>	(1,176)
<b>Loss attributable to members of Clough Limited</b>		<b>(15,077)</b>	(57,638)
		<b>Cents</b>	Cents
<b>Earnings (loss) per share for profit (loss) attributable to the ordinary equity holders of the Company:</b>			
Basic earnings (loss) per share		<b>(3.02)</b>	(12.57)
Diluted earnings (loss) per share		<b>(3.02)</b>	(12.57)

# CONSOLIDATED BALANCE SHEET

As at 30 June 2006

	NOTES	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		53,636	64,908
Receivables		192,418	159,969
Work in progress		145,439	56,784
Derivative financial instruments		286	-
<b>Total current assets</b>		<b>391,779</b>	281,661
<b>Non-current assets</b>			
Receivables		11,455	11,178
Available-for-sale financial assets		11,279	-
Investments accounted for using the equity method		44,257	30,709
Other financial assets		-	15,607
Other non-current assets		7,617	2,617
Property, plant and equipment		84,335	62,242
Intangible assets - computer software		5,713	3,204
Deferred tax assets		16,429	12,680
<b>Total non-current assets</b>		<b>181,085</b>	138,237
<b>Total assets</b>		<b>572,864</b>	419,898
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables		219,285	146,652
Amounts due to customers for contract work		12,902	17,729
Interest bearing liabilities		73,719	52,632
Current tax liabilities		506	139
Provisions		15,342	11,376
<b>Total current liabilities</b>		<b>321,754</b>	228,528
<b>Non-current liabilities</b>			
Payables		15,515	-
Interest bearing liabilities		40,357	6,944
Deferred tax liabilities		248	38
Provisions		7,308	8,949
<b>Total non-current liabilities</b>		<b>63,428</b>	15,931
<b>Total liabilities</b>		<b>385,182</b>	244,459
<b>Net assets</b>		<b>187,682</b>	175,439
<b>EQUITY</b>			
Contributed equity		130,232	115,512
Reserves	4(a)	(1,493)	(9,472)
Retained profits	4(b)	38,506	53,179
Parent entity interest		167,245	159,219
Minority interest		20,437	16,220
<b>Total equity</b>		<b>187,682</b>	175,439

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2006

44

	2006 \$'000	2005 \$'000
<b>Total equity at the beginning of the financial year</b>	<b>175,439</b>	204,635
Adjustment on adoption of AASB 132 and AASB 139, net of tax, to: Reserves	<b>1,059</b>	-
<b>Restated total equity at the beginning of the financial year</b>	<b>176,498</b>	204,635
Changes in the fair value of available-for-sale financial assets, net of tax	<b>2,625</b>	-
Changes in the fair value of cash flow hedges, net of tax	<b>(965)</b>	-
Transferred to profit or loss on sale of available-for-sale investment	<b>106</b>	-
Exchange differences on translation of foreign entities	<b>5,500</b>	(11,642)
<b>Net income/(loss) recognised directly in equity</b>	<b>7,266</b>	(11,642)
<b>Loss for the year</b>	<b>(13,341)</b>	(56,462)
<b>Total recognised income and expense for the year</b>	<b>(6,075)</b>	(68,104)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs	<b>14,720</b>	40,004
Employee share options	<b>111</b>	8
Increase in retained profits arising from transactions with minority interests	<b>404</b>	-
Increase in the minority interests share of net assets arising from equity transactions	<b>2,992</b>	-
Dividends paid to minority interests in subsidiaries	<b>(968)</b>	(1,104)
	<b>17,259</b>	38,908
<b>Total equity at the end of the financial year</b>	<b>187,682</b>	175,439
Total recognised income and expense for the year is attributable to:		
Members of Clough Limited	<b>(8,268)</b>	(67,844)
Minority interest	<b>2,193</b>	(260)
	<b>(6,075)</b>	(68,104)

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

# CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 30 June 2006

	2006 \$'000	2005 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	651,586	473,251
Payments to suppliers and employees (inclusive of goods and services tax)	(710,279)	(545,799)
	(58,693)	(72,548)
Interest received	1,225	2,013
Dividends and distributions received from equity accounted entities	9,253	5,817
Dividends received from other persons	88	-
Interest paid	(6,431)	(3,046)
Income taxes paid	(5,850)	(4,122)
<b>Net cash inflow (outflow) from operating activities</b>	<b>(60,408)</b>	<b>(71,886)</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of subsidiary, net of cash acquired	280	(192)
Payments for property, plant and equipment	(22,631)	(15,245)
Payments for intangible assets - computer software	(3,614)	-
Payments for available-for-sale financial assets	(1,000)	-
Payments for investments in equity accounted entities	(6,672)	(659)
Payments for investments	-	(1,898)
Loans (to)/from equity accounted entities	(1,832)	(4,209)
Loans (to)/from other persons	(95)	994
Proceeds from sale of property, plant and equipment	8,575	2,841
Proceeds from sale of available-for-sale financial assets	8,998	-
Proceeds from sale of investments in equity accounted entities	14,354	29,117
Proceeds from sale of investments	-	2,860
Proceeds from partial sale of interest in listed subsidiary	467	-
<b>Net cash inflow (outflow) from investing activities</b>	<b>(3,170)</b>	<b>13,609</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	15,000	40,800
Share issue costs	(280)	(796)
Payments to minorities for shares bought back by listed subsidiary	(918)	-
Proceeds from borrowings	58,348	96,208
Repayment of borrowings	(20,548)	(82,250)
Dividends paid to minority interests in subsidiaries	(968)	(1,056)
<b>Net cash inflow (outflow) from financing activities</b>	<b>50,634</b>	<b>52,906</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(12,944)</b>	<b>(5,371)</b>
Cash and cash equivalents at the beginning of the financial year	64,908	76,306
Effects of exchange rate changes on cash and cash equivalents	1,672	(6,027)
<b>Cash and cash equivalents at end of year</b>	<b>53,636</b>	<b>64,908</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2006

46

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 2006. The accounting policies adopted have been consistently applied to all the years presented, unless otherwise stated below.

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and 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. ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The full financial report on which this concise financial report is based is the first annual Clough Limited financial report to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing the full financial report.

Financial statements of Clough Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Clough Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in note 48 of the full financial report. A summary of this information is provided in note 7.

## 2. SEGMENT INFORMATION

2006	Oil & Gas	Minerals	Property	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	416,344	203,515	12,266	-	632,125
Shares of net profits of associates and jointly controlled entities	9,225	13,244	13,855	391	36,715
Other revenue/income	8,361	3,036	7,500	2,777	21,674
Total segment revenue/income	433,930	219,795	33,621	3,168	690,514
Segment result	(48,603)	25,656	15,425	(3,195)	(10,717)
Segment assets	261,672	163,739	93,571	53,882	572,864
Segment liabilities	189,636	57,345	37,453	100,748	385,182
<b>2005</b>					
Sales to external customers	288,113	154,555	17,501	-	460,169
Shares of net profits of associates and jointly controlled entities	5,248	1,805	6,040	534	13,627
Other revenue/income	865	2,123	965	12,847	16,800
Total segment revenue/income	294,226	158,483	24,506	13,381	490,596
Segment result	(82,088)	7,137	9,143	11,756	(54,052)
Segment assets	204,271	122,415	38,111	55,101	419,898
Segment liabilities	134,879	40,987	3,227	65,366	244,459

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued

For the Year Ended 30 June 2006

	2006 \$'000	2005 \$'000
<b>3. REVENUE</b>		
<i>Sales revenue</i>		
Construction projects	619,859	442,668
Property development	12,266	17,501
	<b>632,125</b>	460,169
<i>Other revenue</i>		
Rent	5	28
Interest	1,225	2,013
Dividends	88	-
Other revenue	7,697	2,256
	<b>9,015</b>	4,297
	<b>641,140</b>	464,466
<b>4. RESERVES AND RETAINED PROFITS</b>		
<b>(a) Reserves</b>		
Available-for-sale investments revaluation reserve	2,625	-
Hedging reserve - cash flow hedges	200	-
Share-based payments reserve	125	14
Foreign currency translation reserve	(5,163)	(10,206)
Capital reserve	720	720
	<b>(1,493)</b>	(9,472)
<b>Movements:</b>		
<i>Foreign currency translation reserve</i>		
Balance 1 July	(10,206)	-
Currency translation differences arising during the year	5,043	(10,206)
Balance 30 June	<b>(5,163)</b>	(10,206)
<b>(b) Retained profits</b>		
Movements in retained profits were as follows:		
Balance 1 July	53,179	110,817
Net loss for the year	(15,077)	(57,638)
Increase in retained profits arising from transactions with minority interests	404	-
Balance 30 June	<b>38,506</b>	53,179

## 5. DIVIDENDS

No dividends were paid or declared during the year or subsequent to the year end (2005: Nil).

## 6. PRESENTATION CURRENCY

The presentation currency used in this concise financial report is Australian dollars.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Continued  
For the Year Ended 30 June 2006

48

## 7. EFFECT OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

A summary of the effect on transition from previous AGAAP to AIFRS on the Group's equity and its net loss is as follows:

### 7.1 Impact on total equity reported under previous AGAAP

	30 June 2005	1 July 2004
	\$'000	\$'000
<b>Total equity under previous AGAAP</b>	185,144	212,773
Adjustments to retained earnings (net of related tax impact)		
Transfer from foreign currency translation reserve	(11,509)	(14,848)
Foreign exchange on translation of overseas entities	(5,277)	(4,383)
Impairment write-down of investment in jointly controlled entity	(1,838)	(1,998)
Additional deferred tax arising in an associated entity	(1,764)	(1,325)
Indonesian land reclassified as an operating lease	(514)	(356)
Share-based payments	(14)	(6)
Adjustments made to reserves		
Transfer of foreign currency translation reserve to retained profits	11,509	14,848
Foreign exchange on Indonesian land reclassified as an operating lease	(194)	-
Share-based payments	14	6
Outside equity interest in controlled entities	(118)	(76)
<b>Total equity under AIFRS</b>	175,439	204,635

### 7.2 Impact on loss for the year ended 30 June 2005

	2005
	\$'000
<b>Loss for year ended 30 June 2005 as reported under AGAAP</b>	(59,638)
Foreign exchange on translation of overseas entities taken to equity under AIFRS	2,445
Share-based payments expense	(8)
Additional tax on share of net profits of an associated entity	(439)
Expense related to Indonesian land reclassified as an operating lease	(158)
Amortisation of goodwill in jointly controlled entity no longer required under AIFRS	160
<b>Loss for year ended 30 June 2005 as reported under AIFRS</b>	(57,638)

## 8. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Company has announced, subsequent to balance date, of its intention to divest of the Clough Property business segment. Clough Property is considered to be a non-core activity of the Clough Group and its sale will allow the Company to concentrate on its core business. It is expected the disposal will be completed within the next twelve months.

## DIRECTORS' DECLARATION

The Directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2006 as set out on pages 42 to 48 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 2006.

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.

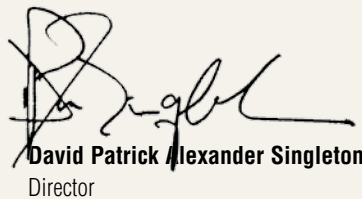
This declaration is made in accordance with a resolution of the Directors.

For and on behalf of the Board

PERTH  
22 August 2006



**Jock McRae Clough**  
Director



**David Patrick Alexander Singleton**  
Director

# INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CLOUGH LIMITED

## AUDIT OPINION

In our opinion, the concise financial report of Clough Limited for the year ended 30 June 2006 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 balance sheet, consolidated income statement, consolidated cash flow statement, consolidated statement of changes in equity, notes to the financial statements, and the Directors' declaration for Clough Limited (the Company) for the year ended 30 June 2006.

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 2006. Our audit report on the full financial report was signed on 23 August 2006, 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:

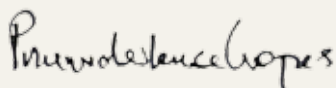
- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, and other disclosures in the concise financial report which were not directly 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 2006



**PricewaterhouseCoopers**



**John O'Connor**  
Partner

## SUPPLEMENTARY INFORMATION

For the Year Ended 30 June 2006

### GROUP TURNOVER

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 income statement.

#### Joint Venture Entities

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

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

### CONSOLIDATED GROUP TURNOVER

Construction projects

Other revenue

**Revenue**

**Share of revenue from jointly controlled entities and associates**

	2006	2005
	\$'000	\$'000
Construction projects	632,125	460,169
Other revenue	9,015	4,297
<b>Revenue</b>	<b>641,140</b>	<b>464,466</b>
<b>Share of revenue from jointly controlled entities and associates</b>	<b>280,826</b>	<b>165,044</b>
	<b>921,966</b>	<b>629,510</b>

## SHAREHOLDER & INVESTOR INFORMATION

The shareholder information set out below was applicable as at 31 August 2006.

### DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

Size of holding	Number of Holders	
	Ordinary Shares	Options over Ordinary shares
1 - 1,000	279	-
1,001 - 5,000	1,363	7
5,001 - 10,000	809	22
10,001 - 100,000	1,122	29
100,001 and over	150	8
	<b>3,723</b>	<b>66</b>

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
Zero Nominees Pty Ltd (Murray & Roberts Holdings Ltd)	46.75	238,550,000
McRae Investments Pty Ltd	20.83	106,280,208
JP Morgan Nominees Australia Ltd	6.83	34,818,840
Citicorp Nominees Pty Ltd	5.39	27,509,336
Westpac Custodian Nominees Ltd	1.18	6,015,969
Cogent Nominees Pty Ltd	0.52	2,643,178
ANZ Nominees Ltd Cash Income A/c	0.47	2,407,575
WG & BM Martin Chemco Super Fund A/c	0.45	2,300,000
Clough Petrosea Pty Ltd in its capacity as trustee of the Clough Share Purchase Plan	0.44	2,268,600
National Nominees Ltd	0.41	2,115,176
Chemco Pty Ltd	0.39	2,000,000
Gerald Harvey	0.30	1,530,240
Geoffrey John Smith	0.22	1,125,000
Fortis Clearing Nominees Pty Ltd	0.18	910,005
Estate Late Richard Malcolm Reid	0.18	904,992
Pecus Pty Ltd	0.14	733,400
Parkes Holdings Pty Ltd	0.13	650,000
Anthony Daniel Gerard Quinlan	0.13	641,745
Peter Tole	0.12	605,376
Mrs Barbara Hirschowitz	0.11	572,400
	85.17	434,582,040
<b>TOTAL NUMBER OF ISSUED SHARES</b>		<b>510,232,225</b>

### 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	106,280,208
Murray & Roberts Holdings Ltd through Zero Nominees Pty Ltd * (notice dated 11 November 2005)	238,550,000

\* Shareholder has a relevant interest in the shares held by McRae Investments Pty Ltd pursuant to a shareholders agreement dated 25 October 2004.

### UNQUOTED EQUITY SECURITIES

There are 11,965,000 options issued to 66 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](http://www.clough.com.au)

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