

APPENDIX 4D
HALF-YEAR REPORT

PERIOD ENDING 31 DECEMBER 2004

CLOUGH LIMITED ABN 59 008 678 813
--

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$A'000
Revenues from ordinary activities	down	42%	to	* 230,375
Profit/(loss) from ordinary activities after tax attributable to members	down	-%	to	(42,039)
Net profit/(loss) for the period attributable to members	down	-%	to	(42,039)
Dividends		Amount per security		Franked amount per security
Interim dividend		0.0 ¢		0.0 ¢
Previous corresponding period		0.0 ¢		0.0 ¢
Record date for determining entitlements to the dividend			N/A	
* Excludes share of revenue from associates and joint venture entities				

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	31 December 2004 \$'000	31 December 2003 \$'000
REVENUE FROM ORDINARY ACTIVITIES	230,375	396,950
Materials, plant and subcontractor costs	(140,142)	(246,697)
Labour costs	(81,598)	(103,232)
Written down value of assets sold	(15,843)	(8,228)
Depreciation and amortisation expense	(7,042)	(11,945)
Borrowing costs expense	(1,192)	(710)
Other expenses	(26,134)	(24,462)
Share of net profits of associates and joint venture entities accounted for using the equity method	<u>3,003</u>	<u>3,420</u>
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE	(38,573)	5,096
Income tax expense	<u>(2,819)</u>	<u>(1,460)</u>
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE	(41,392)	3,636
Net profit attributable to outside equity interest	<u>647</u>	<u>430</u>
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF CLOUGH LIMITED	<u>(42,039)</u>	<u>3,206</u>
OTHER CHANGES IN EQUITY ATTRIBUTABLE TO MEMBERS OF CLOUGH LIMITED		
Net exchange difference on translation of financial statements of self-sustaining foreign operation	<u>(8,464)</u>	<u>(9,226)</u>
TOTAL CHANGES IN EQUITY FROM NON-OWNER TRANSACTIONS ATTRIBUTABLE TO MEMBERS OF CLOUGH LIMITED	<u>\$ (50,503)</u>	<u>\$ (6,020)</u>
	Cents	Cents
Basic earnings per share	(9.62)	0.76
Diluted earnings per share	(9.62)	0.76

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2004 \$'000	30 June 2004 \$'000
CURRENT ASSETS		
Cash assets	56,314	82,389
Receivables	178,531	162,815
Work in progress	46,944	36,597
Prepayments and deposits	14,869	14,590
Total Current Assets	296,658	296,391
NON-CURRENT ASSETS		
Receivables	856	1,984
Investments accounted for using the equity method	21,823	29,751
Other financial assets – investments	17,185	8,595
Property, plant and equipment	61,441	70,363
Deferred tax assets	12,643	12,771
Total Non-Current Assets	113,948	123,464
TOTAL ASSETS	410,606	419,855
CURRENT LIABILITIES		
Payables	90,409	110,716
Excess of progress billings over costs incurred	25,516	4,678
Interest bearing liabilities	55,585	37,162
Current tax liabilities	673	760
Deferred revenue	3,215	-
Provisions	23,259	38,768
Total Current Liabilities	198,657	192,084
NON-CURRENT LIABILITIES		
Interest bearing liabilities	2,800	3,433
Deferred tax liabilities	1,212	1,220
Provisions	7,898	10,345
Total Non-Current Liabilities	11,910	14,998
TOTAL LIABILITIES	210,567	207,082
NET ASSETS	\$ 200,039	\$ 212,773
EQUITY		
Parent entity interest		
Contributed equity	115,512	75,508
Reserves	(22,591)	(14,128)
Retained profits	91,694	133,733
Total parent entity interest	184,615	195,113
Outside equity interests in controlled entities	15,424	17,660
TOTAL EQUITY	\$ 200,039	\$ 212,773

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2004 \$'000 Inflows (Outflows)	31 December 2003 \$'000 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	209,450	429,572
Payments to suppliers and employees (inclusive of goods and services tax)	(280,540)	(423,248)
Dividends received from associates and joint venture entities	480	7,442
Interest received	1,070	1,241
Borrowing costs paid	(1,192)	(725)
Income tax paid	(2,786)	(716)
Net cash from/(used in) operating activities	<u>(73,518)</u>	<u>13,566</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(4,733)	(3,834)
Payment for investments	(3,487)	(626)
Payment for minority interest in controlled entity	-	(76)
Proceeds from sale of property, plant and equipment	4,190	7,003
Proceeds from sale of investments	2,291	2,235
Proceeds from disposal of controlled entity, net of cash disposed	-	43
Loans (to)/from other persons	764	(100)
Loans (to)/from associates and joint venture entities	(1,224)	1,134
Net cash from/(used in) investing activities	<u>(2,199)</u>	<u>5,779</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	40,800	-
Share issue costs	(796)	-
Proceeds from borrowings	66,385	15,300
Repayment of borrowings	(48,595)	(15,920)
Dividends paid to outside equity interests	(1,056)	(167)
Net cash from/(used in) financing activities	<u>56,738</u>	<u>(787)</u>
Net increase/(decrease) in cash held	(18,979)	18,558
Cash at the beginning of the half-year	82,389	114,007
Effects of exchange rate changes on the balances of cash held in foreign currencies at the beginning of the half-year	(7,096)	(6,810)
Cash at the end of the half-year	<u>\$ 56,314</u>	<u>\$ 125,755</u>

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

NOTES TO THE HALF-YEAR REPORT

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2004 has been prepared in accordance with Accounting Standard AASB 1029 Interim Financial Reporting, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2004 and any public announcements made by Clough Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Australian Accounting Standards Board (“AASB”) has issued AASB equivalents to IFRS for application to reporting periods beginning on or after 1 January 2005. The impact of adopting AASB equivalents to IFRS standards will be first reflected in the financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Group has allocated internal resources and sought external advice to assess the key areas of impact on the transition to IFRS. As a result of these procedures, the Group has graded impact areas as either high, medium or low and is addressing each of the areas in order of priority as represented by the gradings. At this stage the Group has not been able to reliably quantify the impacts on the financial report. Set out below are the key areas where accounting policies may change and have an impact on the financial report of the Group.

Financial Instruments

Under AASB 139 *Financial Instruments : Recognition and Measurement*, foreign exchange contracts will be accounted for as cash flow hedges assuming certain criteria are met. Changes in the fair value of those contracts will be recognised directly in equity provided the hedges are effective. If the hedges are not effective the changes in fair value will be recognised as gains or losses in determining the profit or loss for the year. This will result in a change in the Group’s current accounting policy which defers gains and losses on effective hedges as assets and liabilities until the underlying hedged transaction occurs.

Impairment of Assets

Under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Group’s current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater.

Share Based Payments

Under AASB 2 *Share Based Payments*, the company will be required to determine the fair value of options issued to employees as remuneration and recognise an expense in the Statement of Financial Performance.

Income Taxes

Under AASB 112 *Income Taxes*, the company will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet. This will result in a change in the Group’s current accounting policy which calculates tax balances using the income statement method.

Foreign Currency Translation

Under AASB 121 *The Effects of Changes in Foreign Exchange Rates*, exchange differences on translation of financial reports are recognised as a separate component of equity. This will result in a change in the Group’s current accounting policy which translates financial reports of integrated foreign controlled entities using the temporal method whereby exchange gains and losses are brought to account in determining the profit or loss for the year.

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been fully analysed as yet.

NOTES TO THE HALF-YEAR REPORT (CONTINUED)

3. SEGMENT INFORMATION

Primary reporting – business segments

	Oil & Gas \$'000	Minerals & Infrastructure \$'000	Property \$'000	Other \$'000	Consolidated \$'000
Half-year 2004					
Operating revenue	117,212	70,164	13,672	-	201,048
Other revenue	1,486	1,128	2,587	24,126	29,327
Revenue from ordinary activities	118,698	71,292	16,259	24,126	230,375
Profit/(loss) from ordinary activities before income tax	(55,308)	3,659	4,776	8,300	(38,573)

The Oil & Gas segment result includes a loss of \$45 million on the BassGas project. The Other segment result includes a profit of \$11 million on the sale of non-core investments in Shark Bay Resources and Consolidated Broken Hill.

	Oil & Gas \$'000	Minerals & Infrastructure \$'000	Property \$'000	Other \$'000	Consolidated \$'000
Half-year 2003					
Operating revenue	284,404	89,105	3,999	-	377,508
Other revenue	4,722	12,126	2,193	401	19,442
Revenue from ordinary activities	289,126	101,231	6,192	401	396,950
Profit/(loss) from ordinary activities before income tax	(1,495)	4,617	2,140	(166)	5,096

31 December 2004 \$'000	31 December 2003 \$'000
--	-------------------------------

4. EQUITY SECURITIES ISSUED

Issue of 60 million new shares at a price of 68 cents per share, net of issue costs of \$796,000.

\$ 40,004	\$ -
------------------	------

5. CONTINGENT LIABILITIES

Certain claims arising out of engineering and construction contracts have been made by or against certain controlled entities in the ordinary course of business, some of which involved litigation or arbitration. At this stage it is not possible to reliably estimate the maximum exposures under these claims.

6. DIVIDENDS

No dividend is payable for the current period.

Amount per security	Amount per security	Franked amount per security at 30% tax rate	Amount per security of foreign source dividend
Interim dividend: Current year	- ¢	- ¢	- ¢
Previous year	- ¢	- ¢	- ¢

7. DIVIDEND PLANS

The Company has implemented a Dividend Reinvestment Plan. This enables shareholders to reinvest all or part of their dividends in additional shares.

NOTES TO THE HALF-YEAR REPORT (CONTINUED)

8. NTA BACKING	31 December 2004	31 December 2003
Net tangible asset backing per ordinary security	35.81¢	39.46¢

9. INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES

Equity accounted associates and joint venture entities	Percentage of ownership interest held	
	31 December 2004	31 December 2003
Al Bilad S&B Clough, Ltd	50%	50%
Clough Petrosea Pte Ltd	50%	50%
Clough Sino-Thai Co Ltd	50%	-%
Covus Corporation Pty Ltd	73%	73%
HR Connect Pty Ltd	33%	33%
Landrow Limited	49%	49%
Mashhor Clough Sdn Bhd	50%	50%
Mermaid Clough Pty Ltd	50%	50%
Mermaid Marine Australia Ltd (ceased as an associate as at 31/12/03)	14%	18%
Mincor Operations Pty Ltd	-%	50%
MPA Energy Services Pty Ltd	50%	50%
Shark Bay Resources Pty Ltd	-%	50%
Shedden Holdings Pty Ltd	50%	50%
Twenty Two Mount Street Pty Ltd	25%	25%

The contribution to net profit/(loss) from the above associates and joint venture entities was \$3,003,000 (2003 : \$3,420,000).



DAVID P.A. SINGLETON
Chief Executive Officer & Managing Director

22 February 2005

ANNEXURE 1

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 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.

	31 December 2004 \$'000	31 December 2003 \$'000
CONSOLIDATED GROUP TURNOVER		
Construction projects	180,512	316,280
Share of revenue from joint venture operations	20,536	55,715
Sale of goods	-	5,513
Other revenue	29,327	19,442
	230,375	396,950
Revenue from ordinary activities	230,375	396,950
Share of revenue from joint venture entities and associates	42,595	38,836
	\$ 272,970	\$ 435,786