ASX/MEDIA RELEASE

22 August 2012

Clough Full Year Results Announced

Full Year Salients[1]:

- Statutory net profit after tax (NPAT) from continuing operations[2] $50.7 million, up 2%
- Basic earnings per share from continuing operations 6.6 cents, up 2%
- Full year dividend 2.6 cents (25% franked), up 18%

- Total revenue from Clough operations[3] $1005.4 million, up 28%
- Underlying earnings before interest and tax (EBIT) from Clough operations[3] $37.2 million, up 4%
- Share of Forge profit before tax $24.0 million, up 27%
- Net assets $349.5 million with cash holdings of $146.5 million
- Order book at record levels $2.3 billion, up 87%

Clough's CEO and Managing Director Kevin Gallagher said Clough had made strong progress in the second half to improve earnings.

"Our strategy is to deliver superior value by increasing earnings per share and providing an appropriate return to shareholders."

Full Year Results

Engineering and project services company Clough Limited (ASX:CLO) today announced statutory NPAT from continuing operations[2] of $50.7 million for the year ended 30 June 2012. NPAT including discontinued activities increased by 29% to $42.9 million, reflecting a gain on the Marine Construction business sale, which was offset by a loss on legacy property holdings.

The Board has declared a final dividend of 2.6 cents per share (25% franked), up 18%. Earnings per share from continuing operations were 6.6 cents, up 2%.

Underlying EBIT from Clough operations (excluding Forge) was $37.2 million, up 4%. In addition, Forge contributed $24 million of profit before tax to Clough's overall profit for the year.

Contractual issues which impacted the first half of the year have been largely resolved in line with expectations. An organisational restructure to drive a focus on excellence in project delivery and cost efficiency was completed during the year and will support earnings improvement in FY13.

[1] The Appendix to this release provides a full reconciliation to the Consolidated Statement of Comprehensive Income, and an explanation of all non-IFRS financial information.
[2] Includes share of Forge net profit after income tax.
[3] Clough business lines excluding Forge revenue and EBIT.

The second half of FY12 saw a strong improvement across Clough's operations and an increase in demand for Clough's services, which is reflected in the H2 underlying EBIT from Clough operations (excluding Forge) of $24.4 million.

Operational Performance

As at 30 June 2012, Clough had an order book of $2.3 billion. Approximately $1.5 billion in new contracts were secured during the year with a number of second half awards including three new contracts for Chevron's Wheatstone project and two new contracts on INPEX's Ichthys project.

Lost time injury frequency rates per million work hours were at a ten year low, decreasing by 38% to 0.13. Total recordable injury frequency rates per million work hours decreased by 52% to a record low of 2.05.

The Gorgon EPCM project continued to progress well, with Clough's employee numbers increasing to nearly 700, while Clough's PNG workforce worked more than 15 million work hours without recording a lost time injury. The BAM Clough Joint Venture also commenced work on three new contracts for the Jetties and Near Shore Marine business.

Forge continued its strong performance with total revenue increasing to $780.6 million and profit before tax at $70.1 million. Clough's shareholding in Forge increased to 35.85% during the year.

Strategy and Outlook

Improved performance from Clough operations (excluding Forge) is expected to continue across FY13, with potential for a stronger second half. Clough has approximately $1.1 billion in revenue already secured for FY13, with approximately $550 million already secured for H1. Clough anticipates a minimum EBIT margin (excluding Forge) of 5%.

Forge is expected to continue to make a significant contribution to Clough's overall profit in FY13.

Together with organic growth of the businesses to meet market demand, Clough will seek to increase its exposure to the mining and minerals sector and assess strategic acquisitions to extend its project management and engineering capabilities.

Ends

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About Clough

Clough is an engineering and project services contractor servicing the Energy & Chemical and Mining & Mineral markets in Australia and Papua New Guinea. Since 1919 Clough's dedication to project execution excellence has been the foundation of the company's success. Today Clough people design, construct, commission and maintain leading-edge facilities for the world's largest energy and resources companies.

Backed by an experienced management team, over 4500 personnel and sophisticated project management systems, Clough is recognised for a commitment to safety, sustainable development and the wellbeing of the people, communities and environments in which it operates.

www.clough.com.au

APPENDIX – FULL YEAR PROFIT & LOSS

Reportable Segments to 30 June 2012	**FY 2011/12 Revenue $M**	**FY 2011/12 $M**		**FY 2010/11 Revenue $M**	**FY 2010/11 $M**	
Asset Support	80.0	3.7	4.6%	53.2	2.5	4.7%
Capital Projects	902.6	37.2	4.1%	720.9	38.7	5.4%
Other (including fabrication)	22.8	(3.7)		8.4	(5.4)	
Total Revenue Clough Operations (1)	**1,005.4**			**782.5**		
Underlying EBIT Clough Operations (2)		**37.2**	**3.7%**		**35.8**	**4.6%**
Forge - share of profit before income tax		24.0			18.9	
Forge - share of income tax		(7.2)			(8.7)	
Forge - share of net profit after income tax (NPAT)(4)		16.8			10.2	
Net interest receivable		3.3			2.3	
Adjusting items (3)		(1.2)			3.5	
Share of jointly controlled entities income tax		(0.5)			-	
Statutory – Profit before income tax		**55.7**			**51.8**	
Income tax expense		(4.9)			(2.2)	
Statutory – Net profit after income tax Continuing operations		**50.7**			**49.6**	
One off profit on gain of Marine Construction		5.8			-	
Discontinued operations and non-controlling interests		(13.7)			(16.3)	
Loss from discontinued operations (including non-controlling interests)		(7.8)			(16.3)	
Statutory - Profit for the year attributable to Clough shareholders		**42.9**			**33.3**	

Non IFRS Financial Information

Clough Limited's consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS earnings and other financial information which are not prepared in accordance with IFRS and therefore are considered to be non-IFRS financial information. The non-IFRS financial information should only be considered in addition to and not as a substitute for, earnings and other financial information prepared in accordance with IFRS.

1) Total revenue from Clough operations is a non-IFRS revenue measure that includes both revenue from Clough controlled entities and Clough's share of revenue from jointly controlled operations. Clough undertakes many projects through joint ventures, and this measure is viewed by the Directors and management as the one which most accurately reflects the underlying level of trading activity within the business. This measure does not include any share of revenue of Forge Group Limited (Forge). The measure is used as an additional means to evaluate the Clough's performance, and is reflected in the segment note in the financial statements for Clough's operations.

2) Underlying EBIT from Clough operations is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be comparable to underlying EBIT presented by other companies. Underlying EBIT represents earnings before interest, income taxes and adjusting items (refer (3) below) for both Clough and jointly controlled operations but does not include any share of earnings from Forge. The measure is used as an additional means to evaluate Clough's performance and is viewed by the Directors and management as that which most accurately reflects the underlying trading performance of the business. It is also reflected in the segment note in the financial statements for Clough's operations.

3) Adjusting items in the view of Directors and management are non-recurring items which distort the underlying earnings of the business and should therefore be excluded from the underlying performance. Adjusting items in FY 2011/12 comprise only the "mark to market loss" on options and shares of Forge, which certain Forge shareholders had the right to "put" to Clough under a Put Option arrangement. The "put" was exercised in May 2012. In the prior year adjusting items primarily relate to the "mark to market" gain on options in Forge, acquired as part of the original acquisition of Forge in April 2010 and exercised in November 2010. These were both separate acquisition related, non-recurring, non-trading transactions.

4) Information extracted from the notes to the annual financial report for the year ended 30 June 2012 - note 39(c) - Investments in associates - share of associates' profits or losses.

Clough Limited
ASX Preliminary final report
for the year ended 30 June 2012

Clough Limited ABN 59 008 678 813
ASX Preliminary final report - 30 June 2012

Contents

Clough Limited
For the year ended 30 June 2012
(Previous corresponding period: Year ended 30 June 2011)

Results for Announcement to the Market
30 June 2012

				$'000
Total revenue from continuing operations including share of revenue from jointly controlled entities	up	28 %	to	1,005,427
Revenue from ordinary activities ^ *(Appendix 4E item 2.1)*	up	74 %	to	431,442
Profit before income tax from continuing operations	up	7 %	to	55,668
Profit after income tax from continuing operations	up	2 %	to	50,732
Profit / (loss) from ordinary activities after tax attributable to members *(Appendix 4E item 2.2)*	up	29 %	to	42,898
Net profit / (loss) for the period attributable to members *(Appendix 4E item 2.3)*	up	29 %	to	42,898

Dividends / distributions *(Appendix 4E item 2.4)*	Amount per security	Franked amount per security
Final dividend	2.6 cents	0.65 cents

Record date for determining entitlements to the dividend	13 September 2012
Date the final dividend is payable	5 October 2012

^ Excludes revenue from discontinued operations.

Refer to the attached ASX / Media Release and ASX preliminary financial report for further information on the results for the year ended 30 June 2012.

Clough Limited
Preliminary consolidated statement of comprehensive income
For the year ended 30 June 2012

	Notes	Consolidated 2012 $'000	2011 $'000
Revenue from continuing operations	3	**431,442**	248,566
Other income	4	**1,039**	4,692
Depreciation and amortisation expense	5	**(3,263)**	(3,739)
Other expenses		**(59,932)**	(54,693)
Materials, plant and subcontractor costs		**(94,688)**	(37,265)
Labour costs		**(288,145)**	(173,881)
Finance costs	5	**(392)**	(169)
Share of net profit of associates and jointly controlled entities accounted for using the equity method		**69,607**	68,323
Profit before income tax		**55,668**	51,834
Income tax expense	6	**(4,936)**	(2,219)
Profit from continuing operations		**50,732**	49,615
Loss from discontinued operations	7	**(7,510)**	(16,719)
Profit for the year		**43,222**	32,896
Other comprehensive income (expense)			
Cash flow hedges	9	**3,320**	(5,733)
Exchange differences on translation of foreign operations	9	**7,432**	(6,727)
Income tax relating to components of other comprehensive income	9	**(996)**	1,720
Other comprehensive income (expense) for the year, net of tax		**9,756**	(10,740)
Total comprehensive income for the year		**52,978**	22,156
Profit for the year is attributable to:			
Owners of Clough Limited		**42,898**	33,345
Non-controlling interests		**324**	(449)
		43,222	32,896
Total comprehensive income for the year is attributable to:			
Owners of Clough Limited		**52,654**	22,788
Non-controlling interests		**324**	(632)
		52,978	22,156

	Notes	Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	16	**6.58**	6.44
Diluted earnings per share	16	**6.55**	6.40
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	16	**5.56**	4.33
Diluted earnings per share	16	**5.54**	4.30

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

	Notes	Consolidated 2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**146,511**	64,555
Receivables		**97,468**	45,709
Work in progress		**6,523**	8,699
Derivative financial instruments		**2**	1,439
		250,504	120,402
Assets classified as held for sale	7	**21,998**	33,772
Assets of a disposal group held for sale	7	**-**	139,475
Total current assets		**272,502**	293,649
Non-current assets			
Receivables		**9,686**	7,690
Investments accounted for using the equity method		**157,807**	104,150
Other non-current assets		**622**	736
Property, plant and equipment		**23,305**	22,152
Intangible assets		**1,763**	690
Deferred tax assets		**41,341**	36,184
Total non-current assets		**234,524**	171,602
Total assets		**507,026**	465,251
LIABILITIES			
Current liabilities			
Payables		**82,377**	27,598
Amounts due to customers for contract work		**22,482**	6,603
Borrowings		**-**	1,236
Current tax liabilities		**13,646**	4,531
Provisions		**20,126**	13,905
Derivative financial instruments		**1,758**	5,562
		140,389	59,435
Liabilities directly associated with assets classified as held for sale	7	**4,557**	5,416
Liabilities directly associated with a disposal group held for sale	7	**-**	79,308
Total current liabilities		**144,946**	144,159
Non-current liabilities			
Payables		**5,205**	5,789
Provisions		**7,330**	4,702
Total non-current liabilities		**12,535**	10,491
Total liabilities		**157,481**	154,650
Net assets		**349,545**	310,601
EQUITY			
Contributed equity	8	**232,614**	229,792
Reserves	9(a)	**(8,092)**	(18,570)
Retained earnings	9(b)	**125,023**	99,061
Capital and reserves attributable to owners of Clough Limited		**349,545**	310,283
Non-controlling interests		**-**	318
Total equity		**349,545**	310,601

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

		Attributable to members of Clough Limited											
Consolidated	Notes	**Contributed equity $'000**	**Convertible note premium reserve $'000**	**Hedging reserve - cash flow hedges $'000**	**Share-based payments reserve $'000**	**Minority buy-back reserve $'000**	**Foreign currency translation reserve $'000**	**Capital reserve $'000**	**Total reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance at 1 July 2010		**229,728**	**394**	**(21)**	**4,209**	**(7,952)**	**(6,275)**	**720**	**(8,925)**	**82,696**	**303,499**	**1,251**	**304,750**
Profit for the year		-	-	-	-	-	-	-	-	33,345	33,345	(449)	32,896
Other comprehensive expense		-	-	(4,013)	-	-	(6,544)	-	(10,557)	-	(10,557)	(183)	(10,740)
Total comprehensive income (expense) for the year		**-**	**-**	**(4,013)**	**-**	**-**	**(6,544)**	**-**	**(10,557)**	**33,345**	**22,788**	**(632)**	**22,156**
Transactions with owners in their capacity as owners:													
Contributions of equity, net of transaction costs	8	1,894	-	-	-	-	-	-	-	-	1,894	-	1,894
Share buy-backs including transaction costs	8	(1,830)	-	-	-	-	-	-	-	-	(1,830)	-	(1,830)
Employee share options		-	-	-	937	-	-	-	937	-	937	-	937
Removed on disposal of subsidiaries during the year		-	-	-	-	-	(25)	-	(25)	-	(25)	-	(25)
Dividend paid to non-controlling interests by a subsidiary		-	-	-	-	-	-	-	-	-	-	(301)	(301)
Dividends provided for or paid	10	-	-	-	-	-	-	-	-	(16,980)	(16,980)	-	(16,980)
		64	-	-	937	-	(25)	-	912	(16,980)	(16,004)	(301)	(16,305)
Balance at 30 June 2011		**229,792**	**394**	**(4,034)**	**5,146**	**(7,952)**	**(12,844)**	**720**	**(18,570)**	**99,061**	**310,283**	**318**	**310,601**

Consolidated	Notes	Attributable to members of Clough Limited										Non-controlling interests $'000	Total equity $'000
		Contributed equity $'000	Convertible note premium reserve $'000	Hedging reserve - cash flow hedges $'000	Share-based payments reserve $'000	Minority buy-back reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Total reserves $'000	Retained earnings $'000	Total $'000		
Balance at 1 July 2011		**229,792**	**394**	**(4,034)**	**5,146**	**(7,952)**	**(12,844)**	**720**	**(18,570)**	**99,061**	**310,283**	**318**	**310,601**
Profit for the year		-	-	-	-	-	-	-	-	42,898	42,898	324	43,222
Other comprehensive income		-	-	2,324	-	-	7,432	-	9,756	-	9,756	-	9,756
Total comprehensive income for the year		**-**	**-**	**2,324**	**-**	**-**	**7,432**	**-**	**9,756**	**42,898**	**52,654**	**324**	**52,978**
Transactions with owners in their capacity as owners:													
Contributions of equity, net of transaction costs	8	3,560	-	-	-	-	-	-	-	-	3,560	-	3,560
Share buy-back including transaction costs	8	(738)	-	-	-	-	-	-	-	-	(738)	-	(738)
Employee share options and performance rights		-	-	-	722	-	-	-	722	-	722	-	722
Non-controlling interests removed on disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	(642)	(642)
Dividends provided for or paid	10	-	-	-	-	-	-	-	-	(16,936)	(16,936)	-	(16,936)
		2,822	-	-	722	-	-	-	722	(16,936)	(13,392)	(642)	(14,034)
Balance at 30 June 2012		**232,614**	**394**	**(1,710)**	**5,868**	**(7,952)**	**(5,412)**	**720**	**(8,092)**	**125,023**	**349,545**	**-**	**349,545**

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

	Notes	Consolidated 2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**476,008**	327,256
Payments to suppliers and employees (inclusive of goods and services tax)		**(490,851)**	(365,346)
		(14,843)	(38,090)
Interest received		**3,056**	2,538
Dividends and distributions received from equity accounted entities		**28,899**	55,352
Interest paid		**(2,057)**	(4,065)
Income taxes (paid) received		**(2,886)**	600
Net cash inflow from operating activities	15	**12,169**	16,335
Cash flows from investing activities			
Payments for property, plant and equipment		**(7,056)**	(6,792)
Payments for intangible assets - computer software		**(1,280)**	(381)
Payments for investments in equity accounted entities		**(18,200)**	(1,255)
Contributions to equity accounted entities		**(5,912)**	-
Loans to equity accounted entities		**(3,512)**	(3,640)
Repayment of loans provided by equity accounted entities		**(10,974)**	(2,402)
Proceeds from sale of property, plant and equipment		**3,767**	639
Proceeds from disposal of assets classified as held for sale		**524**	-
Loans from equity accounted entities		**34,914**	4,779
Advances from equity accounted entities		**20,653**	-
Repayment of loans made to other persons		**-**	3,238
Repayment of loans made to equity accounted entities		**2,200**	1,264
Proceeds from disposal of subsidiaries, net of cash disposed		**-**	(349)
Proceeds from sale of the Marine Construction business, net of cash disposed	7,12	**87,830**	-
Net cash inflow (outflow) from investing activities		**102,954**	(4,899)
Cash flows from financing activities			
Proceeds from conversion of options		**2,660**	1,894
Shares bought back by Clough Limited	8	**(738)**	(1,830)
Proceeds from borrowings		**5,949**	4,821
Repayment of borrowings		**(50,175)**	(10,212)
Dividends paid	10	**(16,936)**	(16,980)
Dividends paid to non-controlling interests in subsidiaries		**-**	(301)
Net cash outflow from financing activities		**(59,240)**	(22,608)
Net increase (decrease) in cash and cash equivalents		**55,883**	(11,172)
Cash and cash equivalents at the beginning of the financial year		**90,450**	106,990
Effects of exchange rate changes on cash and cash equivalents		**178**	(5,368)
Cash and cash equivalents at end of year		**146,511**	90,450

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

1 Summary of significant accounting policies

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

As such, this preliminary financial report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report of Clough Limited for the year ended 30 June 2012 and with any public announcements made by Clough Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

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

The accounting policies adopted are consistent with those disclosed in the annual financial report for the year ended 30 June 2011.

Comparative amounts have been reclassified where necessary so they are consistent with amounts reported in the current period.

2 Segment information

(a) Description of segments

Management has determined the operating segments for the year ended 30 June 2012 based on reports reviewed by its chief operating decision maker that are used to make strategic decisions. The chief operating decision maker has been identified as comprising of the Chief Executive Officer, the Chief Financial Officer and the Board of Directors (the CODM).

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

Capital Projects
This comprises the delivery of engineering, procurement and construction (EPC) services and engineering, procurement and construction management (EPCM) services primarily for LNG and domestic gas projects in Australia and South East Asia. A secondary market is infrastructure projects including water and mineral infrastructure in Australia.

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

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

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

Other
This includes fabrication and assembly services and certain central costs and legacy items which have not been allocated to business segments such as central foreign exchange gains/losses and the cost of share-based payments.

Forge
This comprises Clough's interest in Forge Group Limited. For further details on Clough's interest in the Forge Group Limited refer to note 13.

Discontinued Segments

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

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

The Marine Construction business was sold on 22 December 2011 and is classified as a discontinued operation. For further details, refer to note 7.

2 Segment information (continued)

Other Discontinued Segments
The property business is classified as a discontinued operation. Further information about this discontinued segment is disclosed in note 7.

PT Petrosea Tbk and related entities (Petrosea) was sold on 6 July 2009. Information about this discontinued segment is disclosed in note 7.

(b) Segment information provided to the CODM

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2012 is as follows:

2012	Capital Projects	Asset Support	Other	Total Clough Operations	Forge	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Total segment revenue *	902,643	79,960	22,824	1,005,427	259,547	1,264,974
Revenue from external customers	**902,643**	**79,960**	**22,824**	**1,005,427**	**259,547**	**1,264,974**
Underlying earnings (loss) from operations	**37,212**	**3,660**	**(3,654)**	**37,218**	**24,012**	**61,230**
Depreciation and amortisation	**2,626**	**167**	**470**	**3,263**	**-**	**3,263**

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2011 is as follows:

2011	Capital Projects	Asset Support	Other	Total Clough Operations	Forge	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Total segment revenue *	720,865	53,176	8,443	782,484	141,586	924,070
Revenue from external customers	**720,865**	**53,176**	**8,443**	**782,484**	**141,586**	**924,070**
Underlying earnings (loss) from operations	**38,667**	**2,504**	**(5,388)**	**35,783**	**18,920**	**54,703**
Depreciation and amortisation	**2,781**	**5**	**953**	**3,739**	**-**	**3,739**

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

2 Segment information (continued)

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

(i) Segment revenue
Segment revenue reconciles to revenue from construction projects as disclosed in note 3 as follows:

	Consolidated	
	2012	2011
	$'000	$'000
Total segment revenue	**1,264,974**	924,070
Segment revenue from jointly controlled entities and associates	**(969,741)**	(744,354)
Revenue from construction projects (note 3)	**295,233**	179,716

The entity is domiciled in Australia. The amount of its segment revenue from external customers in Australia is $821,855,000 (2011: $480,728,000), and the total of segment revenue from external customers in other countries is $443,119,000 (2011: $443,342,000) and includes $407,975,000 (2011: $434,899,000) from Papua New Guinea. Segment revenues are allocated based on the country in which the work is performed.

Significant revenues have been derived from a number of external customers. Revenues of $186,494,000 (2011: $139,123,000) and $362,161,000 (2011: $413,659,000) have been derived from single customers in the Capital Projects segment.

(ii) Underlying earnings from operations
The CODM assesses the performance of the operating segments based on a measure of underlying earnings. Overheads are allocated to each business segment on a proportionate basis linked to segment revenue, to determine a segment result. The measurement basis of underlying earnings excludes the effects of non-recurring or distorting expenditure from the operating segments relating to one-off impacts arising from the acquisition or disposal of businesses. Interest income and expenditure are not allocated to segments as the financing function of the Group is centralised through the Group's treasury function.

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

	Consolidated	
	2012	2011
	$'000	$'000
Underlying earnings from operations	**61,230**	54,703
Interest income	**3,585**	2,796
Finance costs	**(392)**	(169)
Share of finance costs of equity accounted entities	**110**	(438)
Tax expense included in share of net profit of equity accounted entities	**(7,695)**	(4,684)
Fair value gain on Forge Group Limited options	**-**	4,987
Fair value loss on Forge Option Securities	**(1,170)**	(455)
Amortisation arising from business acquisitions	**-**	(4,300)
Other adjustments including legacy project costs	**-**	(606)
Profit before income tax from continuing operations	**55,668**	51,834

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

3 Revenue

	Consolidated 2012 $'000	2011 $'000
From continuing operations		
Revenue		
Construction projects	**295,233**	179,716
Other revenue		
Rental income	**7,666**	4,018
Interest income	**3,585**	2,796
Other revenue (note (i))	**124,958**	62,036
	136,209	68,850
	431,442	248,566

From discontinued operations (note 7)		
Revenue		
Construction projects	**31,772**	52,581
Other revenue		
Interest income	**578**	1,079
Other revenue (note (i))	**16,851**	26,705
	17,429	27,784
	49,201	80,365

(i) Includes labour and other recharges to jointly controlled entities.

Revenue - Group and jointly controlled entities
The consolidated entity's share of construction project revenue from jointly controlled entities is excluded from revenue noted above and from the statement of comprehensive income in accordance with Accounting Standards. The delivery of a number of projects by the consolidated entity is through various joint venture arrangements. Details of the consolidated entity's share of jointly controlled entities construction project revenue (after any necessary proportional consolidation adjustments) is provided as additional information below as Revenue - Group and jointly controlled entities.

From continuing operations	Consolidated 2012 $'000	2011 $'000
Revenue - Group and jointly controlled entities		
Construction project revenue - Group	**295,233**	179,716
Construction project revenue - Jointly controlled entities	**710,194**	602,768
	1,005,427	782,484

4 Other income

	Consolidated 2012 $'000	2011 $'000
Net gain on disposal of property, plant and equipment	**1,029**	160
Fair value gains on derivative financial instruments held for trading at fair value through profit or loss	**-**	4,532
Other income	**10**	-
	1,039	4,692

5 Expenses

	Consolidated	
	2012	2011
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**1,711**	1,684
Freehold land and buildings	**-**	41
Total depreciation	**1,711**	1,725
Amortisation		
Leasehold improvements	**1,344**	1,181
Computer software	**208**	833
Total amortisation	**1,552**	2,014
Total depreciation and amortisation	**3,263**	3,739
Finance costs		
Interest and finance charges paid/payable	**392**	169
Rental expense relating to operating leases		
Minimum lease payments	**26,916**	23,330
Foreign exchange gains and losses		
Net foreign exchange losses	**1,236**	1,160
Defined contribution superannuation expense	**13,538**	10,503

6 Income tax expense

	Consolidated	
	2012	2011
	$'000	$'000
(a) Income tax expense		
Current tax	**11,812**	5,100
Deferred tax	**(5,717)**	(4,602)
Adjustments for current tax of prior years	**(394)**	1,359
	5,701	1,857
Income tax expense is attributable to:		
Profit from continuing operations	**4,936**	2,219
Loss from discontinued operations	**765**	(362)
Aggregate income tax expense	**5,701**	1,857
Deferred income tax benefit included in income tax expense comprises:		
Increase in deferred tax assets	**(3,195)**	(5,789)
Increase (decrease) in deferred tax liabilities	**(2,522)**	1,187
	(5,717)	(4,602)

6 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2012 $'000	2011 $'000
Profit from continuing operations before income tax expense	**55,668**	51,834
Loss from discontinued operations before income tax expense	**(6,745)**	(17,081)
	48,923	34,753
Tax at the Australian tax rate of 30% (2011 - 30%)	**14,677**	10,426
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Profits from equity accounted entities	**(6,387)**	(164)
Share-based payments	**487**	281
Entertainment	**83**	103
Foreign branch profits	**(140)**	-
Sale of Marine Construction business	**(1,645)**	-
Withholding taxes	**399**	267
Other sundry items	**5,338**	(2,869)
	12,812	8,044
Difference in overseas tax rates	**482**	(22)
Under (over) provision in prior years - current tax	**(394)**	1,359
Under (over) provision in prior years - deferred tax	**2,266**	(2,314)
Deferred tax assets (liabilities) now derecognised	**1,213**	-
Deferred tax assets (liabilities) previously not recognised now brought into account *	**-**	(2,296)
Deferred tax assets not recognised arising from temporary differences	**-**	444
Losses utilised in current period not previously brought into account	**(10,275)**	(6,524)
Tax losses (not previously recognised now brought into account) previously brought into account now derecognised	**(8,055)**	710
Tax losses not brought into account	**1,237**	2,456
Provision for overseas tax liability	**4,891**	-
Derecognition of overseas withholding tax receivable	**1,258**	-
Impact on deferred tax expense of changes in overseas tax rates	**266**	-
Total income tax expense	**5,701**	1,857

* The deferred tax liability relates to Clough's equity accounted investment in Forge Group Limited.

(c) Amounts recognised directly in other comprehensive income

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to other comprehensive income

	2012 $'000	2011 $'000
Net deferred tax - debited (credited) directly to other comprehensive income	**996**	(1,720)
	996	(1,720)

7 Discontinued operations

Discontinued operations comprise the Marine Construction business, the Property business and Petrosea as detailed below. The loss from discontinued operations for the year of $7,510,000 (2011: $16,719,000) is made up as follows:

- Loss of the Marine Construction business for period to date of sale (22 December 2011) of $2,878,000 (2011: $10,421,000).
- Gain on sale of the Marine Construction business of $5,849,000.
- Loss of the Property business for the year of $9,981,000 (2011: $5,246,000).
- Loss relating to Petrosea for the year of $500,000 (2011: $1,052,000).

7 Discontinued operations (continued)

Discontinued Operation - Marine Construction business

(a) Description

The Company having undertaken a strategic review of its operations during the year ended 30 June 2011, resolved to exit the asset owning Marine Construction business and focus on core activities being that of an Engineering led EPC company in the oil and gas and minerals sectors.

On 8 August 2011, Clough announced that it had signed a conditional Master Sale and Purchase Agreement (Sale and Purchase Agreement) to sell its Marine Construction business to SapuraCrest Petroleum Berhad ("SapuraCrest"), a listed Malaysian entity. The gross consideration agreed for the sale of the Marine Construction business was $127 million (of which $50 million was to be paid in US dollars) subject to an adjustment amount to be calculated by an "adjustment statement mechanism" based on the final net asset position of the Marine Construction business at completion.

The sale of the Marine Construction business was completed on 22 December 2011.

The Marine Construction business included the Java Constructor vessel and associated marine construction equipment. It also included Clough's interest in the Clough Helix Joint Venture Pty Ltd, which operates the chartered Normand Clough vessel, and its investments in specialist engineering businesses, Ocean Flow International LLC and the Peritus entities. Relevant contracts including the Chevron Gorgon Domestic Gas pipeline projects have been novated.

The results of the Marine Construction business to the date that it was sold have been recorded in these financial statements as being a discontinued operation. Financial information relating to the Marine Construction business is set out below.

(b) Financial performance and cash flow information of the Marine Construction business

The financial performance and cash flow information of the Marine Construction business for the period ended 22 December 2011 and year ended 30 June 2011 are detailed below.

	Consolidated	
	Period ended 22 December 2011 $'000	Year ended 30 June 2011 $'000
Profit (loss) of the Marine Construction business		
Revenue	**29,117**	37,631
Other revenue	**16,766**	27,727
Other income	**1,037**	3,702
Share of net profit of associates and jointly controlled entities accounted for using the equity method	**-**	1,191
Expenses	**(48,468)**	(80,264)
Loss before income tax	**(1,548)**	(10,013)
Income tax expense	**(1,330)**	(408)
Loss after income tax of the Marine Construction business	**(2,878)**	(10,421)
Gain on sale of the Marine Construction business (see (d) below)	**5,849**	-
Profit (loss) of the Marine Construction business	**2,971**	(10,421)
Cash flows of the Marine Construction business (including sale)		
Net cash inflow (outflow) from operating activities	**(320)**	14,582
Net cash inflow (outflow) from investing activities	**86,083**	(5,520)
Net cash inflow (outflow) from financing activities	**(42,989)**	(5,935)
Net increase in cash generated by the Marine Construction business	**42,774**	3,127

7 Discontinued operations (continued)

(c) Carrying amounts of assets and liabilities of the Marine Construction business

The carrying amounts of assets and liabilities of the Marine Construction business as at 22 December 2011 and 30 June 2011 were as follows:

	Consolidated	
	22 December 2011 $'000	30 June 2011 $'000
Assets		
Cash and cash equivalents	**26,857**	25,895
Receivables	**26,700**	14,113
Work in progress	**4,233**	3,390
Property, plant and equipment	**91,636**	88,306
Intangible assets	**7,369**	6,930
Deferred tax assets	**405**	841
Total assets	**157,200**	139,475
Liabilities		
Payables	**(18,043)**	(13,846)
Amounts due to customers for contract work	**(31,213)**	(18,499)
Borrowings *	**-**	(39,266)
Tax liabilities	**(344)**	(1,924)
Provisions	**(5,430)**	(5,773)
Total liabilities	**(55,030)**	(79,308)
Net assets	**102,170**	60,167
Amounts recognised directly in equity as at 22 December 2011 and 30 June 2011		
Foreign currency translation reserve	**(6,133)**	(7,618)
Non-controlling interests	**671**	318
Net equity	**(5,462)**	(7,300)

* The borrowings related to the Marine Construction business were not sold as part of the disposal but were repaid out of the proceeds received from the sale. The borrowings related to the Marine Construction business at 22 December 2011 totalled $41,643,000 and were repaid on this date.

(d) Details of the sale of the Marine Construction business

The sale of the Marine Construction business was completed on 22 December 2011 and cash consideration of $129,533,000 was received, comprising of US$50,000,000 and $79,107,000.

In accordance with the terms of the Sale and Purchase Agreement, the purchase consideration was required to be adjusted for any reduction in the final net asset position of the Marine Construction business at the date of sale compared to the position as at 30 June 2011. The purchase consideration was reduced by an adjustment amount of $3,483,000 which was based on the final net assets of the Marine Construction business at 22 December 2011. The adjustment amount was repaid to SapuraCrest once it had been finalised and agreed.

	Consolidated	
	2012 $'000	2011 $'000
Consideration received:		
Cash	**129,533**	-
Less: Adjustment amount repaid	**(3,483)**	-
Total disposal consideration	**126,050**	-
Carrying amount of net assets sold	**(102,170)**	-
Less: Non-controlling interests	**671**	-
Less: Foreign currency translation reserve reclassified to profit or loss on sale	**(6,133)**	-
Less: Costs associated with the disposal	**(12,569)**	-
Gain on sale before income tax	**5,849**	-
Income tax expense	**-**	-
Gain on sale after income tax	**5,849**	-

7 Discontinued operations (continued)

Cash flows arising from sale of the Marine Construction business
The net cash inflow on disposal of the Marine Construction business was $87,830,000 before the repayment of borrowings related to the Marine Construction business. This was made up of cash consideration received (net of adjustment amount repaid of $3,483,000) of $126,050,000 less cash costs incurred associated with the disposal of $11,363,000, net of cash held by the Marine Construction business at the date of disposal of $26,857,000. Clough repaid the borrowings associated with the Marine Construction business of $41,643,000 and accrued interest of $777,000 out of the proceeds received above, and thus the overall net cash inflow arising from the sale of the Marine Construction business for the year ended 30 June 2012 was $45,410,000.

Discontinued Operation - Property business

(a) Description

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

(b) Financial performance and cash flow information of the property business

The financial performance and cash flows of the property business for the years ended 30 June 2012 and 2011 are detailed below.

	Consolidated	
	2012	2011
	$'000	$'000
Loss for year of the property business		
Revenue	**2,655**	14,950
Other revenue	**663**	57
Other income	**-**	45
Share of net (loss) profit of jointly controlled entities accounted for using the equity method	**(99)**	873
Impairment of property development inventory (note c(i))	**(6,828)**	(4,646)
Expenses	**(6,937)**	(17,295)
Loss before income tax	**(10,546)**	(6,016)
Income tax benefit	**565**	770
Loss after income tax of the property business	**(9,981)**	(5,246)
Cash flows of the property business		
Net cash inflow (outflow) from operating activities	**(1,226)**	(4,114)
Net cash inflow (outflow) from investing activities	**986**	5,464
Net cash inflow (outflow) from financing activities	**-**	-
Net (decrease) increase in cash generated by the property business	**(240)**	1,350

7 Discontinued operations (continued)

(c) Carrying amounts of assets and liabilities of the property business

The carrying amounts of assets and liabilities of the property business are as follows:

	Consolidated	
	30 June 2012 $'000	30 June 2011 $'000
Assets classified as held for sale		
Interests in jointly controlled entities	**4,708**	6,128
Property development inventories (note (i))	**17,290**	27,644
Total assets	**21,998**	33,772
Liabilities directly associated with assets classified as held for sale		
Loans from jointly controlled entity	**(4,557)**	(5,416)
Total liabilities	**(4,557)**	(5,416)
Net assets	**17,441**	28,356

(i) **Impairment of property development inventories**

During the year ended 30 June 2012, a property development was valued by Knight Frank Valuations resulting in a reduction in the carrying value of the property development of $6,828,000 (2011: $3,662,000).

During the year ended 30 June 2012, the Group recognised total impairment losses of $6,828,000 (2011: $4,646,000) to reduce the carrying amount of property development inventories to their fair values less costs to sell.

Discontinued Operation - PT Petrosea Tbk and related entities

(a) Description

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

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

During the year ended 30 June 2011, Clough received a claim from PT Indika in relation to a warranty included in the Petrosea sales agreement. As a result of this claim, Clough has recorded a loss of $500,000 (2011: $1,052,000) which has been included as an expense in discontinued operations.

8 Contributed equity

	Parent entity		Parent entity	
	2012 Shares	2011 Shares	**2012 $'000**	2011 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**774,865,657**	769,801,269	**232,614**	229,792

8 Contributed equity (continued)

(b) Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	$'000
1 July 2010	Opening balance	768,776,269		229,728
12 August 2010	Exercise of 30,000 options with an exercise price of 57 cents per share	30,000	$0.57	17
9 September 2010	Exercise of 3,000,000 options with an exercise price of 58 cents per share	3,000,000	$0.58	1,740
30 September 2010	Exercise of 50,000 options with an exercise price of 31 cents per share	50,000	$0.31	16
30 September 2010	Exercise of 50,000 options with an exercise price of 57 cents per share	50,000	$0.57	28
7 - 27 October 2010	Share buy-back - refer note (c)	(1,000,000)	$0.71	(710)
18 January 2011	Exercise of 10,000 options with an exercise price of 57 cents per share	10,000	$0.57	6
3 - 10 March 2011	Share buy-back - refer note (c)	(1,300,000)	$0.862	(1,120)
9 March 2011	Exercise of 20,000 options with an exercise price of 57 cents per share	20,000	$0.57	11
18 March 2011	Exercise of 10,000 options with an exercise price of 31 cents per share	10,000	$0.31	3
18 March 2011	Exercise of 50,000 options with an exercise price of 57 cents per share	50,000	$0.57	28
29 March 2011	Exercise of 30,000 options with an exercise price of 57 cents per share	30,000	$0.57	17
31 March 2011	Exercise of 60,000 options with an exercise price of 31 cents per share	60,000	$0.31	19
31 March 2011	Exercise of 10,000 options with an exercise price of 57 cents per share	10,000	$0.57	6
13 April 2011	Exercise of 5,000 options with an exercise price of 57 cents per share	5,000	$0.57	3
30 June 2011	Balance	769,801,269		229,792
1 July 2011	Opening balance	769,801,269		229,792
21 September 2011	Exercise of 20,000 options with an exercise price of 31 cents per share	20,000	$0.31	6
27 September 2011	Exercise of 20,000 options with an exercise price of 31 cents per share	20,000	$0.31	6
27 September 2011	Exercise of 50,000 options with an exercise price of 57 cents per share	50,000	$0.57	29
28 September - 20 October 2011	Share buy-back - refer note (c)	(1,000,000)	$0.738	(738)
10 October 2011	Exercise of 10,000 options with an exercise price of 31 cents per share	10,000	$0.31	3
25 October 2011	Exercise of 5,000 options with an exercise price of 57 cents per share	5,000	$0.57	3
4 November 2011	Exercise of 50,000 options with an exercise price of 31 cents per share	50,000	$0.31	16
7 November 2011	Issue of 1,136,394 new shares at a price of 79.1979 cents per share (note (i))	1,136,394	$0.792	900
10 November 2011	Exercise of 15,000 options with an exercise price of 57 cents per share	15,000	$0.57	9
18 November 2011	Exercise of 445,000 options with an exercise price of 31 cents per share	445,000	$0.31	138
20 January 2012	Exercise of 50,000 options with an exercise price of 57 cents per share	50,000	$0.57	29
20 January 2012	Exercise of 250,000 options with an exercise price of 58 cents per share	250,000	$0.58	145

8 Contributed equity (continued)

29 March 2012	Exercise of 718,676 options with an exercise price of 34 cents per share	718,676	$0.34	245
29 March 2012	Exercise of 2,000,000 options with an exercise price of 69 cents per share	2,000,000	$0.69	1,380
29 March 2012	Exercise of 10,000 options with an exercise price of 57 cents per share	10,000	$0.57	6
5 April 2012	Exercise of 53,134 options with an exercise price of 34 cents per share	53,134	$0.34	18
11 April 2012	Exercise of 500,000 options with an exercise price of 75 cents per share	500,000	$0.75	375
11 April 2012	Exercise of 315,493 options with an exercise price of 34 cents per share	315,493	$0.34	107
7 May 2012	Exercise of 15,000 options with an exercise price of 57 cents per share	15,000	$0.57	9
7 May 2012	Exercise of 44,785 options with an exercise price of 34 cents per share	44,785	$0.34	15
28 May 2012	Exercise of 117,097 options with an exercise price of 34 cents per share	117,097	$0.34	40
22 June 2012	Exercise of 238,809 options with an exercise price of 34 cents per share	238,809	$0.34	81
30 June 2012	Balance	774,865,657		232,614

(i) These shares are unlisted fully paid ordinary shares and were issued to KT Gallagher as part of his sign on arrangement. The issue of the shares was approved by shareholders at the Company's Annual General Meeting held on 18 October 2011.

(c) Share buy-backs

During October 2010, the Company purchased on-market and cancelled 1,000,000 ordinary shares in order to offset shares expected to be issued as a result of the exercise of options under the Clough Limited Employee Option Plan. The shares were acquired at an average price of 71 cents per share, with prices ranging from 61 cents to 80.5 cents. The total cost of the share buy-back of $710,000, including $3,000 of after tax transaction costs, was deducted from contributed equity.

During March 2011, the Company purchased on-market and cancelled 1,300,000 ordinary shares in order to offset shares expected to be issued as a result of the exercise of options under the Clough Limited Employee Option Plan. The shares were acquired at an average price of 86 cents per share, with prices ranging from 82.5 cents to 87.5 cents. The total cost of the share buy-back of $1,120,000, including $5,000 of after tax transaction costs, was deducted from contributed equity.

During September and October 2011, the Company purchased on-market and cancelled 1,000,000 ordinary shares in order to offset shares expected to be issued as a result of the exercise of options under the Clough Limited Employee Option Plan. The shares were acquired at an average price of 73.47 cents per share, with prices ranging from 70.5 cents to 75.5 cents. The total cost of the share buy-back of $738,000, including $3,000 of after tax transaction costs, was deducted from contributed equity.

There is no current on-market share buy-back.

9 Reserves and retained earnings

	Consolidated	
	2012 **$'000**	2011 $'000
(a) Reserves		
Convertible note premium reserve	**394**	394
Hedging reserve - cash flow hedges	**(1,710)**	(4,034)
Share-based payments reserve	**5,868**	5,146
Minority buy-back reserve	**(7,952)**	(7,952)
Foreign currency translation reserve	**(5,412)**	(12,844)
Capital reserve	**720**	720
	(8,092)	(18,570)
Movements:		
Hedging reserve - cash flow hedges		
Balance 1 July	**(4,034)**	(21)
Revaluation - gross	**(1,159)**	(5,763)
Deferred tax	**348**	1,729
Transfer to profit or loss - gross	**4,479**	30
Deferred tax	**(1,344)**	(9)
Balance 30 June	**(1,710)**	(4,034)
Share-based payments reserve		
Balance 1 July	**5,146**	4,209
Option and performance right expense	**722**	937
Balance 30 June	**5,868**	5,146
Foreign currency translation reserve		
Balance 1 July	**(12,844)**	(6,275)
Currency translation differences arising during the year	**1,299**	(6,544)
Transferred to profit or loss on disposal of controlled and jointly controlled entities during the year	**6,133**	(25)
Balance 30 June	**(5,412)**	(12,844)

(b) Retained earnings

Movements in retained earnings were as follows:

	Consolidated	
	2012 **$'000**	2011 $'000
Balance 1 July	**99,061**	82,696
Net profit for the year	**42,898**	33,345
Dividends	**(16,936)**	(16,980)
Balance 30 June	**125,023**	99,061

(c) Nature and purpose of reserves

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

(ii) Hedging reserve - cash flow hedges
The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

9 Reserves and retained earnings (continued)

(iii) Share-based payments reserve
The share-based payments reserve is used to recognise the grant date fair value of options and performance rights issued to employees but not exercised.

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

(v) Foreign currency translation reserve
Exchange differences arising on translation of foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment in a foreign entity is disposed of.

10 Dividends

	Parent entity	
	2012	2011
	$'000	$'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2011 of 2.2 cents (2010: 2.2 cents) per fully paid share paid on 6 October 2011		
Franked to 45% based on tax paid @ 30% (2010: franked to 9%)	**16,936**	16,980
	16,936	16,980

	Parent entity	
	2012	2011
	$'000	$'000
(b) Dividends not recognised at the end of the reporting period		
In addition to the above dividend, since the year end the directors have recommended the payment of a final dividend of 2.6 cents per fully paid ordinary share franked to 25%, (2011: 2.2 cents franked to 45%) based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 5 October 2012, but not recognised as a liability at year end, is	**20,148**	16,936

11 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2012 in respect of:

Claims
Certain claims arising out of engineering and construction contracts have been made by or against certain controlled entities in the ordinary course of business, some of which involve litigation or arbitration. The Directors do not consider the outcome of any of these claims will have a material adverse impact on the financial position of the consolidated entity.

Warranties
Clough sold its Marine Construction business to SapuraCrest Petroleum Berhad on 22 December 2011. Various warranties were provided by Clough as part of the sale transaction. The Directors do not consider that these warranties will have a material adverse impact on the financial position of the consolidated entity.

12 Acquisition and disposal of subsidiaries

Acquisition of subsidiaries

There were no acquisitions of subsidiaries in the current or prior year.

Disposal of subsidiaries

(a) Sale of the Marine Construction business

On 22 December 2011, Clough sold its Marine Construction business to SapuraCrest Petroleum Berhad.

The following subsidiaries were disposed of as a result of this sale:

- Clough Java Offshore Pte Ltd
- Clough Sea Trucks Joint Venture - DomGas
- Clough Singapore Constructor Pte Ltd
- Clough USA Holdings Inc.
- Ocean Flow International LLC
- Rem Clough Pty Ltd
- SC Projects Australia Pty Ltd

For further details on the sale of the Marine Construction business, refer to note 7.

13 Investments in associates

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest		**Consolidated**	
		2012 %	2011 %	**2012 $'000**	2011 $'000
Listed					
Forge Group Limited	Engineering and construction	**35.85**	33.34	**101,822**	72,529

(b) Fair value of listed investments in associates

Forge Group Limited	**135,002**	150,930

(c) Additional information on Forge Group Limited

On 23 February 2010, Clough announced that it had agreed to create a Strategic Alliance with Forge Group Limited (Forge) which provides the foundation for a long-term strategic co-operation between the companies.

The key transaction components included:

- Clough to invest approximately $19.5 million via a 15% share placement (Placement) subject to Forge shareholder approval.
- On Placement approval and completion, Clough to make a proportional cash takeover offer at $2.10 per share to all existing Forge shareholders for 50% of their shares in Forge (Offer).
- Clough to become a cornerstone investor in Forge.
- Strategic Alliance Agreement between the two companies to be triggered in various circumstances, including when Clough's interest in Forge reaches 31% or the Offer is declared unconditional by Clough.

13 Investments in associates (continued)

Forge shareholders approved the Placement on 6 April 2010 and Clough subscribed for a total of 10,257,262 shares in Forge at a price of $1.90 per share.

Clough made the proportional takeover offer for 50% of the shares in Forge on 9 April 2010. The Offer was declared unconditional by Clough on 20 April 2010 on reaching a 31.24 % interest in Forge, triggering the Strategic Alliance between the two companies. The Offer closed on 11 May 2010 and resulted in Clough acquiring a total of 14,385,671 shares in Forge at a price of $2.10 per share.

In addition to the Forge shares, Clough also held a total of 3 million unlisted options in Forge that were acquired from certain Forge directors at a price of $1.75 per option on 16 April 2010. These options had an exercise price of $0.35 per option, were currently exercisable and an expiry date of 30 May 2012. These options were accounted for by Clough as being derivative financial assets at fair value through profit or loss.

During the year ended 30 June 2011, Clough exercised the 3 million unlisted options in Forge, acquiring a total of 3 million shares in Forge for an exercise amount of $1,050,000. Clough recorded a fair value gain on these options in the year ended 30 June 2011 of $4,987,000 which was included in other income in note 4.

As part of the Strategic Alliance, Clough's Chief Executive Officer, J Smith, was appointed to the Forge Board as a non-executive director on 13 May 2010 and a senior Clough executive was appointed to Forge's executive management team. The Strategic Alliance will target joint project opportunities in the LNG and oil and gas sectors and provide a platform to support the continuation of Forge's anticipated growth trajectory.

During the year ended 30 June 2011, Clough and Forge established an incorporated jointly controlled entity, Clough Forge Pty Ltd, in order to pursue opportunities arising in the engineering and construction sector.

On 15 March 2011, Clough entered into a Put Option agreement (Agreement) with certain Forge management (Takers of the Put Option). Under the terms of the Agreement, the Takers of the Put Option were able to require Clough to purchase Option Securities (in total 750,000 Forge shares and 2,500,000 Forge options) at an agreed price ($5.60 per Forge share and $5.25 per Forge option) during specific time periods in 2012.

Under the terms of the Agreement, Forge management agreed to certain conditions in relation to a Board and Management Transition Plan. These conditions included PG Hutchinson agreeing to act as Executive Chairman of Forge and to step down from the role within three months after the appointment of a new Chief Executive Officer of Forge, and AB Ellison and GL McRostie agreeing to extend their employment contracts with Forge through to 31 December 2011 and to resign as directors of Forge, if requested, following the appointment of a new non-executive director. It was also agreed that Clough appoint a second director to the Forge Board.

The original Put Option Agreement was terminated on 31 December 2011 and was replaced with an amended Put Option Agreement (amended Agreement). Under the terms of the amended Agreement, there was no change to the number of shares and options subject to the Put Option or the agreed purchase price, however, the exercise period for the Put Option was extended to 30 June 2012. In addition, PG Hutchinson, AB Ellison and GL McRostie agreed to provide all reasonable assistance to facilitate the orderly transition of the Forge business to new management and acknowledged their present intention to remain employed by the Forge Group until at least 30 June 2012. AB Ellison and GL McRostie also agreed to accept new employment offers with the Forge Group on terms and conditions as approved by the Forge board of directors and PG Hutchinson agreed to act in the role of Executive Chairman of Forge on terms approved by the Forge board of directors and act in accordance with the Forge Management Transition Plan approved by the Forge board of directors from time to time.

The Put Options were exercised by Forge management on 17 May 2012 resulting in Clough acquiring all the Option Securities for total consideration of $17,325,000. The Forge options acquired were immediately exercised by Clough at a cost of $875,000.

The Put Option arrangement was accounted for by Clough as being a derivative financial instrument at fair value through profit or loss. During the year ended 30 June 2012, Clough recorded a fair value loss on the Put Option arrangement of $1,170,000 (2011: $455,000).

As at 30 June 2012, Clough held a total of 30,892,933 (2011: 27,642,933) shares in Forge, representing an interest in Forge of 35.85% (2011: 33.34%).

NE Siford was appointed as a non-executive director of Forge on 8 August 2011. J Smith resigned as a non-executive director of Forge on 2 November 2011 and KT Gallagher was appointed as a non-executive director of Forge on 3 November 2011.

14 Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in periods subsequent to the year ended 30 June 2012, apart from the matter noted below.

Subsequent to the year end, the Directors have recommended the payment of a final dividend of 2.6 cents per fully paid ordinary share franked to 25%. For further details, refer to note 10.

15 Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated	
	2012	2011
	$'000	$'000
Profit for the year	**43,222**	32,896
Depreciation and amortisation	**3,263**	9,930
Non-cash employee benefits expense - share-based payments	**1,622**	937
Net gain on disposal of property, plant and equipment	**(1,027)**	(422)
Net loss on sale of assets classified as held for sale	**1,202**	-
Fair value gain on derivative financial assets	**-**	(4,987)
Fair value loss on Put Option securities	**1,170**	455
Net gain on disposal of controlled entities	**-**	(2,424)
Net gain on sale of the Marine Construction business	**(5,849)**	-
Impairment of property development inventories classified as held for sale	**6,828**	4,646
Difference between equity accounted profits of associates and jointly controlled entities and dividends or distributions received	**(39,288)**	(9,335)
Net exchange differences and other non-cash items	**(4,012)**	(4,741)
Change in operating assets and liabilities, net of effects from sale of controlled entities		
Decrease (increase) in receivables	**(53,030)**	(22,345)
Decrease (increase) in work in progress	**4,859**	2,129
Decrease (increase) in deferred tax assets	**(4,721)**	(5,455)
Increase (decrease) in payables	**12,582**	(8,588)
Increase (decrease) in amounts due to customers for contract work	**28,593**	23,255
Increase (decrease) in provision for income taxes payable	**7,536**	5,345
Increase (decrease) in deferred tax liabilities	**-**	(866)
Increase (decrease) in other provisions	**9,219**	(4,095)
Net cash inflow from operating activities	**12,169**	16,335

16 Earnings per share

	Consolidated	
	2012	2011
	Cents	Cents

(a) Basic earnings per share

From continuing operations attributable to the ordinary equity holders of the Company	**6.58**	6.44
From discontinued operations	**(1.02)**	(2.11)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**5.56**	4.33

(b) Diluted earnings per share

From continuing operations attributable to the ordinary equity holders of the Company	**6.55**	6.40
From discontinued operations	**(1.01)**	(2.10)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**5.54**	4.30

16 Earnings per share (continued)

(c) Reconciliations of earnings used in calculating basic and diluted earnings per share

	Consolidated	
	2012	2011
	$'000	$'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
Profit from continuing operations	**50,732**	49,615
Loss from discontinued operations	**(7,510)**	(16,719)
(Profit) loss from discontinued operations attributable to non-controlling interests	**(324)**	449
	42,898	33,345
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**50,732**	49,615
Profit from continuing operations attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**50,732**	49,615
Loss from discontinued operations	**(7,510)**	(16,719)
(Profit) loss from discontinued operations attributable to non-controlling interests	**(324)**	449
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**42,898**	33,345

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2012	2011
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**771,240,439**	770,247,128
Adjustments for calculation of diluted earnings per share:		
Options and performance rights	**2,832,204**	4,422,559
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**774,072,643**	774,669,687

17 Ultimate parent entity

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

Additional dividend information

Details of dividends declared or paid during or subsequent to the year ended 30 June 2012 are as follows:

Amount per security		**Amount per security**	**Franked amount per security at 30% tax rate**	**Amount per security of foreign source dividend**
Final dividend:	Current year	2.6¢	0.65¢	- ¢
	Previous year	2.2¢	1.0¢	- ¢
Interim dividend:	Current year	- ¢	- ¢	- ¢

Dividend Plans

The Company has suspended the dividend reinvestment plan.

Net Tangible Assets per Security	**30 June 2012**	30 June 2011
Net tangible asset backing per ordinary security	**39.78¢**	34.60¢

Interests in entities which are not controlled entities

Equity accounted associates and jointly controlled entities	**Percentage of ownership interest held**	
	30 June 2012	30 June 2011
	%	%
Aker Kvaerner Clough Murray & Roberts Joint Venture	-	19.5
Al Bilad S&B Clough, Ltd	50	50
BAM Clough Contracting Pty Ltd	51	51
BAM Clough Joint Venture	50	50
BAM Clough (PNG) Joint Venture	50	50
Baulderstone Clough Joint Venture	50	50
CBI Clough Joint Venture	35	35
CBI Clough JV Pte Ltd	35	35
CDJV Construction Pty Ltd	50	-
Clough Aker Joint Venture	-	50
Clough AMEC Joint Venture – CoP	50	50
Clough AMEC Pty Ltd	50	50
Clough AMEC Sea Pte Ltd	50	50
Clough AMEC Beca Ltd	33.3	-
Clough Forge Pty Ltd	50	50
Clough Curtain Joint Venture	65	65
Clough Diversified Joint Venture	50	50
Clough Diversified Northern Pipeline Joint Venture	-	50
Clough Diversified United Joint Venture	33.3	33.3
Clough DORIS Joint Venture	50	-
Clough Downer Joint Venture	50	-
Clough Helix Joint Venture Pty Ltd	-	50
Clough Murray & Roberts Joint Venture	50	50
Clough Sandwell Joint Venture	-	50
Clough Seymour Whyte Joint Venture – Lake Cowal	50	50
Downer Clough Joint Venture	50	-
Forge Group Limited	35.85	33.34
Henry Walker Eltin - Clough Joint Venture	50	50
JTC Joint Venture - Arrow	-	10

Equity accounted associates and jointly controlled entities	**Percentage of ownership interest held**	
	30 June 2012 %	30 June 2011 %
Kellogg Joint Venture - Gorgon	20	20
Kvaerner Clough Joint Venture	-	33.3
Maretlink Joint Venture	-	33.3
Mashhor Clough Sdn Bhd	50	50
Peritus International Inc.	-	54.25
Peritus International Limited	-	54.25
Peritus International Pty Ltd	-	54.25
Petrosea Clough Joint Operation	50	50
St Quentin's Claremont Pty Ltd	50	50
St Quentin's Claremont Unit Trust	50	50
Streicher Clough Joint Venture	50	50

The contribution to net profit/(loss) from the above associates and jointly controlled entities was $69,607,000 (2011 : $68,323,000).

Annual General Meeting
The Annual General Meeting will be held at 10 am on Tuesday 23 October 2012 at the Karri Room at the Parmelia Hilton Hotel located at 14 Mill Street, Perth. The Annual Report will be available in mid September 2012.

K. T. Galley

Kevin Thomas Gallagher
Director

Keith Spence
Director

21 August 2012