ASX/MEDIA RELEASE

23 February 2012

Clough Half Year Results Announced

Half Year Salients:

- Total revenue of $540m, up 9%
- Underlying earnings from continuing operations $22.7m
- Net profit after tax (NPAT) continuing operations $18.1m
- Statutory NPAT $11.7m
- Cash holdings $125.8m
- Net Assets $314.9m
- Key contracts with INPEX, CSBP and Fluor secured during the half
- New contracts for Chevron and INPEX boost order book by $700m since January 2012. Work in hand $2.4 billion at 23 February.
- Lost time injury frequency improved to 0.18 per million man-hours

Engineering and construction company Clough Limited (ASX: CLO) today announced a 9% increase in total revenue to $540m, with underlying earnings from continuing operations of $22.7m for the half-year ended 31 December 2011. Statutory NPAT reflected a gain on the sale of the Marine Construction business, but was impacted by a further impairment on legacy property holdings.

Clough's CEO Kevin Gallagher said H1 underlying earnings were in line with market guidance and major contract awards post half year close positions the company for significant future earnings growth.

"While Clough achieved top line revenue growth during the first half of 2011-12, earnings were impacted by previously announced losses on a fixed price contract, and margin dilution on two EPC contracts. Fee renegotiations are progressing and discussions with our clients have been constructive.

"Approximately $650 million in new contracts and contract extensions were secured during the reporting period, including the company's first major coal seam gas project, the K128 contract on Santos' Gladstone LNG project in Queensland, INPEX's Ichthys IPMS project, offshore Darwin, and CSBP's NAAN3 Ammonium Nitrate plant in Perth.

"To augment an already healthy order book, more than $700 million worth of new contract awards were announced early in 2012, notably the largely reimbursable Hook-up and Commissioning contract and Jetty contract for Chevron's Wheatstone project, and the Marine Offloading Facility notice of award for INPEX's Ichthys project. As a result Clough's order book has increased to a record $2.4 billion, with approximately $850 million in revenue already secured for FY13, and approximately $700 million in revenue already secured for FY14, providing a solid basis for strong earnings growth in the short and medium term."

Operational Performance

During the reporting period Clough people safely worked 17.6 million man-hours on its projects, recording an Australian industry leading safety performance. Total recordable injury frequency rates per million man-hours decreased to 2.89 compared to 3.72 in the corresponding period, while lost time injury frequency rates per million man-hours also decreased from 0.33 to 0.18.

The Gorgon EPCM project continued to progress well, with Clough's employee numbers increasing to 500, while on ExxonMobil's PNG LNG project, the Clough Curtain JV Upstream Infrastructure project team reached 9.5 million man-hours without a lost time injury, and the CBI Clough JV EPC4 team recorded 2.2 million man-hours injury free.

Clough's 33.1% shareholding in Forge continued to deliver value. Forge's total revenue grew to $227.8 million with Forge's first half profit before tax at $30.2 million.

Strategy and Outlook

Clough anticipates stronger H2 performance with full year underlying earnings expected to be higher than the previous year.

Capital expenditure in Australasian energy and resource projects is at record levels, providing excellent near and long term growth prospects.

The sale of Clough's Marine Construction business has strengthened and streamlined the balance sheet and at 31 December 2011 cash holdings were $125.8 million. This combined with a record order book and a strong pipeline of tender activity, ensures Clough is well positioned to benefit from the unprecedented growth in the energy and resource markets.

Ends

For further information, please contact:

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About Clough

Established in 1919, Clough delivers an integrated Engineering, Procurement and Construction service to oil and gas and mineral resources projects primarily in Australia and South East Asia. The Group's services range from concept development through design, construction, installation, commissioning, operations and maintenance.

Backed by an experienced management team, over 4,000 personnel and sophisticated project management systems, we are recognised for our commitment to safety, sustainable development and the wellbeing of the people, communities and environments in which we operate.

www.clough.com.au

APPENDIX - HALF YEAR PROFIT AND LOSS

	HY 2011/12 Revenue $M	HY 2011/12 $M	HY 2010/11 Revenue $M	HY 2010/11 $M
Asset support	27.5	1.0	32.1	1.7
Capital projects	417.7	11.5	378.5	19.0
Other (incl fabrication)	20.5	0.3	16.8	(3.1)
Forge[2]	74.5	9.9	68.0	10.1
Total Underlying Revenue	540.2		495.4	
Total Underlying Earnings from Operations[1]		22.7		27.7 [3]
Net Interest		0.9		0.9
Taxation		(2.9)		(6.1)
Underlying Net Profit After Tax from Continuing Operations[1]		20.7		22.5
Forge put options/options revaluations		(2.1)		5.0
Forge amortisation				(3.5)
Other		(0.5)		
Total Adjusting items		(2.6)		1.5
Statutory Net Profit After Tax from Continuing Operations		18.1		24.0
Discontinued Operations and Non-controlling Interests				
Gain on sale of Marine Construction		6.7		
NPAT Marine Construction Operations		(2.9)		(4.5)
NPAT Property, Petrosea & Other		(10.2)		(4.2)
		(6.4)		(8.7)
Net Profit Attributable to Clough Shareholders		**11.7**		**15.3**

Note (1): Before adjusting items, comprising of the impact of businesses disposed of and acquired, the impact of revaluation of Forge options and in the current period CEO sign on payments.

Note (2): Includes 33.13% of Forge profit before taxation and amortisation.

Note (3): Restated to recognise Marine Construction as a discontinued operation.

APPENDIX 4D

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

(PREVIOUS CORRESPONDING PERIOD: HALF-YEAR ENDED 31 DECEMBER 2010)

CLOUGH LIMITED ABN 59 008 678 813

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$'000
Total Revenue from continuing operations including share of revenue from jointly controlled entities and associates	up	9.0%	to	# 540,169
Revenue from ordinary activities	up	42.5%	to	* 231,160
Profit/(loss) from ordinary activities after tax attributable to members	down	23.5%	to	11,670
Net profit/(loss) for the period attributable to members	down	23.5%	to	11,670

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 revenue from discontinued operations.

* Includes revenue from discontinued operations and excludes share of revenue from jointly controlled entities and associates and other income.

Refer to the attached press release and interim financial report for further information on the results for the half-year ended 31 December 2011.

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 period	- ¢	- ¢	- ¢
	Previous period	- ¢	- ¢	- ¢
Final dividend:	Current period	2.2¢	1.00¢	- ¢
	Previous period	2.2¢	0.20¢	- ¢

Dividend Plans

The Company has suspended the dividend reinvestment plan.

Net Tangible Assets per Security	**31 December 2011**	31 December 2010
Net tangible asset backing per ordinary security	**36.05¢**	32.91¢

Interests in entities which are not controlled entities

Equity accounted associates and jointly controlled entities	**Percentage of ownership interest held** **31 December 2011 %**	31 December 2010 %
Aker Kvaerner Clough Murray & Roberts Joint Venture	19.5	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 - Angel	-	50
Clough AMEC Joint Venture – CoP	50	50
Clough AMEC Pty Ltd	50	50
Clough AMEC Beca Ltd	33.33	-
Clough AMEC Sea Pte Ltd	50	-
Clough Curtain Joint Venture	65	65
Clough Diversified Joint Venture	50	50
Clough Diversified Northern Pipeline Joint Venture	50	50
Clough Diversified United Joint Venture	33.33	33.33
Clough DORIS Joint Venture	50	-
Clough Downer Joint Venture - K128	50	-
Clough Forge Pty Ltd	50	-
Clough Helix Joint Venture Pty Ltd	-	50
Clough Murray & Roberts Joint Venture	50	50
Clough Sandwell Joint Venture	50	50
Clough Seymour Whyte Joint Venture – Lake Cowal	50	50
Downer Clough Joint Venture - NAAN3	50	-
Forge Group Limited	33.13	33.37
Henry Walker Eltin - Clough Joint Venture	50	50

Equity accounted associates and jointly controlled entities	**Percentage of ownership interest held**	
	31 December 2011 %	31 December 2010 %
JTC Joint Venture - Arrow	10	-
Kellogg Joint Venture - Gorgon	20	20
Kvaerner Clough Joint Venture	33.33	33.33
Maretlink Joint Venture	33.33	33.33
Mashhor Clough Sdn Bhd	50	50
Mernda (Lot 6) Joint Venture	-	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	-

The contribution to net profit/(loss) from the above associates and jointly controlled entities was $30,061,000 (2010 : $39,794,000).

K.T. Gallagher

KEVIN GALLAGHER
Chief Executive Officer

22 February 2012

Clough Limited

ABN 59 008 678 813

Interim financial report for the half-year ended 31 December 2011

Clough Limited ABN 59 008 678 813

DIRECTORS' REPORT

The Directors of Clough Limited ABN 59 008 678 813 present the financial statements of the Clough Group, the consolidated entity, for the half-year ended 31 December 2011 and in accordance with a resolution of the Directors report as follows:

1. DIRECTORS

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

Director	Qualifications	Main Duties
AJ Bester	BCom (Hons), CA(SA)	Director
DI Crawford	BCom (Hons)(Econ), MA (Political Science), FAICD	Director
KT Gallagher	BEng (Mech)	Chief Executive Officer & Managing Director
IW Henstock	BCompt (Hons),CA(SA), HDip Tax Law, MBA	Director
HJ Laas	BEng (Mining), MBA	Director
NE Siford	BSc (Geography)(Hons), ACA	Chief Financial Officer & Executive Director
K Spence	BSc (Geophysics)(Hons), FAIM	Chairman
ER Stein	BSc (Physics)(Hons), MBA, FAICD	Director

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

- AJ Bester was appointed a Non-Executive Director on 17 July 2011.
- HJ Laas was appointed as a Non-Executive Director on 17 July 2011.
- KT Gallagher was appointed as Chief Executive Officer and Managing Director on 3 November 2011.
- NWR Harvey resigned as a Non-Executive Director on 20 January 2012.
- IW Henstock was appointed as a Non-Executive Director on 20 January 2012.

2. REVIEW OF OPERATIONS AND DEVELOPMENTS

Total revenue from Continuing Operations (including a share of revenue from jointly controlled entities and associates) for the half-year ended 31 December 2011 at $540.1 million (2010: $495.4 million excluding Marine Construction) was slightly ahead of the comparative period. The majority of revenue was earned through Clough's jointly controlled entities and associates and the statutory revenue from Continuing Operations was $182.6 million (2010: $129.4 million).

The net profit after interest and taxation from Continuing Operations was $18.1 million (2010: $24.0 million) and was down on the comparative period primarily due to cost overruns on a now completed fixed price contract for the upgrade of three gas regulating stations, a profit adjustment for two EPC contracts as a result of increased contract values without a commensurate increase in fee, and a $2.1 million fair value loss on the Forge Put Option arrangement compared to a $5.0 million gain on Forge options in the prior comparative period.

The net profit attributable to members of Clough Limited for the half-year was $11.7 million (2010: $15.3 million) with the Marine Construction business (discontinued operation) recording a profit of $3.8 million after tax (which included a gain on sale of the Marine Construction business of $6.7 million) and the Property business (discontinued operation) recording a loss after tax of $9.4 million (after including a further impairment on the Airlie Beach property in Queensland due to a deterioration in market conditions of $6.8 million).

Further details on the results for the half-year ended 31 December 2011 are included in the accompanying Media Release and Investor Presentation.

DIRECTORS' REPORT (Continued)

3. AUDITOR INDEPENDENCE

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

4. ROUNDING OF AMOUNTS

Clough Limited is a company of the kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the "rounding" of amounts in the Directors' Report and Financial Report. All amounts have been rounded to the nearest thousand dollars, unless otherwise stated.

For and on behalf of the Board
PERTH
22 February 2012

K.T. Gallagher

Kevin Gallagher
Director

Keith Spence
Director

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Clough Limited
Level 15
58 Mounts Bay Road
Perth WA 6000

22 February 2012

Dear Board Members

Auditor's Independence Declaration to Clough Limited

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

As lead audit partner for the review of the consolidated financial statements of Clough Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

ATRichards

A T Richards
Partner
Chartered Accountants

Clough Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2011

	Notes	Half-year ended 2011 $'000	2010 $'000
Revenue from continuing operations		**182,619**	129,422
Other income		**1,029**	5,265
Materials, plant and subcontractor costs		**(48,581)**	(26,736)
Labour costs		**(121,541)**	(85,025)
Depreciation and amortisation expense		**(1,572)**	(1,847)
Other expenses		**(23,842)**	(32,371)
Finance costs		**(127)**	(86)
Share of net profits of associates and jointly controlled entities accounted for using the equity method		**30,151**	38,392
Profit before income tax		**18,136**	27,014
Income tax expense		**(36)**	(2,974)
Profit from continuing operations		**18,100**	24,040
Loss from discontinued operations	4	**(6,106)**	(8,560)
Profit for the half-year		**11,994**	15,480
Other comprehensive income			
Cash flow hedges		**2,065**	(4,967)
Exchange differences on translation of foreign operations		**7,785**	(4,299)
Income tax relating to components of other comprehensive income		**(620)**	1,490
Other comprehensive income for the half-year, net of tax		**9,230**	(7,776)
Total comprehensive income for the half-year		**21,224**	7,704
Profit for the half-year is attributable to:			
Owners of Clough Limited		**11,670**	15,253
Non-controlling interests		**324**	227
		11,994	15,480
Total comprehensive income for the half-year is attributable to:			
Owners of Clough Limited		**20,900**	7,637
Non-controlling interests		**324**	67
		21,224	7,704
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic earnings per share		**2.35**	3.12
Diluted earnings per share		**2.34**	3.10
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the parent entity:			
Basic earnings per share		**1.52**	1.98
Diluted earnings per share		**1.51**	1.97

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

	Notes	31 December 2011 $'000	30 June 2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**125,788**	64,555
Receivables		**92,312**	45,709
Work in progress		**16,015**	8,699
Derivative financial instruments		**184**	1,439
		234,299	120,402
Assets classified as held for sale	4	**23,223**	33,772
Assets of a disposal group held for sale	4	**-**	139,475
Total current assets		**257,522**	293,649
Non-current assets			
Receivables		**9,183**	7,690
Investments accounted for using the equity method		**128,773**	104,150
Other non-current assets		**679**	736
Property, plant and equipment		**21,119**	22,152
Intangible assets		**984**	690
Deferred tax assets		**37,112**	36,184
Total non-current assets		**197,850**	171,602
Total assets		**455,372**	465,251
LIABILITIES			
Current liabilities			
Payables		**62,588**	27,598
Amounts due to customers for contract work		**28,363**	6,603
Borrowings		**4,984**	1,236
Current tax liabilities		**6,677**	4,531
Provisions		**16,697**	13,905
Derivative financial instruments		**4,371**	5,562
		123,680	59,435
Liabilities directly associated with assets classified as held for sale	4	**5,879**	5,416
Liabilities directly associated with a disposal group held for sale	4	**-**	79,308
Total current liabilities		**129,559**	144,159
Non-current liabilities			
Payables		**5,497**	5,789
Provisions		**5,431**	4,702
Total non-current liabilities		**10,928**	10,491
Total liabilities		**140,487**	154,650
Net assets		**314,885**	310,601
EQUITY			
Contributed equity	3	**230,165**	229,792
Reserves	5(a)	**(9,075)**	(18,570)
Retained earnings	5(b)	**93,795**	99,061
Capital and reserves attributable to owners of Clough Limited		**314,885**	310,283
Non-controlling interests		**-**	318
Total equity		**314,885**	310,601

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

		Attributable to members of Clough Limited											
Consolidated - 2010	Notes	**Contributed equity $'000**	**Convertible note premium reserve $'000**	**Hedging reserve - cash flow hedges $'000**	**Share-based payments reserve $'000**	**Minority buyback 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**
Total comprehensive income for the half-year		-	-	(3,477)	-	-	(4,139)	-	(7,616)	15,253	7,637	67	7,704
Transactions with owners in their capacity as owners:													
Contributions of equity, net of transaction costs	3	1,091	-	-	-	-	-	-	-	-	1,091	-	1,091
Employee share options		-	-	-	687	-	-	-	687	-	687	-	687
Dividends paid to non-controlling interest by subsidiary		-	-	-	-	-	-	-	-	-	-	(316)	(316)
Dividends provided for or paid	6	-	-	-	-	-	-	-	-	(16,980)	(16,980)	-	(16,980)
Balance at 31 December 2010		**230,819**	**394**	**(3,498)**	**4,896**	**(7,952)**	**(10,414)**	**720**	**(15,854)**	**80,969**	**295,934**	**1,002**	**296,936**

		Attributable to members of Clough Limited											
Consolidated - 2011	Notes	**Contributed equity $'000**	**Convertible note premium reserve $'000**	**Hedging reserve - cash flow hedges $'000**	**Share-based payments reserve $'000**	**Minority buyback 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 2011		**229,792**	**394**	**(4,034)**	**5,146**	**(7,952)**	**(12,844)**	**720**	**(18,570)**	**99,061**	**310,283**	**318**	**310,601**
Total comprehensive income for the half-year		-	-	1,445	-	-	7,785	-	9,230	11,670	20,900	324	21,224
Transactions with owners in their capacity as owners:													
Contributions of equity, net of transaction costs	3	373	-	-	-	-	-	-	-	-	373	-	373
Employee share options		-	-	-	265	-	-	-	265	-	265	-	265
Non-controlling interests removed on disposal of subsidiary		-	-	-	-	-	-	-	-	-	-	(642)	(642)
Dividends provided for or paid	6	-	-	-	-	-	-	-	-	(16,936)	(16,936)	-	(16,936)
Balance at 31 December 2011		**230,165**	**394**	**(2,589)**	**5,411**	**(7,952)**	**(5,059)**	**720**	**(9,075)**	**93,795**	**314,885**	**-**	**314,885**

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

	Note	Half-year ended 2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**213,470**	167,568
Payments to suppliers and employees (inclusive of goods and services tax)		**(235,794)**	(202,330)
		(22,324)	(34,762)
Dividends and distributions received from equity accounted entities		**8,503**	29,186
Interest received		**843**	734
Interest paid		**(1,830)**	(2,121)
Income taxes paid		**(2,167)**	(357)
Net cash outflow from operating activities		**(16,975)**	(7,320)
Cash flows from investing activities			
Payments for property, plant and equipment		**(4,633)**	(4,228)
Payments for intangible assets - computer software		**(368)**	-
Payment for exercise of options in equity accounted entity		**-**	(1,050)
Contributions to equity accounted entities		**(7,977)**	-
Loans to equity accounted entities		**(2,790)**	(2,345)
Loans from equity accounted entities		**25,300**	1,029
Repayment of loans from equity accounted entities		**(337)**	(1,907)
Proceeds from sale of property, plant and equipment		**3,767**	238
Proceeds from sale of assets classified as held for sale		**257**	-
Proceeds from sale of subsidiaries, net of cash disposed of	4	**94,551**	(349)
Repayment of loans by other persons		**-**	500
Repayment of loans by equity accounted entities		**-**	1,264
Net cash inflow (outflow) from investing activities		**107,770**	(6,848)
Cash flows from financing activities			
Proceeds from conversion of options		**209**	1,801
Shares bought back by Clough Limited		**(736)**	(710)
Proceeds from borrowings		**5,949**	-
Repayment of borrowings		**(45,191)**	(5,054)
Dividend paid to non-controlling interest in subsidiary		**-**	(316)
Dividends paid	5,6	**(16,936)**	(16,980)
Net cash outflow from financing activities		**(56,705)**	(21,259)
Net increase (decrease) in cash and cash equivalents		**34,090**	(35,427)
Cash and cash equivalents at the beginning of the half-year		**90,450**	106,990
Effects of exchange rate changes on cash and cash equivalents		**1,248**	(3,048)
Cash and cash equivalents at end of the half-year		**125,788**	68,515

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

1 Summary of significant accounting policies

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

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Clough Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Marine Construction business was sold on 22 December 2011 and is classified as a discontinued operation. For further details, refer to note 4. As a result, comparative figures have been restated.

2 Segment information

(a) Description of segments

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

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

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

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

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

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

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

Forge
This comprises Clough's investment in Forge Group Limited.

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.

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.

2 Segment information (continued)

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 4.

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

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

(b) Segment information provided to the CODM

The segment information provided to the CODM for the reportable segments for the half-year ended 31 December 2011 is as follows:

31 December 2011	Capital Projects	Asset Support	Forge	Other	Total
	$'000	$'000	$'000	$'000	$'000
Total segment revenue *	417,695	27,498	74,488	20,488	540,169
Revenue from external customers	**417,695**	**27,498**	**74,488**	**20,488**	**540,169**
Underlying earnings from operations	**11,496**	**1,017**	**9,863**	**329**	**22,705**

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

The segment information provided to the CODM for the reportable segments for the half-year ended 31 December 2010 is as follows:

31 December 2010	Capital Projects	Asset Support	Forge	Other	Marine Construction #	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Total segment revenue *	378,517	32,099	67,973	16,778	28,137	523,504
Revenue from external customers	**378,517**	**32,099**	**67,973**	**16,778**	**28,137**	**523,504**
Underlying earnings (loss) from operations	**18,999**	**1,658**	**10,075**	**(2,999)**	**(7,606)**	**20,127**

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

The Marine Construction business has been reclassified as being a discontinued operation in these accounts.

2 Segment information (continued)

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

(i) Segment revenue

Segment revenue reconciles to revenue from continuing operations as follows:

	Half-year ended 2011 $'000	Half-year ended 2010 $'000
Total segment revenue	**540,169**	523,504
Segment revenue from jointly controlled entities and associates	**(358,389)**	(366,871)
Revenue from the discontinued Marine Construction business	**-**	(28,137)
Interest revenue	**839**	926
Total revenue from continuing operations	**182,619**	129,422

(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 operating profit before income tax from continuing operations is provided as follows:

	Half-year ended 2011 $'000	Half-year ended 2010 $'000
Underlying earnings from operations	**22,705**	20,127
Underlying loss from the discontinued Marine Construction business	**-**	7,606
Underlying earnings from continuing operations	**22,705**	27,733
Interest revenue	**839**	926
Finance costs	**(127)**	(86)
Tax expense included in share of net profit of equity accounted entities	**(2,846)**	(3,000)
Fair value gain on Forge Group Limited options	**-**	4,987
Fair value loss on Forge Option Securities	**(2,113)**	-
Gain on sale of land to Forge, net of deferral	**725**	-
Sign on shares and cash paid to new CEO	**(1,300)**	-
Amortisation arising from business acquisitions, net of tax	**-**	(2,651)
Other adjustments including legacy project costs	**253**	(75)
Overheads allocated to the discontinued Marine Construction business on a direct basis rather than a revenue basis *	**-**	(820)
Profit before income tax from continuing operations	**18,136**	27,014

* Clough allocates overheads to its business segments based on revenue. As a result of the reclassification of the Marine Construction business to discontinued operations, it has been necessary to reallocate overheads to this business on a directly attributable basis. The comparative underlying earnings from operations in the segment note has been restated for this change.

(iii) *Segment assets and liabilities*

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

3 Equity securities issued

	2011 Shares	2010 Shares	**2011 $'000**	2010 $'000
Issues of ordinary shares during the half-year				
Balance at start of period	**769,801,269**	768,776,269	**229,792**	229,728
Issue of 1,136,394 new shares at a price of 79.1979 cents per share (note (a))	**1,136,394**	-	**900**	-
Exercise of 545,000 options with an exercise price of 31 cents per share	**545,000**	-	**169**	-
Exercise of 50,000 options with an exercise price of 31 cents per share	**-**	50,000	**-**	15
Exercise of 70,000 options with an exercise price of 57 cents per share	**70,000**	-	**40**	-
Exercise of 80,000 options with an exercise price of 57 cents per share	**-**	80,000	**-**	46
Exercise of 3,000,000 options with an exercise price of 58 cents per share	**-**	3,000,000	**-**	1,740
Share buyback	**(1,000,000)**	(1,000,000)	**(736)**	(710)
Balance at end of period	**770,552,663**	770,906,269	**230,165**	230,819

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

Share buyback
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 buyback of $736,000, including $3,000 of after tax transaction costs, was deducted from contributed equity.

There is no current on-market share buyback.

4 Discontinued operations

Discontinued operations comprise the Marine Construction business, the Property business and Petrosea as detailed below. The loss from discontinued operations for the period of $6,106,000 (2010: $8,560,000) is made up as follows:

- Loss of the Marine Construction business to date of sale on 22 December 2011 of $2,878,000 (2010: $4,571,000).
- Gain on sale of the Marine Construction business on 22 December 2011 of $6,671,000.
- Loss of the Property business for the period of $9,399,000 (2010: $3,989,000).
- Loss relating to Petrosea for the period of $500,000 (2010: $nil).

(a) Marine Construction

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 flows of the Marine Construction business for the periods ended 31 December 2011 and 31 December 2010 are detailed below.

	Half-year ended	
	2011	2010
	$'000	$'000
Profit (loss) for the period of the Marine Construction business		
Revenue	**29,117**	7,814
Other revenue	**16,766**	15,517
Other income	**1,037**	3,725
Share of net profit of associates and jointly controlled entities accounted for using the equity method	**-**	1,402
Expenses	**(48,468)**	(34,468)
Loss before income tax	**(1,548)**	(6,010)
Income tax (expense) benefit	**(1,330)**	1,439
Loss after income tax of the Marine Construction business	**(2,878)**	(4,571)
Gain on sale of the Marine Construction business (see (d) below)	**6,671**	-
Profit (loss) from the Marine Construction business	**3,793**	(4,571)
Cash flows of the Marine Construction business (including sale)		
Net cash inflow (outflow) from operating activities	**(320)**	(5,894)
Net cash inflow (outflow) from investing activities	**92,804**	(3,197)
Net cash inflow (outflow) from financing activities	**(42,989)**	(3,195)
Net increase (decrease) in cash generated by the Marine Construction business	**49,495**	(12,286)

4 Discontinued operations (continued)

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

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

	22 December 2011 $'000	30 June 2011 $'000
Assets		
Cash and cash equivalents	**26,857**	25,895
Receivables	**26,481**	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	**156,981**	139,475
Liabilities		
Payables	**(17,351)**	(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	**(54,338)**	(79,308)
Net assets	**102,643**	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 $41,463,000 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 is 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. Clough has estimated that purchase consideration will be reduced by an adjustment amount of $2,518,000 based on the unaudited net assets of the Marine Construction business at 22 December 2011.

	Half-year ended	
	2011 $'000	2010 $'000
Consideration received or receivable:		
Cash	**129,533**	-
Less: Adjustment amount payable	**(2,518)**	-
Total disposal consideration	**127,015**	-
Carrying amount of net assets sold	**(102,643)**	-
Less: Non-controlling interests	**671**	-
Less: Foreign currency translation reserve	**(6,133)**	-
Less: Costs associated with the disposal	**(12,239)**	-
Gain on sale before income tax	**6,671**	-
Income tax expense	**-**	-
Gain on sale after income tax	**6,671**	-

4 Discontinued operations (continued)

Cash flow on disposal of the Marine Construction business
The net cash inflow on disposal of the Marine Construction business at 31 December 2011 was $94,551,000 before the repayment of borrowings related to the Marine Construction business. This was made up of cash consideration received of $129,533,000 less cash costs incurred at 31 December 2011 associated with the disposal of $8,125,000, 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 out of the proceeds received above, and thus the overall net cash inflow arising from the sale of the Marine Construction business was $52,908,000.

Further cash payments (including the final adjustment amount) in relation to the sale of the Marine Construction business will be incurred after 31 December 2011, and it estimated that the final overall net cash inflow arising from the sale will be approximately $44 million.

(e) Other discontinued operations

Property
During the year ended 30 June 2009, the Company determined that it was going to exit from the property business and an active sales process was commenced. 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.

The property business recorded a net loss after tax of $9,399,000 (2010: $3,989,000) for the period ended 31 December 2011. The results included the impairment of property developments of $6,828,000 (2010: $4,646,000) and an income tax expense of $486,000 (2010: benefit $1,394,000).

The property business recorded net cash outflows from operating activities of $325,000 (2010: $470,000), net cash inflows from investing activities of $719,000 (2010: outflow $280,000) and net cash outflows from financing activities of $nil (2010: $nil) for the period.

As at 31 December 2011, the property business has assets classified as held for sale of $23,223,000 (30 June 2011: $33,772,000) and liabilities directly associated with assets classified as held for sale of $5,879,000 (30 June 2011: $5,416,000).

Petrosea
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 made an additional provision of $500,000 in the current period which has been included as an expense in discontinued operations.

5 Reserves and retained earnings

	31 December 2011 $'000	30 June 2011 $'000
(a) Reserves		
Convertible note premium reserve	**394**	394
Hedging reserve - cash flow hedges	**(2,589)**	(4,034)
Share-based payments reserve	**5,411**	5,146
Foreign currency translation reserve	**(5,059)**	(12,844)
Minority buyback reserve	**(7,952)**	(7,952)
Capital reserve	**720**	720
	(9,075)	(18,570)

5 Reserves and retained earnings (continued)

(b) Retained earnings

Movements in retained earnings were as follows:

	31 December 2011 $'000	30 June 2011 $'000
Balance start of period	**99,061**	82,696
Profit for the period attributable to members of Clough Limited	**11,670**	33,345
Dividends	**(16,936)**	(16,980)
Balance end of period	**93,795**	99,061

6 Dividends

	Half-year ended 2011 $'000	2010 $'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

7 Contingencies

Contingent liabilities

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

Marine Construction business
Clough sold its Marine Construction business to SapuraCrest Petroleum Berhad (SapuraCrest) on 22 December 2011. Various warranties were provided by Clough as part of the sale transaction and the final purchase price is subject to an adjustment statement mechanism based on the final net asset position of the Marine Construction business at completion. The final adjustment amount is expected to be finalised in the first quarter of 2012. The Directors do not consider that the above will have a material adverse impact on the financial position of the consolidated entity.

Forge Put Option arrangement
During 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 are 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 through to 30 June 2012. Should the Put Option be exercised in full, Clough is committed to acquiring Forge shares and options for a total amount of $17,325,000.

8 Events occurring after the balance sheet date

No matters or circumstances have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in periods subsequent to the period ended 31 December 2011.

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

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

On behalf of the Directors

K. T. Gallagher

Kevin Gallagher
Director

Keith Spence
Director

PERTH
22 February 2012

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

We have reviewed the accompanying half-year financial report of Clough Limited, which comprises the condensed balance sheet as at 31 December 2011, and the condensed statement of comprehensive income, the condensed cash flow statement and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Clough Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Clough Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A T Richards

A T Richards
Partner
Chartered Accountants
Perth, 22 February 2012