

## ASX/MEDIA RELEASE

25 August 2011

### Clough Full Year Results Announced

Engineering and construction company Clough Limited (ASX:CLO) today announced a result in line with previous guidance with a 25% increase in total revenue to \$1bn but a reduction in underlying earnings to \$47.2m, due to a loss in the Marine Construction division as a result of soft market conditions.

On 8 August the Company announced that it had entered into an agreement to sell the Marine Construction division to SapuraCrest Petroleum for a cash consideration of \$127m. The transaction is expected to complete towards the end of Q4 2011. At 30 June 2011 the Marine Construction division was classified as a discontinued operation and underlying earnings from continuing operations was \$54.7m and NPAT from continuing operations \$49.6m.

The board have declared a dividend of 2.2c per share, unchanged from 2010/11.

	<b>Total operations</b>	<b>Continuing operations</b>
<b>2010/11 Salients (AUDm)</b>		
Total Revenue	1008.5	931.3
Underlying Earnings from Operations	47.2	54.7
Statutory NPAT	33.3	49.6
Order Book	1551	1250
Cash	90.4	64.6
Net Cash	49.9	
Dividend	2.2¢	

Commenting on the result, Chief Executive Officer, John Smith, said "Clough has had a year of excellent operational performance across a range of world class projects. Notably our people in Papua New Guinea working for Exxon completed seven million man-hours without a lost time injury, demonstrating that excellence can be achieved in the most difficult of conditions.

Our Marine Construction team have performed admirably in very difficult market conditions and the sale of the division to SapuraCrest will provide increased opportunities for them and the business. SapuraCrest have better efficiencies of scale and access to markets across a broader geographic footprint. We wish them every success.

The proceeds from the sale will leave the company debt free with significant net cash, equipped for growth. You will see an increased emphasis from Clough on the EPC opportunities in Australia, not only in gas but on minerals projects.

Whilst the overall result was down our Capital Projects division saw a significant increase in both revenue and profit. Our investment in core skills is paying off with robust, reliable operational performance. For the 2011/12 financial year the division already has confirmed work under contract in excess of last year's revenue.

Since year end we have added a number of new contracts to an already healthy order book and our tender pipeline is at record levels with a number of high value opportunities at an advanced stage of pursuit.

We are underway with new contracts for BHP on Macedon, INPEX on Ichthys, CSBP (Wesfarmers) on NAAN3 and pleasingly, through the Clough Forge JV, for Hancock Prospecting on the Roy Hill Development.

The project management services contract for the upstream facilities on Ichthys is high quality work which will extend through the engineering, construction and commissioning phases of this leading edge gas to LNG project.

The Roy Hill award is the first for the recently established Clough Forge JV and whilst expenditure is initially limited to project scoping until the final investment decision is taken, the opportunity is there to move to a full construction contract.

Our start up initiative, Clough Seam Gas, is now bearing fruit having secured front end work with BG and Arrow, and is tendering extensively for the construction phases of several of the Queensland CSG projects.

We expect to have confirmation shortly of a 2 year extension for our Clough AMEC JV contract with ConocoPhillips, which together with the ongoing work for Chevron, Woodside, Maersk and Oil Search, will provide a good base load for this business. The opportunity for the division is significant with massive new facilities planned to come into operation at Pluto, Gorgon, Wheatstone, PNG and in Queensland for each of the CSG operators.

As I head towards a handover to my successor Kevin Gallagher which is now confirmed as the end of the calendar year, I am proud of the turnaround in Clough's fortunes. The balance sheet and order book have never been in better shape. We are fortunate, in a troubled world economy, to have excellent market opportunities and by continuing to focus on enhancing the core Engineering, Procurement and Construction skills of our people, the future is bright."

Ends

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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 3,500 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](http://www.clough.com.au)**

## CLOUGH LIMITED FINANCIAL SUMMARY

	FY 2010/11 Revenue \$M	FY 2010/11 \$M	FY 2010/11 Margin %	FY 2009/10 Revenue \$M	FY 2009/10 \$M	FY 2009/10 Margin %
Asset Support	47.6	2.5	5.3%	59.9	4.5	7.4%
Capital Projects	733.6	38.7	5.3%	517.7	34.2	6.6%
Other - includes Fabrication	8.4	(5.4)		11.0	(2.3)	
Forge (1)	141.6	18.9	13.4%	22.4	3.1	14.0%
Total Continuing	<u>931.3</u>	<u>54.7 *</u>		<u>611.0</u>	<u>39.5 *</u>	
Marine Construction - discontinued (2)	77.2	(7.5)	(9.7)%	194.0	24.1	12.4%
<b>Total Underlying Revenue</b>	<b><u>1,008.5</u></b>			<b><u>805.0</u></b>		
<b>Earnings from operations (3)</b>		<b><u>47.2</u></b>			<b><u>63.6</u></b>	
Net interest (4)		2.3 *			1.1 *	
Adjusting Items (5)		(0.5) *			(9.5) *	
Forge and other EAE taxation		(4.7) *				
Taxation - Clough		(2.2)			(1.1)	
Interest, tax and adjusting items - Marine Construction (2)		<u>(2.9)</u>			<u>(3.0)</u>	
		39.2			51.1	
<i>Reclassify Marine Construction to discontinued (2)</i>		10.4			(21.1)	

<b>Statutory - Statement of Comprehensive Income</b>		
<b>Net profit after taxation continued operations - Statutory</b>	<b><u>49.6</u></b>	<b><u>30.0</u></b>
Discontinued operations and non controlling interests	(16.3)	20.1
<b>Net profit attributable to Clough shareholders - Statutory</b>	<b><u>33.3</u></b>	<b><u>50.1</u></b>
<b>Profit before tax from continuing operations - Statutory</b>	<b>51.8 *</b>	<b>31.1 *</b>

(1) Clough's 33.4% share of Forge's profit before tax and amortisation.

(2) Marine Construction was classified as a discontinued operation at 30 June 2011. Prior year financial summary has also been restated to reflect Marine Construction as a discontinued operation.

(3) Before adjusting items.

(4) Includes net interest from equity accounted entities.

(5) Adjusting items comprise the impact of businesses disposed of and acquired, the amortisation of intangible assets arising on the acquisition of Forge and revaluation of Forge options, and in the prior year a reduced allocation of overheads to Marine Construction, on a direct rather than a revenue basis, as required on classification as a discontinued operation.