



MEDIA RELEASE

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## **CLOUGH REPORTS INLINE WITH PREVIOUS GUIDANCE**

Clough Limited (**ASX:CLO**) today reported a net loss of \$59.6 million for the full year to June 30, 2005. The result was due primarily to losses incurred on the BassGas contract. PT Petrosea and the Services and Property business units performed well, in line with expectations.

Revenue from the group's operations of \$549.3 million was 27% lower than the previous year, however, this result is in line with the company's internal plans. The movement was due to delays in rebuilding the company's order book during 2004.

Mr David Singleton, CEO and Managing Director of Clough Limited, said; "We have been very encouraged by the progress made in several areas of the business. However, it is a disappointing overall result for the year driven primarily by our determination to take a prudent financial position on BassGas."

The order book has improved since last year end with work in hand totalling \$851.1 million, more than double the value at June 2004. Geographic results continue to reflect the company's market focus being Australia and the greater South East Asian Region.

"At this time, the work in hand figures only included a minor contribution from the Saudi Aramco Project Management Services and Gorgon Front End Engineering Design contracts, which will open the way to revenue growth in the next few years. These and other engineering service projects will be fundamental for transforming the risk profile within the group." Mr Singleton said.

The results when viewed by activity, show a loss of \$89.3 million in our fixed price contracting line of business. This includes cost overruns to complete both the onshore and offshore facilities of BassGas, provisions to reflect bank guarantees cashed by the BassGas JV and the costs of pursuing the company's claim through arbitration, and fixed cost write-offs due to the lower volume of activity.

Profit in Engineering, Procurement and Construction Management and Engineering Services derived mostly from the oil and gas sector was \$5.0 million. Although below the previous year this was ahead of Clough's internal plans. These results have reflected the growth in activities from a number of new multi-year contracts. The company expects continued growth in this line of business.

PT Petrosea delivered an increased profit of \$6.8 million primarily from mining and mine services and continues to provide a regional outlet for Clough's oil and gas activities. During the year, Petrosea signed a new multi-year contract for the provision of mining

services in Kalimantan. Future revenue growth is supported by increasing mining activity and increasing oil and gas investment in Indonesia.

Clough Property delivered profits of \$9.6 million sustaining the business improvement first demonstrated in 2004. The Property business has continued to identify and acquire development projects across Australia and is expected to achieve sustained growth in the medium and long-term.

The 2005 full year result includes profits of \$11.8 million mostly from the disposal of the company's interest in the Shark Bay Salt Joint Venture, which was sold to Mitsui.

The company has net tax losses in excess of \$40 million which are not included in the balance sheet. Tax costs relate mostly to overseas companies.

Group net assets decreased by \$27.6 million to \$185.1 million, which included a \$6.7 million reduction in the value of assets held overseas, due to the appreciation of the Australian dollar. Net cash holdings at the full year were \$7.7 million reduced by \$34.1 million from the previous year. During the year, the company generated \$40.0 million from an equity placement to Murray and Roberts Holdings Limited of South Africa. The resulting net cash outflow of \$74.1 million relates substantially to the BassGas contract.

Given the company's loss and the working capital issues relating to the BassGas project, the Board of Clough Limited has elected not to pay a dividend at the full year.

#### *Murray & Roberts Strategic Alliance*

The approval late in 2004 of the strategic alliance with South African engineering, construction and manufacturing group Murray & Roberts included the establishment of an alliance to enhance Clough's capability in the mining and minerals processing sectors. The two companies are currently bidding a number of minerals beneficiation projects primarily targeting Engineering Procurement and Construction Management contracts in Australia and South East Asia.

#### *Services Success – Transformational contracts*

Significant progress has been made developing the Services Business Unit. The awarding of the Saudi Aramco Project Management Services contract undertaken In-Kingdom (Saudi Arabia) and the Gorgon Front End Engineering and Design contract for Chevron have seen the group progressing towards the strategic goal of deriving 50% of the group's revenues from lower risk, non-EPC contracts.

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Clough is one of Australia's largest multi-disciplinary engineering, construction and asset management groups. Clough operates globally in industry sectors such as onshore and offshore oil and gas, petrochemicals, minerals, infrastructure and property and has a significant capability in project management and engineering.

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