



**MEDIA RELEASE**  
**8 November 2006**

## **Annual General Meeting – Chairman’s Address**

The Company recorded another loss this year which was very disappointing.

The loss was primarily due to the provisioning on our two Indian EPC contracts G1 and Panna. Negotiations are continuing with our clients to resolve the outstanding issues on these contracts.

The Chief Executive Officer David Singleton will comment further on this and the BassGas arbitration in his presentation.

During the year, the Company continued to implement a risk minimisation strategy. It was pleasing that Clough achieved a strategic goal of having more than 50% of earnings coming from lower risk sectors of engineering and contracting rather than the traditional fixed price contracting business that historically categorised the group.

The outlook for the 2006/07 period is also positive, with less than 20% of our anticipated turnover and earnings expected to be derived from EPC fixed price contracts. Again, most of the earnings will be rates based or reimbursable with caps to losses that may arise.

The Chief Executive Officer will cover a number of examples of key contracts in his address, including the Maari contract for OMV New Zealand, the Kalgoorlie Reservoir contract for Water Corporation in Western Australia and the Apache contract in the Gulf of Mexico.

One of the contract successes I want to mention is the Boddington gold mine project. During the year, the Clough Murray & Roberts strategic alliance that was formed last year won its first contract.

The JV has been awarded the engineering, procurement and construction management (EPCM) contract for Australia’s largest gold and copper processing facility to be built in Boddington, 130km south east of Perth, in Western Australia. The contract will be completed in joint venture with Aker Kvaerner.

This contract win augurs well for our alliance with Murray & Roberts and we are continuing to focus on minerals processing work in Australia.

You will have noted a number of changes occurred to your Board during the year. Michael Harding joined as a director in May 2006 and John Cooper joined in August to replace Roger Rees. Shareholders are voting on the election of these Directors at today’s meeting.

This is also my last Annual General Meeting as Chairman and after the end of the meeting, I will be stepping down and Mike Harding will become an independent non-executive Chairman.

I regret leaving the office of Chairman without seeing a full year profit turnaround. However I will remain a Director of Clough and I believe that management’s continued focus on our business strategy will return Clough to satisfactory future profitability.

Being my last address to shareholders, I want to take this opportunity to thank you all for your continued support of the Company. I also want to thank David Singleton and his senior management team for driving a clear strategy and for all of our staff who despite the pressures, continue to show passion and enthusiasm for their work.

The Company returned to profitability in the second half of last year, and the Board is confident that the transformation strategy and risk reduction initiatives are starting to show results.

We will continue to focus on the attainment and sustenance of satisfactory returns to shareholders.

Ends

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**About Clough**

Clough is one of Australia's largest multi-disciplinary engineering, construction and asset management groups. The Company operates globally in industry sectors including onshore and offshore oil and gas, petrochemicals, minerals, infrastructure and property. Clough has significant capability in project management, engineering services, construction, installation, commissioning, operations and maintenance.

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