



ASX/MEDIA RELEASE
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Clough reports full year result

Engineering and construction company Clough Limited (ASX:CLO) today announced a net loss of \$15.1 million for the year ended 30 June 2006. The full year result was impacted by further losses and provisions on the two Indian contracts announced at the half year.

The remainder of the business is performing strongly and in line with expectations. In particular the Services/EPCM, Petrosea and Property businesses reported continued growth, and excluding India, the Projects/EPC line of business is also on track.

Key financials at 30 June 2006 are:

- Net loss before tax for the full year was \$10.7 million (compared to \$54.1 million in the last period)
- Group turnover \$922 million (up 46%)
- Work in hand was \$809 million with a further \$150m booked since the end of the year
- Net cash holdings were \$53.6 million, down from \$64.9 million in the previous year
- Net debt was \$114.1 million (up \$54.5 million)

Clough Limited Chief Executive Officer and Managing Director David Singleton said the impact of the Indian projects was disappointing.

“Over the past year we have continued our focus on rebuilding Clough into a profitable business. However the negative results from the Indian contracts have clearly indicated the need for further contract and project execution improvements,” said Mr Singleton.

“It should be noted that delays on these projects have also had a significant impact on cash balances although agreements reached after year end are expected to result in a material improvement in the Group’s liquidity.

“Against these disappointing results it’s important to note the improvements in earnings that have been generated by the Services business, primarily as a result of a number of multi year support contracts signed over the last 12 months, and Petrosea on the back of its increasing involvement with mining and oil and gas support activities.

“It is also encouraging to note that one of the most significant contract wins at Clough in the past few years has been within our Projects/EPC business, showing that our increased bid rigour and improved project management is getting results.

“We recently signed a cost-reimbursable contract with OMV New Zealand for the Maari Field development. Finalising this contract on a cost-reimbursable basis reflects a commitment by Clough and our client towards better outcomes and reduced risk in the current climate of volatile pricing and delivery. It’s a good example of managing risk in a time when global supply chains in our markets are overheated.”

Most, if not all, major contract awards during the year fit with this reduced risk approach, including an alliance with the Water Corporation in Western Australia where Clough and KBR will design and construct the new Kalgoorlie Reservoir. In addition, the Clough Murray & Roberts strategic alliance won its inaugural contract during the period.

In conjunction with joint venture partner Aker Kvaerner, Clough was awarded the initial engineering contract to develop the Boddington Gold mine near Perth Western Australia. Clough's Indonesian business PT Petrosea performed strongly this year, winning a number of new awards and contract extensions over the period. Late last year Petrosea and alliance partner Renison commenced mining on the Tom's Gully gold mine in the Northern Territory, Australia. Petrosea also won a contract extension on its overburden stripping operations for PT Gunungbayan Pratamacoal at the Muara Pahu coal mine, in East Kalimantan.

The company also intends to divest Clough Property. This business has grown into a successful property owner and developer and it's now ready for continuing development in new hands. Clough Property has performed strongly over the past few years and the sale will release significant funds for Clough, allowing the company to concentrate on core business.

Following recent changes in the holdings of the Company's major shareholders, Jock Clough will stand down as Chairman at the next AGM and will be replaced by Mike Harding as an independent non-executive Chairman. The board would like to thank Jock for his dedication to the role and input to the company over the last three years. A further change to the Clough Board is that Roger Rees, CFO of Murray and Roberts, resigns as a director in favour of John Cooper who is nominated by Murray & Roberts as a non-executive director and appointed by the Board as Deputy Chairman with effect from 24 August 2006.

John Cooper has more than 30 years engineering and construction experience in Australia and South-east Asia. He was with Concrete Constructions Group for more than 20 years where he was General Manager Australia before leaving to become Managing Director and Chief Executive of engineering consultant CMPS&F. John recently joined Murray & Roberts as its Australian Chief Executive following a number of years consulting to the major projects industry in the region.

In order to build its capacity and strengthen its Balance Sheet, the board has today approved a \$40million capital raising by convertible note, fully underwritten by Murray and Roberts. The offer will be open to all shareholders. The company is presently finalising the terms of the convertible note issue which will end the Shareholder Agreement between Murray & Roberts and McRae Investments Pty Ltd. The key terms of the note issue are as follows:

- Amount of note issue - \$40m
- Three year term at 10% pa
- Option to convert during or at the end of the term of the issue at the 30 June 2006 net asset value per share
- Unlisted issue
- Pro rata participation offer to all shareholders.

Further details of the note issue will be provided in due course.

Mr Singleton said in conclusion:

“Jock’s retirement as Chairman is a natural evolution as Murray & Roberts becomes the majority shareholder. The appointment of an independent chairman is appropriate under the ownership circumstances. John Cooper’s appointment will support the company’s return to profitability and ensure that we continue to build strong links with Murray & Roberts, building on the work we have achieved to date.

“The sale of the Property business and the raising of new equity will ensure that the group has the working capital that it needs to develop in what continues to be a very strong market across all of our sectors.

“I am pleased that the company has returned to profit in the second half of the year in spite of our problems in India. The quality of our order book in terms of risk is the best it has been for many years and we enter the new financial year with a sense of real optimism.”

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For further information, please contact:

David Singleton, CEO & Managing Director

+61 8 9281 9281

Iwona Polski, Manager Corporate Affairs

+61 8 9281 9401/0400 707 592

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.

www.clough.com.au

CLOUGH LIMITED FINANCIAL SUMMARY

CLOUGH LIMITED

\$million	June 05	June 06	PCP
Group turnover	629.5	922.0	46.5%
EBIT	(53.1)	(5.5)	89.6%
EBIT Margin %	(8.4%)	(0.6%)	92.9%
Interest (net)	(1.0)	(5.2)	(420.0%)
Operating Profit (Loss) Before Tax	(54.1)	(10.7)	80.2%
Tax + Minority Interests	(3.5)	(4.4)	25.7%
Net Profit (Loss) After Tax	(57.6)	(15.1)	73.8%

CLOUGH LIMITED – LINE OF BUSINESS BREAKDOWN

	June 05	June 06	PCP
Projects/EPC			
Sales - \$M	312.1	529.8	69.8%
EBIT - \$M	(86.9)	(42.8)	50.7%
EBIT / Sales	(27.8%)	(8.1%)	70.9%
Services/EPCM			
Sales - \$M	69.7	142.6	104.6%
EBIT - \$M	5.0	9.7	94.0%
EBIT / Sales	7.2%	6.8%	(5.5%)
Petrosea			
Sales - \$M	173.6	153.8	(11.4%)
EBIT - \$M	6.2	15.9	156.5%
EBIT / Sales	3.6%	10.3%	186.1%
Property			
Sales - \$M	36.6	75.1	105.2%
EBIT - \$M	9.0	15.3	70.0%
EBIT / Sales	24.6%	20.4%	(17.1%)