



## ASX/MEDIA RELEASE

27 February 2007

### Clough reports half year profit

Engineering and construction company Clough Limited (ASX:CLO) today announced a net profit for the half year to 31 December 2006 of \$10.7 million.

The result builds on the profitable second half of last financial year and is driven mainly by project performance in the Offshore Oil & Gas business. Services & Construction again reported growth and Petrosea's underlying earnings improved.

Key financials at 31 December 2006 are:

- Net profit after tax of \$10.7 million (compared to a \$16.7 million loss in the six months to Dec 05)
- Revenue was \$289.1 million (Dec 05 - \$304.0 million)
- Work in hand increased to \$839.5 million (June 06 - \$808.7 million)
- Cash holdings increased to \$58.8 million (June 06 - \$53.6 million)
- Net debt was \$107.0 million (June 06 - \$60.4 million)

Clough Limited Chief Executive John Cooper said these are an important set of results for the Company.

"Petrosea and Services & Construction again delivered earnings growth. However, the performance in our Offshore Oil & Gas business is the most pleasing because we are now executing projects successfully in this major part of Clough's operations," said Mr Cooper.

Work in hand increased to \$839.5 million, due to new contract wins and contract renewals and extensions in asset support, infrastructure and mining.

Cash holdings improved in the six months to December while net debt increased to \$107.0 million. This increase was driven by cash outflows on the Panna and G1 contracts, legal costs related to the BassGas arbitration process, and financing of existing projects in the property business mostly funded through project finance; and was partly offset by cash inflow on current projects.

The increase in net debt was financed mostly from a convertible note offered to all shareholders that was fully underwritten by Murray & Roberts, raising \$39.2 million. The cash outflows on both G1 and Panna have reduced levels of outstanding payments due to suppliers on these contracts.

Revenues in the period were in line with expectations, however were lower than the comparative period which included high activity on the G1 and Panna projects.

The offshore work on Panna is now complete, and the remaining contract issues are being closed out. The company expects the independent mediation process agreed with ONGC to deal with completion issues on the G1 contract to commence within the next two months.

Resolution of the company's dispute with Origin Energy on the BassGas contract has progressed with the Arbitration hearing held in October last year. It is expected that the arbitrator will deliver his findings before the end of the current financial year. Depending on the outcome of this hearing a second hearing may be necessary later in the year to deal with the quantum of damages. The company remains committed to achieving a resolution to this dispute and achieving the best possible outcome for shareholders.

With respect to Clough Property, the company is realising value through the sale of the majority of projects, with the remainder being retained for development by the group.

While the company has reported a profit, the Board does not consider it an appropriate time to recommence dividend payments.

Commenting on outlook, Mr Cooper said that the company is now in a more robust position from which to expand.

"We are examining a number of options to enable us to grow the business and capitalise on the buoyant resources market," said Mr Cooper.

"In particular, we are working closely with clients to take advantage of the long-term project pipeline in our key sectors and expect the second half performance to be similar to that of the first half."

Note: Financial summary tables are attached to this release.

Ends

**For further information, please contact:**

John Cooper, Chief Executive

+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](http://www.clough.com.au)**

## CLOUGH LIMITED FINANCIAL SUMMARY

### CLOUGH LIMITED

\$million	Dec 06	Dec 05
Group Turnover *	366.3	426.0
EBIT	20.8	(12.8)
EBIT / Turnover %	5.7%	(3.0%)
Interest (net)	(4.2)	(1.8)
Profit (Loss) Before Tax	16.6	(14.6)
Tax + Minority Interests	(5.9)	(2.1)
Net Profit (Loss) After Tax	10.7	(16.7)

\* Turnover includes share of revenues from jointly controlled entities and associates

### CLOUGH LIMITED – LINE OF BUSINESS BREAKDOWN

	Dec 06	Dec 05
<b>Offshore Oil &amp; Gas</b>		
Turnover - \$M	160.5	207.6
EBIT - \$M	9.0	(27.0)
EBIT / Turnover %	5.6%	(13.0%)
<b>Services &amp; Construction</b>		
Turnover - \$M #	129.0	112.5
EBIT - \$M #	5.6	4.1
EBIT / Turnover %	4.3%	3.6%
<b>Petrosea</b>		
Turnover - \$M	73.5	86.6
EBIT - \$M	6.7	7.3
EBIT / Turnover %	9.1%	8.4%

# normalised for continuing activities