

# HALF YEARLY **REPORT**

Six Months to 31 December 2007

# HIGHLIGHTS



- Profit after tax \$34 million
- Underlying earnings improvement of 25% to \$13.3 million
- Debt facility paid off (January 2008)
- Strong performance by Petrosea
- Work in hand exceeds \$1 billion
- Recapitalisation of balance sheet successfully completed

## Income Statement

For the 6 months ending 31 December 2007

	31 Dec 2007 \$'000	31 Dec 2006 \$'000
Revenue	256,514	289,112
Earnings before interest and tax	44,112	20,786
Less net interest	(5,902)	(4,160)
Profit before income tax	38,210	16,626
Less income tax expense	(3,207)	(5,149)
Profit for the half year	35,003	11,477
Less profit attributable to minority interest	(1,033)	(780)
Profit attributable to members of Clough Limited	33,970	10,697
Basic earnings per share (cents)	5.96	1.92

## Balance Sheet

As at 31 December 2007

	31 Dec 2007 \$'000	30 Jun 2007 \$'000
<b>ASSETS</b>		
Current assets	402,997	351,117
Non-current assets	150,193	144,868
Total assets	553,190	495,985
<b>LIABILITIES</b>		
Current liabilities	296,452	354,950
Non-current liabilities	100,040	77,625
Total liabilities	396,492	432,575
Net assets	156,698	63,410
<b>EQUITY</b>		
Shareholders' equity	138,720	44,782
Minority interest	17,978	18,628
Total equity	156,698	63,410

# Letter to Shareholders

## Dear Shareholder

We are pleased to present Clough's half yearly financial results for the six month period ending 31 December 2007 which show a net profit after tax of \$34 million. Underlying earnings increased by 25% over the same period last year to \$13.3 million, excluding the one-off benefit resulting from the sale of Shedden Uhde.

Cash holdings increased from the position at June 2007 due mostly to cash generation from operating profits, divestment of Clough's equity stake in Shedden Uhde and the capital raising of \$45 million, which was completed in December. The rights issue saw a 97% take up by shareholders. Subsequent to the half year, Clough fully repaid its primary working capital debt facility of \$47.6 million.

The Company completed the sale of its 50% equity stake in Shedden Uhde in December and in January the sale of Clough Engineering & Maintenance Pty Ltd (CEM), as both were outside of Clough's core business. CEM realised a one off EBIT gain of \$13 million which is not included in the six months results.

A four year Engineering Services Contract allowing access to Shedden Uhde's resources was agreed as part of the divestment of Clough's equity stake in the business.

Order intake for the half year was \$563.6 million bringing the order book at period end to just over \$1 billion. Over US\$300 million of

new business was booked in Petrosea with the majority relating to a series of contracts for IBU for the Pakar Development.

The Company is working on a series of contracts under Letters of Intent on projects still subject to clients' final sanction and only the committed value is reflected in the order book.

Revenue and turnover were lower compared to the same period last year, which included completion activities on Panna.

Clough and ONGC are progressing their dispute through an arbitration process. The ONGC claim ignores the limits of liability contained in the contract and is substantially for the recovery of consequential damages which are explicitly excluded in the contract. Clough is committed to continue with the rigorous pursuit of its rights under the contract.

The Company has been operating out of multiple and fragmented offices for some time. We are pleased to announce that we have secured a lease on a new building that will be ready mid 2010 and provide accommodation for all of our Perth based staff with the opportunity for expansion.

We have attracted 150 new colleagues to the business in the first half and 11 graduates will join in the first quarter of 2008 bringing the total number of employees to over 4,000 primarily in Australia, Indonesia and Thailand.

# Operati

The safety of our employees and the protection of the environment and the communities in which we work continue to be core values within all our operations. Our Target Zero program involves all employees and enables each person to contribute to the safe delivery of our projects, and we are pleased that HSE performance exceeds industry norms and continues to improve.

Fundamentals in the oil and gas, mining and infrastructure sectors remain strong and we expect to maintain our order book above \$1 billion through the second half of the financial year. Underlying earnings are expected to be similar in the second half to those generated in the first half despite losing the earnings from Shedden and CEM.

Yours sincerely,



Mike Harding  
**Chairman**



John Smith  
**Chief Executive Officer**



Andrew J Walsh  
**Chief Financial Officer**

21 February 2008

The Company has refocused its strategy on five business lines; Capital Projects, Asset Support, Marine Construction, Fabrication and Mining. Mining is the main focus of Petrosea in Indonesia with emphasis on providing a full service from geology through EPC mine development to operations. The other four business lines are targeting the oil and gas industry although, where our project management and engineering skills are value adding, infrastructure projects will be selectively pursued.

Organisationally a stronger emphasis has been placed on the development of engineering and project management competence and capacity with several high level recruits and continued investment in systems.

In Marine Construction, activity was intense in Malaysia on construction



Photograph courtesy of Woodside Energy Limited

# onal Overview

of the DrillACE self-installing platform for OMV's Maari Field. The platform has recently been fully assembled into a 140 metre structure of 10,750 tonnes ready for load out and transportation, and installation in New Zealand commencing in the first quarter of 2008.

The Clough Aker Joint Venture contract for the floatover of a 7,500 tonne topside module for Woodside's Angel Gas Field is on schedule for installation in the first half of 2008.

The *Java Constructor* has operated at above normal utilisation and successfully supported a pipeline installation project for Newfield in December 2007. The US\$40 million upgrade to give the vessel increased pipelay and lifting capability is underway with long lead items ordered, detailed engineering contractor appointed

and shipyard bids under evaluation. The upgrade is on schedule for drydock late in the year.

The *Normand Clipper* work continued through the period for Apache in the Gulf of Mexico and construction of the new *Rem Clough* vessel progressed well in Norway.

The Fabrication business successfully completed five modules for Vetco Aibel's Ettrick FPSO project in September 2007 and a platform topside for GFI Inc in December 2007. A third contract, for the Montara wellhead platform, is underway and on schedule for load out in April 2008.

In the Capital Projects business line, activity on the Gorgon LNG EPCM Joint Venture ramped up with 45 Clough personnel engaged at period end, rising to 60 at the time of writing.



Work on the Iluka Murray Basin Project continued under a Letter of Intent and on Boddington the EPCM work is progressing.

Clough secured several engineering studies with potential opportunities for larger contracts in 2008. Among these, with partners Laing O'Rourke and Maunsell, was the INPEX Pre-FEED Civil Infrastructure contract for the Ichthys LNG Project in the north of Western Australia. The business also secured preliminary works for the 300 metre long approach jetty for Woodside's Pluto LNG Project on the Burrup Peninsula, to be undertaken in joint venture with Interbeton of Holland. The 400 megalitre Kalgoorlie Reservoir for the Water Corporation, undertaken by the WaterHorizons alliance, has reached practical completion. The reservoir was opened in February 2008 by the Hon. John Kobelke MLA, Minister for Water Resources.

Asset Support activities by Clough AMEC Pty Ltd continued with the successful maintenance shutdown of ConocoPhillips' Bayu-Undan platform in the Timor Sea. Work also continued on a number of work packages at the Karratha gas plant for the Woodside contract. This business is now pursuing opportunities across Asia.

In Indonesia, Petrosea had a very successful period with the award of several coal contracts. Four contracts were for PT Ilthabi Bara Utama (IBU), which are being undertaken in an alliance agreement. Significant upgrades at the Tangung Batu Supply Base in East Kalimantan have provided deepwater berthing for six vessels, warehousing and workshop facilities and have given Petrosea a world class facility for logistics support to the oil and gas industry.



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