



MEDIA RELEASE

22 February 2006

CLOUGH HALF YEAR RESULT

Clough Limited (**ASX:CLO**) today announced its result for the six months period ending 31st December 2005, which is in line with guidance provided at the Annual General Meeting in November 2005. The key financial positions are:

- A loss of \$16.7 million compared to a loss of \$40.0 million in the same period last year. This loss includes \$26.0 million provision taken on the two Indian contracts as foreshadowed at the Annual General Meeting.
- An order book of \$840.0 million, which compares to \$851.0 million at 30th June 2005, includes new order intake of \$413.0 million. In addition, a further \$250.0 million of orders reached Letter of Intent stage by 31st December 2005 and are expected to be covered by contracts in the first quarter of 2006.
- Cash balances of \$41.3 million compared to \$70.8 million as at 30th June 2005 principally reflecting reduction of contract advance payments in the period.
- Borrowings up \$48.0 million to finance mining fleet investments in Petrosea, Clough Property acquisitions, expenditure on the Indian contracts, and to pay for legal costs and close out expenditure on the BassGas contract.
- Group turnover of \$426.0 million up 66% over the same period last year.

In assessing the results David Singleton, CEO and Managing Director of Clough Limited said, "Negotiation of costs for scope changes in the two Indian contracts are progressing and it remains our aim to secure improvements against the current position through that process. However, our accounting policies are clear and we have had to recognise the impact of higher costs and additional work scope prior to securing any cost recoveries. The key challenge for the Group is to negotiate successful outcomes in all aspects of the Panna and G1 contracts, including Contract Scope, Schedule, Profitability and Cash Flow.

"It is pleasing that across the rest of our activities we are improving profitability and see positive margins being generated from the balance of the order book." Mr Singleton said.

The lines of business show continued positive EBIT contributions from Petrosea, Services and Clough Property.

- Positive contribution of \$7.3 million from Petrosea. The increased mining activity will not be at full capacity until later in the year, however recently signed contracts are already delivering improved earnings.

- In Clough Services, a contribution of \$2.6 million includes earnings from multi year contracts signed over the last 12 months. Work on the Saudi Aramco PMS contract continues to increase with further growth expected in the next year.
- Clough Property has contributed positively with \$2.8 million and has transactions in progress that are expected to maintain profit levels for the full year at those delivered in 2004 and 2005.

Our outlook for the second half of the financial year indicates an improvement to that recorded in the first half year. Operating profit should be positive across the Group, extending the performance (before the provision) achieved in the first half year. We do not expect a further net cash outflow in the period.

In November last year, Clough Limited shareholders approved a transaction that saw Murray & Roberts increase its holding in Clough Limited to 46.1%. This will increase to 49.1% in a further placement. The transaction contributed \$15 million equity and a loan facility of \$15 million to enhance Clough Limited's working capital and funds invested in the business. The Clough Murray & Roberts Strategic Alliance is also already proving to add value with the recent award of its inaugural contract for the Boddington Gold project.

Ends

For further information, please contact:

David Singleton

CEO & Managing Director
Clough Limited
Telephone: +61 8 9281 9281

Robert Ash

General Manager - Corporate Affairs
Clough Limited
Telephone: +61 8 9281 9404
Mobile: 0407 778 296
E-mail: rob.ash@clough.com.au

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

If you wish to obtain notification of future Clough Limited press releases, please forward e-mail details to press.releases@clough.com.au
