TAT HONG HOLDINGS LTD

Registration No: 199105392H

FOR IMMEDIATE RELEASE

Tat Hong Posts Net Profit of S$32.8 Million for FY2014

- *Net profit in 4QFY2014 of S$4.2 million, impacted by an impairment charge of S$3.4 million on the Group's carrying value in an associate company*
- *Proposed final dividend of 1.0 Singapore cent per share*

(S$'000) *For the fourth quarter/ full year ended 31 March*	**4QFY2014**	**4QFY2013**	**% Change**	**FY2014**	**FY2013**	**% Change**
Revenue	**155,917**	199,603	-22	**684,087**	836,933	-18
Gross profit	**57,435**	76,060	-24	**245,740**	314,864	-22
Profit before tax	**8,272**	27,593	-70	**48,948**	102,386	-52
Net profit attributable to shareholders	**4,204**	18,598	-77	**32,809**	70,372	-53

SINGAPORE, 29 May 2014 – Tat Hong Holdings Ltd ("**Tat Hong**" or the "**Group**"), Asia-Pacific's largest crane company and the world's top crane company in terms of the number of crawler cranes owned[1], today reported a net profit of S$32.8 million for the full year ended 31 March 2014 ("FY2014").

Total turnover for FY2014 registered an 18% decline to S$684.1 million from S$836.9 posted a year earlier ("FY2013"). With the exception of Tower Crane Rental, revenue contribution from all divisions declined in FY2014 compared with FY2013.

Gross profit generated for the year fell 22% to S$245.7 million from S$314.9 million achieved a year earlier, yielding a gross profit margin of 35.9%. The Crane Rental and Tower Crane Rental divisions posted lower margins, which were partially mitigated by improved margin from the General Equipment Rental division whilst margin from the Distribution division remained stable.

[1] Source: International Cranes, IC50 Ranking, June 2013.

Reflecting the lower level of business activities, the Group's distribution expenses fell S$1.8 million from lower staff costs whilst other operating costs declined S$15.1 million as a result of lower upkeep, repair and maintenance expenses of S$4.1 million, reduced staff costs of S$8.1 million and insurance cost of S$1.6 million from the Group's operations in Australia as well as write-back of property impairment charges, lower goodwill amortisation and consulting fees amounting to S$1.3 million. These cost savings were partially offset by higher administrative expenses of S$3.2 million mainly from higher staff costs.

The Group saw an increase of 91% in other operating income to S$28.2 million from S$14.7 million a year earlier arising principally from the gain realised from the transfer of land rights for a 25-acre plot of industrial land in Iskandar, Malaysia amounting to S$12.9 million. The gain from the transfer of land rights was substantially eroded by the impairment charge of S$3.4 million on the Group's carrying value in an associate as well as net foreign exchange losses amounting to S$8.4 million, primarily from the depreciation of the Indonesia Rupiah against the S$ and the USD. The foreign exchange losses, mostly unrealised, arose largely from inter-company loans made to the Group's subsidiaries in Indonesia.

Share of profits from associates and joint ventures fell 30% to S$5.4 million as higher contribution from associates were dampened by the weaker performance of the joint venture in Papua New Guinea attributable to the completion of a LNG project.

For FY2014, the Group posted net profit after tax and minority interest (PATMI) of S$32.8 million, 53% lower than the preceding year due to a significant decline in profit contribution from Australia as well as losses sustained by the Group's subsidiaries in Indonesia.

Earnings per share for the full year was 5.11 Singapore cents whilst the Group's net tangible asset and net asset value per share as at 31 March 2014 was S$0.98 and S$1.05, respectively. At 31 March 2014, the Group had cash and cash equivalents amounting to S$58.6 million.

Mr Roland Ng, Tat Hong's Group CEO, said: "FY2014 was a challenging year for Tat Hong as all our markets, with the exception of China, did not perform well. While the Group did benefit from one-off gains, these were, in a large part, offset by foreign exchange losses and impairment charges. "

"Notwithstanding our weaker performance this year, we have reason to be optimistic of our future prospects as Asia's infrastructure requirements are estimated at US$750 billion a year till 2020[2] and Tat Hong, with our wide footprint in the crane rental space across the region, is well-placed to participate in this infrastructure ramp up. Our Australian subsidiary should also perform better this year as urban infrastructure and major LNG projects are expected to pick up momentum. We are cautiously optimistic that all our markets will perform better in FY2015."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	**4QFY2014**	**4QFY2013**	**% Change**	**FY2014**	**FY2013**	**% Change**
Crane Rental	**57,947**	72,826	-20	**259,775**	307,446	-16
Tower Crane Rental	**23,344**	17,324	+35	**89,771**	74,515	+21
General Equipment Rental	**14,302**	19,605	-27	**67,549**	92,639	-27
Distribution	**60,324**	89,848	-33	**266,992**	362,333	-26
Total	**155,917**	199,603	-22	**684,087**	836,933	-18

Crane Rental

The Crane Rental Division posted a 16% decline in revenue to S$259.8 million in FY2014. Whilst the division saw better performance from Singapore, Hong Kong and Thailand, these gains were offset by weaker performance from Australia, Malaysia and overseas rental to Papua New Guinea. Improved revenue contribution from Singapore was attributable to Jurong Island, MRT Downtown Lines 2 and 3 and institutional building projects, whilst continued participation in key infrastructural project such as the Wan Chai Bypass and the Hong Kong-Macau-Zhuhai Bridge projects lifted revenue contribution from Hong Kong. Operations in Thailand benefitted from continued participation in the BTS (Bangkok Mass Transit System) projects and the EPC project for INPEX's Ichthys LNG facilities. Revenue contribution from Malaysia declined due to the completion in 4QFY2013 of major oil and gas projects which had included both crane and barge rental whilst the sharp downturn in mining and LNG-related infrastructure activities, weaker demand for specialised transportation services and the relocation of cranes in 1QFY2014 impacted revenue contribution from Australia.

Source: [2]Asian Development Bank

Tower Crane Rental

Buoyed by continued strong demand, revenue of the Tower Crane Rental division chalked up a 21% improvement to S$89.8 million in FY2014 compared with FY2013. The Group's tower crane fleet continued to enjoy a high utilisation rate of almost 80% despite an increase in the fleet size from 808 to 909 over a one-year period to 31 March 2014. The tower cranes continued to enjoy long-term employment in the power generation, infrastructure and commercial sectors.

General Equipment Rental

Overall subdued activities in Australia, particularly in Queensland which was also affected by a cyclone in January 2014, led to a 27% decline in the revenue from the General Equipment Rental division. Revenue generated from this division totalled S$67.5 million in FY2014 compared with S$92.6 million a year ago.

Distribution

The Distribution division posted a 26% decline in revenue to S$267.0 million in FY2014 from S$362.3 million achieved a year earlier. Whilst higher crane sales were recorded in Malaysia, it was insufficient to offset the decline in the sales of excavators in Indonesia where demand was impacted by the weak commodities sector, declining Rupiah and high interest rates. Revenue contribution from the Distribution division was further depressed by lower crane sales in Singapore due to weaker demand and increased competition as well as lower equipment sales in Australia due to the slowdown in the general economy.

DIVIDEND

A final dividend of 1.0 Singapore cent is proposed for shareholders' approval at the forthcoming Annual General Meeting. If approved, total dividends for FY2014 would amount to 2.0 Singapore cents per share (including 1.0 Singapore cent per share interim dividend that was paid on 2 December 2013) and total dividend payout would amount to approximately 39% of PATMI.

BUSINESS PROSPECTS

The Crane Rental division has a good pipeline of large infrastructure and oil and gas projects in many of its markets and is expected to perform better despite the imminent completion of several large projects.

The Tower Crane Rental division is expected to maintain its growth momentum in the People's Republic of China on the back of the continued urbanisation drive, increased government spending on rail infrastructure and the resumption of nuclear power plant projects.

Trading conditions for the Distribution division is expected to continue to be challenging in the medium term due to the sluggish Australian economy coupled with generally weak demand in the region for heavy equipment.

The General Equipment Rental division is expected to perform well with the announcement of several large infrastructure projects in Australia.

Against the backdrop of a tenuous recovery in the major economies in the West, the slowing growth momentum of emerging economies in Asia and geopolitical tensions in the region, the Group is, barring unforeseen circumstances, cautiously optimistic of a modestly better performance in FY2015 compared with FY2014.

End

About Tat Hong Holdings Ltd

Tat Hong Holdings Ltd was established in Singapore in the 1970s as a supplier of cranes and heavy equipment. The company was listed on the Singapore Stock Exchange in June 2000 and is today the largest crane company in the Asia-Pacific region[1] with a fleet size of more than 1,500 crawler, mobile and tower cranes ranging from under 50 tonnes to 1,600 tonnes.

In Asia, Tat Hong has successfully leveraged its extensive crane fleet and vast experience in providing lifting solutions to establish itself as the leading name in the crane rental, heavy lift, heavy haulage and equipment sales business.

Through its wholly-owned Australian subsidiary, Tutt Bryant Group Limited, Tat Hong has a leading position in the Australian market in the areas of crane hire and heavy haulage, equipment sales and distribution and general plant and equipment hire.

Tat Hong has also aggressively expanded its tower crane rental business in China and is the second largest tower crane company in the country[3].

For enquiries, please contact:

Ms Soh Kim Lian

Manager, Investor Relations/Corporate Communications

Tel: 69227611/96775656

Email: kim@tathong.com.sg

Source: [1]International Cranes, IC50 Ranking, June 2013
[3]International Cranes, IC50 Ranking, June 2012