Registration Number: 199105392H

FOR IMMEDIATE RELEASE

Tat Hong Posts S$6.0 Million Net Profit for 1QFY2015

(S$'000) *For the first quarter ended 30 June*	**1QFY2015**	**1QFY2014**	**% Change**
Revenue	**164,171**	175,504	-6
Gross profit	**59,810**	63,878	-6
Profit before tax	**10,286**	12,348	-17
Net profit attributable to shareholders	**5,961**	8,242	-28

SINGAPORE, 14 August 2014 – Tat Hong Holdings Ltd ("**Tat Hong**" or "**the Group**"), Asia-Pacific's largest crane-owning company and the world's top crane company in terms of number of crawler cranes owned[1], today reported a net profit of S$6.0 million for the first quarter ended 30 June 2014 ("1QFY2015").

Total revenue generated by the Group for 1QFY2015 amounted to S$164.2 million, a decline of 6% over the same quarter ended 30 June 2014 ("1QFY2014"). Gross profit fell proportionately by 6% to S$59.8 million, yielding a gross profit margin of 36.4% which is comparable to the margin achieved in 1QFY2014.

Cost containment measures implemented in the preceding financial year and lower activity levels shaved the Group's total operating expenses by 7.6% to S$48.4 million in 1QFY2015 from S$52.4 million the previous corresponding quarter. Cost reductions were primarily realised from:

- Staff expenses which reduced by S$3.7 million mainly from Australia, Indonesia and Singapore;
- Upkeep of machinery and plant and site expenses which fell S$1.2 million;
- Transport and handling charges which declined S$0.8 million; and
- Professional fees, bank charges, office expenses and advertising expenses which decreased S$0.5 million.

Source: [1]International Cranes, IC50 Ranking, June 2014

The cost savings were, however, partially eroded by higher net foreign exchange losses of S$1.3 million, an increase in provision for doubtful debts amounting to S$0.5 million and an increase in rental commission and sales expenses of S$0.3 million.

The Group's share of profits from its associates registered a 26% improvement to S$1.4 million whilst its share of joint ventures' losses amounted to S$36,000 for the quarter under review. A 20% fall in the Group's other operating income to S$4.2 million in 1QFY2015 from S$5.2 million in 1QFY2014 and an increase in finance costs by 13% to S$6.7 million from S$5.9 million a year earlier further dampened the Group's performance, reducing its Profit Before Tax by 17% to S$10.3 million.

The Group posted a net profit of S$6.0 million for 1QFY2015, a decline of 28% compared with the corresponding period last year. The Group recorded better profit contribution from Australia whilst contribution from China remained at a comparable level. However, profit contribution from the Group's operations in Asia ex-China declined as a result of continued losses from the Group's Indonesian operations, losses sustained in the offshore and marine unit as well as lower rental income from Singapore and from cranes rented out of Singapore to overseas markets.

Mr Roland Ng, Tat Hong's Managing Director and Group CEO, said: "We are pleased to note a turnaround in our Australian operations which benefited from increased crane rental activities primarily to LNG-related projects as well as cost containment measures implemented last year. Our tower crane rental business in China continued to perform well with a strong pipeline of projects. However, losses in our Indonesian subsidiaries have yet to be fully contained and this, together with the losses from our offshore and marine unit and lower profit contribution from the crane rental business in Singapore impacted our profitability for the quarter under review."

"Whilst we are cautiously optimistic of our performance going forward, we do face pockets of weakness such as the slowing construction sector in Singapore, project delays and cost pressures. The marketplace is also getting more crowded and competitive compared with a few years ago. However, the infrastructure needs of Asia and Australia are immense and it will continue to drive the demand for our crane rental and tower crane rental services."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	1QFY2015	1QFY2014	% Change
Crane Rental	**66,295**	68,796	-4
Tower Crane Rental	**24,469**	20,156	+21
General Equipment Rental	**16,327**	20,527	-20
Distribution	**57,080**	66,025	-14
Total	**164,171**	175,504	-6

Crane Rental

Revenue from the Crane Rental division declined by 4% to S$66.3 million in 1QFY2015 from S$68.8 million generated in the same quarter a year ago. The Group registered better revenue contribution from Australia and Thailand which was dampened by weaker performance from Singapore and lower rental activities from overseas markets such as Papua New Guinea and the Philippines. Crane rental in Australian experienced an increase in activities in LNG-related projects such as Gorgon (Henderson and Barrow Island), Wheatstone and Ichthys whilst operations in Thailand continued to benefit from the Bangkok Mass Transit System (BTS), EPC (INPEX) and power plant projects. However, these gains were not sufficient to compensate for the reduction in rental revenue from Singapore due to the completion of projects amidst a slowing construction industry as well as lower overseas rental activities. Revenue contribution from Hong Kong and Malaysia remained stable from on-going projects primarily in the infrastructure space.

Tower Crane Rental

Revenue generated by the Tower Crane Rental division rose 21% to S$24.5 million on the back of an enlarged fleet of 953 tower cranes compared with 849 in 1QFY2014, coupled with improved utilisation rate of 80% compared with 73% a year earlier. The Group's tower crane rental business continued to enjoy strong demand for its services from the infrastructure and power generation sectors as well as large commercial projects arising from the on-going urbanisation drive in China.

General Equipment Rental

Impacted by weak demand from the mining sector, persistent tightening of public spending in Queensland and overall subdued activities in Australia, revenue from the General Equipment Rental division fell 20% to S$16.3 million in 1QFY2015 from S$20.5 million in 1QFY2014.

Distribution

Revenue from the Distribution division fell 14% to S$57.1 million in 1QFY2015 from S$66.0 million in 1QFY2014. The underperformance resulted from a decline in the sales of excavators in Indonesia due to continued weak demand and lower sales recorded in Singapore and Vietnam arising from weaker demand and increased competition. This was partially compensated by improved equipment sales in Australia.

BUSINESS PROSPECTS

Whilst the Crane Rental division has a good pipeline of large infrastructure and oil and gas projects, going forward, there will be no more contribution from our crane rental subsidiary, Hup Hin Transport, which was divested as part of an overall restructuring of the Group implemented earlier.

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 for heavy equipment in the region.

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

The General Equipment 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 and the slowing growth momentum of emerging economies in Asia, the Group is, barring unforeseen circumstances, cautiously optimistic of a modestly better performance in FY2015 compared with FY2014.

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About Tat Hong Holdings Ltd

Tat Hong Holdings Ltd was established in Singapore in the 1970s as a supplier of cranes and heavy equipment and was listed on the Singapore Stock Exchange in June 2000. It is 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 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 as well as 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[2].

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Source: [1]International Cranes, IC50 Ranking, June 2014
[2]International Cranes, IC50 Ranking, June 2012