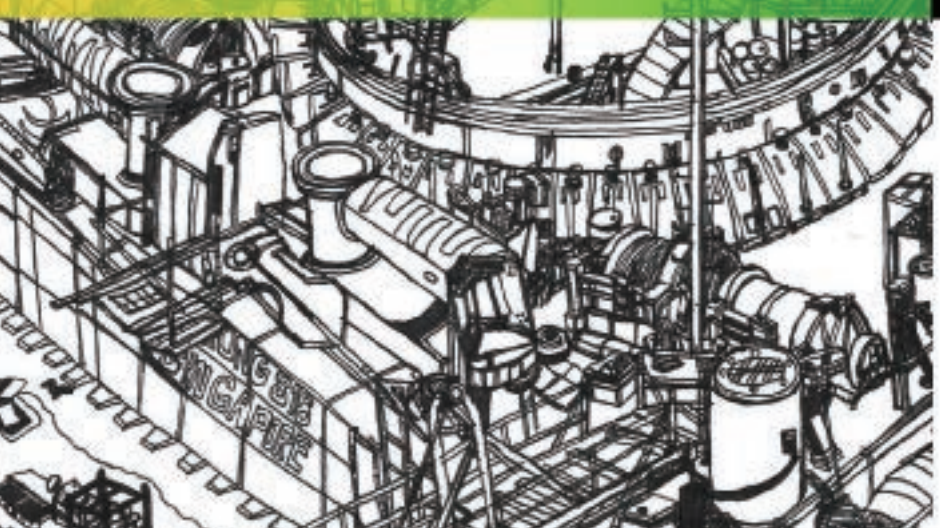


RE-ENGINEERING OUR **FUTURE**

TAT HONG HOLDINGS LTD



TAT HONG HOLDINGS LTD
ANNUAL REPORT 2016

8 OUR EXTENSIVE FOOTPRINT

9 GROUP STRUCTURE

10 CHAIRMAN'S MESSAGE

13 DIALOGUE WITH THE GROUP CEO

16 OPERATIONS AND FINANCIAL REVIEW

20 BOARD OF DIRECTORS

24 KEY MANAGEMENT

26 FINANCIAL HIGHLIGHTS

28 5-YEAR FINANCIAL SUMMARY

29 CRANE FLEET SIZE

30 INVESTOR RELATIONS

32 CORPORATE RESPONSIBILITY

38 KEY MILESTONES

40 CORPORATE INFORMATION

41 CORPORATE GOVERNANCE

55 FINANCIAL CONTENTS

TAT HONG HOLDINGS LTD ("**TAT HONG**")

ONE OF THE WORLD'S LARGEST CRANE OWNING COMPANIES[1]

Tat Hong was founded in the 1950s and established itself as a supplier of cranes and heavy equipment in the 1970s. It has been listed on the mainboard of the Singapore Stock Exchange since June 2000.

Over the past decades, the Group expanded its operations to include Singapore, Australia, China, Malaysia, Thailand, Indonesia, Hong Kong, Vietnam, Myanmar and Papua New Guinea. Our cranes have also been deployed in projects as far away as India and Africa. We serve customers in diverse sectors such as construction and engineering, infrastructure, transportation, industrial, oil and gas, petrochemical and power generation.

With a fleet size of more than 1,500 crawler, mobile and tower cranes ranging in size from 50 tonnes to 1,600 tonnes, we are ranked, in terms of aggregate tonnage, the largest crane-owning company in the Asia-Pacific region and seventh worldwide.[1] We also own the second largest tower crane fleet in the People's Republic of China.[1]

Backed by our immense track record and quality lifting assets, we have established ourselves as the leading name in crawler/mobile crane rental and equipment sales in Southeast Asia and Hong Kong.

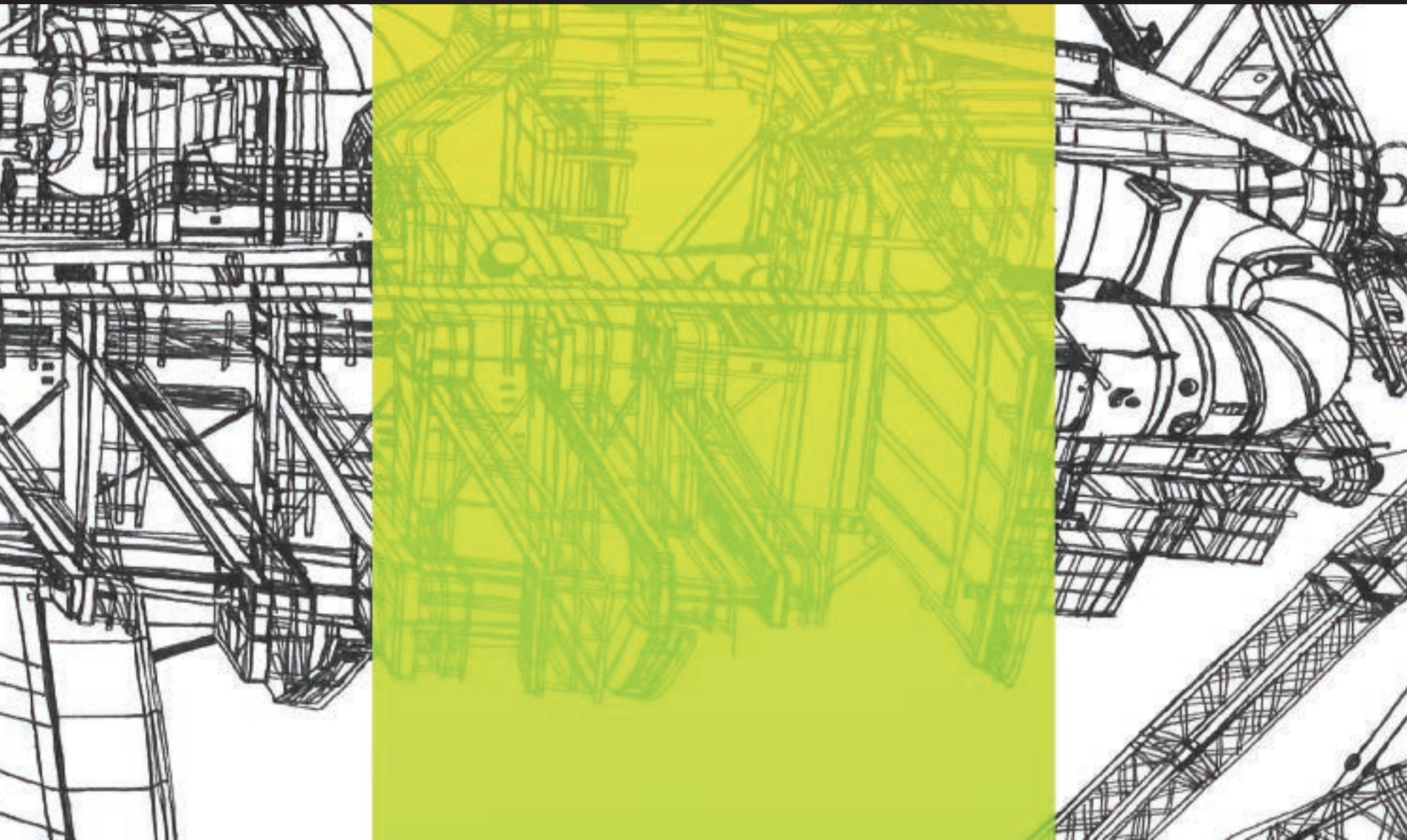
In China, our tower cranes have been involved in the construction of many iconic buildings and key infrastructural installations.

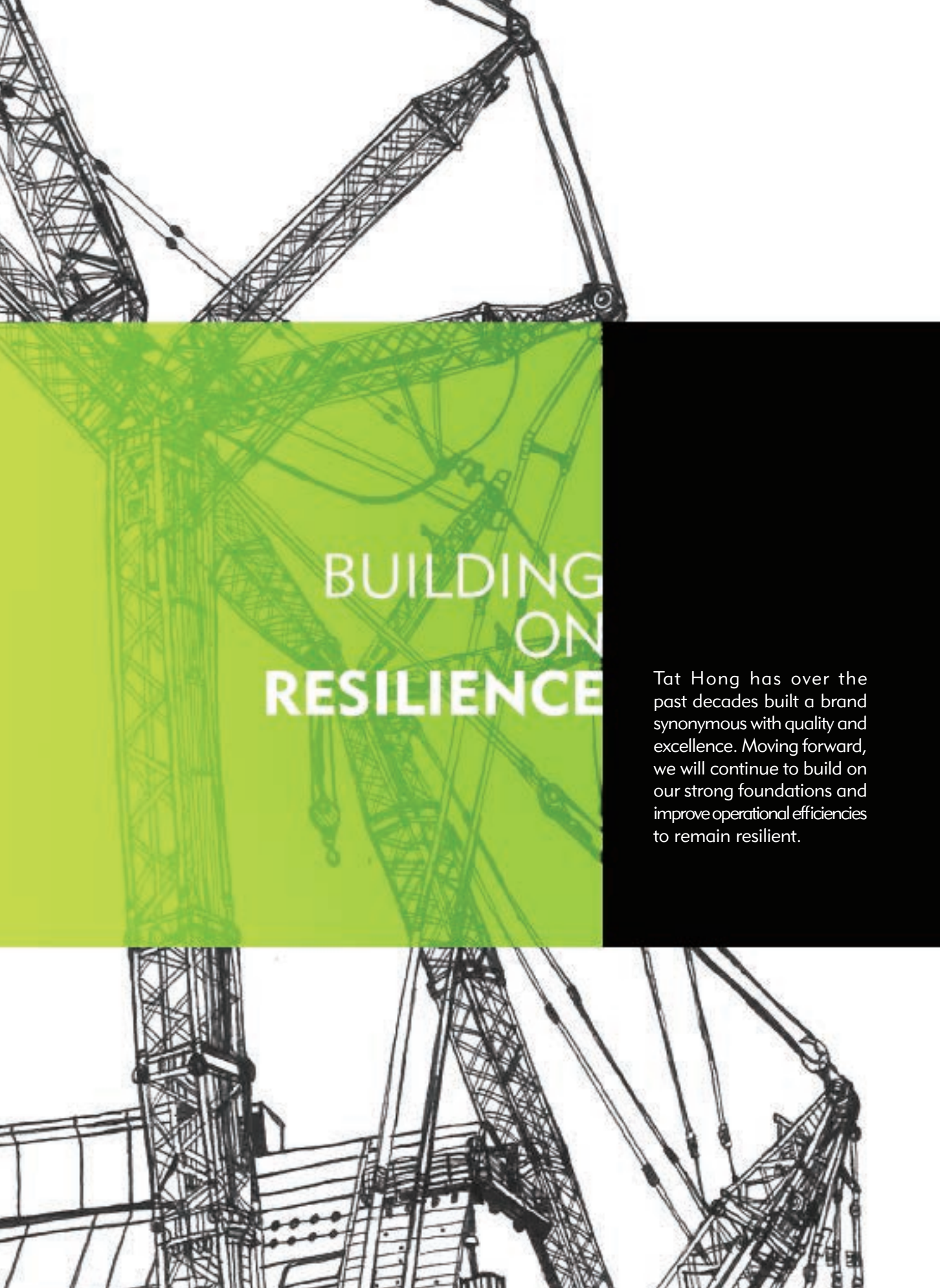
In Australia, our wholly-owned subsidiary, the Tutt Bryant Group, has a leading position in the areas of crane hire, heavy lift and shift, equipment sales and general plant and equipment hire.

[1] IC50 Rankings 2015

TAT HONG HOLDINGS LTD

ANNUAL REPORT 2016



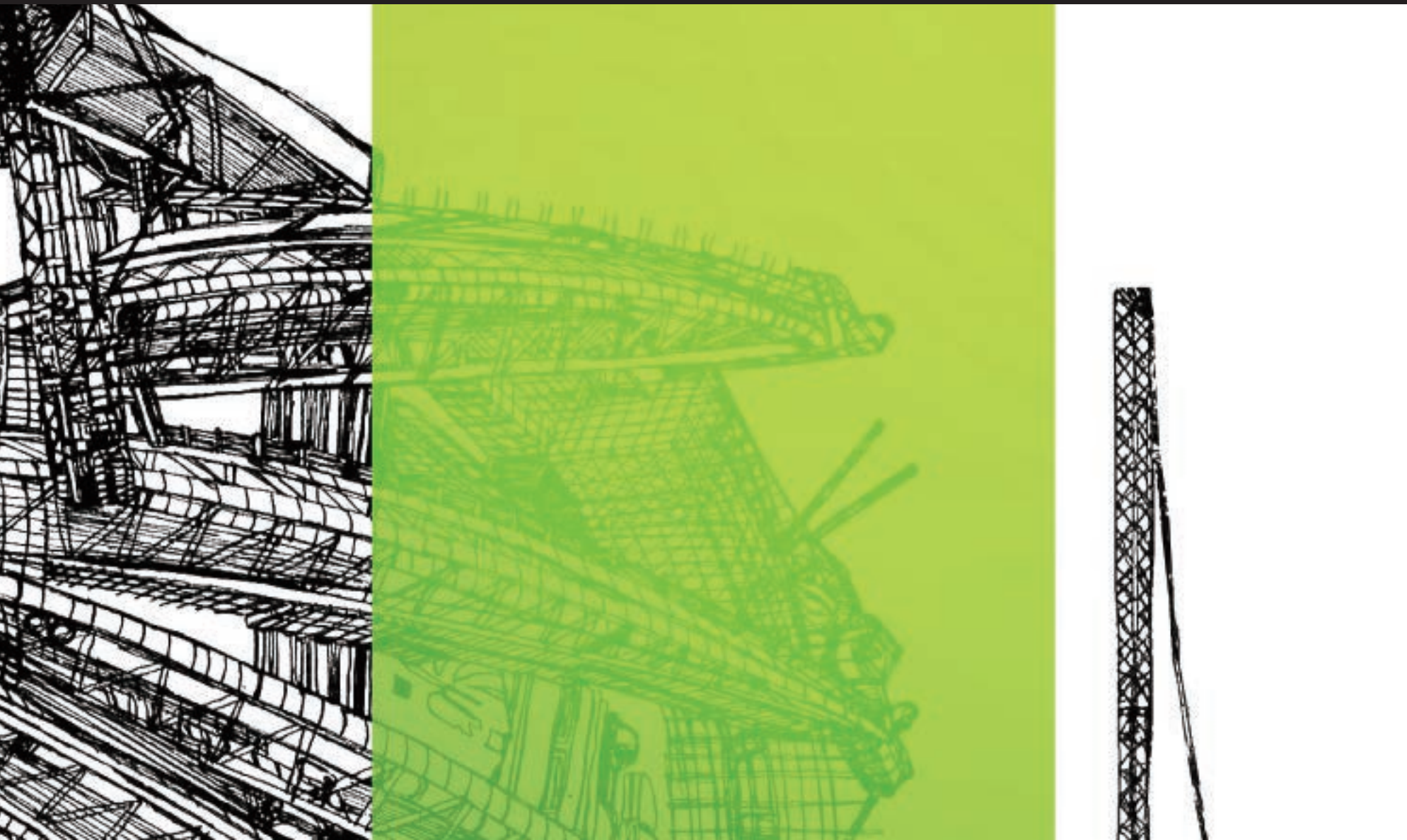


BUILDING ON RESILIENCE

Tat Hong has over the past decades built a brand synonymous with quality and excellence. Moving forward, we will continue to build on our strong foundations and improve operational efficiencies to remain resilient.

TAT HONG HOLDINGS LTD

ANNUAL REPORT 2016

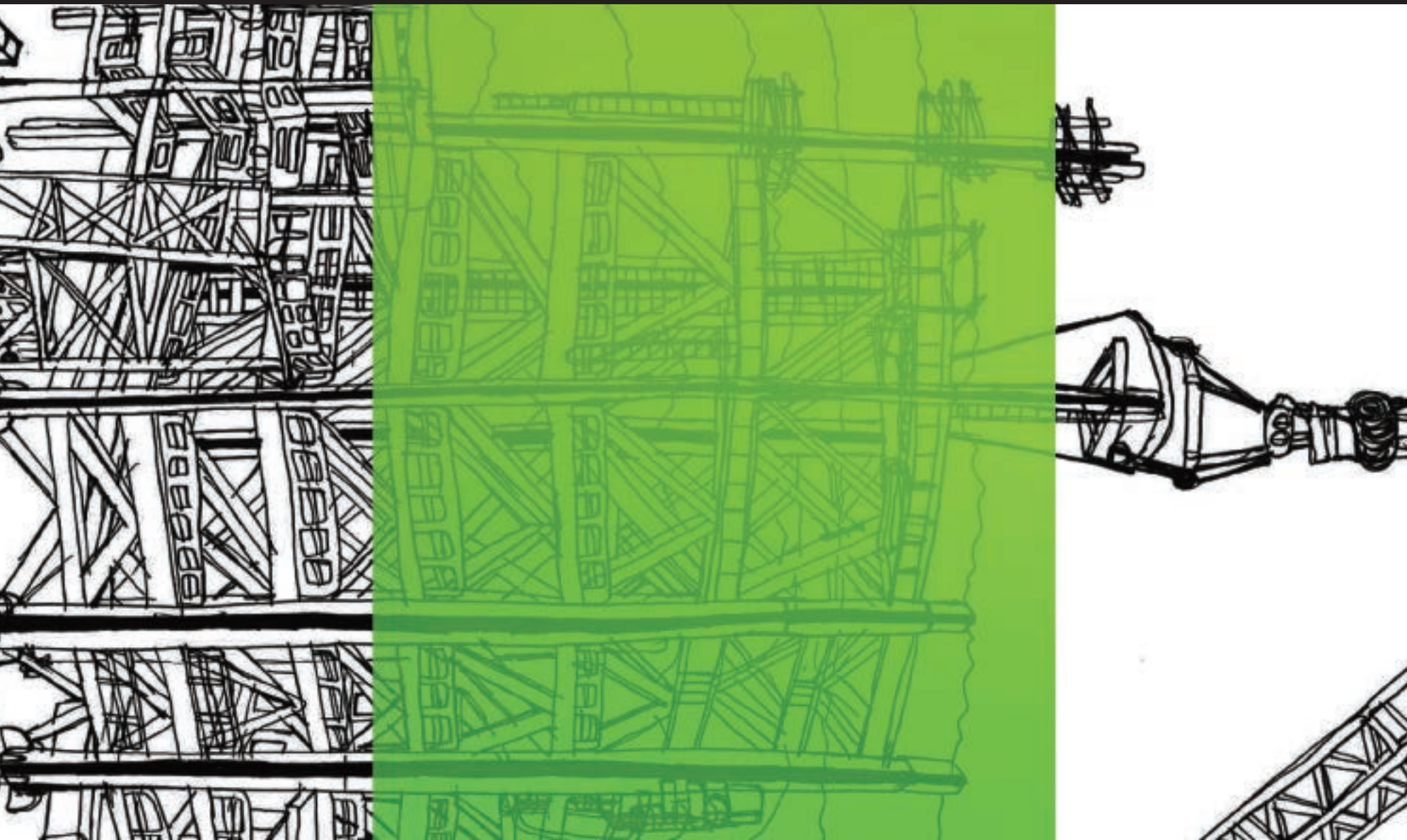




REFINING CORE STRATEGIES

Our strategic growth approach is to invest in the right resources, which includes the training and development of our greatest asset – human capital. By enabling our staff to hone their skills, we refine our collective expertise and experience to offer customers unparalleled lifting solutions and services.







SEIZING NEW OPPORTUNITIES

We seek to identify potential growth platforms and seize new opportunities that may arise on the horizon. We will continue to tap new markets and expand our business franchise across Asia.



OUR EXTENSIVE FOOTPRINT

TAT HONG'S BUSINESS PRESENCE

▲ TAT HONG'S BUSINESS ACTIVITIES
● TAT HONG'S OFFICES

GROUP STRUCTURE

KEY ENTITIES

TAT HONG HOLDINGS LTD

SINGAPORE

Tat Hong Plant Leasing Pte Ltd
100%

Tat Hong HeavyEquipment (Pte.) Ltd
100%

Tat Hong Machinery Pte Ltd
100%

Tat Hong Offshore and Marine Services Pte Ltd
50%

THL Foundation Equipment Pte Ltd
45%

Yongmao Holdings Limited
24%

MALAYSIA

Tat Hong Plant Hire Sdn Bhd
100%

Tat Hong Crane Rental (Sarawak) Sdn Bhd
100%

Tat Hong Crane Logistics Sdn Bhd
100%

THAILAND

Tat Hong (Thailand) Co., Ltd
100%

HONG KONG

Tat Hong HeavyEquipment (Hong Kong) Limited
100%

Tat Hong HeavyEquipment (Macau) Limited
100%

INDONESIA

PT Tatindo HeavyEquipment
95%

PT World Wide Equipment South East Asia
100%

PT Tat Hong Batam
100%

MYANMAR

Tat Hong Intraco Heavy Equipment Co Ltd
40%

VIETNAM

Tat Hong Equipment Co. Ltd
100%

Tat Hong Vietnam Co., Ltd
70%

AUSTRALIA

Tutt Bryant Group Limited
100%

BT Equipment Pty Ltd
100%

Muswellbrook Crane Services Pty Ltd
100%

Office Cleaning Services Pty Ltd
100%

North Sheridan Pty Ltd
100%

Kingston Industries Pty Ltd
100%

CHINA

Tat Hong Equipment Service Co., Ltd
(incorporated in the Cayman Islands)
82%

Tat Hong Zhaomao Investment Co., Ltd
82%

China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd
82%

Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd
82%

Jiangsu Hengxingmao Financial Leasing Co., Ltd
82%

Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd
82%

Shanghai Tat Hong Equipment Rental Co., Ltd
82%

Distribution & Crane Rental
Subsidiaries
Associates
JV

General Equipment Rental

Tower Crane Rental

CHAIRMAN'S MESSAGE



Dr Leong Horn Kee
Chairman

Dear Shareholders,

The Group has not been spared the challenges of weaker global trade, volatile currency movements as well as the softening of emerging economies in Asia in the past year. Against this challenging landscape, the Group worked hard to defend its business and ended the year with a 13% decline in Group revenue to S$528.2 million.

Steady Underlying Performance

Weaker revenues generated by all the Group's business segments contributed to the 13% decline in Group turnover to S$528.2 million. Whilst this decline has had an adverse impact on our net earnings, it was the combined effect of non-cash impairments totaling S$32.7 million, unrealised foreign exchange losses of S$14.0 million and one-off loss and provisions associated with the exit of the excavator distribution business in Indonesia of S$14.2 million that led to the net attributable loss of S$39.3 million for FY2016. Of these impairment charges, S$21.1 million was in relation to asset and goodwill impairments taken by the Group's subsidiaries in Australia due to the protracted weak economy in the country. Further, a S$10.0 million charge was recognised for the diminution in value of the Group's investment in a listed associate in Singapore. Excluding the non-cash impairment charges, the Group would have recorded a smaller loss of S$6.6 million.

In addition, if non-cash impairments, unrealised foreign exchange losses and other one-time costs, gains and losses were excluded, the performance from the Group's core operations remained steady with S$8.9 million in net profit contribution.

During the year, our operations also generated strong cash flows of S$82.2 million and our cash position increased by S$37.4 million to S$130.7 million as at 31 March 2016. The strong cash flow from operations and proceeds from divestments were partially used to repay loans and reduce net gearing to 0.71 times from 0.77 times a year ago.

Thus, the Group's cash position has remained fundamentally and financially sound.

Right-Sizing Our Operations

During the year under review, the Group monetised S$73.5 million from the disposal of non-core assets and under-utilised equipment comprising properties in Australia, Malaysia and Singapore, cranes, a barge as

well as general equipment in Australia which amounted to S$10.0 million in value. Cost containment measures implemented two years ago continued to yield savings. In FY2016, the Group recorded cost savings of $20.4 million in the areas of manpower, depreciation and repair and maintenance, and cost savings from the positive effect of the weaker Australian dollar.

We will continue our streamlining exercise to ensure that resources deployed commensurate with the needs of the different markets that we operate in. The Group will however continue to support and invest in the growth of promising sectors such as the tower crane rental business in China.

Prudence in Challenging Times

Historically, the Company had paid between 30%-40% of its net profits in dividends. Whilst the Group has enjoyed good operating cash flows and an improved cash position, it has nonetheless recorded a net attributable loss of S$39.3 million. In view of this, the Board has, after due deliberation, proposed that no dividend be paid in FY2016. The Company remains committed to delivering fair returns to our shareholders and the Board will recommend future dividends once the Group's performance is able to support such dividend payouts.

Moving Forward

The Group has emerged from FY2016 as a leaner entity. We have worked hard to weather challenges in the past two years and our management and staff have shown their fortitude and strength during this trying period.

Whilst the coming year will still be marked with challenges and demand is expected to be subdued in most of our key markets, we will remain watchful of market changes and developments and will be ready to take appropriate actions or seize opportunities.

In Memoriam

It was with great sadness that we bade farewell to our long serving and highly respected past Chairman, the late Mr Tan Chok Kian who passed away on 20 December 2015. Mr Tan had led the Board with wisdom and dedication from 1997 until he stepped down on 29 July 2015. As one of the pioneering civil servants in Singapore, Mr Tan had accumulated a wealth of experience in both the public and private sectors which he generously shared with the Group. With his breadth and depth of experience, Mr Tan had brought deep insights and perspectives to the Board. My Board colleagues, the management and staff are indebted to Mr Tan for his guidance and contributions in the past 18 years. We shall remember him fondly in our hearts.

Acknowledgements

Mr Ng Sun Ho Tony stepped down from the Board as Executive Director on 31 March 2016. Tony has served on the Board since 1991. With extensive market knowledge and strong operational experience, he had made significant contributions to the Group. On behalf of the Board, I would like to thank Tony for his many years of dedicated service. Tony continues to contribute to the Group in his current position as Executive Vice President (Special Projects).

As the newly appointed chairman of the board, I wish to thank my fellow Board members for their invaluable contributions and wise counsel. My appreciation also goes out to the management and staff who have been unwavering in their hard work and dedication to the Group despite the tough challenges. To our shareholders and stakeholders, my Board members and I wish to express

CHAIRMAN'S MESSAGE

our deepest thanks for your support and understanding throughout these difficult years.

Conclusion

The headwinds we faced in FY2016 will follow us into FY2017. The Group, through its prudent actions in the past two years, has weathered the difficulties and has strengthened its operations.

Our confidence in the future of Tat Hong remains strong despite the challenges we had faced. The Group has long years of solid foundation and entrenched knowledge of the industry and markets we operate in. Our determined actions to streamline our operations will prepare the Group to better tackle any further market corrections, and will poise us to seize opportunities when the market recovers.



Dr Leong Horn Kee
Independent Chairman
27 May 2016

DIALOGUE WITH THE GROUP CEO



Ng San Tiong Roland
Managing Director & group CEO

Q | The Group reported a net loss of S$39.3 million for FY2016. How can shareholders be assured that such huge losses are not repeated in future?

A | The net loss was attributed to non-cash accounting impairment charges of S$32.7 million, foreign exchange losses of $14.9 million (of which S$14.0 million were unrealised losses), one-time loss of S$14.2 million associated with the exit of the excavator business and S$4.6 million in other one-time costs. The Group's continuing business excluding these one-time items was profitable as presented below:

	FY2015 (S$m)	FY2016 (S$m)
Profit/(Loss) After Tax and Minority Interest	4.9	(39.3)
Add impairment losses	30.8	32.7
(Less) one-off property disposal gains	(17.1)	(17.3)
Add/(less) unrealised foreign exchange loss/(gain)	(11.8)	14.0
Add loss from excavator business in Indonesia	–	14.2
Add other one-time costs, provisions	0.2	4.6
Underlying Profit (Profit from Continuing Business)	7.0	8.9

I would like to assure shareholders that the Group has a proven track record and a sound business model and our core businesses remain fundamentally strong. The one-off non-cash items arose largely from accounting treatment. I believe the Group had done a reasonably good job in right-sizing our operations, de-fleeting and trimming our operating costs in FY2016. I urge shareholders, in the evaluation of our Group's business, to focus on the profit from our core operations, excluding one-off and non-cash items.

Q | In the FY2015 Annual Report, you spoke about right-sizing and reducing the Group's fleet and disposing non-core investments. Can you give an update on the Group's efforts in FY2016?

A | In FY2016, we disposed three properties (one each in Singapore, Malaysia and Australia), cranes, a barge and S$10.0 million worth of general equipment. We have used part of the proceeds to pay down our borrowings which in turn improved our net gearing to 0.71 times from 077 times last year. Whilst we will continue to identify under-utilised assets for disposal, we are mindful of the needs of the market. The Group is proud to own the right composition of cranes with different lifting capacities in the markets we operate in to stay relevant and to continue to be a market leader in delivering comprehensive services and solutions to our customers.

Q | In FY2015, the Group had to recognise S$30.8 million in impairment charges. Why was there a need for further impairments in FY2016?

A | In FY2015, impairment charges were taken by the Group's subsidiaries in Australia and comprised S$22.4

DIALOGUE WITH THE GROUP CEO

million in goodwill impairment by a general equipment rental subsidiary and S$8.4 million in relation primarily to the impairment of specialised transportation assets.

Goodwill is assessed annually for impairment as required by currently prevailing financial reporting standards. As a result of the deteriorating industry outlook for the heavy lift and general equipment rental businesses and increased competition in Australia in FY2016, the remaining goodwill of S$16.3 million in TBG was fully impaired as at 31 March 2016. The weaker performance of the specialised transport business contributed to a further asset impairment charge of S$4.8 million. Other charges recognised included S$10.0 million for the diminution in value of an investment in Singapore and S$1.6 million for the impairment of various assets.

Q | How much cost savings did the Group achieve from the right-sizing efforts?

A | The right-sizing and de-fleeting programmes yielded savings of $20.4 million in operating expenses mainly in the areas of manpower and maintenance expenses (including the positive effect of a weaker Australian dollar on costs). In addition there were savings of S$8.9 million in depreciation charges as well as S$1.3 million in interest costs.

Q | Despite the Group's cost containment and right-sizing efforts, why was there an increase in the Group's workforce?

A | The Group had implemented a strict hiring policy in FY2015 and this had been adhered to in order to maintain an optimal workforce. In FY2016, we have reduced headcounts in Australia, Indonesia and Singapore substantially. However, our operations in China, Hong Kong and Malaysia experienced increased business activities and recorded higher utilisation rates especially in the second half of FY2016 and the workforce in these countries were expanded accordingly. Hence as at 31 March 2016, our total workforce at 4,254 was marginally higher than the workforce of 4,240 a year ago.

Q | The Company has announced that it had been approached in relation to a potential transaction relating to an acquisition of shares. Can you provide more information on this?

A | We have on 15 March 2016 made an announcement that the Company had been approached in relation to a potential acquisition of its shares. As discussions are still on-going, we do not have any further information that we can share with shareholders at this point in time. Should there be any material developments, we will make timely disclosures via the SGXNet.

Q | When can we expect to see a recovery in the Group's business in Australia?

The Group's subsidiary in Australia, Tutt Bryant Group (TBG) has three lines of businesses namely crane rental, general equipment rental and the distribution of cranes and construction equipment. All the three business lines have been badly affected by the protracted slowdown in Australia which was caused by a collapse in commodity prices particularly those of iron ore, copper, etc. As we do not foresee a quick recovery in global commodity prices, the slowdown could last for some time. Unless the Australian government starts investing heavily in infrastructure to stimulate the economy, TBG's performance is expected to be muted in the short term.

Q | How badly is Tat Hong's business affected by the depressed oil prices?

A | Whilst the Group does not have a large exposure to the oil and gas sector, there was nonetheless some impact to our barge rental and crane rental business in Southeast Asia in FY2016 due to a decline in demand from this sector. In Australia, we have been involved in LNG projects for the past few years but many of these are nearing completion and as there have been no new projects announced recently, revenue was also affected.

It is our strategy not to be overly dependent on any one sector. Besides oil and gas, the Group serves a broad spectrum of customers in the infrastructure, transportation, power generation, industrial, engineering and construction sectors.

Q | What will be management's focus for FY2017?

A | In Australia, our focus would be to stablise the operations. We have already trimmed assets and headcounts extensively and we will work our remaining assets and resources harder.

In the Southeast Asia and Hong Kong, we will continue to look at infrastructure projects especially those that are related to the One Belt One Road (OBOR) China-led initiative. We have an extensive footprint in Southeast Asia and good contacts with the large Chinese state-owned construction companies which are starting to be active in infrastructure projects in the region. Therefore we are in a good position to participate in these OBOR projects when they come on-stream.

China continues to be a growth market for us and we have a strong pipeline of committed projects. Thus our focus would be on delivering quality services with emphasis on operational efficiency and safety.

OPERATIONS AND FINANCIAL REVIEW

For the year under review, the Group posted a 13% decline in turnover to S$528.2 million. The challenging business climate and weak outlook necessitated non-cash accounting impairments of goodwill, assets and investment to be made resulting in total charges of S$32.7 million whilst unfavourable currency movements led to foreign exchange losses of S$14.9 million, of which S$14.0 million were unrealised losses. Thus impacted, the Group reported a loss after tax and minority interests of S$39.3 million for FY2016. Excluding the impairment charges of S$32.7 million, net attributable loss would have been S$6.6 million.

Financial Performance in FY2016

The decline in Group turnover was broad-based with particular market weakness in the combined Southeast Asia and Hong Kong region where revenue fell 19% and in Australia where a 16% decline in revenue was recorded. Singapore registered a more moderate decline of 10% whilst revenue contribution from China posted a marginal decrease of 3%.

Gross profit fell in tandem by 25% to S$159.5 million from S$212.1 million posted in FY2015, yielding a gross profit margin of 30.2% compared with 34.8% achieved a year earlier. With the exception of Tower Crane Rental, all divisions registered lower margins.

The Group's other income increased 23% to S$42.5 million from S$34.5 million in FY2015 primarily from gains arising from the disposal of properties in Singapore, Malaysia and Australia as well as the disposal of under-utilised equipment under the Group's de-fleeting programme.

The Group suffered a net foreign exchange losses of S$14.9 million (of which S$14.0 million were unrealised losses) compared with a gain of S$12.0 million in FY2015. The unrealised losses arose primarily from the translation of monetary assets and liabilities arising from the depreciation of the renminbi and US dollar against the Singapore dollar and the appreciation of the Japanese yen against the Singapore dollar and the US dollar against the Indonesian rupiah.

The protracted economic slowdown and poor business outlook in Australia necessitated the impairment of goodwill and assets primarily by the general equipment rental and crane rental subsidiaries totalling S$21.1 million. In Singapore, charges of S$1.6 million were recognised for asset impairments and S$10.0 million for the diminution in value of the Company's investment in a publicly-listed associated company.

Despite the large foreign exchange losses and impairment charges, total operating expenses increased marginally by 4% to S$215.1 million compared with S$206.7 million a year earlier. Excluding the primarily non-cash impairment charges and foreign exchange losses, operating costs declined 11% to S$167.5 million from S$187.9 million incurred on a comparable basis in FY2015. Cost savings were achieved in the areas of manpower, depreciation, as well as repair and maintenance expenses as a result of the Group's cost containment measures and de-fleeting programme, aided by the favourable effect of a weaker Australian dollar on costs. Finance expenses fell S$1.3 million to S$24.6 million as a result of a deleveraged balance sheet.

The weak performance of the Group's associates and joint ventures resulted in a share of loss of S$0.1 million in FY2016 compared with a share of profit of S$4.4 million a year ago.

As a result of the foregoing, the Group recorded a pre-tax loss of S$37.9 million and a net loss attributable to shareholders of S$39.3 million. Excluding the non-cash impairment charges, the Group would have recorded a net attributable loss of S$6.6 million.

Segmental Review

Crane Rental

The Crane Rental division saw a 21% decline in revenue to S$188.5 million from S$237.6 million in FY2015 as all markets posted weaker turnovers. The completion of projects, intense competition and the depreciation of the Australian dollar caused revenue contribution from Australia to slump. Revenue contribution from Singapore fell marginally due to a lack of contribution from a subsidiary which was divested in July 2015, partially compensated by better barge rental and project income. In Malaysia, revenue declined due to the completion of projects, lower utilisation of higher tonnage cranes and lower rental rates from new projects whilst the completion of projects and the delay in the award of new projects impacted revenue contribution from Thailand. Hong Kong's operations turned in stable income from its participation in long-term infrastructure projects.

Gross profit margin from the Crane Rental division fell 5.0 percentage points to 48.0% from 53.0% achieved in FY2015 primarily due to the decline in revenue as well as the erosion of margin in Australia due to pricing pressure, lower utilisation rate and higher outsourcing costs. The margin erosion was further exacerbated by the depreciation of the Australian dollar.

As at 31 March 2016, the Group's fleet comprised 627 crawler and mobile cranes compared with 647 units a year earlier. Utilisation at year end was 54% compared with 57% recorded a year ago.

Tower Crane Rental

Revenue from the Group's Tower Crane Rental division registered a marginal 3% decline to S$93.6 million from S$96.6 million generated in the previous year. Revenues in first three quarters of the year under review were impacted by the completion of projects and the transfer of tower cranes between subsidiaries for greater efficiency. Whilst revenue improved in the fourth quarter as the tower cranes were deployed to new projects, the recovery was insufficient to make up the shortfall registered in the first three quarters. The Group's tower cranes continued to enjoy strong rental demand from the power generation, infrastructure, industrial and commercial sectors.

Gross profit margin for the Tower Crane Rental division improved 3.9 percentage points to 29.7% as a result of lower crane operator and transport costs, partially dampened by lower utilisation rates in the first three quarters of the year under review.

As at 31 March 2016, the Group's fleet of tower cranes comprised 910 units compared with 934 a year earlier. The Group's tower crane fleet saw a strong rebound in utilisation rate in the second half FY2016 and ended the year with a utilisation rate of 76% compared with 70% as at end March 2015.

General Equipment Rental

Performance of the General Equipment Rental division continued to be adversely affected by the prevailing weak business climate in Australia, lower public sector investments and lower construction activities in the private sector. This had led to a massive oversupply of equipment in the market which in turn had put pressure on rental rates. As a result, revenue slid 21% to S$44.4 million from S$56.0 million previously. The revenue decline was exacerbated by the depreciation of the Australian dollar, excluding the effect of which, revenue would have declined 13%.

Pricing pressure and higher cross-hire charges resulted in a margin compression to 42.5% in FY2016 from 47.3% achieved a year earlier.

OPERATIONS AND FINANCIAL REVIEW

Distribution

Revenue contribution from the Distribution division fell 8% to S$201.8 million from S$218.4 million posted in FY2015. The fall in revenue was attributable to the continued scaling down of excavator sales in Indonesia as part of the exit process and lower sales of cranes in Singapore and Japan, partially compensated by higher used equipment and parts sales in Australia and higher demand for cranes in Malaysia and Hong Kong. Excluding the effect of a weaker Australian dollar, revenue would have declined 2% in FY2016.

The division's gross profit margin declined to 11% from 15.9% a year earlier due to the sale of excavators and aged inventory at reduced margins as well as a provision made for stock obsolescence for the excavator distribution business.

Monetising Non-Core Assets and Under-Utilised Equipment

The Group's continued pursuit of its disposal and de-fleeting programmes yielded proceeds of S$73.5 million during the year under review from the disposal of a property each in Australia, Malaysia and Singapore, cranes and a barge. The Group's subsidiary in Australia also disposed under-utilised general equipment which totalled S$10.0 million in value. Part of the proceeds was used to repay borrowings and brought net gearing to 0.71 times as at 31 March 2016 compared with 0.77 times at the end of FY2015.

Besides unlocking cash, the concerted effort to achieve an optimal operating fleet has helped reduced depreciation charges by S$8.9 million in FY2016 to S$80.9 million from S$89.8 million previously.

Cash Flows and Liquidity

The Group's operating profit before working capital changes fell to S$74.0 million in FY2016 compared with S$138.5 million in FY2015 primarily due to lower Group revenue and gross profit. Better working capital management and lower taxes lifted net cash inflow from operating activities to S$82.2 million during the year under review compared with S$141.6 million in FY2015.

Net cash inflow from investing activities totalled S$43.5 million in FY2016 compared with S$14.5 million previously. The improvement was primarily the result of the Group's strict control on capital expenditure which fell to S$29.0 million from S$78.0 million in FY2015. In addition, the Group's disposal and de-fleeting programmes contributed proceeds of S$73.5 million compared with S$61.1 million a year ago.

Net cash outflow from financing activities totalled S$86.6 million compared with S$113.9 million in FY2015. Cash outflows comprised mainly the net repayment of trust receipts of S$32.4 million, net repayment of finance lease obligations of S$64.4 million and interest payments of S$23.8 million whilst cash inflows comprised primarily net proceeds from bank loans of S$43.4 million.

Overall net cash inflows brought cash and cash equivalents to S$130.7 million at 31 March 2016 compared with S$93.3 million a year ago.

Financial Position

Total shareholders' equity fell to S$585.7 million as at 31 March 2016 from S$650.8 million a year ago due primarily to reductions in the Group's currency translation reserve and accumulated profits.

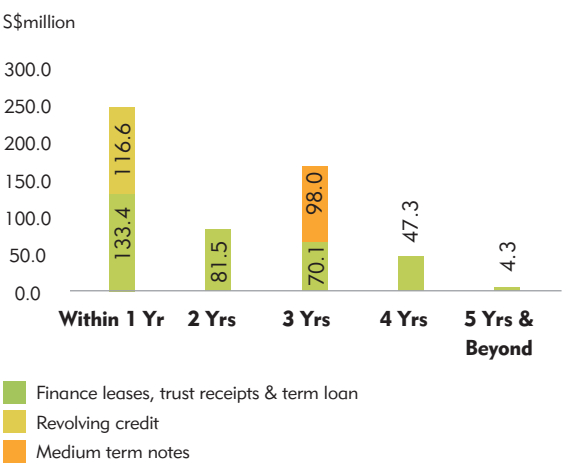
Non-current assets decreased to S$865.6 million from S$1.0 billion previously attributable primarily to the disposal of plant, property and equipment under the Group's disposal and de-fleeting programmes, goodwill, assets and investment impairments, depreciation, translation loss arising from a weaker Australian dollar and renminbi, partially offset by equipment purchases

and reclassification of inventory to plant, property and equipment. Current assets rose to S$505.4 million from S$485.1 million a year earlier due primarily to an increase in cash and cash equivalents and receivables, partially offset by lower inventories.

The Group also continued to delever its balance sheet through the net repayment S$11.3 million of financial liabilities. Total financial liabilities (current and non-current) comprising fixed-rate notes, bank loans and finance leases fell to S$545.2 million as at 31 March 2016 from S$556.5 million as at 31 March 2015 arising primarily from the net repayment of financial lease obligations. This, together with lower trade and other payables and current tax payable brought total liabilities down to $741.4 million as at 31 March 2016 from S$795.8 million a year earlier.

The Group has a balanced debt maturity profile and a diverse source of funds including a syndicated loan, medium-term notes, revolving loans as well as finance leases. Borrowings due to be repaid within one year comprised S$133.4 million in finance leases, trust receipts and term loans as well as revolving credit of S$116.6 million which can be re-financed when they become due. With its healthy cash position and expected future cash flows, the Group is in a strong financial position and has more than sufficient means to repay its financial obligations when they become due in the next 12 months.

Debt Maturity Profile
(As at 21 March 2016)



Outlook

The market weakness and the impending completion of projects in the ASEAN countries and in Australia will continue to impact the Crane Rental Division. Efforts to reduce operating costs through fleet rationalisation and operational restructuring will continue.

The Tower Crane Rental Division in the People's Republic of China is expected to perform well on the back of a strong pipeline of committed projects in the building, infrastructure, transport and power generation sectors.

The General Equipment Rental Division is expected to turn in a weak performance due to the lack of public projects and increased competition from oversupply of equipment in Australia.

Weak demand in the region and competitive market conditions will continue to affect the Distribution Division's performance.

The Group's performance in most of its key markets is expected to remain subdued in FY2017.

BOARD OF DIRECTORS



1 2 3

1. MR ONG TIEW SIAM

2. DR LEONG HORN KEE

3. MR LOW SEOW JUAN



4 5 6 7

4. MR NG SANG KUEY MICHAEL

5. MR NG SAN TIONG ROLAND

6. MR MAK LYE MUN

7. MR TSE PO SHING ANDY

BOARD OF DIRECTORS

DR LEONG HORN KEE
Independent Chairman

Dr Leong Horn Kee first joined the Board on 19 January 2001. He was last re-appointed as an Independent Director on 26 July 2013 and appointed Chairman of the Board on 14 August 2015. Dr Leong is the Chairman of CapitalCorp Partners Pte Ltd, a boutique financial advisory firm.

Dr Leong has experience in both the public sector in economic planning, trade and investments, and in the private sector in corporate finance, venture capital, merchant banking, hotels, property development and management. He served as a Member of Parliament for 22 years from 1984 to 2006. Currently, he serves as Singapore's Non-Resident High Commissioner to Cyprus.

Dr Leong holds a degree (Honours) in Production Engineering from Loughborough University, UK; a degree (Honours) in Economics from the University of London, UK, a degree in Chinese Language and Literature from Beijing Normal University, a Master of Business Administration degree from INSEAD, France as well as a Master in Business Research and a Doctorate in Business Administration from University of Western Australian.

Current directorships in other listed companies: IGG Inc

Directorships in management companies of listed REITs: SPH REIT Management Pte Ltd, Viva Industrial Trust Management Pte Ltd, Viva Asset Management Pte Ltd

MR NG SAN TIONG ROLAND
Managing Director

Mr Roland Ng joined the Group in 1979 and has been its Managing Director since 25 October 1991. He was last re-appointed as a Director on 26 July 2013. With more than 35 years of experience in the heavy equipment and plant hiring business, Mr Ng has overall responsibility for the Group including strategy formulation, the development of new businesses and potential acquisitions in the region.

Mr Ng sits on the board of several SGX-listed companies and is also the Vice-President of the Singapore Chinese Chamber of Commerce and Industry (SCCCI), a member of the Board of Directors of Business China and a member of the Board of Trustees of the Chinese Development and Assistance Council (CDAC).

Mr Ng holds a Bachelor of Science (Honours) degree from Loughborough University, United Kingdom. He was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2002 and the Bintang Bakti Masyarakat (Public Service Star) in 2010 by the President of the Republic of Singapore. In September 2015, Mr Ng was appointed Justice of the Peace by the President of the Republic of Singapore.

Current directorships in other listed companies: INTRACO Limited, Yongmao Holdings Limited

MR LOW SEOW JUAN
Independent Director

Mr Low Seow Juan was appointed to the Board as an Independent Director on 25 January 2006 and was last re-appointed on 29 July 2015. He is the Chairman of Pinetree Capital Partners Pte Ltd, a Singapore venture capital fund company. Mr Low started his working career with the Singapore Public Works Department, Morgan Grenfell (Asia) Limited and the Singapore Economic Development Board heading the Aerospace, Medical Optical Division.

Mr Low holds a Master of Business Administration from the National University of Singapore, a Bachelor of Law degree from the University of London and a Bachelor Degree in Electrical Engineering from Monash University.

Current directorships in other listed companies: Nil

MR MAK LYE MUN
Independent Director

Mr Mak Lye Mun was appointed as an Independent Director on 1 June 2005 and was last re-appointed on 25 July 2014. He is the Country Head and Chief Executive Officer of CIMB Bank Singapore. In addition to these roles, he was appointed the Chief Executive Officer of CIMB Group Wholesale Banking, effective 1 April 2016. Mr Mak also sits on the boards of CIMB Securities Pte Ltd and Boardroom Limited where he is the Non-Executive Director. In 2015, he was appointed as a member of the Inaugural SGX Listings and Advisory Committee.

Mr Mak holds a Bachelor of Civil Engineering (First Class Honours) degree from the University of Malaya in Malaysia and a Master of Business Administration degree from the University of Texas at Austin, USA. He is also a qualified Chartered Financial Analyst.

Current directorships in other listed companies: Boardroom Limited

MR NG SANG KUEY, MICHAEL
Executive Director

Mr Michael Ng was appointed as an Executive Director on 1 October 1996. He was last re-appointed on 25 July 2014 and currently serves as the CEO ASEAN where he oversees the Group's operations in the ASEAN region and Hong Kong. He is responsible for charting the strategic direction of the rental and distribution business in the ASEAN region. He also oversees the overall management, strategic planning and performance of the ASEAN region.

Mr Ng has been with the Group since 1977 and has built up a strong market network and maintains close relationships with our major suppliers and crane manufacturers.

Current directorships in other listed companies: Nil

MR ONG TIEW SIAM
Independent Director

Mr Ong Tiew Siam was appointed as an Independent Director on 1 September 1999 and was last re-appointed on 29 July 2015. He has more than 36 years of experience in finance, accounting and administration in various industries. Mr Ong also sits on the board of several SGX-listed companies.

Mr Ong holds a Bachelor of Commerce (Accountancy) (Honours) degree from former Nanyang University. He is also a fellow member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

Current directorships in other listed companies: Design Studio Group Ltd and Valuetronics Holdings Ltd

MR TSE PO SHING ANDY
Non-Independent Director

Mr Tse Po Shing, Andy joined the board on 22 October 2009 as a Non-Independent Director and was last re-appointed on 26 July 2013. Mr Tse is a Managing Director at AIF Capital Limited ("AIF Capital"). He has more than 20 years of private equity experience in Asia, including Korea, Japan, China, Hong Kong, Singapore, the Philippines, Indonesia, Australia, Sri Lanka, India and Thailand. Having been with AIF Capital since 1994, Mr Tse has led investments in transportation, logistics and manufacturing and represents AIF Capital on the boards of various portfolio companies. Prior to AIF Capital, he worked with Hopewell Holdings Limited and was involved in the investment, development, financing construction and operations of infrastructure projects amongst others.

Mr Tse is a fellow of the Institute of Chartered Accountants. He holds a Bachelor of Science and also obtained his Master of Business Administration from The Chinese University of Hong Kong.

Current directorships in other listed companies: Nirvana Asia Ltd, Tai-I Electric Wire & Cable Co., Ltd

KEY MANAGEMENT

MR NG SAN TIONG ROLAND
Group Chief Executive Officer

Mr Roland Ng graduated from Loughborough University, United Kingdom with a Bachelor of Science degree in 1976 and started his career with Jurong Town Corporation as a Civil Engineer in the same year. Mr Ng joined Tat Hong in 1979 and was appointed Group Chief Executive Officer in 1991. Under his stewardship, the Group has grown into one of the largest crane rental companies in the world.

With some 35 years of experience in the heavy equipment and plant hiring business, Mr Ng bears overall responsibility for the Group as well as strategy formulation, corporate planning, business development and potential acquisitions. He also oversees the Group's business operations in Australia, the tower crane rental business in China as well as the Group's investments.

Mr Ng is the Vice-President of the Singapore Chinese Chamber of Commerce & Industry (SCCCI), a member of the Board of Directors of Business China and a member of the Board of Trustees of the Chinese Development Assistance Council (CDAC). He also serves on the boards of several listed companies.

Mr Ng has been actively involved in various charity work for the past 10 years. In 2002, he was awarded the Pingkat Bakti Masyarakat (Public Service Medal) and in 2010, the Bintang Bakti Masyarakat (Public Service Medal) by the President of the Republic of Singapore.

Mr Ng was appointed Justice of the Peace in September 2015.

MS JENNIE HONG CHOK HANE
Group Chief Financial Officer, Joint Company Secretary and Head of Corporate

Ms Jennie Hong, a Chartered Accountant, is the Group Chief Financial Officer, Joint Company Secretary and Head of Corporate. She has overall responsibility for the Group's financial and other corporate functions including corporate finance, financial reporting, strategic corporate planning, treasury management, taxation, risk management, compliance, corporate secretarial matters, investor relations and management information systems.

Ms Hong has more than 20 years' experience in corporate finance, treasury management, tax and risk management in listed, and non-listed entities as well as business infrastructure trust in diverse businesses including a Singapore Government investment arm, a Government linked company in Gas and Utilities, Property investment and development, equipment distribution and manufacturing in Singapore and ASEAN countries.

Ms Hong holds an Accountancy degree from The Chartered Association of Certified Accountants (UK) and attained a certificate for MBA(Finance) from the Manchester Business School. Ms Hong is a Member and Fellow of The Chartered Association of Certified Accountants, The Institute of Singapore Chartered Accountants, The American Academy of Financial Management and a member of the Singapore Institute of Directors.

MR NG SANG KUEY MICHAEL
CEO – ASEAN

Mr Michael Ng is the CEO, ASEAN and is responsible for the Group's crane rental and distribution operations in the ASEAN region and Hong Kong. Mr Ng's responsibilities include strategic planning, overall management and performance of the entities under his charge.

Mr Ng has been with the Tat Hong Group since 1977 and has accumulated significant and valuable business experience over the years. He has held various key positions within the Group and has played an important role in its growth. Mr Ng has also built up a strong market network and maintains close relationships with the Group's major suppliers and crane manufacturers.

MR NG CHEN WEI
Managing Director, Tutt Bryant Group Limited
CEO – Australia

Mr Ng Chen Wei was appointed Managing Director of Tutt Bryant Group Limited (TBG) on 1 July 2013. He has overall responsibility for TBG's operational and financial performance as well as strategy formulation.

Mr Ng joined TBG in July 2009 as executive director responsible for driving business development, M&As, business planning and implementing strategies across TBG's existing operations. Prior to joining TBG, he worked for over seven years with ABN AMRO where he last held the position of Director, Structured Finance and was involved in a variety of project finance and advisory transactions across a range of industries including infrastructure, power and utilities, and natural resources.

Mr Ng holds a Bachelor of Commerce (Honours) degree from the University of Western Australia, and is a CFA charterholder as well as a graduate of the Australian Institute of Company Directors.

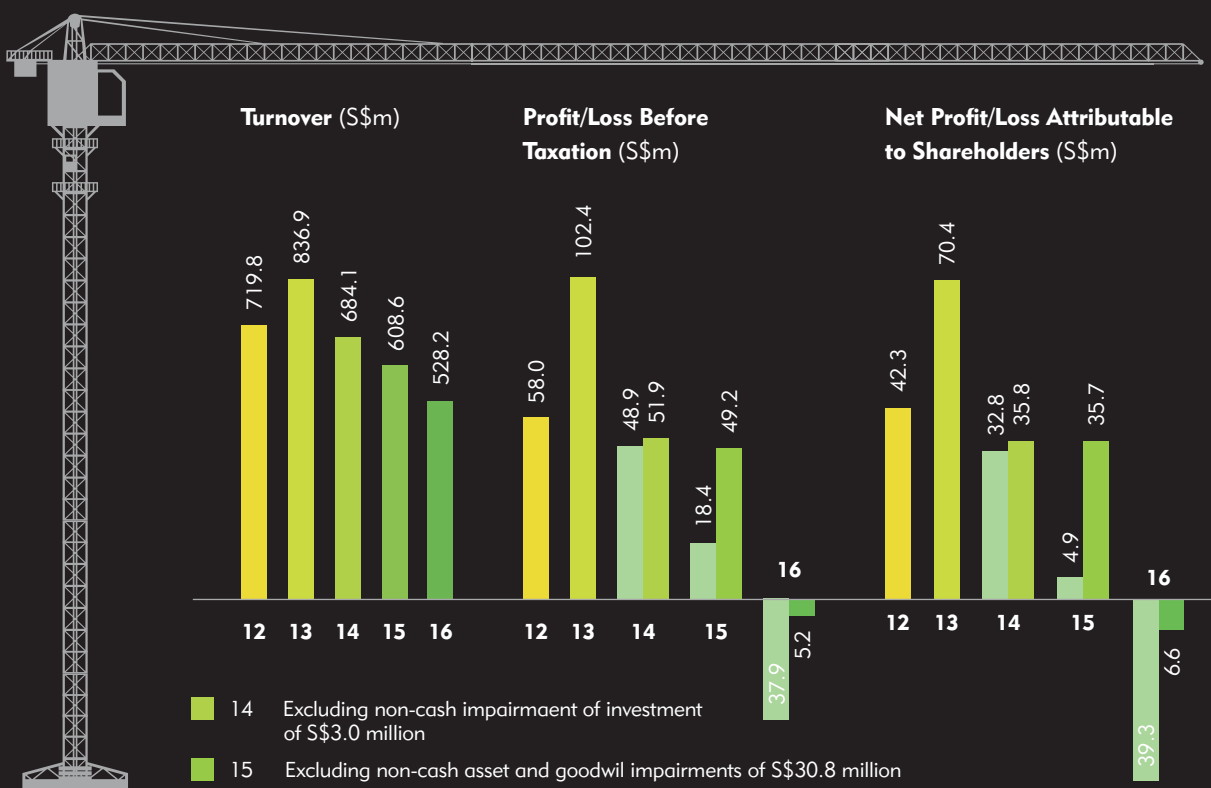
MR YAU KOK SAN SEAN
CEO – China

Mr Sean Yau is the CEO, China and is responsible for the group's business operation in the People's Republic of China. He has more than 10 years' experience in the areas of corporate finance and venture capitalism in China.

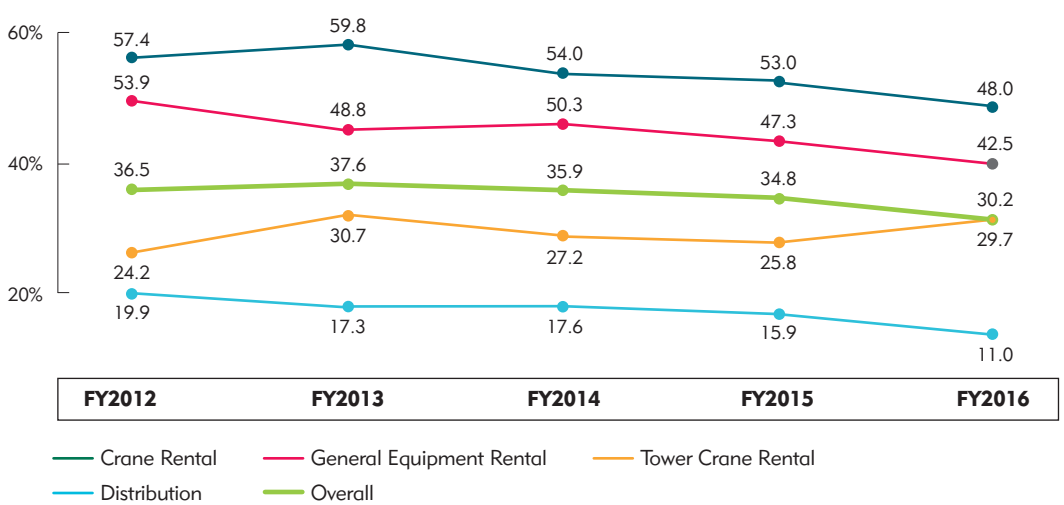
Mr Yau began his career in 1987 as an engineer with Singapore Technologies and moved on to Vertex, the venture capital arm of Singapore Technologies, as an investment manager. Thereafter, he was the Finance Director in a technology start-up company. Prior to joining the Group, Mr Yau was a Consultant providing corporate finance advisory to Chinese companies.

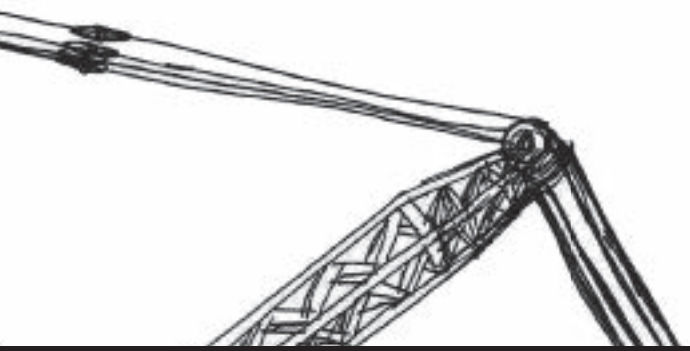
Mr Yau holds a Master of Business Administration from the National University of Singapore and a First Class Honours degree in Engineering from Nanyang Technological University (Singapore).

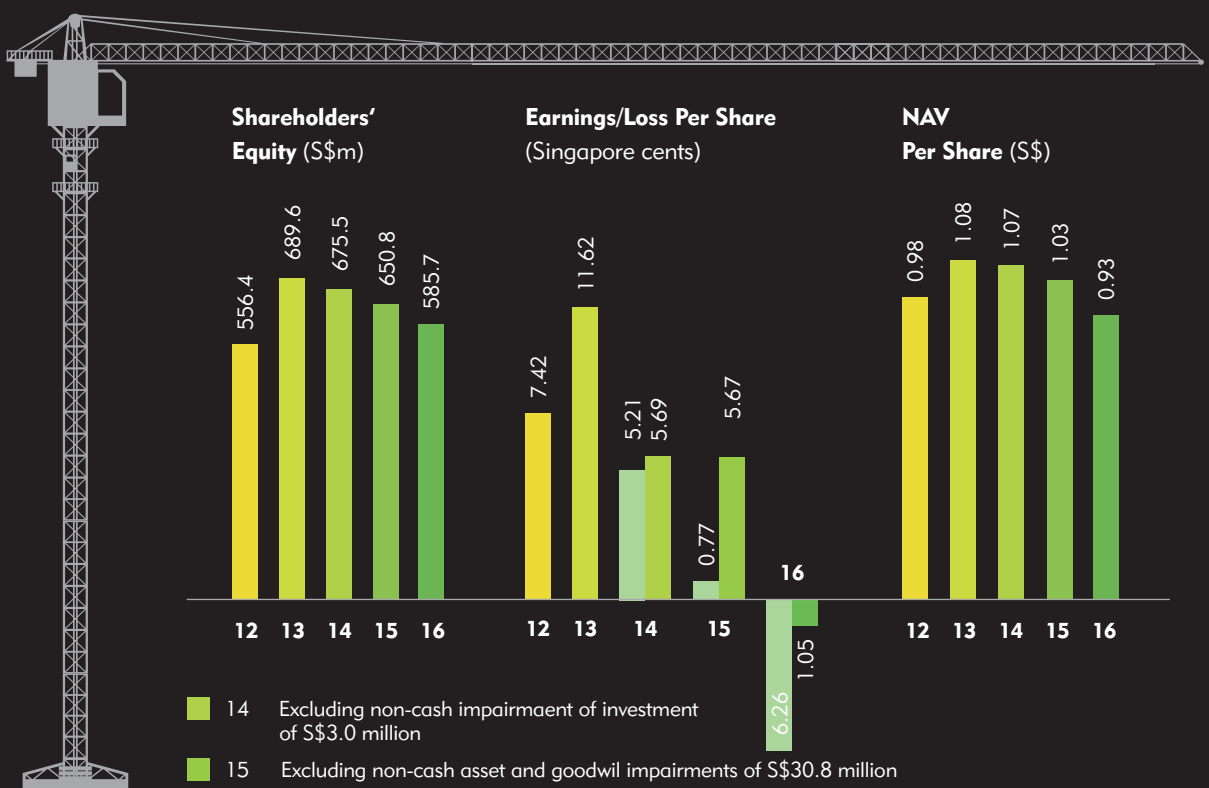
FINANCIAL HIGHLIGHTS



GROSS PROFIT MARGIN TREND (%)









- Crane Rental **36%**
- Tower Crane Rental **18%**
- General Equipment Rental **8%**
- Distribution **38%**



- Singapore **18%**
- Southeast Asia + Hong Kong **19%**
- Australia **45%**
- China **18%**



- Crane Rental **57%**
- Tower Crane Rental **17%**
- General Equipment Rental **12%**
- Distribution **14%**

5-YEAR FINANCIAL SUMMARY

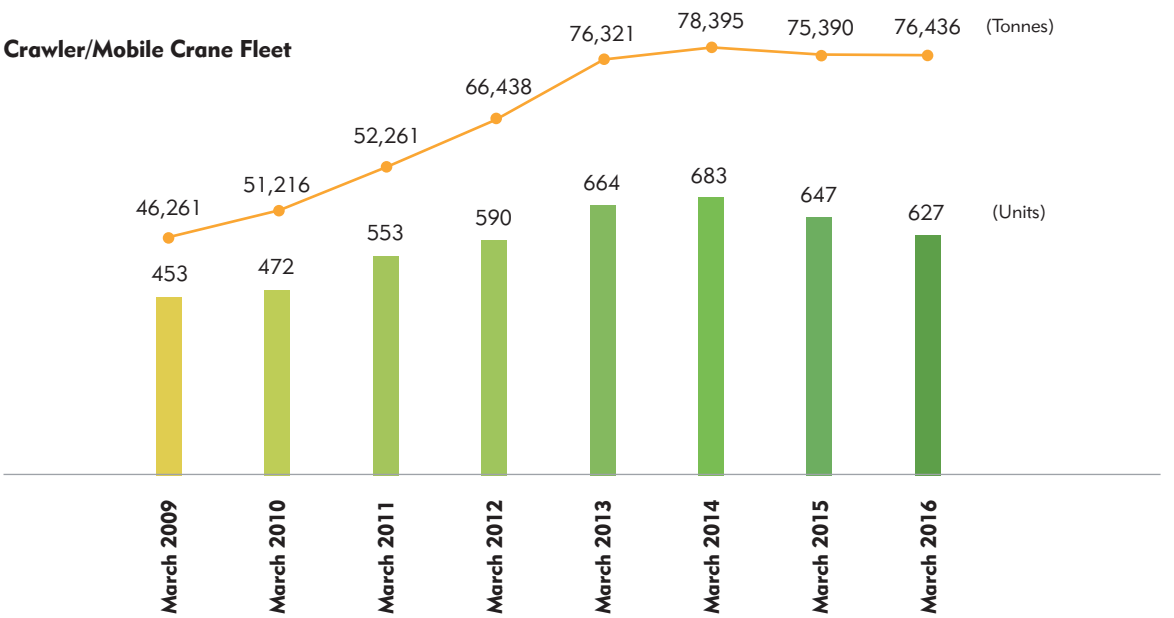
	FY2016	FY2015	FY2014	FY2013	FY2012
Financial Highlights (S$m)					
Revenue	528.2	608.6	684.1	836.9	719.8
Gross profit	159.5	212.1	245.7	314.9	263.0
Profit/(loss) before tax	(37.9)	18.4	48.9	102.4	58.0
Profit/(loss) before tax (excluding one-off impairments)	(5.2)	49.2	51.9	102.4	58.0
Net profit/(loss) attributable to shareholders	(39.3)	4.9	32.8	70.4	42.3
Net profit/(loss) attributable to shareholders (excluding one-off impairments)	(6.6)	35.7	35.8	70.4	42.3
Balance Sheet (S$m)					
Property, plant and equipment	802.4	919.3	975.4	905.4	765.5
Inventories	147.0	186.5	186.3	193.7	234.2
Cash and cash equivalents	130.7	93.3	58.6	68.8	76.8
Debtors	222.9	204.7	230.8	250.0	184.8
Shareholders' equity	585.7	650.8	675.5	689.6	556.4
Financial Ratios					
Earnings/(loss)per share (Singapore cents)	(6.26)	0.77	5.21	11.62	7.42
Earnings/(loss) per share excluding one-off impairments (Singapore cents)	(1.05)	5.67	5.69	11.62	7.42
Net asset value per share (S$)	0.93	1.03	1.07	1.08	0.98
Return on equity (%)	NM	0.7	4.9	10.2	7.6
Return on equity (excluding one-off impairments) (%)	NM	5.3	5.3	10.2	7.6
Net gearing (times)	0.71	0.77	0.87	0.71	0.79
Interest cover (times)	2.8	5.0	5.7	8.3	6.7

Non-cash impairments FY2014: S$3.0 million, FY2015: S$30.8 million, FY2016: S$32.7 million

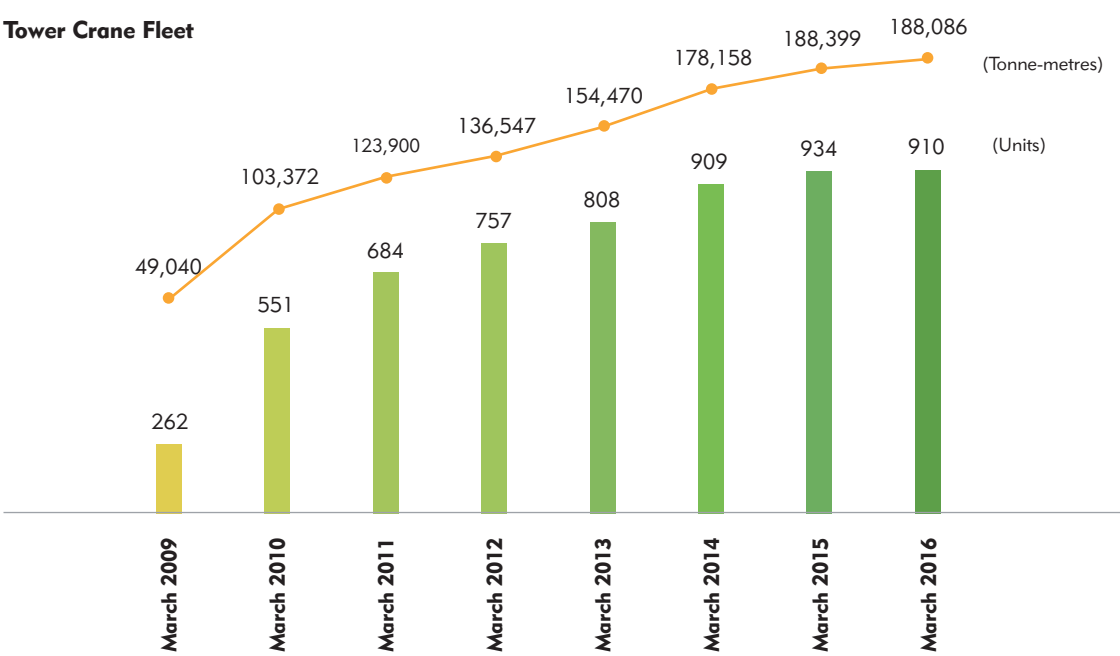
The number of ordinary shares used in the computation of EPS and NAV per share for FY2014 has been adjusted retrospectively to account for the redemption of 11.7 million convertible redeemable preference shares in FY2015

CRANE FLEET SIZE

Crawler/Mobile Crane Fleet



Tower Crane Fleet



INVESTOR RELATIONS

Tat Hong Holdings' investor relations practices are grounded on the basic tenets of fairness and timeliness. In this spirit, we are fully committed to ensuring that important, balanced and relevant information on the Group is disseminated in a fair and timely manner via the SGXNet so as to enable the investing community make informed decisions regarding their investment in the Company.

Communication with Investors

The Group employs a variety of channels to communicate with shareholders and the investing community. These include one-on-one meetings, conference calls, briefings, presentations and postings on SGXNET and our website.

All material information is released timely via the SGXNet and these announcements are also made available on the Investor Relations webpage of the Company's website at: www.tathong.com/th_investor. Our website also contains comprehensive description of the Group's business and links to related information.

The Company also conducts regular results briefings to the media and analysts as well as dialogues with fund managers, analysts, media and shareholders via one-on-one meetings, group meetings or conference calls to keep stakeholders abreast of developments.

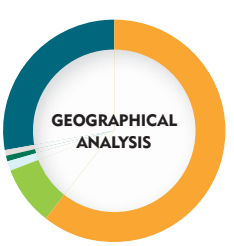
During Annual General Meetings, ample time is set aside for shareholders to ask questions or seek clarification from the management or the Board.

The Company maintains a dedicated IR microsite within its website where the investing community can access the latest news and financial information on the Group. Email and telephone contact numbers are also available on the IR site so that shareholders and investors can contact the Company's investor relations staff directly.

Shareholder Returns

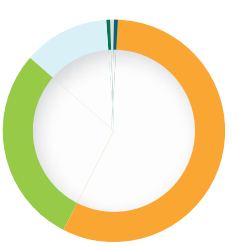
As the Group posted an attributable loss of S$39.3 million for the year under review, the Board has proposed that no dividend be paid in respect of FY2016. The Company remains committed to offering shareholders a fair return on their investment and dividend payouts will resume as soon as the Group's performance is able to support such payouts.

Ownership Distribution by Geography
(As at 31 March 2016)

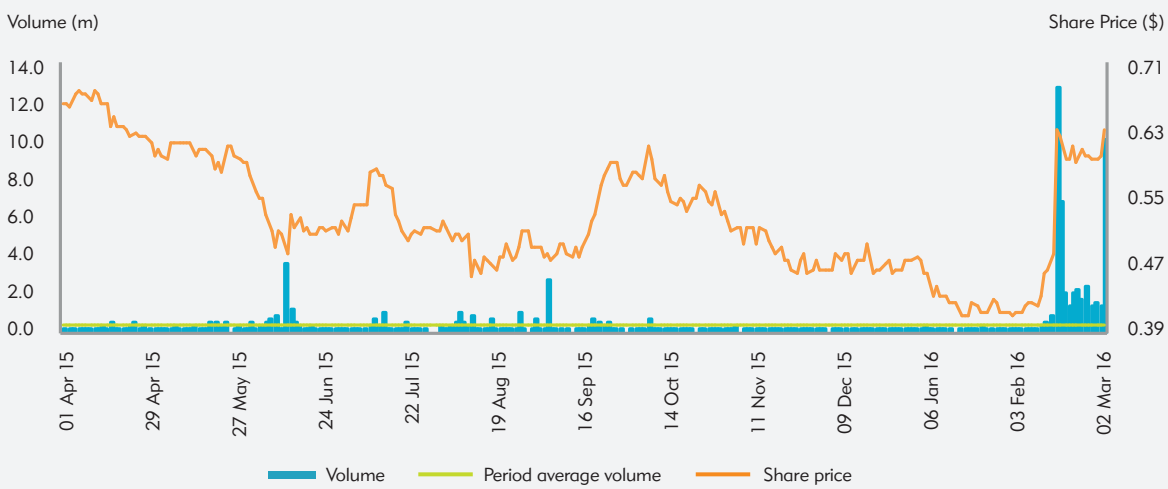


- Singapore **60.6%**
- Asia (ex Singapore) **8.6%**
- UK & Europe **1.5%**
- North America **0.7%**
- Rest of the World **1.0%**
- Unidentified **27.6%**

Distribution of Holdings by Types of Investors
(As at 31 March 2016)



- Ng Chwee Cheng & Sons Pte Ltd and related parties **57.5%**
- Private stakeholders **28.8%**
- Institutions **12.4%**
- Treasury shares **0.6%**
- Corporate stakeholders **0.5%**
- Others **0.2%**



Share Price Performance

Tat Hong's shares were traded between S$0.415 and S$0.68 during the period 1 April 2015 to 31 March 2016 with an average daily trading volume of 0.43 million shares.

Tat Hong's market capitalisation, based on its closing share price on 31 March 2016 of S$0.635, was S$398.5 million.

CORPORATE REPONSIBILITY

As a responsible corporate citizen, the Group is committed to conducting its business with integrity and in a sustainable manner that is also responsive to the changing economic, social, governance and environmental conditions.

In growing our business, we are committed to:
1. Providing safe and high quality products and services to our customers
2. Being a fair employer and providing a safe working environment for our employees
3. Minimising the negative impact of our operations on the environment
4. Caring for the wider community

The Group has physical presence and operations in Singapore, Australia, China, Malaysia, Thailand, Indonesia, Vietnam and Hong Kong. It also has a 50% joint venture in Papua New Guinea and a 40% joint venture in Myanmar.

The Group's operations are at different levels of maturity across markets that are at different stages of economic development. Some operations are currently not of a material size. The focus of this report is therefore on the Group's main operating subsidiaries in Singapore* and its wholly-owned subsidiary group in Australia, the Tutt Bryant Group (TBG), which together account for about 63% of the Group's total revenue in FY2016. All subsidiaries abide with Group policies and comply with the laws of their respective jurisdictions.

Employees

The Group has a strict policy against the hiring of child or forced labour and its HR practices, in particular the philosophy of fair employment and compliance with the labour laws, are practiced across all the geographical locations where the Group operates.

As an equal opportunity employer, the Group employs staff based on education, knowledge, skills, experience and competence. It does not discriminate against age, gender, race or religion.

Despite its fair hiring practices, the Group tends to be male-dominated with the ratio of male to female employees across the Group at 87%:13%. This is attributable to the fact that due to the nature of its business, the Group employs a large number of engineers, crane operators, riggers and other technical and operations personnel who are involved in physically-demanding jobs. In addition, the harsh working environments at worksites and in workshops do not appeal to the female gender.

The Group enjoys fairly low employee turnover rate of about 6.6% and has 4,254 employees as at 31 March 2016.

People Development

The Group places strong emphasis not only in recruiting people with the right skills and experience but also in the continuous development of its human resources so as to constantly improve the quality of solutions and services that are provided to our customers. The Group values the experience and capability of each and every staff member, on whom it depends for the timely delivery of complex lifting solutions and heavy equipment, and is committed to equipping and upgrading the skills and knowledge of its employees to enable them to continuously improve their performance. Training is provided on-the-job by superiors and managers or through third party training providers.

Our employees undergo various types of training. For employees engaged in crane operations training is focused on safety and the acquisition of technical, vocational and supervisory skills through on-the-job training and

* The main operating subsidiaries refer to Tat Hong HeavyEquipment Pte Ltd and Tat Hong Plant Leasing Pte Ltd

or training courses conducted by third party service providers. Executives and managerial staff attend training courses related to their jobs as well as the acquisition of leadership and management skills.

In Singapore, a total of 156 employees (approximately 38% of the local workforce) attended various types of training. Total training costs for the year amounted to approximately S$60,000 before government subsidies. A total of 230 training places and approximately 7.3 training hours per employee were made available during the year for courses in construction safety, occupational health and safety, work at height, crane operations, lifting supervision, treasury management and strategies and other courses. A specific technical training session on the Terex Demag crane was also conducted by an overseas trainer.

In Australia some A$550,000 was spent on various types of training programmes including induction programmes, workshop and technical courses as well as professional/ executive development.

In China RMB370,000 were spent on various training courses especially on safety and skills upgrading courses.

Employee Communication

The Group employs a wide spectrum of tools and channels in its constant communication with its employees. Letters, flyers, posters, emails, the intranet, seminars and staff meetings are used to communicate general messages such as policy changes, announcements, safety messages as well as social and recreational information. In addition to the above, specific communication for target groups such as safety reviews and changes in work procedures are communicated at toolbox or staff meetings.

Quality, Health and Safety

The Group believes that the best way it can serve its customers and create value for stakeholders is through the provision of quality products and services with a particular emphasis on safety.

Whilst activities and practices across the Group's operations in different countries may vary depending on the business culture and operating constraints, the commitment to quality and safety remains unchanged. Due to their dominance with regard to their contribution to the Group's performance, many of the parameters in this report refer to the practices in Singapore and Australia.



- Singapore **10%**
- Australia **11%**
- China **65%**
- Southeast Asia + Hong Kong **14%**



CORPORATE REPONSIBILITY

Health & Safety

Our main operating subsidiaries in Singapore which are involved in the distribution of cranes and heavy equipment and the provision of crane rental services – Tat Hong HeavyEquipment (Pte) Ltd (THHE) and Tat Hong Plant Leasing Pte Ltd (THPL) - are both certified to ISO9001 and ISO18001. In addition, THPL is also certified to ISO14001. Two of our Australian subsidiaries, Tutt Bryant Equipment Pty Ltd (TBE) and North Sheridan Pty Ltd (NS) are certified to ISO9001. THHE and THPL have also been awarded the bizSAFE Star award by Workplace Health and Safety Council in Singapore for achieving the highest level in meeting required safety and health standards.

Whilst TBG's operations have not been externally certified (except for subsidiaries which are certified to ISO9001), their systems and processes are developed to comply with espoused philosophy and principles of Australian and/or international standards. For example, its health and safety programme is developed in accordance with the AS/NZS 4801 standards and its environmental programme is consistent with the requirements of ISO 14001. Work health safety and environment (WHSE) audits are also conducted regularly.

TBG's comprehensive Safety, Risk and Claims Management system was updated across all its subsidiaries during FY2016. This software solution captures WHSE data and ensures timely provision of essential information and incident notification to TBG management thereby allowing for effective management of WHSE issues whilst at the same time, assisting in compliance with legislative requirements. The updated software is also integrated with TBG's injury management system for improved management oversight of workers' compensation claims and enabled early intervention.

Safety issues are continually emphasised in toolbox meetings in Singapore. Toolbox meetings for each workgroup are held on a daily basis. In addition to toolbox meetings, TBG also organises an annual safety week and the theme for FY2016 was "Be Safe. Be Healthy. Because …..". The theme was deliberately left open-ended so that employees can reflect and put in their reason for being safe and healthy.

Our workers in Singapore are generally not exposed to loud noises in the course of their work however those who are exposed undergo annual audiometric tests and

Certification

Name of subsidiary	ISO9001	ISO14001	ISO18001	Other certification
Tat Hong HeavyEquipment (Pte) Ltd (THHE)	✓	N.A	✓	bizSAFE Star
Tat Hong Plant Leasing Pte Ltd (THPL)	✓	✓	✓	bizSAFE Star
Tutt Bryant Equipment Pty Ltd	✓			
North Sheridan Pty Ltd	✓			

Notes:

1 ISO 14001 is not applicable to Tat Hong HeavyEquipment (Pte) Ltd as its principal activity is in the trading of new and used cranes and other heavy equipment

2 bizSAFE Star awarded by the Workplace Health and Safety Council in Singapore for companies which have been certified by recognized auditors for meeting required safety and health standards

those exposed to paint, solvents and other skin irritants undergo lead test every six months. In Australia, the employees are generally not exposed to excessive noise levels whilst employees who are exposed to paints and solvents undergo regular test for contact dermatitis. As all activities are subject to safety analysis, exposure to skin irritants, if any, is minor in nature. During the year under review, there were no reported cases of skin irritation or dermatitis in both Singapore and Australia.

There were no reported cases of loss of hearing in Singapore whilst Australia reported two cases of hearing impairment. However the two cases were not the result of any incidents or exposure to excessive noises whilst in the employment of TBG. Both the affected workers have been employed in the mining and construction industries for more than 30 years and the hearing loss was the result of cumulative noise exposure over the years.

No major accidents or incidents have been reported in our operations in the past 12 months. There were however, occurrences of minor injuries such as cuts, burns, abrasions, sprains, etc. In Singapore 266 man days were lost to incidents whilst in Australia, 595 man days were lost of which 109 were related to recurring injuries from incidents which occured in previous years. All incidents have been investigated, work procedures reviewed and measures implemented to prevent recurrence. Improvements to work procedures have also been communicated during toolbox meetings.

All our subsidiaries place strong emphasis on safety. It is with particular pride that our subsidiary in Thailand has been commended for its safe operations. During the year under review, Tat Hong Thailand received a special commendation from its customer, CUEL, for "World Class Safety Performance of 1,065 Consecutive Days Without Lost-Time Injury" in the provision of our rental services for the fabrication of modules for the INPEX Ichthys LNG project.



Safety Statistics

	Singapore	Australia
Accident rate per million man hours worked	9.34	14.54
Total man days lost to accidents	266	595
Man day lost to accidents as a percentage of total man days worked	0.22%	0.47%

CORPORATE REPONSIBILITY

Environment

The Group is committed to managing its operations with the objective of minimising its impact on the environment and has put in place comprehensive system for the prevention of environmental pollution.

One possible source of environmental pollution arising from our operations is carbon dioxide emission from our fleet of crawler and mobile cranes, transportation assets and general equipment such as excavators, compaction machines, etc. The transportation of our crawler, mobile and tower cranes to and from sites also contributes to our carbon footprint.

The Group complies with existing regulations governing emission control with regard to the operations of our cranes and transportation fleet in the countries where we operate. For example, in Singapore, all mobile and crawler cranes imported after 1 July 2012 for use in the country complies with US Tier II, EU Stage II or Japan Tier II emission standards. In Australia, all equipment meets or exceeds current emission standards.

In Singapore, our crane rental operations conducted under THPL is certified to ISO14001. TBG's operations in Australia are not subject to any particular or significant environment regulation under the Commonwealth or State legislation. However, to meet the general environmental obligations, TBG has in place a detailed environmental management system that is consistent with the requirements of the ISO14001.

There is potential for small spillage of fuel during refilling at our various depots or from plant and equipment that are being serviced in our workshops or customers' work site. Oil traps have been installed in our yards and operating procedures have been put in place and workers have been trained in the prevention of spills as well as the proper clean-up process.

Additional initiatives taken to preserve the environment include the recycling of paper, the recycling of waste oils, photocopying on both sides of the paper and water conservation.

No environmental breaches have been cited by the relevant government agencies in Singapore and Australia in FY2016.

Community

The Group has a long-standing tradition of caring for the community. Our philanthropic efforts support a variety of causes to benefit wide-ranging members of the community who need assistance.

In Singapore, we supported various causes and provided assistance to the underprivileged. In FY2016, the Group made donations and sponsorships of about S$150,000 to non-profit organisations such as Chinese Development and Assistance Council, the NUS Business School Undergraduate Bursary Fund as well some 400 families through its "Tat Hong Cares - Free Groceries" programme.

Our overseas subsidiaries also played its part in contributing to the community in which they operate. TBG supported wide ranging causes in Australia through sponsorships and donations to cancer awareness, a children's charity and other varied causes. Its employees also volunteer their time with various non-profit organsations such as local bush fire brigades and state emergency services. In China, donations of RM64,000 were made to assist poor children.







Free Groceries Project

In January 2014, Tat Hong initiated its "Free Groceries" Corporate Social Responsibility (CSR) Project where the Company provides free groceries to needy families living in rented flats in Toa Payoh. In FY2016, we continued this tradition and helped some 400 low-income families living in rental flat in Toa Payoh.

The fifth Free Groceries CSR event was held on 20 January 2016 for residents in three blocks of rental flat at Toa Payoh Lorong 4 and 5. The residents were able to choose from a wide selection of groceries and daily necessities such as rice, noodles, sugar, coffee, tea, canned food, cooking oil, detergent, etc.

As with previous years, the "Free Groceries" event on 20 January drew about 100 staff members who volunteered their time in organising the event and assisting the residents in bringing their groceries home.

The Free Groceries Projects is just one of the many ways that the Tat Hong Group gives back to the community.

1997
Listed on the Australian Securities Exchange (ASX)

2000
Secondary listing on the SGX Mainboard

2001
Established joint venture company, BT Equipment, with PSL Industries

2002
Placement of 40 million new shares at S$0.30 per share

2004
February
Private placement of 50 million new shares at S$0.56 per share

December
Acquired Kingston Industries, a leading Australian plant hire and haulage company

2005
April
Conversion of Secondary to Primary Listing on the SGX Mainboard

August
Established a joint venture with Fushun Yongmao to enter tower crane rental business in China

November
Delisted Tat Hong from the ASX

December
Listed Australian subsidiary, Tutt Bryant Group Limited (TBG), on the ASX

2006
September
Established a joint venture company, Shanghai Tat Hong Equipment Rental Co., Ltd

December
Acquired Queensland-based equipment hire company, North Sheridan, through TBG

2007
February
Acquired Hunter Valley-based Muswellbrook Crane Services through TBG

April
Placement of 40 million new shares at S$1.46 per share

May
Established 100%-owned Tat Hong Equipment (China) Pte Ltd as an investment holding company for the Group's subsidiaries in China

June
Established China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd

July
Established Zhongjian Tat Hong Equipment Rental Co., Ltd. Renamed to Jiangsu Zhongjian Tat Hong Machinery Construction Co; Ltd

Incorporation of PT Tat Hong Batam

December
Acquired assets of Melbourne-based Bradshaw Ultra Heavy Haulage through TBG

2008
February
Listing of Yongmao Holdings Limited (24%-held associate)

April
Acquired Townsville-based Paramount Hire through North Sheridan, a subsidiary of TBG

May
Acquired Caradel Hire through Kingston Industries, a subsidiary of TBG

June
Issued 50,662,673 bonus warrants

2009
October
Issued 65 million convertible redeemable preference shares at S$1.00 per share to AIF Capital

2010

June

Incorporated joint-venture investment holding company in China, Tat Hong Zhaomao Investment Co., Ltd, with Fushun Yongmao

October

Completed privatisation and subsequent delisting of TBG from the ASX

2011

March

Acquired remaining 51% in ALCII-Tat Hong Joint Venture Co., Ltd, in Vietnam. Renamed to Tat Hong Equipment Co. Ltd

Rebranded TBG's Crane Hire and Heavy Haulage Division across Australia under Tutt Bryant Heavy Lift & Shift

July

Formed wholly owned Tat Hong Crane Logistics Sdn Bhd

September

Established 50% JV Company, Tat Hong (PNG) Limited in Papua New Guinea, with Curtain Bros Papua New Guinea Limited

2012

January

Tat Hong (Thailand) Co., Ltd became a wholly- owned subsidiary

March

PT World Wide Equipment South East Asia became a wholly owned subsidiary

May

Incorporated PT Tat Hong Heavy Equipment Indonesia, to distribute and wholesale machinery, equipment and supplies

September

Placement of 70 million new shares at S$1.20 per share

December

Incorporated 100%-owned subsidiary, Tat Hong Crane Rental (Sarawak) Sdn Bhd in Malaysia

2013

February

Conversion of 29.9 million convertible redeemable preference shares (CRPS) into 29.9 million ordinary shares by AIF Capital

March

Conversion of 23.4 million CRPS into 23.4 million ordinary shares by AIF Capital when the Mandatory Conversion Condition was met

Completed acquisition of Jiangsu Hengxingmao Financial Leasing Co., Ltd

August

Incorporation of Changzhou Tat Hong Zhaomao Equipment Rental Co., Ltd

Formation of 40%-owned joint venture company in Singapore, Tat Hong Intraco Pte Ltd, to conduct the busines of crane rental and distribution of cranes and excavators in Myanmar

2014

February

Incorporated 40% associate company, Tat Hong Intraco Heavy Equipment Co Ltd in Myanmar

September

Incorporated 88.4% subsidiary, Tat Hong Equipment Service Co., Ltd in the Cayman Islands

2015

March

Redemption of 11,700,000 Convertible Redeemable Preference Shares

July

Incorporation of TH Straits 2015 Pte Ltd

CORPORATE INFORMATION

Board Of Directors
Dr Leong Horn Kee (Chairman)
Mr Ng San Tiong Roland
Mr Ng Sang Kuey Michael
Mr Low Seow Juan
Mr Ong Tiew Siam
Mr Mak Lye Mun
Mr Tse Po Shing Andy

Audit Committee
Mr Ong Tiew Siam (Chairman)
Dr Leong Horn Kee
Mr Tse Po Shing Andy
Mr Low Seow Juan

Remuneration Committee
Mr Low Seow Juan (Chairman)
Dr Leong Horn Kee
Mr Ong Tiew Siam
Mr Mak Lye Mun

Nominating Committee
Dr Leong Horn Kee (Chairman)
Mr Ng San Tiong Roland
Mr Low Seow Juan

The Share Option/Performance Shares Plan Committee
Mr Mak Lye Mun (Chairman)
Mr Ng San Tiong Roland
Mr Ong Tiew Siam

Risk Management
Mr Mak Lye Mun (Chairman)
Mr Ong Tiew Siam
Mr Tse Po Shing Andy

Company Secretaries
Ms Jennie Hong Chok Hane
Ms Ong Beng Hong
(Joint Company Secretaries)

Singapore Registered Office
82 Ubi Avenue 4 #05-01
Edward Boustead Centre
Singapore 408832

Singapore Share Registrar & Share Transfer Office
M&C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902
Tel (65) 6227 6660

Auditor
KPMG LIp
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-in-Charge:
Mr Lucas Tran
(Appointed in FY2015)



CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors (the "Board") of Tat Hong Holdings Ltd (the "Company" and together with its subsidiaries, the "Group") is committed to a high standard of corporate governance and has always recognised the importance of good governance to enhance corporate performance, accountability, and protection of stakeholders' interests. This report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the "Code"), pursuant to Rule 710 of the Listing Manual of Singapore Stock Exchange Securities Trading Limited ("SGX-ST").

BOARD MATTERS

Board's Conduct of its Affairs

The Board's primary role is to protect and enhance long-term shareholder value. The Board meets at least once every quarter to oversee the affairs of the Company and provide strategic direction for sustainable growth. The Board also ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

In discharging its duties and responsibilities, the Board:

- Reviews and approves the financial objectives and strategies to be implemented by Management, including significant acquisitions and divestments;
- Reviews and approves the release of quarterly and full year results;
- Reviews Management's performance and sets major policies;
- Establishes a framework of prudent and effective controls which enables the identification, assessment and management of risks to safeguard shareholders' interests and the Company's assets;
- Establishes controls over capital expenditure, investments and divestments, funding decisions and bank borrowings;
- Sets the Company's values and standards (including ethical standards) and ensures that obligations to shareholders and other stakeholders are understood and met; and
- Provides guidance on sustainability issues as part of the overall strategy formulation.

Board meetings are scheduled in advance on a yearly basis. This enables the Board to meet on a regular basis without interfering with the Company's operations. The Board may request for further clarification and information from Management on all matters within its purview. Ad-hoc meetings are convened as and when circumstances require.

The Group has adopted a set of internal controls, guidelines and an authority matrix that sets out various types of material transactions which require Board approval. The authority matrix sets out the delegation of authority from the Board with respect to financial threshold limits for transactions including, inter alia, capital and operating expenses, extension of credit or waiver of bad debts, bank borrowings, acquisitions and disposals, forex hedging and changes in capital structure.

To assist the Board in the execution of its responsibilities, five main Board Committees, namely Audit, Nominating, Remuneration, Risk Management and Share Option/Performance Shares Plan Committees, have been established and delegated certain functions. Other ad-hoc committees may be formed from time to time. All Board Committees are chaired by Independent Directors and the various Committees have written terms of references which are reviewed from time to time.

CORPORATE GOVERNANCE

The Company's Constitution provides for meetings of the Board to be conducted by way of telephone conference or video conference or other methods of simultaneous communication by electronic means.

Directors' Training

Management conducts briefings and orientation programmes to familiarise newly appointed Directors with the various businesses, operations and processes of the Group. The Board is also updated regularly on any changes in policies, laws and regulations that are relevant and apply to the Group and its businesses. Relevant courses for directors conducted by various professional institutions are attended by Directors when possible as part of their continuous training. The Company also organises seminars in-house on various topics such as corporate governance and relevant legislations conducted by legal and other professionals for Directors and Management.

Board Composition and Guidance

The composition and size of the Board are reviewed from time to time by the Nominating Committee to ensure that the Board has an appropriate number of independent directors and a balance of expertise, skills and core competencies in areas including finance, legal, business and management.

Factors that are considered in evaluating a Director as independent include where a Director has no relationship with the Company or Group, with any shareholder with a 10% or more interest in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the interest of the Company.

As at 28 May 2016, the Board comprises seven members comprising two Executive Directors, one Non-Executive Non-Independent Director and four Independent Directors. The Board members are:

Board Member	Position Held on the Board	Date of first appointment to the board	Date of last re-election/ re-appointment as director	Nature of Appointment
Leong Horn Kee	Chairman	19 January 2001	26 July 2013*	Non-Executive/Independent
Ng San Tiong Roland	Managing Director	25 October 1991	26 July 2013*	Executive/Non-Independent
Ong Tiew Siam	Director	1 September 1999	29 July 2015	Non-Executive/Independent
Mak Lye Mun	Director	1 June 2005	25 July 2014	Non-Executive/Independent
Low Seow Juan	Director	25 January 2006	29 July 2015	Non-Executive/Independent
Tse Po Shing Andy	Director	22 October 2009	26 July 2013*	Non-Executive/Non-Independent
Ng Sang Kuey Michael	Director	1 October 1996	25 July 2014	Executive/Non-Independent

* Up for retirement at the forthcoming AGM 2016

CORPORATE GOVERNANCE

The Board believes that there is a strong and independent element on the Board, with a majority of Non-Executive Directors, which allows the Board to exercise its objective and independent judgement on all affairs. No individual or small group of individuals dominates the Board's decision-making process. The Directors consider the Board an appropriate size and possesses the right mix of skills and experience. This composition of the Board enables Management to benefit from its diverse and objective perspective on issues brought before the Board.

As at 31 March 2016, the following Independent Directors have held office on the Board for more than nine years:

Dr Leong Horn Kee
Mr Ong Tiew Siam
Mr Mak Lye Mun
Mr Low Seow Juan

The Board has assessed the independence of the above Directors and has determined that despite serving on the Board for more than nine years, Messrs Leong, Ong, Mak and Low have continued to demonstrate their independence through their active participation and objective questioning of all matters discussed during Board meetings. In addition, all the above Independent Directors do not have any financial dealings with the Group.

Each of the above Directors has abstained from evaluating his own independence.

The Chairman and the Group Chief Executive Officer (Group CEO)

The Chairman and the Group CEO are not related. There is a clear separation of roles and responsibilities of the Chairman and Group CEO. The Chairman is an Independent Director who leads the Board and is responsible for the Board's workings and proceedings. The Chairman, together with the other Non-Executive directors, ensures that the Board engages in constructive debate with Management on various matters, including strategic issues and business plans. The Chairman also ensures that a high standard of corporate governance is upheld. The Group CEO is responsible for implementing the Group's strategies and policies, and for conducting the Group's businesses.

The following table shows the composition of Board Committees as at 28 May 2016:

Board Member	Audit Committee	Nominating Committee	Remuneration Committee	Risk Management Committee	Share Option/ Performance Shares Plan Committee
Leong Horn Kee	Member	Chairman	Member		
Ng San Tiong Roland		Member			Member
Ong Tiew Siam	Chairman		Member	Member	Member
Mak Lye Mun			Member	Chairman	Chairman
Low Seow Juan	Member	Member	Chairman		
Tse Po Shing Andy	Member			Member	

CORPORATE GOVERNANCE

The following table shows the Directors' attendance at Board and Board Committee Meetings for FY2016:

Board Member	Board Meeting/ Ad Hoc Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting	Risk Management Committee Meeting	Share Option/ Performance Shares Plan Committee Meeting
Leong Horn Kee	6/6	4/4	1/1	1/1	–	–
Ng San Tiong Roland	5/6	–	1/1	–	–	–
Ong Tiew Siam	6/6	4/4	–	1/1	2/2	–
Mak Lye Mun	6/6	–	–	1/1	2/2	–
Low Seow Juan	5/6	4/4	1/1	1/1	–	–
Tse Po Shing Andy	6/6	4/4	–	–	2/2	–
Ng Sang Kuey Michael	3/4	–	–	–	–	–

Board Membership and Performance

The Nominating Committee (the "NC") comprises three members of whom two are Non-Executive Independent Directors as follows:

Dr Leong Horn Kee (Chairman)
Mr Ng San Tiong Roland
Mr Low Seow Juan

The NC is responsible for the following:

- Assessing Board composition and the necessary competencies of Board members;
- Reviewing Board succession plans and recommending the appointment, re-appointment and/or removal of Directors;
- Evaluating the Board's performance and effectiveness as a whole;
- Reviewing the independence of Directors in accordance with the Code's definition of "Independent Director"; and
- Identifying, reviewing and recommending candidates for Senior Management positions in the Group.

The Chairman of NC is not associated with any substantial shareholders.

The NC applies the following principles in making recommendations to the Board:

- Ensuring a formal and transparent procedure for the appointment and re-appointment of Directors to the Board and of Senior Management or, if in the case of a new Director or senior manager, consider the recommendations of the Board members as well as candidates from external search consultants;
- Ensuring that multiple board representations held by any Board member does not impede that Director's performance in carrying out his duties to the Company; and
- Ensuring that the Board comprises Directors who, as a group, have the necessary range of expertise, skills and core competencies.

The NC adopts a formal board evaluation process, including using evaluation questionnaires covering areas which include Board composition, information management, Board processes, CEO performance and succession planning, standards of conduct in assessing the effectiveness of the Board as a whole as well as the contribution of each Director to the effectiveness of the Board. The results of such appraisals are presented to the Board with recommendations for improvement to the overall standard of governance.

CORPORATE GOVERNANCE

The NC has considered the multiple board representations held by some Directors and has satisfied itself that they do not impede such Director's performance in carrying out his duties to the Company. The Board noted that none of the Directors holds more than four directorships in listed companies.

The NC has reviewed the independence of each Independent Non-Executive Director in accordance with the Code's definition of independence and has also considered the independence in character and judgement of such Director.

Access to information

All Directors are provided with complete, adequate and timely information prior to meetings and upon request to enable them to fulfil their responsibilities properly. Management provides financial reports and other relevant and material information with adequate explanations to all Directors on a regular and monthly basis outside the specific requirements for Board and Board Committee meetings.

In exercising their duties, the Directors have access to the advice of Senior Management and the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable laws and regulations are complied with. If necessary, the Directors can seek professional advice and services in areas which they deem necessary, at the expense of the Company. All Board members have separate and independent access to the Company Secretary at all times.

REMUNERATION MATTERS

Procedures for developing remuneration policies

The policies on remuneration (salaries, benefits and incentives) of the Group's Executive Directors and Senior Management are reviewed and set by the Remuneration Committee (the "RC"). The RC comprises four Independent Non-Executive members as follows:

Mr Low Seow Juan (Chairman)
Dr Leong Horn Kee
Mr Ong Tiew Siam
Mr Mak Lye Mun

The RC meets at least once a year to:

- Review and approve recommendations on remuneration policies and the remuneration of the Group's Senior Management;
- Approve the annual increment and bonuses of key executives as recommended by Management;
- Review all matters concerning Non-Executive Directors' fees to ascertain that such fee commensurate with the contribution and responsibility of the Director; and
- Review and approve any executives related to the controlling shareholder whose remuneration is above S$150,000 per annum.

The RC ensures that none of the Directors is involved in deciding his own remuneration. Each member of the RC refrains from voting on any resolution in respect of the assessment of his remuneration.

CORPORATE GOVERNANCE

In setting the remuneration packages of the Executive Directors and senior managers, the Company makes a comparative study of the packages of executives in comparable industries or companies of a similar market size and takes into account the performance of the Company. The terms of the contracts of services of Executive Directors and senior management, including termination clauses, are in line with market practices and are not overly generous.

There are no service agreements with any Non-Executive Directors whose terms of appointment are in accordance with the Constitution of the Company.

Where the need arises, the RC engages external professional human resource consultants for advice on matters relating to remuneration.

The Share Option/ Performance Shares Plan Committee

The Share Option/ Performance Shares Plan Committee (the "SOC") comprises three Directors as follows:

Mr Mak Lye Mun (Chairman)
Mr Ng San Tiong Roland
Mr Ong Tiew Siam

The SOC is responsible for and has absolute discretion for the administration of the Company's Employee Share Option Scheme 2006 and Performance Shares Plan. No SOC member shall participate in any deliberation or decision in respect of share options to be granted to him or to be held by him. The SOC:

- Reviews the Share Option Scheme and Performance Shares Plan to ensure that they are effective in rewarding deserving employees;
- Determines the eligibility of employees to participate in the Share Option Scheme and Performance Shares Plan; and
- Offers and grants share options and/or performance shares in accordance with the provisions of the Employee Share Option Scheme 2006 and the Performance Shares Plan.

As a safeguard against abuse, where share options are proposed to be granted to or held by Executive Directors, the controlling shareholder or associates of the controlling shareholder, only members of the Board who are not Executive Directors, the controlling shareholder or associates of the controlling shareholder will be involved in the deliberation of the same.

Non-Executive Directors are not eligible to participate in the Performance Shares Plan. A grant of award for performance shares to the controlling shareholder or associates of the controlling shareholder requires the specific approval of shareholders to be obtained at a general meeting.

The Employee Share Option Scheme and Performance Shares Plan form part of the Company's long-term incentive plans for key management. As such, share options granted to employees are exercisable over a period of 10 years. Performance shares granted vest over a period of four years.

No share options or performance shares were granted whilst 173,500 performance shares granted earlier were vested during the year under review.

CORPORATE GOVERNANCE

Level and mix of remuneration

The Board ensures that transparent procedures are in place for the determination of the remuneration of the Directors. The compensation of Non-Executive Directors is based on a framework comprising a basic retainer fee, fee for chairmanship of the Board or a Board Committee and service on a Committee. Executive Directors of the Company do not receive any Directors' fees from the Company.

The remuneration of each of the Non-executive direction is determined based on the following Directors' Fee Framework, a 10% reduction from the previous year:

Fee Structure	S$
Basic Fee	49,500
Chairman of the Board	22,500
Chairman, AC	13,500
Chairman of other board committee	9,000
Member of any board committee	4,500

Key management staff are remunerated taking into consideration factors such as the level and scope of responsibility, the performance of the Company / Group and various key performance indicators (KPIs). The compensation and benefits of management staff are benchmarked against the market and comprise fixed basic salaries, variable performance-based bonuses, share-based incentives and other benefits. Where necessary, the Company will engage external consultants to study and recommend compensation and benefit plans for its key management staff to ensure that such compensation packages are fair but not overly generous and that Management compensation is aligned with the long-term objectives of the Company.

Disclosure on Remuneration

The details of the remuneration paid to or accrued to the Directors of the Company for the financial year ended 31 March 2016 are set out in the table below. Save as disclosed below, the Directors do not receive any other benefits such as retirement or termination benefits.

As the Directors' remuneration is fully disclosed in this section, the Company will not be issuing a separate report to shareholders on this subject matter.

Name of Director	Remuneration (S$'000)	Fees	Salaries	Bonus	Stock Options	Share-based incentive	Benefits in kind
The late Tan Chok Kian*	31	100%	0%	0%	0%	0%	0%
Leong Horn Kee	86	100%	0%	0%	0%	0%	0%
Ong Tiew Siam	71	100%	0%	0%	0%	0%	0%
Mak Lye Mun	72	100%	0%	0%	0%	0%	0%
Low Seow Juan	66	100%	0%	0%	0%	0%	0%
Tse Po Shing Andy	59	100%	0%	0%	0%	0%	0%
Ng San Tiong, Roland	757	0%	81%	19%	0%	0%	0%
Ng Sang Kuey, Michael@	571	0%	76%	24%	0%	0%	0%
Ng Sun Ho, Tony@**	412	0%	93%	7%	0%	0%	0%

* The late Mr Tan Chok Kian retired from the Board on 29 July 2015.
** Mr Ng Sun Ho Tony stepped down from the Board on 31 March 2016.

CORPORATE GOVERNANCE

Details of the remuneration of the top five key executives of the Group for the financial year ended 31 March 2016 are set out below. Save as disclosed below, the key management staff have not received any other benefits such as termination, retirement or post-employment benefits.

	Remuneration Band (S$'000)	Fees	Salaries	Bonus	Stock Options	Share-based Incentive	Benefits in Kind
Simon B. Davies	251-500	0%	76%	0%	0%	0%	24%
Lional Tseng[1]	251-500	0%	83%	13%	0%	4%	0%
Yau Kok San Sean	251-500	0%	75%	20%	0%	5%	0%
Ong Chu Kiat Andy[2]	251-500	0%	78%	22%	0%	0%	0%
Lin Han Wei Henry	251-500	0%	76%	18%	0%	6%	0%

1. Lional Tseng retired from his position as Group Chief Financial Officer on 31 March 2016.
2. Ong Chu Kiat Andy resigned from his position as Area General Manager on 2 May 2016.

Details of the remuneration of employees who are immediate family members of the Group CEO, are set out below:

	Remuneration Band (S$'000)	Fees	Salaries	Bonus	Stock Options	Share-based Incentive	Benefits in Kind
Ng Chen Wei#	401-450	0%	100%	0%	0%	0%	0%
Ng Sun Hoe Patrick@	351-400	0%	79%	21%	0%	0%	0%
Ng San Wee David@	251-300	0%	94%	6%	0%	0%	0%
Ng Sun Oh Lewis@	251-300	0%	94%	6%	0%	0%	0%
Ng San Guan William@	201-251	0%	94%	6%	0%	0%	0%

@ Mr Ng Sun Ho Tony, Mr Ng Sang Kuey Michael, Mr Ng San Wee David, Mr Ng Sun Hoe Patrick, Mr Ng San Guan William and Mr Ng Sun Oh Lewis are the brothers of Mr Ng San Tiong Roland, Managing Director & Group CEO

Mr Ng Chen Wei is the son of Mr Ng San Tiong Roland, Managing Director & Group CEO

Notes:
Fees include directors' fees
Salaries also include Central Provident Fund contributions, transport allowance, Super Annuation Fund, long service leave and transport allowance
Bonus include incentives, ex-gratia payments and profit sharing
Share-based incentives include performance shares awarded
Benefits-in-kind include vehicle and housing benefits

ACCOUNTABILITY AND AUDIT

Accountability

It is the Board's aim to present the Company's stakeholders with fair, balanced and clear assessments of the Company's financial performance, position and prospects. To facilitate the Board's regular oversight of the Group, Management provides the Board with appropriate detailed management accounts and reports of the Group's financial performance and position on a monthly basis.

The Board reviews and approves all the quarterly and full year financial results and announcements of major transactions prior to their release via the SGXNet to ensure that detailed and balanced information on the Group's performance is disseminated on a timely and fair basis to the stakeholders.

CORPORATE GOVERNANCE

Risk Management and Internal Controls

The Board acknowledges that it is responsible for the overall internal control framework adopted by the Group but also notes that no cost-effective system of internal controls can preclude and provide absolute assurance against errors, irregularities or loss as such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Company maintains a sound internal control system to safeguard the Group's assets.

Risk Management

The Board has overall responsibility for the oversight of material risks in the Group's business. The Board is assisted by a Risk Management Committee (the "RMC") which comprises three Non-Executive Directors, two of whom are Independent Directors:

Mr Mak Lye Mun (Chairman)
Mr Ong Tiew Siam
Mr Tse Po Shing Andy

The RMC identifies and reviews significant risks to the Group, and oversees the Group risk management practices and procedures to ensure the overall effectiveness of risk identification, management, monitoring, and compliance with internal guidelines and/or external requirements. The RMC met twice in respect of FY2016, and will meet as it deems necessary in discharging its duties and carrying out its functions of:

- Overseeing the development and improvement of the Group-wide risk management processes and approving risk policies and the Enterprise Risk Management framework;
- Reviewing at a high level the major types of risk faced by the Group and the current and future strategies necessary to manage them. The various matters and high-level enterprise risk that the RMC would review from time to time include, inter alia, capital allocation risks, key business, project management and operational risks including risks relating to inventory, loss of key customers and suppliers, key staff, reputation, health and safety issues, country risks as well as financial risks including interest rates, foreign exchange, liquidity, tax and market risk; and
- Monitoring a portfolio view of risks and the adequacy of management's responses for managing risks, including mitigating actions being taken to reduce key risks.

Management regularly reviews the Group's businesses and operational activities to identify the areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

The Directors have also considered the various financial risks which the Group may face, the details of which can be found from page 135 to page 142 of this annual report.

Internal Controls

The Audit Committee, through the assistance of the internal auditors and external auditors, reviews and reports to the Board on the adequacy of the Company's system of internal controls, including financial, operational and compliance controls. In assessing the effectiveness of internal controls, the Audit Committee ensures that the key objectives are met, material assets are safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable laws, regulations and internal policies.

CORPORATE GOVERNANCE

For the year under review, the Board has received assurance from the Group CEO and Group CFO that:

a) The financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
b) The Company's risk management and internal control systems are effective.

The Board is satisfied that the Company's framework on internal controls is adequate to provide reasonable assurance on the effectiveness of the internal control system put in place by management.

The Board, with the concurrence of the Audit Committee, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls, and risk management systems put in place by Management is adequate and effective to address financial, operational and compliance risks of the Group.

Audit Committee and Internal Audit

The Audit Committee (the "AC") comprises the following four Non-Executive Directors, three of whom are Independent Directors:

Mr Ong Tiew Siam (Chairman)
Dr Leong Horn Kee
Mr Low Sew Juan
Mr Tse Po Shing Andy

The AC meets at least four times a year and is responsible for:

- Assessing the performance and independence of, and evaluate recommendations for the appointment or removal of external auditors;
- Assessing the performance and objectivity of the internal audit function;
- Reviewing the reports on internal audit undertaken by third party audit practitioners and in-house audit staff;
- Reviewing the Company's quarterly financial statements and audited annual financial statements and related notes, and external auditors' report as well as the formal announcements relating thereto, and recommend the same for the approval of the Board;
- Reviewing material Interested Person Transactions;
- Reviewing the adequacy of the Company's and Group's internal financial controls as well as operational and compliance controls and systems;
- Considering any whistle-blower reports; and
- Reviewing and approving the annual internal audit plan.

The AC would commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any applicable law, rule or regulation which has, or is likely to have, a material impact on the Group's operating results and/or financial position.

The AC has full access to Management and also full discretion to invite any Director or key management staff to attend meetings of the AC, and has been given reasonable resources to discharge its functions. The AC meets with the external and internal auditors, without the presence of Management at least once a year, and has obtained assurances that Management has co-operated fully in providing the auditors with such information as they required in the conduct of their audits.

CORPORATE GOVERNANCE

During the year, the AC, on behalf of the Board, has reviewed the effectiveness of the Group's material internal controls, including financial, operational and compliance controls.

The Company's internal audit functions are outsourced to third party internal audit firms which meet the standards of the Professional Practice of Internal Auditing as adopted by the Institute of the Internal Auditors. The Internal Auditor reports directly to the Chairman of the AC and administratively to the Group CFO.

Whistle-blowing Policy

The Company has a Whistle-Blowing Policy, endorsed by the AC, and has established procedures where employees of the Company may, in confidence and without fear of reprisals, raise concerns about suspected fraud, dishonest practices, improprieties and other misdemeanours in the conduct of the Company's business. Arrangements are in place for the independent investigations of such matters by the AC and for appropriate follow-up action.

The Company has communicated the Whistle-blowing Policy to all employees through the staff Intranet and the whistle-blower may submit his/ her concerns via email to the Chairman of the Board or the AC Chairman.

External Auditors

The Board is responsible for the initial appointment of the external auditors and shareholders subsequently approve the appointment at the Annual General Meeting. The Audit Committee evaluates the External Auditors' performance, quality of their audit, and their independence and recommends their appointment to the Board. The Company's External Auditor is KPMG Singapore and the Company complies with Rules 712 and 715 of the Listing Manual of the SGX-ST. To enhance the independence of the audit, audit engagement partners are changed by KPMG on a regular basis. The current audit engagement partner was appointed in FY2015.

The amount of fees for audit services for the financial year ended 31 March 2016 provided by KPMG Singapore and its overseas member firms totalled approximately S$749,000 whilst fees for non-audit services amounted to approximately S$168,000. The AC has satisfied itself with the independence and objectivity of the External Auditors in carrying out their audit of the financial statements for the financial year ended 31 March 2016 and has received written confirmation of its independence from KPMG. The AC has also reviewed the volume of non-audit service provided by KPMG.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

The Company recognises its responsibilities to its shareholders, ensures that all shareholders are treated fairly and equitably and facilitates the exercising of shareholders' rights. The Company also welcomes shareholders views and encourages the participation of shareholders at general meetings.

Shareholder Rights and Conduct of Shareholder Meetings

The Company does not practice selective disclosure and ensures that full and fair disclosure about the Company's business or any development that may materially affect the share price of the Company is released in a timely manner via the SGXNet.

All shareholders are informed of the convening of general meetings through printed circulars or reports and through notices published in the newspapers, on the SGXNet and on the Company's website.

CORPORATE GOVERNANCE

The Company's Constitution allow shareholders who are unable to attend shareholder meetings the right to appoint up to two proxies to attend the meeting and vote on their behalf.

The Chairman, Managing Director & Group CEO, chairmen of the respective Board Committees, Group CFO and Company Secretary are required to attend shareholder meetings. External Auditors are also in attendance during Annual General Meetings to assist in addressing queries from shareholders relating to the audit and preparation of the financial statements.

At the start of a general meeting, the Chairman of the Board or his designate will brief the shareholders on proceedings including a short explanation of the matter which is brought up for shareholders' approval.

Every matter requiring approval at a general meeting is proposed as a separate resolution and shareholders are given ample time to ask questions of the Board on issues related to proposed resolution before the resolution is voted on.

The Company conducts voting by poll for all resolutions and announces the detailed results, giving the total number of votes cast for and against each resolution, as well as the respective percentages to all shareholders at the general meetings. An announcement of the detailed results is also made via the SGXNet.

The Company records the minutes of all shareholder meetings and these are available to shareholders upon request.

Communication with Shareholders

The Company is committed to a high standard of disclosure as it believes that this promotes governance and greater investor confidence. All material information is disclosed in a timely and comprehensive manner first via the SGXNet and through the Company's website thus ensuring that all shareholders have the same access to information.

The Company does not practice selective disclosure and should a price sensitive matter be inadvertently disclosed, the Company will release the same information to the general public via the SGXNet

The Company employs various platforms to communicate with shareholders including postings on the Company's website, investor meetings, roadshows and shareholder meetings. The Company maintains a dedicated investor relations section on the company website where shareholders, analysts and the investing community can easily access information relating to the Company's financial performance, announcements, financial ratios, stock fundamentals, etc. Shareholders can also contact the Company through a dedicated email address: ir@tathong.com.sg.

Management also solicits feedback and the views of the investing community at meetings with shareholders, analysts and potential investors.

CORPORATE GOVERNANCE

Dividend Policy

The Company is committed to enhancing value for its shareholders and strives to achieve an efficient capital structure that balances the returns to shareholders with the Company's capital needs for investment and growth.

The quantum and frequency of the dividend payout may vary depending on the Group's financial performance, its capital requirements for expansion or equipment replacement and other factors which the Board deem appropriate. Over the past five years, annual dividends paid out by the Group ranged between 30% and 40% of the Group's total net profit after tax and minority interests.

DEALINGS IN SECURITIES

The Group has adopted an internal code of conduct on dealings in securities where Directors of the Company, Management and employees ("Affected Persons") who are in possession of price-sensitive information are prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the financial year and during the period commencing a month before the announcement of the financial statements for the financial year, and ending on the date of the announcement of the relevant results.

The Company's internal compliance code also requires that Affected Persons not deal in the Company's securities on short term considerations. Affected persons are also expected to abide by insider trading laws at all times.

This internal code of conduct has been disseminated to Directors, Management and affected employees. A copy of the internal code of conduct is also issued to Affected new employees when they join the Company.

POLICY ON INTERESTED PERSON TRANSACTIONS

The Company has adopted a policy in respect of transactions with Interested Persons and has procedures established for the review and approval of the Company's Interested Person Transactions to ensure that they are carried out on normal commercial terms or entered into on an arm's length basis.

The Company also adopts the materiality thresholds imposed under Chapter 9 of the Listing Manual of SGX-ST to announce such transactions, or to announce and convene separate general meetings as and when potential transactions with the Interested Persons arise, to seek shareholders' prior approval for these transactions.

CORPORATE GOVERNANCE

Save as disclosed below, there are no Interested Person Transactions between the Company or its subsidiaries and any of its interested persons during the financial year under review.

Name of Interested Person		Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
		Group 12 months ended		Group 12 months ended	
		31 March 2016 S$'000	31 March 2015 S$'000	31 March 2016 S$'000	31 March 2015 S$'000
(A)	**Sale**				
	CS Construction & Geotechnic Pte Ltd	–	–	–	840
	CMC Construction Pte Ltd	–	–	–	1,145
	L&M Foundation Specialist Pte Ltd	–	–	1,844	295
	THL Foundation Equipment Pte Ltd	–	–	400	630
	ICE Far East Sdn Bhd	–	–	586	–
(B)	**Purchase**				
	CMC Construction Pte Ltd	–	–	264	9,472
	Chwee Cheng & Sons Pte Ltd	–	–	383	156
	CS Bored Pile System Pte Ltd	–	–	175	–
	ICE Far East (HK) Ltd	–	–	–	1,131
	ICE Far East Pte Ltd	–	–	400	–
	BP-Ubi Industrial Pte Ltd	–	–	603	337

FINANCIAL CONTENTS

56 DIRECTORS' STATEMENT

62 INDEPENDENT AUDITORS' REPORT

64 STATEMENTS OF FINANCIAL POSITION

65 CONSOLIDATED INCOME STATEMENT

66 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

67 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

71 CONSOLIDATED STATEMENT OF CASH FLOWS

74 NOTES TO THE FINANCIAL STATEMENTS

159 ANALYSIS OF SHAREHOLDINGS

161 NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 March 2016.

In our opinion:

(a) the financial statements set out on pages 64 to 158 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Leong Horn Kee
Ng San Tiong Roland
Ng Sang Kuey Michael
Ong Tiew Siam
Mak Lye Mun
Low Seow Juan
Tse Po Shing Andy

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, share options and warrants in the Company and related corporations are as follows:

Name of director and corporation in which interests are held	Number of shares held at beginning of the year	Number of shares held at end of the year
Leong Horn Kee		
The Company		
– ordinary shares		
– interests held	700,000	700,000

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS (CONT'D)

Name of director and corporation in which interests are held	Number of shares held at beginning of the year	Number of shares held at end of the year
Ng San Tiong Roland		
The Company		
– ordinary shares		
– interests held	10,540,345	10,540,345
– deemed interests	256,739,160	256,739,160
Chwee Cheng & Sons Pte Ltd *		
– ordinary shares		
– interests held	1,583,022	1,583,022
– deemed interests	5,994,580	5,994,580
Ng Sang Kuey Michael		
The Company		
– ordinary shares		
– interests held	4,908,350	4,908,350
Chwee Cheng & Sons Pte Ltd *		
– ordinary shares		
– interests held	911,863	911,863
Ong Tiew Siam		
The Company		
– ordinary shares		
– interests held	2,817,000	2,817,000
Low Seow Juan		
The Company		
– ordinary shares		
– interests held	40,000	40,000

* Immediate and ultimate holding company

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options and warrants of the Company or of related corporations either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 April 2016.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS (CONT'D)

Except as disclosed in the "Share Options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

In the normal course of business, the Company and its related corporations entered into transactions with companies in which directors have substantial interests as disclosed in note 31 to the financial statements. However, the directors have neither received nor become entitled to receive any benefit arising out of these transactions other than those to which they are ordinarily entitled to as shareholders of these companies.

Except as disclosed above and in notes 22 and 31 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

Tat Hong Employee Share Option Scheme 2006 and Performance Share Plan

The Tat Hong Employee Share Option Scheme 2006 ("ESOS 2006") and Performance Share Plan ("PSP") (collectively the "Scheme") were approved by the Company at its Extraordinary General Meeting on 8 December 2006. The Scheme is administered by the Share Options/Performance Shares Plan Committee, comprising three directors, Mak Lye Mun (Chairman), Ng San Tiong Roland and Ong Tiew Siam.

Other information regarding the Scheme is set out as follows:

– the Board of the Company may specify the vesting conditions which must be satisfied or waived by the Board before options and awards allocated under the Scheme may be dealt with;

– the exercise price for each share in respect of which an option is exercisable shall be a price equal to the market price;

– the options can be exercised 1 year after the grant; and

– the options granted expire after 5 years for non-executive directors and 10 years for the employees of the Company and its subsidiaries.

DIRECTORS' STATEMENT

SHARE OPTIONS (CONT'D)

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 April 2015	Options cancelled	Options exercised	Options outstanding as at 31 March 2016	Number of option holders as at 31 March 2016	Exercise period
30 September 2009	1.08	1,634,000	(216,000)	–	1,418,000	33	1 October 2010 – 30 September 2019

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted for financial year ended 31 March 2016	Aggregate options granted since commencement of Scheme to 31 March 2016	Aggregate options exercised since commencement of Scheme to 31 March 2016	Aggregate options outstanding as at 31 March 2016
Leong Horn Kee	–	100,000	–	–
Ong Tiew Siam	–	200,000	(200,000)	–
Mak Lye Mun	–	100,000	–	–
Low Seow Juan	–	100,000	–	–

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any rights to participate in any share issue of any other company.

During the financial year ended 31 March 2016, 173,500 (2015: 203,500) shares were vested under the PSP and satisfied by treasury shares (see note 15).

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are as follows:

- Ong Tiew Siam (Chairman)
- Leong Horn Kee
- Low Seow Juan
- Tse Po Shing Andy

The Audit Committee performs the functions specified by section 201B of the Companies Act, Chapter 50, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings during the year. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, and the results of their examination and evaluation of the Company's system of internal accounting controls.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and of the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings.

The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

DIRECTORS' STATEMENT

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Leong Horn Kee
Chairman

Ng San Tiong
Director

27 May 2016

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

Report on the financial statements

We have audited the accompanying financial statements of Tat Hong Holdings Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 March 2016, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 64 to 158.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Tat Hong Holdings Ltd

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 May 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2016

	Note	Group		Company	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
Assets					
Property, plant and equipment	4	802,445	919,310	1,349	1,650
Subsidiaries	5	–	–	368,980	387,320
Associates	6	44,075	58,865	12,647	12,556
Joint ventures	7	3,882	4,564	4,439	4,439
Other financial assets	8	1,128	798	1,044	714
Deferred tax assets	9	8,830	5,745	–	–
Intangible assets	10	4,491	21,152	–	–
Trade and other receivables	13	797	1,585	–	–
Non-current assets		865,648	1,012,019	388,459	406,679
Assets held for sale	11	5,660	2,240	–	–
Inventories	12	146,981	186,500	–	–
Trade and other receivables	13	222,099	203,140	229,581	169,459
Cash and cash equivalents	14	130,702	93,266	5,007	891
Current assets		505,442	485,146	234,588	170,350
Total assets		1,371,090	1,497,165	623,047	577,029
Equity					
Share capital	15	325,849	325,849	325,849	325,849
Reserves	16	259,852	324,980	42,152	40,621
Equity attributable to owners of the Company		585,701	650,829	368,001	366,470
Non-controlling interests		43,982	50,571	–	–
Total equity		629,683	701,400	368,001	366,470
Liabilities					
Trade and other payables	17	2,340	1,173	–	–
Financial liabilities	18	300,089	369,047	170,051	195,382
Deferred tax liabilities	9	22,994	23,525	–	–
Non-current liabilities		325,423	393,745	170,051	195,382
Trade and other payables	17	168,298	208,455	65,287	3,637
Financial liabilities	18	245,061	187,489	19,688	11,510
Current tax payable		2,625	6,076	20	30
Current liabilities		415,984	402,020	84,995	15,177
Total liabilities		741,407	795,765	255,046	210,559
Total equity and liabilities		1,371,090	1,497,165	623,047	577,029

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2016

	Note	2016 $'000	2015 $'000
Revenue	20	528,228	608,597
Cost of sales		(368,743)	(396,504)
Gross profit		159,485	212,093
Other operating income	22	42,463	34,534
Distribution expenses		(38,772)	(42,810)
Administrative expenses		(126,958)	(143,556)
Other operating expenses		(49,343)	(20,354)
Results from operating activities		(13,125)	39,907
Finance expense	21	(24,626)	(25,960)
		(37,751)	13,947
Share of results of associates (net of tax)		389	4,624
Share of results of joint ventures (net of tax)		(537)	(214)
(Loss)/Profit before income tax	22	(37,899)	18,357
Income tax expense	23	(2,018)	(11,560)
(Loss)/Profit for the year		(39,917)	6,797
Attributable to:			
Owners of the Company		(39,312)	4,865
Non-controlling interests		(605)	1,932
(Loss)/Profit for the year		(39,917)	6,797
Earnings per share			
Basic earnings per share (cents)	24(a)	(6.26)	0.77
Diluted earnings per share (cents)	24(b)	(6.26)	0.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016 $'000	2015 $'000
(Loss)/Profit for the year	(39,917)	6,797
Other comprehensive income for the year, net of income tax		
Items that are or may be reclassified subsequently to profit or loss:		
Net loss on translation of net investment in foreign entities	(24,123)	(2,330)
Effective portion of changes in fair value of cash flow hedges	(383)	383
Net change in fair value of available-for-sale financial assets	284	(110)
Foreign currency translation reclassified to profit or loss on disposal of an associate	–	1,023
Foreign currency translation reclassified to profit or loss on liquidation of an associate	45	–
Other comprehensive income for the year, net of income tax	(24,177)	(1,034)
Total comprehensive income for the year	(64,094)	5,763
Attributable to:		
Owners of the Company	(61,043)	3,700
Non-controlling interests	(3,051)	2,063
Total comprehensive income for the year	(64,094)	5,763

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2016

	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2014	337,321	(1,606)	778	29,424	–	(20,493)	330,111	675,535	52,073	727,608
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	4,865	4,865	1,932	6,797
Other comprehensive income										
Net (loss)/gain on translation of net investment in foreign entities	–	–	–	303	–	(2,764)	–	(2,461)	131	(2,330)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	383	–	–	383	–	383
Net change in fair value of available-for-sale financial assets	–	–	–	–	(110)	–	–	(110)	–	(110)
Foreign currency translation reclassified to profit or loss on disposal of an associate	–	–	–	–	–	1,023	–	1,023	–	1,023
Total other comprehensive income	–	–	–	303	273	(1,741)	–	(1,165)	131	(1,034)
Total comprehensive income for the year	–	–	–	303	273	(1,741)	4,865	3,700	2,063	5,763

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2016

	Note	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Cancellation of share options		–	–	(24)	–	–	–	24	–	–	–
Value of employee services received for issue of performance shares		–	–	213	–	–	–	–	213	–	213
Performance shares awarded using treasury shares		–	185	(188)	3	–	–	–	–	–	–
Bonus shares issued by a subsidiary		–	–	–	3,706	–	–	(3,706)	–	–	–
Dividends declared	26	–	–	–	–	–	–	(9,624)	(9,624)	(1,039)	(10,663)
Redemption of convertible redeemable preference shares		(11,472)	–	–	(1,982)	–	–	–	(13,454)	–	(13,454)
Purchase of treasury shares		–	(345)	–	–	–	–	–	(345)	–	(345)
Total contributions by and distributions to owners		(11,472)	(160)	1	1,727	–	–	(13,306)	(23,210)	(1,039)	(24,249)
Changes in ownership interests in subsidiaries											
Disposal of subsidiaries	25	–	–	–	–	–	–	–	–	(7,464)	(7,464)
Acquisition of/Equity contribution by non-controlling interests		–	–	–	(5,196)	–	–	–	(5,196)	4,938	(258)
Total changes in ownership interests in subsidiaries		–	–	–	(5,196)	–	–	–	(5,196)	(2,526)	(7,722)
Total transactions with owners		(11,472)	(160)	1	(3,469)	–	–	(13,306)	(28,406)	(3,565)	(31,971)
At 31 March 2015		325,849	(1,766)	779	26,258	273	(22,234)	321,670	650,829	50,571	701,400

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2016

	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 April 2015	325,849	(1,766)	779	26,258	273	(22,234)	321,670	650,829	50,571	701,400
Total comprehensive income for the year										
Loss for the year	–	–	–	–	–	–	(39,312)	(39,312)	(605)	(39,917)
Other comprehensive income										
Net loss on translation of net investment in foreign entities	–	–	–	(456)	–	(21,221)	–	(21,677)	(2,446)	(24,123)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	(383)	–	–	(383)	–	(383)
Net change in fair value of available-for-sale financial assets	–	–	–	–	284	–	–	284	–	284
Foreign currency translation reclassified to profit or loss on liquidation of an associate	–	–	–	–	–	45	–	45	–	45
Total other comprehensive income	–	–	–	(456)	(99)	(21,176)	–	(21,731)	(2,446)	(24,177)
Total comprehensive income for the year	–	–	–	(456)	(99)	(21,176)	(39,312)	(61,043)	(3,051)	(64,094)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 March 2016

	Note	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'000	Fair value reserve $'000	Currency translation reserve $'000	Accumulated profits $'000	Total attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Cancellation of share options		–	–	(191)	–	–	–	191	–	–	–
Value of employee services received for issue of performance shares		–	–	93	–	–	–	–	93	–	93
Performance shares awarded using treasury shares		–	151	(164)	13	–	–	–	–	–	–
Dividends declared	26	–	–	–	–	–	–	(6,298)	(6,298)	(360)	(6,658)
Purchase of treasury shares		–	(1,058)	–	–	–	–	–	(1,058)	–	(1,058)
Total contributions by and distributions to owners		–	(907)	(262)	13	–	–	(6,107)	(7,263)	(360)	(7,623)
Changes in ownership interests in subsidiaries											
Changes in ownership interests in subsidiaries with no change in control	25	–	–	–	3,178	–	–	–	3,178	(3,178)	–
Total changes in ownership interests in subsidiaries		–	–	–	3,178	–	–	–	3,178	(3,178)	–
Total transactions with owners		–	(907)	(262)	3,191	–	–	(6,107)	(4,085)	(3,538)	(7,623)
Transfer from accumulated profits to statutory reserve funds		–	–	–	571	–	–	(571)	–	–	–
At 31 March 2016		325,849	(2,673)	517	29,564	174	(43,410)	275,680	585,701	43,982	629,683

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2016

	2016 $'000	2015 $'000
Cash flows from operating activities		
(Loss)/Profit for the year	(39,917)	6,797
Adjustments for:		
Depreciation of property, plant and equipment	80,865	89,802
Gain on disposal of property, plant and equipment	(33,054)	(21,153)
Impairment loss on property, plant and equipment recognised	5,502	8,385
Impairment loss on remeasurement of assets held for sale	885	–
Impairment loss on intangible assets	16,337	22,447
Property, plant and equipment written off	40	203
Impairment loss on investment in an associate	10,000	–
Amortisation of intangible assets	661	368
Cost of long service and annual leave	5,274	4,975
Gain on disposal of subsidiaries	–	(4,823)
Gain on liquidation/disposal of associates	(222)	(151)
Dividend income from other financial assets	(306)	(174)
Share of results of associates	(389)	(4,624)
Share of results of joint ventures	537	214
Loss/(Gain) on fair value adjustment on derivatives	680	(867)
Provisions made	1,160	164
Share-based payment expenses	93	213
Finance income	(759)	(846)
Finance expense	24,626	25,960
Income tax expense	2,018	11,560
Operating profit before working capital changes	74,031	138,450
Changes in working capital:		
Inventories	26,872	(7,551)
Trade and other receivables	2,439	17,281
Trade and other payables	(8,070)	6,249
Cash generated from operations	95,272	154,429
Income taxes paid	(7,144)	(8,985)
Payment for long service and annual leave and others	(5,954)	(3,820)
Net cash from operating activities	82,174	141,624

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 March 2016

	Note	2016 $'000	2015 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(29,052)	(77,997)
Purchase of intangible assets		(1,114)	(1,680)
Proceeds from disposal of property, plant and equipment		73,536	61,143
Investment in joint ventures		–	(2,261)
Investment in other financial assets		(87)	(390)
Loan to associates		(3,800)	–
Repayment of loan owing by a joint venture		–	5,609
Net cash inflow on disposal of subsidiaries	25	–	10,726
Proceeds from disposal/liquidation of associates		321	17,181
Interest received		759	846
Dividends received from other financial assets		306	174
Dividends received from associates		2,590	1,145
Net cash from investing activities		43,459	14,496
Cash flows from financing activities			
Purchase of treasury shares		(1,058)	(345)
Purchase of notes payable		(1,500)	–
Net repayment of trust receipts		(32,373)	(30,211)
Proceeds from bank loans		153,651	225,158
Repayment of bank loans		(110,230)	(197,818)
Acquisition of non-controlling interests	25	–	(11,302)
Equity contribution by non-controlling interests	25	–	11,044
Redemption of convertible redeemable preference shares		–	(13,454)
Proceeds from finance lease obligations		11,523	20,477
Repayment of finance lease obligations		(75,899)	(80,666)
Interest paid		(23,795)	(26,092)
Dividends paid		(6,298)	(9,624)
Dividends paid to non-controlling interests		(1,039)	–
Change in bank balances earmarked for certain banking facilities		399	(1,029)
Net cash used in financing activities		(86,619)	(113,862)
Net increase in cash and cash equivalents		39,014	42,258
Cash and cash equivalents at 1 April		92,237	51,191
Effect of exchange rate fluctuations on cash held		(1,179)	(1,212)
Cash and cash equivalents at 31 March	14	130,072	92,237

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 March 2016

During the year ended 31 March 2016, the Group acquired property, plant and equipment with an aggregate cost of $49,175,000 (2015: $102,809,000) of which $20,123,000 (2015: $24,813,000) was acquired by means of finance leases. In addition, property, plant and equipment of $18,900,000 (2015: $32,391,000) was reclassified from inventories during the financial year, of which $11,523,000 (2015: $20,477,000) was financed by means of finance leases.

Property, plant and machinery with carrying amount amounting to S$6,252,000 (FY2015: nil) was transferred to inventories due to change in the use of assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 May 2016.

1 DOMICILE AND ACTIVITIES

Tat Hong Holdings Ltd (the "Company") is incorporated in Singapore and has its registered office at 82 Ubi Avenue 4, #05-01, Edward Boustead Centre, Singapore 408832.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are set out in note 5.

The immediate and ultimate holding company is Chwee Cheng & Sons Pte Ltd, a company incorporated in Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 4 – useful lives, residual values and impairment of property, plant and equipment;
- Note 5 – assumptions of recoverable amounts relating to investment in subsidiaries;
- Note 6 – assumptions of recoverable amounts relating to investment in associates;
- Note 10 – assumptions of recoverable amounts relating to goodwill impairment;
- Note 12 – assessment of allowance for inventory obsolescence;
- Note 13 – assessment of the recoverability of trade receivables;
- Note 23 – income taxes;
- Note 25 – valuation of assets, liabilities and contingent liabilities acquired in business combinations; and
- Note 27 – valuation of financial instruments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 19 – share-based payment; and
- Note 27 – financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have material impact on the financial performance or position of the Group and the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date at fair value or, when applicable, on the basis specified in another FRS.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Investments in associates and joint ventures (equity-accounted investees) (cont'd)

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in the other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 April 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 April 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (currency translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the currency translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, including finance lease receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Finance lease receivables

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. For those financial assets where there is no active market and where fair value cannot be measured reliably, they are measured at cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.7) and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise financial liabilities and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When the financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Convertible redeemable preference shares

Convertible redeemable preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Convertible redeemable preference shares are classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is re-measured at each reporting date and at the settlement dates with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transactions, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible redeemable preference shares denominated in Singapore dollars that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and gains and losses related to the financial liability component are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Freehold properties	50 years
• Leasehold properties	Over the terms of the leases between 25 to 43 years
• Plant and machinery	10 to 20 years
• Furniture, fittings, office and workshop equipment	3 to 5 years
• Motor vehicles	5 years
• Vessels	12 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1 – *Business combinations*.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- Computer software 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Inventories

Inventories held for resale are stated at the lower of cost (principally specific identification and weighted average cost method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

Cost of machinery and equipment is determined on specific identification cost basis. Cost of spare parts is calculated using weighted average cost basis.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers on the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale equity financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.7 (ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.8 Non-current assets held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Plant and equipment once classified as held for sale are not amortised or depreciated.

3.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Employee benefits (cont'd)

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Long service leave

The liability for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employee's services provided up to the reporting date.

In determining the provision for long service leave, consideration has been given to future increases in wage and salary rates, expired settlement dates and experience with staff departures. Related on-costs, as described above, have also been included in the liability.

Provision for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attached to certain government securities at the reporting date, which most closely match the terms of maturity of the related liabilities.

Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognised as employee benefits expense in profit or loss.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Employee benefits (cont'd)

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Reinstatement costs for leased property

A provision for reinstatement costs for leased property is recognised when an underlying make good obligation clause exists in property lease contracts.

The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date, based on current legal requirements and technology. Future make good costs are reviewed annually and any changes are reflected in the present value of the make good provision at the end of the reporting period.

The unwinding of the discount is recognised as finance expense.

3.11 Revenue

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Revenue (cont'd)

Sale of equipment, machinery and spare parts

Revenue from sale of equipment, machinery and spare parts are recognised upon the delivery to the customer which is taken to be the point in time when the significant risks and rewards of ownership have been transferred to the customer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.12 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

3.13 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Finance income and finance expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expense comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.15 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group will be able to control the timing of the reversal of the temporary difference and that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Income tax expense (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary and convertible redeemable preference shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary and convertible redeemable preference shareholders of the Company by the weighted average number of ordinary and convertible redeemable preference shares outstanding during the year, adjusted for its own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary and convertible redeemable preference shareholders and weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants issued and share options granted to employees.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. The Group is currently assessing those new standards, amendments to standards, and interpretations. The Group and the Company do not plan to adopt these standards early.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 April 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company.

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 March 2019 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: First-time adoption of IFRS when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

4 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings, office and workshop equipment $'000	Motor vehicles $'000	Vessels $'000	Assets under construction $'000	Total $'000
Cost										
At 1 April 2014		34,258	40,402	91,778	1,056,729	19,824	61,115	44,708	10,487	1,359,301
Additions		–	5,365	1,082	75,138	4,081	3,245	85	13,813	102,809
Disposals/Write offs		(8,789)	(15,192)	(21,328)	(122,973)	(3,737)	(1,441)	–	–	(173,460)
Reclassification		7,240	(7,240)	–	(186)	–	186	13,467	(13,467)	–
Reclassification to assets held for sale	11	(1,627)	(686)	–	–	–	–	–	–	(2,313)
Reclassification from inventories		–	–	–	32,391	–	–	–	–	32,391
Translation difference on consolidation		(2,992)	(2,578)	87	(3,102)	(543)	(5,159)	434	–	(13,853)
At 31 March 2015		28,090	20,071	71,619	1,037,997	19,625	57,946	58,694	10,833	1,304,875
Additions		–	46	1,796	36,243	1,574	749	49	8,718	49,175
Disposals/Write offs		(1,304)	(3,288)	(19,647)	(85,919)	(2,068)	(3,986)	(8,675)	–	(124,887)
Reclassification		(63)	63	11,573	(824)	1,134	(310)	–	(11,573)	–
Reclassification to assets held for sale	11	–	–	–	(5,530)	–	–	(6,655)	–	(12,185)
Transferred from inventories		–	–	–	18,900	–	–	–	–	18,900
Transferred to inventories		–	–	–	(17,807)	–	–	–	–	(17,807)
Translation difference on consolidation		(1,106)	(779)	(730)	(36,134)	(452)	(1,426)	(87)	(61)	(40,775)
At 31 March 2016		25,617	16,113	64,611	946,926	19,813	52,973	43,326	7,917	1,177,296

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Note	Freehold land $'000	Freehold properties $'000	Leasehold properties $'000	Plant and machinery $'000	Furniture, fittings, office and workshop equipment $'000	Motor vehicles $'000	Vessels $'000	Assets under construction $'000	Total $'000
Accumulated depreciation and impairment losses										
At 1 April 2014		295	7,163	19,191	303,210	13,659	27,911	12,450	–	383,879
Depreciation charge for the year		–	955	3,382	73,868	2,384	5,081	4,132	–	89,802
Disposals/Write offs		(295)	(3,751)	(8,462)	(69,378)	(2,680)	(941)	–	–	(85,507)
Reclassification to assets held for sale	11	–	(73)	–	–	–	–	–	–	(73)
Impairment losses		–	–	–	1,912	–	6,473	–	–	8,385
Translation difference on consolidation		–	(538)	97	(7,392)	(551)	(2,839)	302	–	(10,921)
At 31 March 2015		–	3,756	14,208	302,220	12,812	35,685	16,884	–	385,565
Depreciation charge for the year		–	391	2,874	67,879	2,282	3,698	3,741	–	80,865
Disposals/Write offs		–	(2,022)	(8,304)	(49,000)	(1,839)	(3,530)	(4,329)	–	(69,024)
Reclassification		–	–	–	(76)	324	(248)	–	–	–
Transferred to inventories		–	–	–	(11,555)	–	–	–	–	(11,555)
Reclassification to assets held for sale	11	–	–	–	(2,611)	–	–	(3,029)	–	(5,640)
Impairment losses		–	–	–	539	–	4,240	723	–	5,502
Translation difference on consolidation		–	(115)	(133)	(9,441)	(306)	(800)	(67)	–	(10,862)
At 31 March 2016		–	2,010	8,645	297,955	13,273	39,045	13,923	–	374,851
Carrying amounts										
At 1 April 2014		33,963	33,239	72,587	753,519	6,165	33,204	32,258	10,487	975,422
At 31 March 2015		28,090	16,315	57,411	735,777	6,813	22,261	41,810	10,833	919,310
At 31 March 2016		25,617	14,103	55,966	648,971	6,540	13,928	29,403	7,917	802,445

Property, plant and equipment with carrying amount of $356,977,000 (2015: $257,628,000) were acquired under finance lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment losses

Impairment loss is recognised when events and circumstances indicate that the property, plant and equipment may be impaired and the carrying amounts of the property, plant and equipment exceed their recoverable amounts.

As a result of the industry slowdown of a certain country in which the Group operates, an impairment assessment on the property, plant and equipment was performed by management. The recoverable amount of the affected property, plant and equipment was determined based on fair value less costs to sell. The fair value less costs to sell has been determined through a combination of in house market knowledge and comparable sales transactions, having due regard to the Group's track record of property, plant and equipment disposals. Based on the assessment, the management determined that the impairment loss on those property, plant and equipment was $5,502,000 (2015: $8,385,000). The impairment loss was recognised in other operating expenses.

Company	Furniture, fittings, office and workshop equipment $'000
Cost	
At 1 April 2014	870
Additions	1,524
Disposals/Write offs	(282)
At 31 March 2015	2,112
Additions	3
Disposals/Write offs	(8)
At 31 March 2016	2,107
Accumulated depreciation	
At 1 April 2014	262
Depreciation charge for the year	343
Disposals/Write offs	(143)
At 31 March 2015	462
Depreciation charge for the year	304
Disposals/Write offs	(8)
At 31 March 2016	758
Carrying amounts	
At 1 April 2014	608
At 31 March 2015	1,650
At 31 March 2016	1,349

The carrying amount of the property, plant and equipment is depreciated on a straight-line basis over the remaining useful life of each property, plant and equipment. The management reviews and revises the estimates of the remaining useful life and residual values of the property, plant and equipment at the end of each financial year based on their age and condition at that time. Changes in the way the property, plant and equipment are used and other factors (such as market or technological factors) could impact the useful life and residual values of the property, plant and equipment, therefore future depreciation charges could be revised. Any changes in the useful life and residual values of the property, plant and equipment would impact the depreciation charges and consequently affect the Group's and the Company's results.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

5 SUBSIDIARIES – COMPANY

	2016 $'000	2015 $'000
Unquoted shares in subsidiaries, at cost	151,035	51,527
Loans to subsidiaries	220,000	337,848
	371,035	389,375
Less: Impairment loss	(2,055)	(2,055)
	368,980	387,320

Loans to subsidiaries which form part of the Company's net investments in subsidiaries, are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost less impairment losses.

The Company recognises impairment losses at a level considered adequate to provide for potential non-recoverability of investment in subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the performance, activities and financial position of the entities and market factors.

The Company reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgement or utilised different estimates. An increase in the Company's impairment losses would increase the Company's recorded other operating expenses and decrease the carrying value of investment in subsidiaries.

In 2015, an impairment loss of $2,055,000 was recognised to the costs of investment due to the performance of certain subsidiaries. The impairment loss was based on the approximate fair value less cost to sale of the subsidiaries.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group 2016 %	2015 %
Tat Hong HeavyEquipment (Pte.) Ltd.[1] and its subsidiaries:	Trading, reconditioning, repairing and supply of heavy machinery and equipment	Singapore	100	100
Tat Hong Machinery Pte Ltd[1]	Supply of spare parts	Singapore	100	100
Load Controls Systems Pte Ltd[1]	Supply of scientific and precision equipment	Singapore	70	70
Tat Hong Crane Logistics Sdn Bhd[7]	Reprocessing, reconditioning, repair and trading of heavy machinery and equipment	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
Tat Hong (Thailand) Co., Ltd[2]	Rental of construction equipment and provision of parts and related services	Thailand	100	100
Tat Hong Plant Leasing Pte Ltd[1] and its subsidiaries:	Rental of heavy machinery and equipment and holding of investments	Singapore	100	100
Tat Hong United Logistics Pte Ltd[1]	Provision of transportation and logistics services	Singapore	100	100
Tat Hong Heavylift Pte Ltd[1]	Crane rental, heavy lifting, haulage and erection service	Singapore	100	100
Peng Koon Heavy Machinery Pte Ltd[1]	Supply of heavy machinery and equipment, motor trucks and motor lorries	Singapore	70	70
Tat Hong Offshore and Marine Services Pte Ltd[1]	Provision of offshore and marine services	Singapore	50*	50*
PT Tat Hong Batam[4]	Rental of property	Indonesia	100	100
PT World Wide Equipment South East Asia[4]	Repair and maintenance services of machinery and heavy equipment	Indonesia	100	100
Tat Hong Crane Hire Pte Ltd[3]	Dormant	Singapore	100	100
Tat Hong Training Services Pte Ltd[1]	Provision of training courses and management consultancy work	Singapore	100	100
Leadpoint Pte Ltd[1]	Investment holding	Singapore	70	70
Tat Hong International Pte Ltd[1] and its subsidiaries:	Investment holding	Singapore	100	100
Tat Hong Plant Hire Sdn. Bhd.[5]	Rental of heavy machinery, industrial equipment and cranes	Malaysia	100	100
Tat Hong Crane Rental (Sarawak) Sdn Bhd[7]	Rental of cranes and heavy equipment	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
KP Equipment Services Inc.[3]	In the process of voluntary liquidation	Philippines	100	100
PT Tatindo HeavyEquipment[6]	Distribution of heavy equipment and spare parts	Indonesia	95	95
PT Tat Hong HeavyEquipment Indonesia[6]	Distribution and wholesale of machinery, equipment and supplies	Indonesia	100	100
Tat Hong Equipment Co. Ltd[8]	Import, export, trade and lease industrial and construction machinery and equipment; repair and maintain industrial machine and equipment of construction and lease warehouses	Vietnam	100	100
Tat Hong HeavyEquipment (Hong Kong) Limited[9] and its subsidiary:	Rental of heavy equipment and related services	Hong Kong	100	100
Tat Hong HeavyEquipment (Macau) Limited[9]	Rental of heavy equipment and related services	Macau	100	100
Tat Hong (V.N.) Pte Ltd[1] and its subsidiary:	Investment holding	Singapore	70	70
Tat Hong Vietnam Co., Ltd[10]	Rental of heavy equipment and machineries and provision of related services	Vietnam	70	70
Tutt Bryant Group Limited[16] and its subsidiaries:	Provision of crane rental, specialised heavy lift and shift, transport and related services	Australia	100	100
Tat Hong Equipment Finance Pty Ltd[16]	Dormant	Australia	100	100
BT Equipment Pty Ltd[16]	Distribution of construction equipment and related parts and services	Australia	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
EQR Investments Pty Ltd[16] and its subsidiaries:	Investment holding	Australia	100	100
Office Cleaning Services Pty Ltd[16]	Rental of equipment	Australia	100	100
North Sheridan Pty Ltd[16]	Rental of equipment	Australia	100	100
Kingston Industries Pty Ltd[16] and its subsidiaries:	Rental of equipment	Australia	100	100
Kingston Industries (WA) Pty Ltd[16]	Dormant	Australia	100	100
Relsok Pty Ltd[16]	Dormant	Australia	100	100
Falconer Administration Trust[16]	Dormant	Australia	100	100
Muswellbrook Crane Services Pty Ltd[16]	Provision of crane rental, transport and related services	Australia	100	100
Tat Hong Equipment (China) Pte Ltd[1] and its subsidiaries:	Investment holding	Singapore	88	88
TH Straits 2015 Pte. Ltd.[1]	Investment holding	Singapore	88	–
Beijing Tat Hong Zhaomao Equipment Rental Co. Ltd[14]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services & supplies	People's Republic of China	88	88
Si Chuan Tat Hong Yuanzheng Machinery Construction Co., Ltd.[15]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services and supplies	People's Republic of China	62	62
Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co. Ltd[15]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services and supplies	People's Republic of China	88	88

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
Tat Hong Equipment Service Co., Ltd. [18] and its subsidiaries	Investment holding	Cayman Islands	82	88
Shanghai Tat Hong Equipment Rental Co., Ltd.[11,17]	Rental of tower cranes and other construction machineries	People's Republic of China	82	87
Tat Hong Zhaomao Investment Co., Ltd[11,17]	Investment holding	People's Republic of China	82	88
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd[12,17]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services and supplies	People's Republic of China	82	73
Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd [13,17]	Rental, maintenance and repair of construction machines and equipment, sale of construction equipment and, technology consultancy and related technical services	People's Republic of China	82	88
Jiangsu Hengxingmao Financial Leasing Co., Ltd.[11,17]	Rental of tower cranes and other construction machineries	People's Republic of China	82	88
Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd[14, 17]	Rental, maintenance and repair of construction machines and equipment, sale of construction equipment and, technology consultancy and related technical services	People's Republic of China	82	88

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

5 SUBSIDIARIES – COMPANY (CONT'D)

* Although the Group owns 50% or less of the voting power, the subsidiary is controlled by the Group as the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

[1] Audited by KPMG Singapore.
[2] Audited by KPMG Bangkok.
[3] Not required to be audited as the company is in the process of voluntary liquidation.
[4] Audited by Jamaluddin, Ardi, Sukimto & Rekan Registered Public Accountants.
[5] Audited by KPMG Petaling Jaya.
[6] Audited by Yuwono, H & Rekan Registered Public Accountant.
[7] Audited by MS Wong & Co.
[8] Audited by DNP Auditing-Financial Consulting Co. Ltd.
[9] Audited by Baker Tilly Hong Kong.
[10] Audited by AASC Audit Company Limited
[11] Audited by 上海宏大东亚会计师事务所有限公司 for local statutory reporting purpose.
[12] Audited by 扬州新扬会计师事务所有限公司 for local statutory reporting purpose.
[13] Audited by 北京恒介会计师事务所 for local statutory reporting purpose.
[14] Audited by 北京东审会计师事务所 (普通合伙) for local statutory reporting purpose.
[15] Audited by 广州明通会计师事务所有限公司 for local statutory reporting purpose.
[16] Audited by KPMG Sydney.
[17] Audited by PricewaterhouseCoopers, Taiwan for group consolidation purpose.
[18] Audited by PricewaterhouseCoopers, Taiwan for local statutory reporting purpose.
[19] Not required to be audited as the company was dormant during the financial year.

6 ASSOCIATES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Investments in associates	60,963	65,753	19,535	19,444
Less: Impairment loss	(16,888)	(6,888)	(6,888)	(6,888)
	44,075	58,865	12,647	12,556

Movement in allowance for impairment losses is as follow:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 April	6,888	6,888	6,888	6,888
Allowance made during the year	10,000	–	–	–
At 31 March	16,888	6,888	6,888	6,888

Details of associates are as follows:

Name of associates	Principal activities	Principal place of business / Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
THL Foundation Equipment Pte Ltd and its subsidiaries	Trading and rental of construction equipment and related parts	Singapore	45	45
Tat Hong Properties Sdn Bhd	Liquidated	Malaysia	–	30

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

6 ASSOCIATES (CONT'D)

Name of associates	Principal activities	Principal place of business / Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
Yongmao Holdings Limited and its subsidiaries	Manufacture and sale of tower cranes	Singapore	24	24
R&D Holdings Pte Ltd and its subsidiary	Precision engineering and mould making	Singapore	21	21
Global Heavyequipment Sdn Bhd	Dormant	Malaysia	49	49
EMC Cranes (KL) Sdn. Bhd.	Dormant	Malaysia	22	22

All associates are equity accounted. The fair value of ownership interest in the listed associate is as follows:

	Group and Company	
	2016 $'000	2015 $'000
Yongmao Holdings Limited*	8,501	21,253

* Based on the quoted market price at 31 March (Level 1 in the fair value hierarchy).

Impairment losses are recognised to the extent considered adequate to provide for potential non-recoverability of investments in associates. The level of allowance is evaluated on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Group reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's impairment losses would increase the Group's recorded other operating expenses and decrease the carrying value of investments in associates.

The recoverable amount for an associate was determined based on value-in-use calculation using the discounted cash flow projection based on estimated earnings of the listed associate. The pre-tax discount rate is 16.7% (2015: 13.9%). Based on management's assessment for the financial year ended 31 March 2016, an impairment loss of $10,000,000 was recognised as the recoverable amount of the investment was determined to be lower than its carrying amount. No impairment loss was recognised in 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

6 ASSOCIATES (CONT'D)

The summarised financial information of the associates, not adjusted for the percentage ownership held by the Group is as follows:

	R&D Holdings $'000	THL Group $'000	Yongmao Holdings $'000	Immaterial associates $'000	Total $'000
2016					
Revenue	1,246	49,713	110,676		
(Loss)/Profit from continuing operations	(1,708)	1,630	1,153		
Other comprehensive income	(1,963)	–	430		
Total comprehensive income	(3,671)	1,630	1,583		
Attributable to investee's NCI	–	(87)	725		
Attributable to investee's shareholders	(3,671)	1,717	858		
Non-current assets	21,586	52,175	116,660		
Current assets	11,252	46,634	166,250		
Non-current liabilities	(2,310)	(10,523)	(13,154)		
Current liabilities	(11,228)	(36,573)	(141,280)		
Net assets	19,300	51,713	128,476		
Attributable to investee's NCI	–	3,131	11,400		
Attributable to investee's shareholders	19,300	48,582	117,076		
Group's interest in net assets of investee at beginning of the year	8,631	20,701	29,046	487	58,865
Group's share of:					
– Profit from continuing operations	(512)	773	128	–	389
– Other comprehensive income	(589)	–	(1,635)	(50)	(2,274)
– Total comprehensive income	(1,101)	773	(1,507)	(50)	(1,885)
Dividends received during the year	(1,740)	–	(850)	–	(2,590)
Elimination of unrealised profit on downstream sales	–	(205)	–	–	(205)
Impairment allowance made during the year	–	–	(10,000)	–	(10,000)
Carrying amount of interest in investee disposed	–	–	–	(110)	(110)
Carrying amount of interest in investee at end of the year	5,790	21,269	16,689	327	44,075

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

6 ASSOCIATES (CONT'D)

	R&D Holdings $'000	THL Group $'000	Yongmao Holdings $'000	Kian Ho Bearings $'000	Immaterial associates $'000	Total $'000
2015						
Revenue	32,906	54,514	173,745	–		
Profit from continuing operations and total comprehensive income	3,808	4,606	17,189	–		
Attributable to investee's NCI	–	763	3,364	–		
Attributable to investee's shareholders	3,808	3,843	13,825	–		
Non-current assets	23,996	42,770	121,631	–		
Current assets	23,806	65,845	203,977	–		
Non-current liabilities	(2,954)	(16,517)	(44,588)	–		
Current liabilities	(16,078)	(37,449)	(142,382)	–		
Net assets	28,770	54,649	138,638	–		
Attributable to investee's NCI	–	6,694	11,526	–		
Attributable to investee's shareholders	28,770	47,955	127,112	–		
Group's interest in net assets of investee at beginning of the year	6,800	19,534	25,272	17,176	489	69,271
Group's share of:						
– Profit from continuing operations	1,142	1,466	2,016	–	–	4,624
– Other comprehensive income	689	151	2,307	–	(2)	3,145
– Total comprehensive income	1,831	1,617	4,323	–	(2)	7,769
Dividends received during the year	–	(450)	(549)	(146)	–	(1,145)
Carrying amount of interest in investee disposed	–	–	–	(17,030)	–	(17,030)
Carrying amount of interest in investee at end of the year	8,631	20,701	29,046	–	487	58,865

The Group's share of the contingent liabilities of the associates is $15,853,000 (2015: $15,137,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

7 JOINT VENTURES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Investments in joint ventures	3,882	4,564	5,733	5,733
Less: Impairment losses	–	–	(1,294)	(1,294)
	3,882	4,564	4,439	4,439

Movement in allowance for impairment losses is as follows:

	Company	
	2016 $'000	2015 $'000
At 1 April / 31 March	1,294	1,294

Impairment losses are recognised to the extent considered adequate to provide for potential non-recoverability of investments in joint ventures. The level of allowance is evaluated on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities and market factors. The Group reviews and identifies balances that are to be impaired on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's impairment losses would increase the Group's recorded other operating expenses and decrease the carrying value of investments in joint ventures.

Details of the joint ventures are as follows:

Name of company	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
Tat Hong Intraco Pte Ltd and its subsidiary:	Rental and distribution of heavy machinery	Singapore	40	40
Tat Hong Intraco Heavy Equipment Co Ltd	Crane rental services	Myanmar	40	40
Tat Hong Energy Pte Ltd and its subsidiary:	Dormant	Singapore	50	50
PT Tat Hong Energy Indonesia	Dormant	Indonesia	50	50
T.B.F. Oceania Pty Ltd	Provide lifting, logistics and transport service	Australia	50	50

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

7 JOINT VENTURES (CONT'D)

Name of company	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2016 %	2015 %
Tat Hong (PNG) Limited	Crane hire, general plant and equipment hire, and wholesale of machinery, equipment and suppliers	Papua New Guinea	50	50
THAB Development Sdn Bhd and its subsidiary:	Property development	Malaysia	25	25
THAB PTP Sdn Bhd	Dormant	Malaysia	25	–

The joint ventures are individually immaterial to the Group and are equity accounted. The Group's share of the joint ventures' results, assets and liabilities is as follows:

	2016 $'000	2015 $'000
Revenue	1,993	3,387
Expenses	(2,518)	(3,552)
Loss before tax	(525)	(165)
Tax expense	(12)	(49)
Other comprehensive income	(142)	337
Total comprehensive income	(679)	123
Non-current assets	1,976	3,604
Current assets	10,775	11,407
Current liabilities	(8,288)	(9,108)
	2,487	2,299
Non-current liabilities	(581)	(1,339)
Net assets	3,882	4,564
Carrying amount of interest in investee at beginning of the year	4,564	2,579
Investment made during the year	–	2,261
Share of total comprehensive income	(679)	123
Elimination of unrealised profit on downstream sales	(3)	(399)
Carrying amount of interest in investee at end of the year	3,882	4,564

The Group's share of the capital commitments and contingent liabilities of the joint ventures is $Nil (2015: $Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

8 OTHER FINANCIAL ASSETS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Available-for-sale financial assets:				
Unquoted equity securities				
– at cost	84	84	–	–
– at fair value	1,044	714	1,044	714
	1,128	798	1,044	714

9 DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets – Group

Deferred tax assets of $5,599,000 (2015: $5,840,000) have not been recognised in respect of the following items:

	2016 $'000	2015 $'000
Deductible temporary differences	1,425	1,513
Unutilised tax losses and capital allowances	20,973	21,848

Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Tax losses of the Group amounting to $20,973,000 (2015: $21,848,000) will expire between 2017 and 2020 (2015: 2016 and 2019). The remaining tax losses and the deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group				
Property, plant and equipment	1	–	(26,858)	(24,821)
Unabsorbed wear and tear allowances and unutilised tax losses	5,726	2,312	–	–
Provisions	3,872	4,299	–	–
Other items	3,095	513	–	(83)
Deferred tax assets/(liabilities)	12,694	7,124	(26,858)	(24,904)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

9 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are included in the statement of financial position as follows:

	2016 $'000	2015 $'000
Deferred tax assets	8,830	5,745
Deferred tax liabilities	(22,994)	(23,525)
	(14,164)	(17,780)

Movements in temporary differences during the year

	At 1 April 2014 $'000	Recognised in profit or loss (note 23) $'000	Disposal of subsidiaries $'000	Translation difference on consolidation $'000	At 31 March 2015 $'000	Recognised in profit or loss (note 23) $'000	Translation difference on consolidation $'000	At 31 March 2016 $'000
Group								
Property, plant and equipment	(29,386)	1,811	3,718	(964)	(24,821)	(3,730)	911	(27,640)
Unabsorbed wear and tear allowances and unutilised tax losses	2,001	160	–	151	2,312	1,683	(74)	3,921
Provisions	4,169	519	(1)	(388)	4,299	1,454	(76)	5,677
Other items	460	(76)	(10)	56	430	3,586	(138)	3,878
	(22,756)	2,414	3,707	(1,145)	(17,780)	2,993	623	(14,164)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

10 INTANGIBLE ASSETS – GROUP

	Goodwill $'000	Computer software $'000	Total $'000
Group			
Cost			
At 1 April 2014	50,362	4,960	55,322
Additions	–	1,680	1,680
Disposals	–	(415)	(415)
Translation difference on consolidation	(4,714)	(492)	(5,206)
At 31 March 2015	45,648	5,733	51,381
At 1 April 2015	45,648	5,733	51,381
Additions	–	1,114	1,114
Translation difference on consolidation	(1,066)	(153)	(1,219)
At 31 March 2016	44,582	6,694	51,276
Accumulated amortisation and impairment losses			
At 1 April 2014	6,936	3,156	10,092
Amortisation charge for the year	–	368	368
Disposals	–	(415)	(415)
Impairment losses	22,447	–	22,447
Translation difference on consolidation	(1,952)	(311)	(2,263)
At 31 March 2015	27,431	2,798	30,229
At 1 April 2015	27,431	2,798	30,229
Amortisation charge for the year	–	661	661
Impairment losses	16,337	–	16,337
Translation difference on consolidation	(371)	(71)	(442)
At 31 March 2016	43,397	3,388	46,785
Carrying amounts			
At 1 April 2014	43,426	1,804	45,230
At 31 March 2015	18,217	2,935	21,152
At 31 March 2016	1,185	3,306	4,491

The amortisation charge and impairment loss is recognised in administrative expenses and other operating expenses respectively in profit or loss.

Impairment test

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions or cash-generating units ("CGU"), which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not higher than the Group's operating segments as reported in note 28.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

10 INTANGIBLE ASSETS – GROUP (CONT'D)

The carrying amounts of goodwill are allocated as follows:

	Group	
	2016 $'000	2015 $'000
Tutt Bryant Group Limited and its subsidiaries ("Tutt Bryant Group")		
– Crane Rental CGU	–	10,122
– General Hire CGU	–	6,837
	–	16,959
Multiple units with insignificant goodwill	1,185	1,258
	1,185	18,217

The recoverable amounts of the CGUs under Tutt Bryant Group are determined based on value-in-use calculations, using cash flow projections derived from financial budgets for the years ending 31 March 2017 to 2019. Cash flows are projected using long term growth rates of up to 3% (2015: 3%), as well as industry outlook based on management's knowledge and past experience of the businesses. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rate of 3% (2015: 3%). A pre-tax discount rate of 12% (2015: 12%) was used in discounting the projected cash flows.

Based on the impairment assessment performed by management in 2016, the carrying amount of the General Hire and Crane Rental CGUs in Tutt Bryant Group were determined to be higher than their respective recoverable amounts and impairment losses totalling to $16,337,000 (2015: $22,447,000) was recognised in profit or loss.

11 ASSETS HELD FOR SALE – GROUP

During the financial year ended 31 March 2016, management committed to a plan to sell two vessels and thirteen cranes within the Crane Rental segment. Accordingly, the vessels and cranes are presented as assets held for sale. Impairment losses of $885,000 for the write-down of these assets to the lower of its carrying amount and its fair value less costs to sell have been included in "other operating expenses" (see note 22). The non-recurring fair value measurement for the assets held for sale of $5,660,000 has been categorised as a level 2 fair value based on observable market sales data (see note 2.4).

In February 2015, management committed to sell a property within the Crane Rental segment. Accordingly, the property, whose carrying amount at 31 March 2015 was $2,240,000, was presented as an asset held for sale as at 31 March 2015. During the financial year ended 31 March 2016, the property was sold for a cash consideration of approximately $6,500,000.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

12 INVENTORIES – GROUP

	2016 $'000	2015 $'000
Inventories for resale	141,882	173,662
Inventories in transit	5,714	14,208
Work-in-progress	1,098	1,468
	148,694	189,338
Allowance for inventory:		
At 1 April	2,838	1,769
Allowance made during the year	1,464	4,840
Inventories written off against allowance	(2,158)	(3,573)
Allowance written back during the year	(354)	(112)
Translation difference on consolidation	(77)	(86)
At 31 March	1,713	2,838
	146,981	186,500

During the year, inventories recognised as cost of sales amounted to $171,762,000 (2015: $177,176,000). The allowance recognised during the year of $1,110,000 (2015: $4,728,000) was included in cost of sales.

A review is made periodically of inventory for excess inventory, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to estimate future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables due from:				
– third parties	166,323	164,467	–	–
– related corporation	5,427	6,884	–	–
– associates	2,912	3,021	–	–
– a joint venture	3,388	4,719	–	–
	178,050	179,091	–	–
Allowance for receivables	(12,612)	(8,548)	–	–
	165,438	170,543	–	–
Finance lease receivables	1,786	3,359	–	–
Non-trade receivables	29,045	7,897	16	46
Deposits:				
– for purchase of property, plant and equipment	382	154	–	–
– others	1,860	3,318	156	233
Staff loans and advances	82	149	–	–
Recoverable expenses	1,837	2,792	5	22
Non-trade amounts due from:				
– immediate and ultimate holding company	–	74	–	73
– subsidiaries	–	–	228,589	168,650
– related corporations	210	–	–	–
– an associate	6,292	1,800	–	–
– a joint venture	2,665	2,847	–	–
Loans and receivables	209,597	192,933	228,766	169,024
Advance payments	2,715	1,873	–	–
Derivative financial instruments	–	765	–	383
Prepayments	8,316	7,002	815	52
Tax recoverable	2,268	2,152	–	–
	222,896	204,725	229,581	169,459
Classified as :				
Current	222,099	203,140	229,581	169,459
Non-current	797	1,585	–	–
	222,896	204,725	229,581	169,459

Included in trade receivables as at 31 March 2016 are the following items:

- an amount of $2,659,000 (2015: $4,481,000) relating to bills receivable which are interest-free; and
- an amount of $12,125,000 (US$8,960,000) (2015: $nil) which is guaranteed by the immediate and ultimate holding company.

Included in the non-trade receivables is an amount of $17,574,000 (2015: $nil) arising from disposal of property, plant and equipment, which is unsecured, interest-free and repayable within 12 months.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

13 TRADE AND OTHER RECEIVABLES (CONT'D)

Finance lease receivables arise from plant and machinery under finance lease arrangement. Future minimum lease receipts under finance leases together with the present value of the net minimum lease receipts for the Group are as follows:

	Total future minimum lease receipts $'000	Unearned interest $'000	Present value $'000
At 31 March 2016			
Within 1 year	1,114	125	989
After 1 year but within 5 years	826	29	797
	1,940	154	1,786
At 31 March 2015			
Within 1 year	2,349	575	1,774
After 1 year but within 5 years	1,720	135	1,585
	4,069	710	3,359

The weighted average effective interest rate for finance lease receivables is 7.50% (2015: 7.70%) per annum.

The non-trade amounts due from immediate and ultimate holding company and related corporation are unsecured, interest-free and repayable on demand. The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand, except for an amount of $65,402,000 in 2015 which bore interest at rate of 4.5% per annum. The non-trade amount due from a joint venture is unsecured, bears interest at Kuala Lumpur Interbank Offer Rate + 0.5% (2015: Kuala Lumpur Interbank Offer Rate + 0.5%) per annum and is repayable on demand. The interest rate reprices within six months.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of manufacturing, construction and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

13 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment

The ageing of trade receivables at the reporting date was:

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Group				
Not past due	98,892	–	98,621	–
Past due 0 – 90 days	27,874	(4)	37,330	–
Past due 91 – 180 days	10,662	(180)	16,270	(485)
Past due 181 – 365 days	19,485	(545)	13,722	(2,839)
Past due more than one year	21,137	(11,883)	13,148	(5,224)
	178,050	(12,612)	179,091	(8,548)

The change in impairment loss in respect of trade receivables balances during the year is as follows:

	Group	
	2016 $'000	2015 $'000
At 1 April	8,548	3,384
Impairment loss recognised	7,103	7,198
Amount reversed	(1,059)	(1,001)
Amount utilised	(1,814)	(602)
Disposal of subsidiaries	–	(377)
Translation difference	(166)	(54)
At 31 March	12,612	8,548

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of the unimpaired trade receivables. These receivables are mainly arising by customers that have good payment records with the Group.

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs could be higher than estimated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash at banks and in hand	101,071	92,776	1,007	891
Fixed deposits with banks	29,631	490	4,000	–
	130,702	93,266	5,007	891
Bank balances earmarked for certain banking facilities	(630)	(1,029)		
Cash and cash equivalents in the consolidated statement of cash flows	130,072	92,237		

The effective interest rates relating to cash and cash equivalents, excluding bank overdrafts, at the reporting date for the Group ranged between 1.4% to 6.3% (2015: between 1.4% to 7.5%) per annum. Interest rates reprice within one year.

Cash and cash equivalents totalling the equivalent of $9,940,000 (2015: $15,516,000) are held in countries which operate foreign exchange controls.

15 SHARE CAPITAL – COMPANY

	Ordinary shares		Convertible redeemable preference shares	
	2016	2015	2016	2015
	No. of shares		No. of shares	
	'000	'000	'000	'000
Issued and fully-paid with no par value:				
At 1 April	631,593	631,593	–	11,700
Redemption of convertible redeemable preference shares	–	–	–	(11,700)
At 31 March, including treasury shares	631,593	631,593	–	–
Less: Treasury shares	(4,064)	(2,030)	–	–
At 31 March, excluding treasury shares	627,529	629,563	–	–

Convertible redeemable preference shares ("CRPS")

During the financial year ended 31 March 2015, no CRPS was converted into ordinary shares, prior to its redemption in March 2015.

In March 2015, the Company fully redeemed the outstanding $11,700,000 CRPS at $1.15 per CRPS pursuant to the terms and conditions of the CRPS. The difference between the redemption price and the par value of the CRPS, amounting to $1,982,000, was recorded in capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

15 SHARE CAPITAL – COMPANY (CONT'D)

Ordinary shares

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

Treasury shares

Movements in the Company's treasury shares were as follows:

	2016 No. of shares '000	2015 No. of shares '000
At 1 April	2,030	1,769
Treasury shares transferred pursuant to performance share plan	(174)	(203)
Purchase of treasury shares	2,208	464
At 31 March	4,064	2,030

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issues new shares.

From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily, the shares purchased are intended to be used for issuing shares under the Group's share option programme and performance share plan. Buy and sell decisions are made on a specific transaction basis by the Board; the Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, financial liabilities and trust receipts, less cash and cash equivalents. Capital includes equity attributable to the owners of the Company.

	Group	
	2016 $'000	2015 $'000
Trust receipts	4,147	36,520
Financial liabilities	545,150	556,536
Less: Cash and cash equivalents	(130,702)	(93,266)
Net debt	418,595	499,790
Total equity attributable to the owners of the Company	585,701	650,829
Gearing ratio	71%	77%

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

16 RESERVES

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Reserve for own shares	(2,673)	(1,766)	(2,673)	(1,766)
Share-based payment reserve	517	779	517	779
Capital reserves	29,564	26,258	(1,938)	(1,951)
Fair value reserve	174	273	134	273
Currency translation reserve	(43,410)	(22,234)	–	–
Accumulated profits	275,680	321,670	46,112	43,286
	259,852	324,980	42,152	40,621

Reserve for own shares

Reserve for own shares comprises the cost of the Company's 4,064,000 (2015: 2,030,000) ordinary shares held by the Company.

Share-based payment reserve

The share-based payment reserve comprises the cumulative value of employee services rendered for the issue of share options and performance shares.

Fair value reserve

The fair value reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges, as well as the net change in the fair value of available-for-sale financial assets.

Capital reserves

Capital reserves represent the amount capitalised from accumulated profits upon bonus issue by subsidiaries and effects arising from changes in ownership interest in subsidiaries without loss of control.

Capital reserves include statutory reserve funds of $4,414,000 (2015: $4,523,000) as at 31 March 2016. These related to the subsidiaries in the People's Republic of China ("PRC") which follow the accounting principles and relevant financial regulations of the PRC ("PRC GAAP") relating to the appropriation of profit to a statutory reserve fund. Statutory reserve fund is not distributable.

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities as well as the translation of loans which form part of the Company's net investment in subsidiaries, associates and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade payables	96,266	131,212	45	595
Non-trade payables	8,108	8,105	22	–
Interest payable	912	380	–	–
Deposits received	4,259	5,061	2	–
Unclaimed dividends	78	19	78	19
Dividend payable	810	–	–	–
Accrued operating expenses	22,707	22,602	2,059	2,003
Amounts due to:				
– immediate and ultimate holding company	436	298	9	60
– subsidiary	–	–	61,786	–
– related corporations	771	2,736	–	–
– associates	15,729	18,966	–	–
– a shareholder of a subsidiary	2,959	4,436	–	–
– a joint venture	1,351	1,056	750	750
Classified as other financial liabilities	154,386	194,871	64,751	3,427
Derivative financial instruments	790	356	124	10
Liability for long service and annual leave	11,392	12,350	410	200
Provisions	1,842	748	–	–
Advance billings and advance receipts	2,228	1,303	2	–
	170,638	209,628	65,287	3,637
Classified as:				
Current	168,298	208,455	65,287	3,637
Non-current	2,340	1,173	–	–
	170,638	209,628	65,287	3,637

The Group and the Company's exposures to currency and liquidity risks related to trade and other payables are disclosed in note 27.

The amounts due to immediate and ultimate holding company, a subsidiary, related corporations, associates, a shareholder of a subsidiary and a joint venture are non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

17 TRADE AND OTHER PAYABLES (CONT'D)

Trade payables of the Group included trust receipts of certain subsidiaries amounting to $4,147,000 (2015: $36,520,000) which are guaranteed by the Company. The following table indicates the effective interest rates at the reporting date and the period in which they reprice:

	Effective interest rate %	Total $'000	Fixed interest rates maturing within 1 year $'000
Group			
2016			
Trust receipts	1.14 – 2.37	4,147	4,147
2015			
Trust receipts	0.98 – 6.22	36,520	36,520

Movements in liability for long service and annual leave are as follows:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 April	12,350	12,052	200	241
Provision (reversed)/made during the year	5,274	4,975	250	(22)
Payments made during the year	(5,903)	(3,619)	(40)	(19)
Disposal of subsidiaries	–	(69)	–	–
Translation difference on consolidation	(329)	(989)	–	–
At 31 March	11,392	12,350	410	200

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

18 FINANCIAL LIABILITIES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current liabilities				
Secured bank loans	59,392	82,181	–	–
Unsecured bank loans	76,869	98,619	69,754	88,950
Notes payable	98,041	99,348	98,041	99,348
Finance lease liabilities	65,787	88,899	–	–
Intra-group financial guarantees	–	–	2,256	7,084
	300,089	369,047	170,051	195,382
Current liabilities				
Secured bank loans	38,099	34,334	–	–
Unsecured bank loans	162,366	83,008	19,688	11,510
Finance lease liabilities	44,596	70,147	–	–
	245,061	187,489	19,688	11,510
	545,150	556,536	189,739	206,892
Total loans and borrowings	545,150	556,536	187,483	199,808
Intra-group financial guarantees	–	–	2,256	7,084
Total financial liabilities	545,150	556,536	189,739	206,892

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risks is included in note 27.

On 19 June 2013, the Company established the $500 million Multicurrency Medium Term Note Programme. On 26 October 2015 and 14 March 2016, the Company repurchased the Notes of $500,000 and $1,000,000 respectively. Notes outstanding as at 31 March 2016 comprise $98,500,000 (2015:$100,000,000) 5-year unsecured fixed rate notes due on 31 July 2018. The balance of $98,041,000 (2015: $99,348,000) as at the financial year end represents the notes payable measured at amortised cost. Interest rate at 4.5% per annum is payable semi-annually in arrears. The notes payable are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

18 FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2016 Face value $'000	2016 Carrying amount $'000	2015 Face value $'000	2015 Carrying amount $'000
Group							
Fixed rate loans	SGD	4.05% to 5.05%	2017 – 2019	8,089	8,089	11,932	11,932
Floating rate loans	SGD	SIBOR/SOR/COF + 1.10% to 3.40%	2017 – 2020	302,873	293,405	264,460	261,289
Fixed rate loans	AUD	5.81%	2017	624	624	977	977
Floating rate loans	AUD	#BBR + 1.75%	2017	2,068	2,068	2,116	2,116
Floating rate loans	RMB	*PBOC + 1.15% to 1.25%	2017	18,288	18,288	5,920	5,920
Floating rate loans	MYR	^KLIBOR + 2.00%	2017 – 2018	2,925	2,925	4,185	4,185
Floating rate loans	MYR	COF + 1.75%	2017 – 2023	3,304	3,304	–	–
Floating rate loans	USD	COF + 1.75%	2017 – 2020	3,976	3,976	2,284	2,284
Floating rate loans	THB	COF + 1.75%	2017 – 2018	4,047	4,047	9,439	9,439
Notes payable	SGD	4.50%	2018	98,500	98,041	100,000	99,348
Finance lease liabilities – floating rate	HKD	Prime lending rate – 1% to 2%	2018	4,458	4,458	7,547	7,547
Finance lease liabilities – fixed rate	SGD	1.50% to 3.54%	2017 – 2021	15,638	15,638	16,446	16,446
Finance lease liabilities – fixed rate	MYR	4.84% to 6.19%	2017 – 2020	10,949	10,949	17,034	17,034
Finance lease liabilities – fixed rate	THB	2.50% to 2.90%	2017 – 2018	24	24	43	43
Finance lease liabilities – fixed rate	HKD	1.56% to 2.50%	2017 – 2020	4,472	4,472	4,730	4,730
Finance lease liabilities – fixed rate	AUD	4.48% to 6.30%	2017 – 2020	74,842	74,842	113,246	113,246
				555,077	545,150	560,359	556,536
Company							
Notes payable	SGD	4.50%	2018	98,500	98,041	100,000	99,348
Floating rate loans	SGD	SOR + 1.5% to 2.0%	2017 – 2019	90,000	89,442	100,000	98,638
Floating rate loan	SGD	SIBOR + 1.3%	2016	–	–	1,822	1,822
				188,500	187,483	201,822	199,808

* PBOC denotes People's Bank of China interest rates
^ KLIBOR denotes Kuala Lumpur Interbank Offer Rate
\# BBR denotes bank buying rate

The secured bank loans are secured on property, plant and equipment with a carrying amount of $388,992,000 (2015: $458,664,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

18 FINANCIAL LIABILITIES (CONT'D)

The following indicates the effective interest rates at the reporting date:

	Currency	Effective interest rate	Total $'000	Floating interest rate $'000	Fixed interest rates maturing within 1 year $'000	Fixed interest rates maturing within 1 to 5 years $'000
Group						
2016						
Secured loans						
– Floating rate	SGD	1.74% to 5.87%	84,214	84,214	–	–
– Fixed rate	SGD	4.05% to 5.05%	8,089	–	3,833	4,256
– Floating rate	RMB	5.94% to 7.36%	1,260	1,260	–	–
– Floating rate	MYR	5.46%	3,304	3,304	–	–
– Fixed rate	AUD	5.81%	624	–	624	–
Unsecured loans						
– Floating rate	AUD	4.15%	2,068	2,068	–	–
– Floating rate	USD	8.50%	3,976	3,976	–	–
– Floating rate	RMB	4.35% to 6.21%	17,028	17,028	–	–
– Floating rate	THB	4.10% to 4.13%	4,047	4,047	–	–
– Floating rate	MYR	5.64%	2,925	2,925	–	–
– Floating rate	SGD	1.41% to 3.69%	209,191	209,191	–	–
Finance lease liabilities	SGD	1.50% to 3.54%	15,638	–	4,537	11,101
Finance lease liabilities	MYR	4.84% to 6.19%	10,949	–	4,482	6,467
Finance lease liabilities	HKD	1.56% to 3.75%	8,930	4,458	1,281	3,191
Finance lease liabilities	THB	2.50% to 2.90%	24	–	15	9
Finance lease liabilities	AUD	4.48% to 6.30%	74,842	–	31,456	43,386
Notes payable	SGD	4.50%	98,041	–	–	98,041
			545,150	332,471	46,228	166,451
2015						
Secured loans						
– Floating rate	SGD	1.73% to 2.22%	99,504	99,504	–	–
– Fixed rate	SGD	4.05%	11,932	–	3,836	8,096
– Floating rate	RMB	7.36% to 7.81%	4,146	4,146	–	–
– Fixed rate	AUD	5.81% to 8.09%	933	–	294	639
Unsecured loans						
– Fixed rate	AUD	6.95%	44	–	44	–
– Floating rate	AUD	4.40%	2,116	2,116	–	–
– Floating rate	USD	6.67%	2,284	2,284	–	–
– Floating rate	RMB	6.42%	1,774	1,774	–	–
– Floating rate	THB	4.30%	9,439	9,439	–	–
– Floating rate	MYR	5.34%	4,185	4,185	–	–
– Floating rate	SGD	1.41% to 4.15%	161,785	161,785	–	–
Finance lease liabilities	SGD	1.50% to 6.19%	16,446	–	9,466	6,980
Finance lease liabilities	MYR	4.84% to 6.19%	17,034	–	5,253	11,781
Finance lease liabilities	HKD	1.56% to 3.75%	12,277	7,547	1,594	3,136
Finance lease liabilities	THB	2.50% to 2.90%	43	–	16	27
Finance lease liabilities	AUD	5.44% to 6.81%	113,246	–	50,075	63,171
Notes payable	SGD	4.50%	99,348	–	–	99,348
			556,536	292,780	70,578	193,178

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

18 FINANCIAL LIABILITIES (CONT'D)

	Currency	Effective interest rate	Total $'000	Floating interest rate $'000	Fixed interest rates maturing within 1 year $'000	Fixed interest rates maturing within 1 to 5 years $'000
Company						
2016						
Financial liabilities						
Unsecured loans						
– Floating rate	SGD	2.80% to 3.44%	89,442	89,442	–	–
Notes payable	SGD	4.50%	98,041	–	–	98,041
			187,483	89,442	–	98,041
2015						
Financial liabilities						
Unsecured loans						
– Floating rate	SGD	2.18% to 2.80%	100,460	100,460	–	–
Notes payable	SGD	4.50%	99,348	–	–	99,348
			199,808	100,460	–	99,348

Finance lease liabilities

Finance lease liabilities that are payable as follows:

	Future minimum lease payments 2016 $'000	Interest 2016 $'000	Present value of minimum lease payments 2016 $'000	Future minimum lease payments 2015 $'000	Interest 2015 $'000	Present value of minimum lease payments 2015 $'000
Repayable:						
Within 1 year	48,674	(4,078)	44,596	76,154	(6,007)	70,147
Between 1 year and 5 years	69,469	(3,682)	65,787	94,516	(5,617)	88,899
Total	118,143	(7,760)	110,383	170,670	(11,624)	159,046

Under the terms of the finance lease arrangements, no contingent rents are payable.

Intra-group guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities of subsidiaries amounting to $198,492,000 (2015: $306,920,000). The periods in which the financial guarantees expire are as follows:

	Company 2016 $'000	Company 2015 $'000
Less than 1 year	144,564	152,383
Between 1 and 5 years	53,928	154,537
	198,492	306,920

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

19 SHARE-BASED PAYMENT

Equity compensation benefits

Tat Hong Employee Share Option Scheme 2006 and Performance Shares Plan

The Tat Hong Employee Share Option Scheme 2006 ("ESOS 2006") and Performance Shares Plan ("PSP") (collective the "Scheme") were approved by the Company at its Extraordinary General Meeting on 8 December 2006. The Scheme is administered by the Option Share/ Performance Shares Plan Committee, comprising three directors, Mak Lye Mun (Chairman), Ng San Tiong Roland and Ong Tiew Siam.

Other information regarding the Scheme is set out as follows:

– the Board of the Company may specify the vesting conditions which must be satisfied or waived by the Board before options and awards allocated under the Scheme may be dealt with;

– the exercise price for each share in respect of which an option is exercisable shall be a price equal to the market price;

– the options can be exercised 1 year after the grant; and

– the options granted expire after 5 years for non-executive directors and 10 years for the employees of the Company and its subsidiaries.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding as at 1 April 2015	Options cancelled	Options exercised	Options outstanding as at 31 March 2016	Number of option holders as at 31 March 2016	Exercise period
30 September 2009	1.08	1,634,000	(216,000)	–	1,418,000	33	1 October 2010 – 30 September 2019

Details of options granted to directors of the Company under the Scheme are as follows:

Name of director	Options granted for financial year ended 31 March 2016	Aggregate options granted since commencement of Scheme to 31 March 2016	Aggregate options exercised since commencement of Scheme to 31 March 2016	Aggregate options outstanding as at 31 March 2016
Ong Tiew Siam	–	200,000	(200,000)	–
Leong Horn Kee	–	100,000	–	–
Mak Lye Mun	–	100,000	–	–
Low Seow Juan	–	100,000	–	–

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

19 SHARE-BASED PAYMENT (CONT'D)

Disclosure of the Scheme

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2016 $	Number of options 2016 '000	Weighted average exercise price 2015 $	Number of options 2015 '000
Outstanding at 1 April	1.08	1,634	1.08	2,109
Cancelled during the year	1.08	(216)	1.08	(475)
Outstanding at 31 March	1.08	1,418	1.08	1,634
Exercisable at 31 March	1.08	1,418	1.08	1,634

The options outstanding at 31 March 2016 have an exercise price of $1.08 (2015: $1.08) and a contractual life of 5 years for non-executive directors and 10 years for executive directors and employees from the date of grant respectively, in accordance with the terms of the Scheme.

Inputs for measurement of grant date fair values

The grant date fair value of the rights granted through the employee share option plan was measured based on Trinomial Option Model Pricing ("TOPM"). Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

Fair value of share options and assumptions	As at 30 September 2009
Fair value at grant date	$0.313
Share price at grant date	$1.05
Exercise price	$1.08
Expected volatility (weighted average volatility)	50%
Option life (expected weighted average life)	3 years
Expected dividends	$0.01 – $0.015
Risk-free interest rate (based on government bonds)	0.7%

20 REVENUE – GROUP

Revenue comprises income from rental of equipment and machinery, material and related labour charges to customers and invoiced trading sales (refer to note 28 for detailed analysis of revenue).

All inter-company transactions have been eliminated in arriving at the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

21 FINANCE EXPENSE – GROUP

	2016 $'000	2015 $'000
Interest paid and payable to:		
– banks	15,994	14,354
– finance lease creditors	6,426	10,328
Cost of borrowing	2,093	1,453
Gain on fair value adjustment on derivatives	113	(175)
Finance expense	24,626	25,960

22 (LOSS)/PROFIT BEFORE INCOME TAX – GROUP

The following items have been included in arriving at (loss)/profit for the year:

	2016 $'000	2015 $'000
Other operating income		
Gain on disposal of property, plant and equipment	33,054	21,153
Gain on liquidation/disposal of associates	222	151
Gain on disposal of subsidiaries	–	4,823
Interest income	759	846
Dividend income from other financial assets	306	174
Rental income	2,707	3,757
Trade receivable recovered	34	96
Government grants	3,482	456
Others	1,899	3,078
	42,463	34,534
Staff costs		
Wages and salaries	120,923	140,009
Contributions to defined contribution plans	9,954	11,972
Cost of long service leave and annual leave	4,223	4,975
Value of employee services received for issue of performance shares	93	213
Termination benefits	1,051	–
	136,244	157,169

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

22 (LOSS)/PROFIT BEFORE INCOME TAX – GROUP (CONT'D)

	Note	2016 $'000	2015 $'000
Key management personnel compensation:			
Compensation payable to key management personnel comprises:			
Short-term employee benefits		9,496	11,038
Post employment benefits		153	236
Value of employee services received for issue of performance shares		63	156
		9,712	11,430
Other expenses			
Allowance recognised for inventories	12	1,110	4,728
Allowance recognised for trade receivables	13	6,044	6,197
Amortisation of intangible assets	10	661	368
Audit fees paid to:			
– auditors of the Company		399	392
– other auditors		943	743
Trade receivables written off		840	28
Depreciation of property, plant and equipment	4	80,865	89,802
Directors' fees:			
– directors of the Company:			
– payable by the Company		405	470
– directors of the subsidiaries		395	423
Exchange loss/(gain)		14,183	(11,109)
Impairment loss on property, plant and equipment	4	5,502	8,385
Impairment loss on investment in an associate	6	10,000	–
Impairment loss on intangible assets	10	16,337	22,447
Impairment loss on remeasurement of assets held for sale	11	885	–
Loss/(Gain) on fair value adjustment on derivatives, net		680	(867)
Non-audit fees paid to:			
– auditors of the Company		81	81
– auditors of subsidiaries		140	47
Operating lease expenses		14,271	12,338
Property, plant and equipment written off		40	203
Provisions made (net)		1,160	164

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

23 INCOME TAX EXPENSE – GROUP

Income tax recognised in profit or loss	2016 $'000	2015 $'000
Current tax expense		
Current year	5,085	12,807
Over provision in respect of prior years	(1,980)	(1,978)
Foreign taxes suffered	1,906	3,145
	5,011	13,974
Deferred tax expense		
Movement in temporary differences	(2,968)	(802)
Over provision in respect of prior years	(25)	(1,612)
	(2,993)	(2,414)
Income tax expense	2,018	11,560
Reconciliation of effective tax rate		
(Loss)/Profit before income tax	(37,899)	18,357
Tax using the Singapore tax rate of 17% (2015: 17%)	(6,443)	3,121
Effect of tax rates in foreign jurisdictions	(3,548)	(893)
Effect of utilisation of capital allowances and tax losses previously not recognised	(146)	(29)
Effect of concessionary tax rate	(997)	(361)
Foreign taxes suffered	1,906	3,145
Non-deductible expenses	17,200	17,252
Non-taxable income	(3,969)	(7,104)
Over provision in respect of prior years	(2,005)	(3,590)
Unrecognised deferred tax assets during the year	20	19
	2,018	11,560

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

In addition, certain subsidiaries of the Group have potential tax benefits arising from unutilised tax losses, unabsorbed wear and tear allowances and other temporary differences, which are available for set-off against future taxable profits. Significant judgement is involved in determining the availability of future taxable profits against which the Group can utilise the tax benefits therefrom. The use of the potential tax benefits is also subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provision and recognised deferred tax assets relating to the potential tax benefits in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

24 EARNINGS PER SHARE – GROUP

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended at 31 March 2016 was based on the loss attributable to ordinary shareholders of $39,312,000 (2015: profit of $4,865,000), and a weighted-average number of ordinary shares outstanding of 628,458,000 (2015: 629,799,000), calculated as follows:

(Loss)/Profit attributable to ordinary shareholders

	2016 $'000	2015 $'000
(Loss)/Profit attributable to ordinary shareholders	(39,312)	4,865

Weighted-average number of ordinary shares

	Number of shares	
	2016 '000	2015 '000
Issued ordinary shares at 1 April	631,593	631,593
Effect of treasury shares held	(2,030)	(1,769)
Effect of treasury shares transferred during the year	159	187
Effect of purchase of treasury shares during the year	(1,264)	(212)
Weighted average number of shares	628,458	629,799

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended at 31 March 2016 was based on loss attributable to ordinary shareholders of $39,312,000 (2015: profit of $4,865,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 628,458,000 (2015: 629,799,000), calculated as follows:

(Loss)/Profit attributable to ordinary shareholders (diluted)

	2016 $'000	2015 $'000
(Loss)/Profit attributable to ordinary shareholders (basic)	(39,312)	4,865

Weighted-average number of ordinary shares (diluted)

	Number of shares	
	2016 '000	2015 '000
Weighted average number of shares used in the calculation of basic earnings per share	628,458	629,799
Adjustment for potential dilutive shares under Tat Hong Employee Share Option Scheme 2006	–	–
	628,458	629,799

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

24 EARNINGS PER SHARE – GROUP (CONT'D)

(b) Diluted earnings per share (cont'd)

As at 31 March 2016, there were 1,418,000 (2015: 1,634,000) share options which were issued on 30 September 2009 and are available for conversion to ordinary shares. The share options are deemed to be anti-dilutive (2015: anti-dilutive) and are not included in the weighted-average number of ordinary shares for the purpose of computing diluted earnings per share.

25 ACQUISITION AND DISPOSAL OF INTEREST IN SUBSIDIARIES AND ASSOCIATE

(i) Restructuring of the Group's investments in subsidiaries in the People's Republic of China

Restructuring carried out in July 2015

In July 2015, the Group has completed an arrangement with the non-controlling interests of China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd ("HXTH") and Shanghai Tat Hong Equipment Rental Co., Ltd ("SHTH") to exchange all the shares held by the non-controlling interests in HXTH and SHTH for the shares in Tat Hong Equipment Service Co., Ltd ("THES"). Following the share swap, the Group's effective interest in THES decreased from 88% to 82%. Simultaneously, the Group's effective interests in subsidiaries of THES have changed to 82%, since these subsidiaries are wholly-owned by THES.

The share swap was undertaken using the net tangible assets of HXTH, SHTH and THES as the bases for valuation of the share interests in these companies respectively. As a result, the Group recognised a gain on share swap amounting to $3,178,000 which was included in the Group's capital reserve.

Restructuring carried out in April 2014

In April 2014, the Group entered into an arrangement with the same non-controlling interest and completed the restructuring of the following subsidiaries in China simultaneously:

- Tat Hong Equipment (China) Pte Ltd ("THEC") issued 13,035,099 ordinary shares to another party for a cash consideration of S$11,044,000, resulting in the Group's effective interest in THEC to decrease from 100% to 88%.

- THEC acquired an additional 30% equity interest in Beijing Tat Hong ZhaoMao Equipment Rental Co., Ltd. ("BJTH") for a consideration of $1,651,000 (RMB8,081,000), of which $681,000 (RMB3,232,000) was satisfied in cash and the remainder of S$970,000 (RMB4,849,000) was satisfied by issuance of 2,700,000 ordinary shares in THEC. Following this, the Group's effective interest in BJTH increased from 62% to 88%.

- THEC acquired an additional 25% equity interest in Tat Hong Zhaomao Investment Co., Ltd. ("THZMI") for a cash consideration of $10,621,000 (RMB51,986,000), increasing the Group's effective interest in THZMI from 75% to 88%.

The excess of consideration given up to the non-controlling interest over the net assets value acquired amounting to $5,196,000 was included in the Group's capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

25 ACQUISITION AND DISPOSAL OF INTEREST IN SUBSIDIARIES AND ASSOCIATE (CONT'D)

(ii) Disposal of subsidiaries

Hup Hin Transport Pte Ltd ("Hup Hin") and Tat Hong Flo-line Pte Ltd ("Flo Line")

During the financial year ended 31 March 2015, the Group disposed its entire equity interest in Hup Hin and Flo Line for a cash consideration of $20,859,000. The effect of the disposal was as follows:

	2015 $'000 Carrying amounts
Property, plant and equipment	47,929
Cash and cash equivalents	10,133
Trade and other receivables	9,753
Other current assets	2,206
Current and non-current liabilities	(46,521)
Total identifiable net assets	23,500
Less: Non-controlling interests	(7,464)
Net identifiable assets disposed of	16,036
Gain on disposal	4,823
Sale consideration	20,859
Less: Cash and cash equivalents disposed	(10,133)
Net cash inflow	10,726

26 DIVIDENDS

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2016 $'000	2015 $'000
Final dividend paid of 1.0 cents (2015: 1.0 cents) per ordinary share	6,298	6,300
Final dividend paid of nil cents (2015: 1.0 cents) per share to convertible redeemable preference shareholders	–	117
Interim dividend paid of nil cents (2015: 0.5 cents) per ordinary share	–	3,148
Interim dividend paid of nil cents (2015: 0.5 cents) per share to convertible redeemable preference shareholders	–	59
	6,298	9,624

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

26 DIVIDENDS (CONT'D)

After the reporting date, the directors proposed the following dividends. The dividends have not been provided for.

	Group and Company	
	2016	2015
	$'000	$'000
Proposed dividend of nil cents (2015: 1.0 cents) per share to:		
– ordinary shareholders	–	6,297

27 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established a Risk Management Committee, which oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The committee reports to the Board of Directors on the outcome of its review and discussions and makes recommendations from time to time on matters arising and requiring the attention of the Board.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the Group as and when it falls due. Credit risk is managed and monitored through the application of credit approvals, performing credit evaluations and setting credit limits. For trade receivables, the Group adopts the policy of dealing only with customers with appropriate credit history to mitigate credit risk. The Group also monitors the collectability on an on-going basis.

The Group establishes an allowance for impairment that represents its estimates of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Investments and bank transactions are allowed with counter-parties that meet the appropriate credit criteria and are of high credit standing. As such, management does not expect any counter-party to fail to meet its obligations. At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 18) at the reporting date is the facilities drawn down by the subsidiary in amounting to $198,492,000 (2015: $306,920,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity management is to ensure that the Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The Group focuses on ensuring matching maturities of the Group's assets and liabilities. A sufficient amount of credit facilities from financial institutions have been secured and an adequate level of funding is maintained. The Group will also maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
Group					
2016					
Non-derivative financial liabilities					
Variable interest rate loans	328,013	(340,941)	(202,925)	(138,016)	–
Fixed interest rate loans	8,713	(9,174)	(4,800)	(4,374)	–
Finance lease liabilities	110,383	(118,142)	(48,674)	(69,468)	–
Notes payable	98,041	(111,232)	(4,500)	(106,732)	–
Trade and other payables	154,386	(154,386)	(154,386)	–	–
	699,536	(733,875)	(415,285)	(318,590)	–
Derivative financial liabilities designated as cash flow hedges					
Interest rate swaps	124	(147)	55	(202)	–
Other derivative financial liabilities					
Forward contracts	666				
– inflow		42,729	42,729	–	–
– outflow		(43,395)	(43,395)	–	–
	666	(666)	(666)	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
2015					
Non-derivative financial liabilities					
Variable interest rate loans	285,233	(300,301)	(119,348)	(180,953)	–
Fixed interest rate loans	12,909	(13,733)	(4,616)	(9,117)	–
Finance lease liabilities	159,046	(170,670)	(76,154)	(94,516)	–
Notes payable	99,348	(115,732)	(4,500)	(111,232)	–
Trade and other payables	194,871	(194,871)	(194,871)	–	–
	751,407	(795,307)	(399,489)	(395,818)	–
Derivative financial assets designated as cash flow hedges					
Interest rate swaps	383	417	109	308	–
Other derivative financial assets					
Forward contracts	382				
– inflow		20,760	20,760	–	–
– outflow		(20,378)	(20,378)	–	–
	382	382	382	–	–
Other derivative financial liabilities					
Interest rate swaps	11	(10)	(10)	–	–
Forward contracts	345				
– inflow		11,460	11,460	–	–
– outflow		(11,805)	(11,805)	–	–
	356	(355)	(355)	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 1 to 5 years $'000
Company				
2016				
Non-derivative financial liabilities				
Variable interest rate loans	89,442	(95,574)	(22,339)	(73,235)
Notes payable	98,041	(111,232)	(4,500)	(106,732)
Trade and other payables	64,751	(64,751)	(64,751)	–
Financial guarantee	–	(198,492)	(198,492)	–
	252,234	(470,049)	(290,082)	(179,967)
Derivative financial liabilities designated as cash flow hedges				
Interest rate swap	124	(147)	55	(202)
2015				
Non-derivative financial liabilities				
Variable interest rate loans	100,460	(108,061)	(14,185)	(93,876)
Notes payable	99,348	(115,732)	(4,500)	(111,232)
Trade and other payables	3,427	(3,427)	(3,427)	–
Financial guarantee	–	(306,920)	(306,920)	–
	203,235	(534,140)	(329,032)	(205,108)
Derivative financial assets designated as cash flow hedges				
Interest rate swaps	383	417	109	308
Other derivative financial liabilities				
Interest rate swap	10	(10)	(10)	–

27 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading. It is not in the interest of the Group to speculate or trade in treasury instruments. The purpose of engaging in treasury transactions is solely for hedging.

The Group has establishments in countries other than Singapore. These establishments are exposed to changes in government regulations and unfavourable political developments, which may limit the realisation of business opportunities and investments in these countries. In addition, the Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital market. Although these circumstances may be beyond its control, the Board and the management consistently keep themselves up-to-date on the changes in political and industry regulations so as to be able to anticipate or respond to any adverse changes in market conditions in an efficient and timely manner.

Currency risk

The foreign currency risk of the Group arises from sales and purchases that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily Japanese Yen, United States dollars, Euro, Thai Baht, Malaysian Ringgit, Vietnam Dong, Hong Kong dollars and the Australian dollars. Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is at an acceptable level.

The Group aims to reduce the exposures of the net position in each currency by using foreign currency borrowings in the respective foreign subsidiaries, and use external forward contracts with financial institution where appropriate. With the exception of Tutt Bryant Group Limited which has their own Board-approved policies and procedures to manage their foreign currency risks, all treasury transactions are approved and/or executed by Group Treasury, whereby only authorised staff can transact with the banks on behalf of the Group.

The Group has established guidelines and procedures to manage its foreign currencies hedging policies. It continuously monitors the exchange rates of the currencies concerned and enters into hedging contracts with banks from time to time to reduce the adverse impact on the Group's profitability.

The Group's and the Company's exposure to foreign currencies and the sensitivity to a 10% strengthening of the respective functional currencies of the Group's entities against the foreign currencies, are shown below. A 10% strengthening of the respective functional currencies of the Group's entities against the foreign currencies at the reporting date would increase/(decrease) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

	Singapore dollars $'000	US dollars $'000	Malaysian Ringgit $'000	Japanese Yen $'000	Euro $'000	Australian dollars $'000	Thai Baht $'000	Vietnam Dong $'000	Hong Kong dollars $'000	Others $'000	Total $'000
Group											
2016											
Trade and other receivables	11,283	43,222	5,750	20	5	23,460	5,433	1,432	14,223	12,862	117,690
Cash and cash equivalents	1,825	12,644	434	3,229	114	109	–	998	–	1,525	20,878
Trade and other payables	(34,434)	(3,467)	(110)	(48,821)	(3,740)	(624)	–	(1,581)	(1,204)	(9,307)	(103,288)
Financial liabilities	(105,038)	–	–	–	–	–	–	–	–	–	(105,038)
Forward exchange contracts held	–	2,377	–	36,553	4,464	–	–	–	–	–	43,394
Loans to joint ventures	–	–	2,646	–	–	–	–	–	–	–	2,646
	(126,364)	54,776	8,720	(9,019)	843	22,945	5,433	849	13,019	5,080	(23,718)
Sensitivity analysis – income statement	12,636	(5,478)	(607)	902	(84)	(2,295)	(543)	(85)	(1,302)	(508)	2,636
Sensitivity analysis – equity	–	–	(265)	–	–	–	–	–	–	–	(265)
2015											
Trade and other receivables	10,883	49,368	4,122	1,643	24	–	7,481	2,946	9,465	7,768	93,700
Cash and cash equivalents	3,758	13,445	5,633	10,277	283	1,255	–	589	–	503	35,743
Trade and other payables	(34,005)	(20,550)	(49)	(74,636)	(1,877)	(3)	–	(2,109)	(250)	(12,311)	(145,790)
Financial liabilities	(86,059)	–	–	–	–	–	–	–	–	–	(86,059)
Forward exchange contracts held	–	–	–	30,223	1,960	–	–	–	–	–	32,183
Loans to joint ventures	–	–	2,847	–	–	–	–	–	–	–	2,847
	(105,423)	42,263	12,553	(32,493)	390	1,252	7,481	1,426	9,215	(4,040)	(67,376)
Sensitivity analysis – income statement	10,542	(4,226)	(971)	3,249	(39)	(125)	(748)	(143)	(922)	404	7,021
Sensitivity analysis – equity	–	–	(285)	–	–	–	–	–	–	–	(285)

	2016			2015		
	US dollars $'000	Australian dollars $'000	Total $'000	US dollars $'000	Australian dollars $'000	Total $'000
Company						
Cash and cash equivalents	4	–	4	6	–	6
Sensitivity analysis	*	–	*	*	–	*

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis

A 10% weakening of Singapore dollars against the above currencies at 31 March would have increased/ (decreased) equity and profit or loss by the amounts shown above. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

Recognised assets and liabilities

The net fair value of forward exchange contracts used as economic hedges of monetary assets and liabilities in foreign currencies as at 31 March 2016 is $666,000 (2015: $37,000), of which $Nil (2015: $382,000) and $666,000 (2015: $345,000) have been recognised as fair value derivative assets and liabilities respectively.

Interest rate risk

Risk management policy

The Group's interest rate risk is managed on an on-going basis with the objective to limit the extent to which the Group's results could be affected by an adverse movement in interest rate. The Group's cash balances are placed with reputable banks. For financing obtained through borrowings and finance lease arrangements, the Group's policy is to obtain the most favourable interest rates available. Where necessary, the Group will use derivative financial instruments to hedge the interest rate risks or to convert borrowings from floating rates to fixed rates.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Company's interest-bearing financial instruments as reported to the management, was as follows:

	Group		Company	
	Carrying amount		Carrying amount	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Variable rate instruments				
Fixed deposits	29,631	490	4,000	–
Financial liabilities	(332,471)	(292,780)	(89,442)	(100,460)
	(302,840)	(292,290)	(85,442)	(100,460)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Fair value sensitivity analysis for variable rate instruments

A change of 100 bp in interest rate at the reporting date would have (decreased)/increased equity and profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax	
	100 bp increase $'000	100 bp decrease $'000
Group		
2016		
Variable rate instruments	(3,028)	3,028
2015		
Variable rate instruments	(2,923)	2,923
Company		
2016		
Variable rate instruments	(854)	854
2015		
Variable rate instruments	(1,005)	1,005

Recognised assets and liabilities

The fair value of interest rate swaps used as economic hedges as at 31 March 2016 is $Nil (2015: $11,000) which has been recognised as fair value derivative liabilities.

The fair value of interest rate swaps designated as hedging instruments in cash flow hedges as at 31 March 2016 is $124,000 (2015: $383,000) which has been recognised as fair value derivative liabilities (2015: derivative assets).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial assets/ (liabilities) at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 March 2016										
Financial asset measured at fair value										
Available-for-sale equity securities	–	1,044	–	–	–	1,044			1,044	1,044
Financial assets not measured at fair value										
Cash and cash equivalents	130,702	–	–	–	–	130,702				
Trade and other receivables	209,597	–	–	–	–	209,597				
Available-for-sale equity securities	–	84	–	–	–	84				
	340,299	84	–	–	–	340,383				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	–	–	–	(124)	–	(124)		(124)		(124)
Other forward exchange contracts	–	–	–	–	(666)	(666)		(666)		(666)
	–	–	–	(124)	(666)	(790)				
Financial liabilities not measured at fair value										
Secured bank loans	–	–	(97,491)	–	–	(97,491)		(94,326)		(94,326)
Unsecured bank loans	–	–	(239,235)	–	–	(239,235)		(237,322)		(237,322)
Finance lease liabilities	–	–	(110,383)	–	–	(110,383)		(110,383)		(110,383)
Notes payable	–	–	(98,041)	–	–	(98,041)		(98,012)		(98,012)
Trade and other payables	–	–	(154,386)	–	–	(154,386)				
	–	–	(699,536)	–	–	(699,536)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial assets/ (liabilities) at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
31 March 2015										
Financial asset measured at fair value										
Interest rate swaps used for hedging	–	–	–	383	–	383		383		383
Other forward exchange contracts	–	–	–	–	382	382		382		382
Available-for-sale equity securities	–	714	–	–	–	714			714	714
	–	714	–	383	382	1,479				
Financial assets not measured at fair value										
Cash and cash equivalents	93,266	–	–	–	–	93,266				
Trade and other receivables	192,933	–	–	–	–	192,933				
Available-for-sale equity securities	–	84	–	–	–	84				
	286,199	84	–	–	–	286,283				
Financial liabilities measured at fair value										
Other interest rate swaps	–	–	–	–	(11)	(11)		(11)		(11)
Other forward exchange contracts	–	–	–	–	(345)	(345)		(345)		(345)
	–	–	–	–	(356)	(356)				
Financial liabilities not measured at fair value										
Secured bank loans	–	–	(116,515)	–	–	(116,515)		(116,019)		(116,019)
Unsecured bank loans	–	–	(181,627)	–	–	(181,627)		(181,773)		(181,773)
Finance lease liabilities	–	–	(159,046)	–	–	(159,046)		(159,046)		(159,046)
Notes payable	–	–	(99,348)	–	–	(99,348)		(98,098)		(98,098)
Trade and other payables	–	–	(194,871)	–	–	(194,871)				
	–	–	(751,407)	–	–	(751,407)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial liabilities at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 March 2016										
Financial asset measured at fair value										
Available-for-sale equity securities	–	1,044	–	–	–	1,044			1,044	1,044
Financial assets not measured at fair value										
Cash and cash equivalents	5,007	–	–	–	–	5,007				
Trade and other receivables	228,766	–	–	–	–	228,766				
	233,773	–	–	–	–	233,773				
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	–	–	–	(124)	–	(124)		(124)		(124)
Financial liabilities not measured at fair value										
Unsecured bank loans	–	–	(89,442)	–	–	(89,442)		(87,550)		(87,550)
Intra-group financial liabilities	–	–	(2,256)	–	–	(2,256)		(2,256)		(2,256)
Notes payable	–	–	(98,041)	–	–	(98,041)		(98,012)		(98,012)
Trade and other payables	–	–	(64,751)	–	–	(64,751)				
	–	–	(254,490)	–	–	(254,490)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Carrying amount						Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Hedging instruments $'000	Financial liabilities at fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company										
31 March 2015										
Financial asset measured at fair value										
Interest rate swaps used for hedging	–	–	–	383	–	383		383		383
Available-for-sale equity securities	–	714	–	–	–	714			714	714
	–	714	–	383	–	1,097				
Financial assets not measured at fair value										
Cash and cash equivalents	891	–	–	–	–	891				
Trade and other receivables	169,024	–	–	–	–	169,024				
	169,915	–	–	–	–	169,915				
Financial liabilities measured at fair value										
Other interest rate swaps	–	–	–	–	(10)	(10)		(10)		(10)
Financial liabilities not measured at fair value										
Unsecured bank loans	–	–	(100,460)	–	–	(100,460)		(100,460)		(100,460)
Intra-group financial liabilities	–	–	(7,084)	–	–	(7,084)		(7,084)		(7,084)
Notes payable	–	–	(99,348)	–	–	(99,348)		(98,098)		(98,098)
Trade and other payables	–	–	(3,427)	–	–	(3,427)				
	–	–	(210,319)	–	–	(210,319)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

27 FINANCIAL INSTRUMENTS (CONT'D)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Foreign exchange contracts and interest rate swaps	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable
Available-for-sale equity securities	Valuation provided by fund managers based on non-observable data.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Financial liabilities*	Discounted cash flows	Not applicable

* Financial liabilities include secured and unsecured bank loans and finance lease liabilities.

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

28 OPERATING SEGMENTS

(a) Business segments

The Group has four reportable segments as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they are located in different geographical areas and require different marketing strategies. For each of the strategic business unit, the Group's chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Crane rental:	The rental income of cranes.
Tower crane rental:	The rental income of tower cranes.
General equipment rental:	The rental income of other construction equipment.
Distribution:	The sale of cranes and other construction equipment, spare parts, and provision of other ancillary services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment (loss)/profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Crane rental $'000	Tower crane rental $'000	General equipment rental $'000	Distribution $'000	Total $'000
2016					
Revenue and expenses					
Total revenue from external customers	188,456	93,605	44,409	201,758	528,228
Inter-segment revenue	16,400	9,277	–	44,716	70,393
Total revenue	204,856	102,882	44,409	246,474	598,621
Results					
Interest income	335	53	44	147	579
Depreciation expense	(45,733)	(19,232)	(11,516)	(4,079)	(80,560)
Amortisation expense	(201)	(65)	(129)	(266)	(661)
Reportable segment (loss)/profit	872	6,722	(3,099)	(855)	3,640
Finance expense	(7,173)	(4,823)	(1,417)	(1,735)	(15,148)
Share of results of associates (net of tax)	773	–	–	(384)	389
Share of results of joint ventures (net of tax)	(394)	–	–	(143)	(537)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

28 OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

	Crane rental $'000	Tower crane rental $'000	General equipment rental $'000	Distribution $'000	Total $'000
2016					
Other material non-cash items:					
– Allowance made for receivables	(1,924)	(2,728)	(218)	(1,174)	(6,044)
– Allowance made for inventories	–	–	–	(1,110)	(1,110)
- Impairment loss on property, plant and equipment	(5,502)	–	–	–	(5,502)
– Impairment loss on remeasurement of assets held for sale	(885)	–	–	–	(885)
– Impairment loss on intangible assets	(9,735)	–	(6,602)	–	(16,337)
– Gain on disposal of property, plant and equipment	26,413	338	2,974	3,329	33,054
Other segment information					
Reportable segment assets	618,235	351,897	58,070	285,631	1,313,833
Investment in associates	21,596	–	–	22,479	44,075
Investment in joint ventures	1,710	–	–	2,172	3,882
	23,306	–	–	24,651	47,957
Capital expenditure	16,198	26,169	6,510	1,409	50,286
Reportable segment liabilities	54,925	33,296	6,958	72,531	167,710
2015					
Revenue and expenses					
Total revenue from external customers	237,623	96,645	55,922	218,407	608,597
Inter-segment revenue	22,430	11,521	–	56,969	90,920
Total revenue	260,053	108,166	55,922	275,376	699,517
Results					
Interest income	320	80	40	54	494
Depreciation expense	(49,821)	(19,391)	(16,963)	(3,285)	(89,460)
Amortisation expense	(158)	(57)	(80)	(73)	(368)
Reportable segment profit/(loss)	45,520	22,130	(19,061)	4,396	52,985
Finance expense	(10,185)	(4,528)	(2,615)	(1,860)	(19,188)
Share of results of associates (net of tax)	1,465	–	–	3,159	4,624
Share of results of joint ventures (net of tax)	17	–	–	(231)	(214)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

28 OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

	Crane rental $'000	Tower crane rental $'000	General equipment rental $'000	Distribution $'000	Total $'000
2015					
Other material non-cash items:					
– Allowance made for receivables	(2,991)	(447)	(88)	(2,671)	(6,197)
– Allowance made for inventories	–	–	–	(4,728)	(4,728)
- Impairment loss on property, plant and equipment	(8,385)	–	–	–	(8,385)
– Impairment loss on intangible assets	(22,447)	–	–	–	(22,447)
– Gain/(Loss) on disposal of property, plant and equipment	15,989	(233)	2,995	2,784	21,535
– Gain on disposal of an associate	–	–	–	151	151
– Gain on disposal of subsidiaries	4,810	–	–	13	4,823
Other segment information					
Reportable segment assets	677,765	362,277	74,819	304,684	1,419,545
Investment in associates	21,187	–	–	37,678	58,865
Investment in joint ventures	2,184	–	–	2,380	4,564
	23,371	–	–	40,058	63,429
Capital expenditure	45,829	36,243	13,369	7,524	102,965
Reportable segment liabilities	38,274	31,534	4,924	131,497	206,229

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

28 OPERATING SEGMENTS (CONT'D)

(a) Business segments (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2016 $'000	2015 $'000
Revenues		
Total revenue for reportable segments	598,621	699,517
Elimination of inter-segment revenue	(70,393)	(90,920)
Consolidated revenue	528,228	608,597
Profit or loss		
Total profit or loss for reportable segment	3,640	52,985
Adjustment for inter-segment profits	2,701	(6,454)
Unallocated amounts:		
– Other corporate expenses	(44,092)	(32,584)
Share of results of associates (net of tax)	389	4,624
Share of results of joint ventures (net of tax)	(537)	(214)
Consolidated (loss)/profit before income tax	(37,899)	18,357
Assets		
Total assets for reportable segment	1,313,833	1,419,545
Investment in associates	44,075	58,865
Investment in joint ventures	3,882	4,564
Other unallocated assets	9,300	14,191
Consolidated total assets	1,371,090	1,497,165
Liabilities		
Total liabilities for reportable segment	167,710	206,229
Other unallocated liabilities	573,697	589,536
Consolidated total liabilities	741,407	795,765

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

28 OPERATING SEGMENTS (CONT'D)

(b) Geographical information

	Singapore $'000	Australia $'000	People's Republic of China $'000	Other countries $'000	Consolidated $'000
2016					
Total revenue from external customers	95,510	237,705	93,605	101,408	528,228
Non-current assets*	284,954	204,697	256,078	111,089	856,818
2015					
Total revenue from external customers	105,593	281,471	96,645	124,888	608,597
Non-current assets*	320,364	257,579	300,019	128,312	1,006,274

* Non-current assets exclude deferred tax assets.

(c) Major customers

There are no major customers who solely account for 10% or more of the Group's revenue.

29 COMMITMENTS – GROUP

Operating lease commitments

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2016 $'000	2015 $'000
Within 1 year	15,357	15,434
Between 1 and 5 years	28,845	29,809
More than 5 years	41,791	37,117
	85,993	82,360

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

29 COMMITMENTS – GROUP (CONT'D)

Operating lease commitments (cont'd)

The Group leases motor vehicles and a number of premises for production, warehouse and office purposes under operating leases. The leases typically run for an initial period of two to thirty-nine years, with options to renew the leases after that date. Lease payments are subject to increases annually to reflect market rentals. None of the leases includes contingent rentals.

Leases as lessor

The Group leases out its plant and machinery (refer to note 4). The future minimum lease payments under non-cancellable lease are as follows:

	2016 $'000	2015 $'000
Within 1 year	37,539	57,681
Between 1 and 5 years	2,634	3,702
More than 5 years	–	3,185
	40,173	64,568
Capital commitments		
Contracted for but not provided for	1,625	8,664

30 NON-CONTROLLING INTERESTS

The following summarises the financial information of each of the Group's subsidiaries with non-controlling interests (NCI).

Name of subsidiaries	Principal places of business/ Country of incorporation	Effective equity interest held by non-controlling interests 2016 %	 2015 %
Load Controls Systems Pte Ltd	Singapore	30	30
Peng Koon Heavy Machinery Pte Ltd	Singapore	30	30
Tat Hong Offshore and Marine Services Pte Ltd	Singapore	50	50
Leadpoint Pte Ltd	Singapore	30	30
PT Tatindo HeavyEquipment	Indonesia	5	5

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

30 NON-CONTROLLING INTERESTS (CONT'D)

Name of subsidiaries	Principal places of business/ Country of incorporation	Effective equity interest held by non-controlling interests	
		2016 %	2015 %
Tat Hong (V.N.) Pte Ltd and its subsidiary:	Singapore	30	30
Tat Hong Vietnam Co., Ltd	Vietnam	30	30
Tat Hong Equipment (China) Pte Ltd and its subsidiaries:	Singapore	12	12
TH Straits 2015 Pte. Ltd.	Singapore	12	–
Beijing Tat Hong Zhaomao Equipment Rental Co. Ltd	People's Republic of China	12	12
Si Chuan Tat Hong Yuanzheng Machinery Construction Co., Ltd.	People's Republic of China	38	38
Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co. Ltd	People's Republic of China	12	12
Tat Hong Equipment Service Co., Ltd.	Cayman Islands	18	12
Shanghai Tat Hong Equipment Rental Co., Ltd.	People's Republic of China	18	13
Tat Hong Zhaomao Investment Co., Ltd	People's Republic of China	18	12
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd	People's Republic of China	18	27
Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd	People's Republic of China	18	12
Jiangsu Hengxingmao Financial Leasing Co., Ltd.	People's Republic of China	18	12
Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd	People's Republic of China	18	12

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

30 NON-CONTROLLING INTERESTS (CONT'D)

The following summarises the financial information of each of the Group's subsidiaries with material NCI, based on their respective financial statements, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Tat Hong Offshore and Marine Services Pte Ltd $'000	Tat Hong Equipment China and its subsidiaries $'000	Other individually immaterial subsidiaries $'000	Total $'000
2016				
Revenue	13,562	93,622	14,996	
Profit/(Loss)	793	(1,155)	(9,115)	
Other comprehensive income	–	(9,852)	348	
Total comprehensive income	793	(11,007)	(8,767)	
Attributable to non-controlling interests:				
- Profit/(Loss)	397	(32)	(970)	(605)
- Other comprehensive income	–	(2,315)	(131)	(2,446)
- Total comprehensive income	397	(2,347)	(1,101)	(3,051)
Non-current assets	34,108	242,030	10,507	
Current assets	17,439	103,858	23,156	
Non-current liabilities	(6,593)	(52,727)	(536)	
Current liabilities	(17,472)	(120,366)	(27,891)	
Net assets	27,482	172,795	5,236	
Net assets attributable to non-controlling interests	13,574	26,781	3,627	43,982
Cash flows from operating activities	6,463	58,607	1,624	
Cash flows from/(used in) investing activities	7,827	(37,395)	8,377	
Cash flows used in financing activities	(5,958)	(39,519)	(2,808)	
Net increase/(decrease) in cash and cash equivalents	8,332	(18,307)	7,193	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

30 NON-CONTROLLING INTERESTS (CONT'D)

	Hup Hin Transport Co Pte Ltd and its subsidiaries $'000	Tat Hong Offshore and Marine Services Pte Ltd $'000	Tat Hong Equipment China and its subsidiaries $'000	Other individually immaterial subsidiaries $'000	Total $'000
2015					
Revenue	11,008	13,779	96,645	19,489	
Profit/(Loss)	1,415	(605)	11,820	(1,697)	
Other comprehensive income	–	–	13,774	952	
Total comprehensive income	1,415	(605)	25,594	(745)	
Attributable to non-controlling interests:					
- Profit/(Loss)	459	(302)	1,953	(178)	1,932
- Other comprehensive income	–	–	114	17	131
- **Total comprehensive income**	459	(302)	2,067	(161)	2,063
Non-current assets	–	47,931	271,915	23,076	
Current assets	–	3,924	108,347	28,864	
Non-current liabilities	–	(10,806)	(72,939)	(1,767)	
Current liabilities	–	(14,694)	(120,421)	(36,127)	
Net assets	–	26,355	186,902	14,046	
Net assets attributable to non-controlling interests	–	13,178	31,984	5,409	50,571
Cash flows from operating activities	–	5,552	46,902	3,507	
Cash flows used in investing activities	–	(3,979)	(55,390)	(2,887)	
Cash flows (used in)/from financing activities	–	(594)	24,492	(484)	
Net increase in cash and cash equivalents	–	979	16,004	136	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2016

31 SIGNIFICANT RELATED PARTY TRANSACTIONS – GROUP

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In addition to the related party information disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year as follows:

	2016 $'000	2015 $'000
Transactions with companies in which certain directors of the Company have substantial financial interests		
Rental income receivable	2,364	1,781
Sales	1,015	2,481
Purchases	594	9,571
Transactions with immediate and ultimate holding company		
Rental income receivable	118	141
Purchases	436	298
Transactions with associates of the Group		
Rental income receivable	1,006	987
Sales	1,163	60
Purchases	13,801	30,428
Hiring charges payable	293	11
Interest received	146	90
Transactions with joint ventures of the Group		
Rental income receivable	1,066	1,838
Sales	77	5,799
Purchases	26	30
Hiring charges payable	18	–
Interest received	115	248
Transactions with related parties		
Rental income receivable	6,643	8,754
Rental expense payable	603	337
	29,484	62,854

32 SUBSEQUENT EVENT

Subsequent to 31 March 2016, the Group entered into an agreement to dispose its entire interest in a subsidiary, Tat Hong Training Services Pte Ltd, to a key management personnel of the Group for a cash consideration of $410,000.

ANALYSIS OF SHAREHOLDINGS

As at 15 June 2016

SHAREHOLDINGS STATISTICS

No of Issued Shares	:	631,592,823
No of Treasury Shares Held	:	3,986,400
Class of shares	:	Ordinary shares
Voting rights	:	On a poll : 1 vote for each ordinary share

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	12	0.26	206	0.00
100 - 1,000	234	5.07	220,244	0.03
1,001 - 10,000	2,522	54.70	15,498,517	2.45
10,001 - 1,000,000	1,814	39.34	105,386,068	16.69
1,000,001 and above	29	0.63	510,487,788	80.83
TOTAL	4,611	100.00	631,592,823	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	%*	Deemed Interest	%*
Chwee Cheng & Sons Pte Ltd	222,176,160	35.40	34,563,000	5.51
Ng San Tiong Roland[1]	–	–	267,279,505	42.59
Ng Sun Ho Tony[1]	1,006,130	0.16	261,871,660	41.73
Ng San Wee David[1]	–	–	259,900,410	41.41
Ng Sun Giam Roger[1]	792,500	0.13	256,739,160	40.91
Ng Chwee Cheng	–	–	72,180,946	11.50
AIF Capital Machinery Investment Ltd	–	–	53,300,000[2]	8.49

* The percentage of shareholdings is computed based on the share capital of 627,606,423 shares which excludes 3,986,400 treasury shares.

Notes:

[1] Pursuant to the terms of a trust deed dated 29 July 1997 (as supplemented by a deed dated 12 October 1998) (the "Trust Deed"), Mr Ng San Tiong and his brothers, Messrs Ng Sun Ho Tony, Ng San Wee David and Ng Sun Giam Roger, are joint trustees of the Chwee Cheng Trust constituted under the Trust Deed and which owns approximately 42.03% of the issued share capital of Chwee Cheng & Sons Pte Ltd. Being Joint Trustees of the Chwee Cheng Trust, each of the Trustees, Messrs Ng San Tiong Roland, Ng Sun Ho Tony, Ng San We David and Ng Sun Giam Roger, is deemed to be interested in the 256,739,160 Shares held by Chwee Cheng & Sons Pte Ltd.

[2] Held through nominee banks.

ANALYSIS OF SHAREHOLDINGS

As at 15 June 2016

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 June 2016, approximately 33.08% of the Company's shares listed on the Singapore Exchange Securities Trading Limited was held by the public. Therefore the Company has complied with Rule 723 of the Listing Manual.

TOP 20 SHAREHOLDERS

S/No.	Name of Shareholder	No. of Shares	%*
1	Chwee Cheng & Sons Pte Ltd	222,176,160	35.40
2	Bank of Singapore Nominees Pte Ltd	81,000,578	12.91
3	Raffles Nominees (Pte) Ltd	47,556,061	7.58
4	Citibank Nominees Singapore Pte Ltd	44,537,408	7.10
5	HSBC (Singapore) Nominees Pte Ltd	21,032,662	3.35
6	CIMB Securities S) Pte Ltd	15,648,171	2.49
7	DBS Nominees Pte Ltd	13,191,523	2.10
8	Maybank Kim Eng Securities Pte Ltd	7,238,900	1.15
9	DBSN Services Pte Ltd	6,606,999	1.05
10	Phillip Securities Pte Ltd	6,339,300	1.01
11	OCBC Securities Private Ltd	5,318,329	0.85
12	Ng Sang Kuey	3,565,350	0.57
13	Hong Leong Finance Nominees Pte Ltd	3,347,700	0.53
14	UOB Kay Hian Pte Ltd	3,090,900	0.49
15	Ong Tiew Siam	2,799,500	0.45
16	Ng Sun Eng	2,778,328	0.44
17	DBS Vickers Securities (S) Pte Ltd	2,599,500	0.41
18	Starich Investments Pte Ltd	2,557,000	0.41
19	Ng Sun Hoe	2,332,065	0.37
20	Chua Beng Cheng	1,700,000	0.27
	TOTAL	495,416,434	78.93

* The percentage of shareholdings is computed based on the share capital of 627,606,423 shares which excludes 3,986,400 treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Tat Hong Holdings Ltd (the "**Company")** will be held at 11 Eunos Road 8, Lifelong Learning Institute, Level 1 Event Hall 1-1, Singapore 408601 on **28 July 2016** at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the year ended 31 March 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring by rotation pursuant to Article 113 of the Company's Constitution and who, being eligible, offer themselves for re-election, as a Director of the Company:
   Mr Ng San Tiong Roland **(Resolution 2)**
   Dr Leong Horn Kee **(Resolution 3)**
   Mr Tse Po Shing Andy **(Resolution 4)**
   [See Explanatory Note (i)]

3. To approve the payment of Directors' fees of S$383,733 for the year ended 31 March 2016 (previous year: S$470,000).
   [See Explanatory Note (ii)] **(Resolution 5)**

4. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company (excluding treasury shares) pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or;

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under the sub-paragraphs above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to issue shares under the Tat Hong Share Option Scheme 2006**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the Tat Hong Share Option Scheme 2006 (the "**Scheme 2006**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme 2006, whether granted during the subsistence of this authority or otherwise, provided always that the total aggregate number of additional ordinary shares to be issued pursuant to the Scheme 2006 and the Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 8)**

8. **Authority to issue shares under the Tat Hong Performance Shares Plan**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant awards under the Tat Hong Performance Shares Plan (the "**Share Plan**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Share Plan, whether granted during the subsistence of this authority or otherwise, provided always that the total aggregate number of additional ordinary shares to be issued pursuant to the Scheme 2006 and the Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 9)**

9. **Proposed Renewal of Shareholders' Mandate for Interested Person Transactions**

That:

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the SGX-ST Listing Manual), or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions particulars of which are set out in the appendix to this Notice of Annual General Meeting to Shareholders dated 12 July 2016 (the "**Appendix**"), with the Interested Persons as described in the Appendix, provided that such transactions are made on normal commercial terms in accordance with the guidelines and procedures for review and administration of Interested Person Transactions as described in the Appendix (the **"IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the SGX-ST Listing Manual which may be prescribed by SGX-ST from time to time; and

(d) the Directors of the Company be and are hereby authorised and empowered to complete and to do all such acts and things, and to approve, modify, ratify and execute such documents, acts and things as they may consider necessary, desirable or expedient to give effect to the Shareholders' IPT Mandate and this Resolution.
[See Explanatory Note (vi)] **(Resolution 10)**

10. **Proposed Renewal of Share Buyback Mandate**

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and such other laws and regulations as may for the time being be applicable, the exercise by the Directors of the Company ("**Directors**") to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined) at such price(s) as may be determined by the Directors in the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase ("**On-Market Share Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases ("**Off-Market Share Purchases**") if effected otherwise than on the SGX-ST in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the SGX-ST Listing Manual,

(the "**Share Buyback Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as treasury shares and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and the expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required to be held;

(ii) the date on which the share purchases are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked;

NOTICE OF ANNUAL GENERAL MEETING

(d) in this Ordinary Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of the passing of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased, means a purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 Market Days, on which the transactions in the Shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant 5-day period;

"**date of making of the offer**" means the day on which the Company announces its intention to make an offer for the purchases of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Prices calculated on the foregoing basis**)** for each Share and the relevant terms of the equal access scheme effecting the Off-Market Share Purchase; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing such documents as may be required) as they may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Ordinary Resolution.
[See explanatory note (vii)] **(Resolution 11)**

By Order of the Board

Jennie Hong Chok Hane / Ong Beng Hong
Joint Company Secretaries

Singapore
12 July 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Ng San Tiong Roland will, upon re-election, remain as the Managing Director of the Company, a member of the Nominating Committee and the Share Option/Performance Shares Plan Committee. Mr Ng's personal profile can be found on page 22 of the Annual Report 2016.

Dr Leong Horn Kee will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Board, the Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee, and will be considered independent. Dr Leong's personal profile can be found on page 22 of the Annual Report 2016.

Mr Tse Po Shing Andy will, upon re-election as Director of the Company, remain as a member of the Audit Committee and Risk Management Committee, and will be considered non-independent. Mr Tse's profile can be found on page 23 of the Annual Report 2016.

(ii) The Company will disregard any votes cast on this resolution by Non-Executive Directors who are eligible to be paid fees. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person who is entitled to vote, in accordance with the discretions on the proxy form to vote as the proxy decides provided that the person entitled to vote excludes any Non-Executive Director who is eligible to be paid fees.

Ordinary Resolutions 7 - 11, if passed will take effect from the 28 July 2016 until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier.

(iii) Ordinary Resolution 7, if passed, will empower the Directors of the Company to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to such persons as the Directors of the Company may in their absolute discretion deem fit.

The calculation of the aggregate number of shares that may be issued shall be based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

(iv) Ordinary Resolution 8, if passed, will empower the Directors of the Company to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme 2006 provided always that the total aggregate number of additional ordinary shares to be issued pursuant to the Scheme 2006 and the Share Plan does not exceed in total (for the entire duration of the Scheme 2006) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(v) Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue shares in the Company pursuant to the vesting of awards under the Share Plan provided always that the total aggregate number of additional ordinary shares to be issued pursuant to the Share Plan and the Scheme 2006 does not exceed in total (for the entire duration of the Share Plan) 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(vi) Ordinary Resolution 10, if passed, will allow the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Persons Transactions as defined in Chapter 9 of the SGX-ST Listing Manual. Please refer to the Appendix for details.

(vii) Ordinary Resolution 11, if passed, will authorise the Directors of the Company to acquire up to 10% of the total number of issued ordinary shares in the capital of the Company to be cancelled or held as treasury shares. Please refer to the Appendix for details.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointer is a corporation, the instrument of proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 82 Ubi Avenue 4 #05-01, Edward Boustead Centre, Singapore 408832 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal Privacy Protection

By submitting an instrument appointing a proxy(ies)/and/or representative(s) to attend, speak or vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company:

(i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis of proxies and representatives appointed for the Annual General Meeting (including adjournment thereof) and the preparation and compilation of the attendance lists, minute and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or services providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(ii) warrants that where the shareholder discloses the personal data of his proxy(ies) and/or representative(s) to the Company (or its agents or services providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the shareholder shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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TAT HONG HOLDINGS LTD

(Company Registration No. 199105392H)
(Incorporated in Singapore)

IMPORTANT

1. For investors who have used their Central Provident Fund ("CPF") monies to buy shares in the capital of Tat Hong Holdings Ltd, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We _____ (name)

of _____ (address) being a

member/members of Tat Hong Holdings Ltd (the "**Company**"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholding	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholding	
			No. of Shares	%

or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the Annual General Meeting (the "**AGM**") of the Company to be held at 11 Eunos 8, Lifelong Learning Institute, Level 1 Event Hall 1-1, Singapore 408601 on 28 July 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Ordinary Resolution	For	Against
1.	Director' Report and Audited Financial Statements for the year ended 31 March 2016		
2.	Re-election of Mr Ng San Tiong Roland as a Director		
3.	Re-election of Dr Leong Horn Kee as a Director		
4.	Re-election of Mr Tse Po Shing Andy as a Director		
5.	Approval of Directors' fees amounting to S$383,733 for the financial year ended 31 March 2016		
6.	Re-appointment of Messrs KPMG LLP as Auditors		
7.	Authority to allot and issue new Shares		
8.	Authority to allot and issue Shares under the Tat Hong Share Option Scheme 2006		
9.	Authority to allot and issue Shares under the Tat Hong Performance Shares Plan		
10.	Renewal of Mandate for Interested Person Transactions		
11.	Renewal of Share Buyback Mandate		

Dated this _____ day of _____ 2016

Total number of Shares held:	
(a) Depository Register	
(b) Register of Shareholders	

_____
Signature(s) of Member(s)
or Common Seal of Corporate Member

* **IMPORTANT: PLEASE READ NOTES OVERLEAF**

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in 81SF of Securities and Futures Act (Chapter 289) of Singapore or any statutory modification thereof, as the case may be),, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert the number of Shares. If you have Shares registered in your name in the Depository and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. The submission of an instrument or form appointing a proxy by a Shareholder of the Company does not preclude him from attending and voting in person at the AGM, if he is able to do so. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 82 Ubi Avenue 4, #05-01, Edward Boustead Centre, Singapore 408832, not less than 48 hours before the time set for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time set for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

10. A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.

PERSONAL PRIVACY PROTECTION

By submitting an instrument appointing a proxy(ies)/and/or representative(s) to attend, speak or vote at the Annual General Meeting and/or any adjournment thereof, a shareholder of the Company:

(i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis of proxies and representatives appointed for the Annual General Meeting (including adjournment thereof) and the preparation and compilation of the attendance lists, minute and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or services providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");

(ii) warrants that where the shareholder discloses the personal data of his proxy(ies) and/or representative(s) to the Company (or its agents or services providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the shareholder shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Artist Extraordinaire – Glenn Phua

The artistic illustrations used in this Annual Report are the works of an extraordinarily talented artist Glenn Phua, who is the son of our long-time staff, Kelvin Phua.

Such is Glenn's talent that his beautiful illustrations have been gifted upon dignitaries, both foreign and local, including PM Lee Hsien Loong, Chinese President Xi Jinping, Pope Francis, among others.

Tat Hong celebrates the talents and successes of its staff and their children and would like to share the special talent of Glenn through our Annual Report.



Kelvin and Glenn (both left) with the rest of the Phua family.



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