

ANNUAL REPORT 2015

CONSOLIDATING
OUR STRENGTHS

TAT HONG HOLDINGS LTD



OUR EXTENSIVE FOOTPRINT 8

GROUP STRUCTURE 9

CHAIRMAN'S MESSAGE 10

DIALOGUE WITH THE GROUP CEO 13

OPERATIONS AND FINANCIAL REVIEW 16

FINANCIAL HIGHLIGHTS 20

5-YEAR FINANCIAL SUMMARY 22

CRANE FLEET SIZE 23

BOARD OF DIRECTORS 24

KEY MANAGEMENT 28

INVESTOR RELATIONS 30

CORPORATE RESPONSIBILITY 32

KEY MILESTONES 38

CORPORATE INFORMATION 40

CORPORATE GOVERNANCE 41

FINANCIAL CONTENTS 55

TAT HONG HOLDINGS LTD ("TAT HONG")

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



We are the largest crane owning company in the Asia-Pacific region with a fleet of more than 1,500 crawler, mobile and tower cranes.[1]

Established in Singapore in the 1970s as a supplier of cranes and heavy equipment, Tat Hong's operations have grown across the region covering Singapore, Australia, China, Malaysia, Thailand, Hong Kong, Vietnam, Indonesia, Myanmar and Papua New Guinea. The Group has four core businesses – crane rental, tower crane rental, general equipment rental and distribution.

In Asia, we have successfully leveraged our extensive crane fleet and vast experience in providing lifting solutions to establish ourselves as the leading name in the crane rental, heavy lift, heavy haulage and equipment sales business.

Through our wholly-owned Australian subsidiary, Tutt Bryant Group Limited, we have a leading position in Australia in crane hire and heavy haulage, general plant and equipment hire and equipment sale and distribution.

We have also aggressively expanded our tower crane rental business in China and are currently one of the largest tower crane rental companies in the country,[2] with a market reach that spans across 29 provinces.

1 Source: International Cranes, IC50 Ranking, June 2014
2 Source: Cranes Today, Fleet File, October 2014


TAT HONG



REFINING

OUR MOVES

To keep up in today's ever-changing economy, one must learn to evolve with changing times. Like a chess player who constantly adapts his tactics to secure success, we will likewise strive to continually refine our strategies and execute effective moves to enhance our business operations.





TARGETING

OUR GOALS

At Tat Hong, we remain steadfast in our pursuit of long-term growth. Led by a committed management team, we are focused on consolidating our capabilities, reinventing our advantages and strengthening our internal structure, thereby enabling us to stay ahead in the industry.



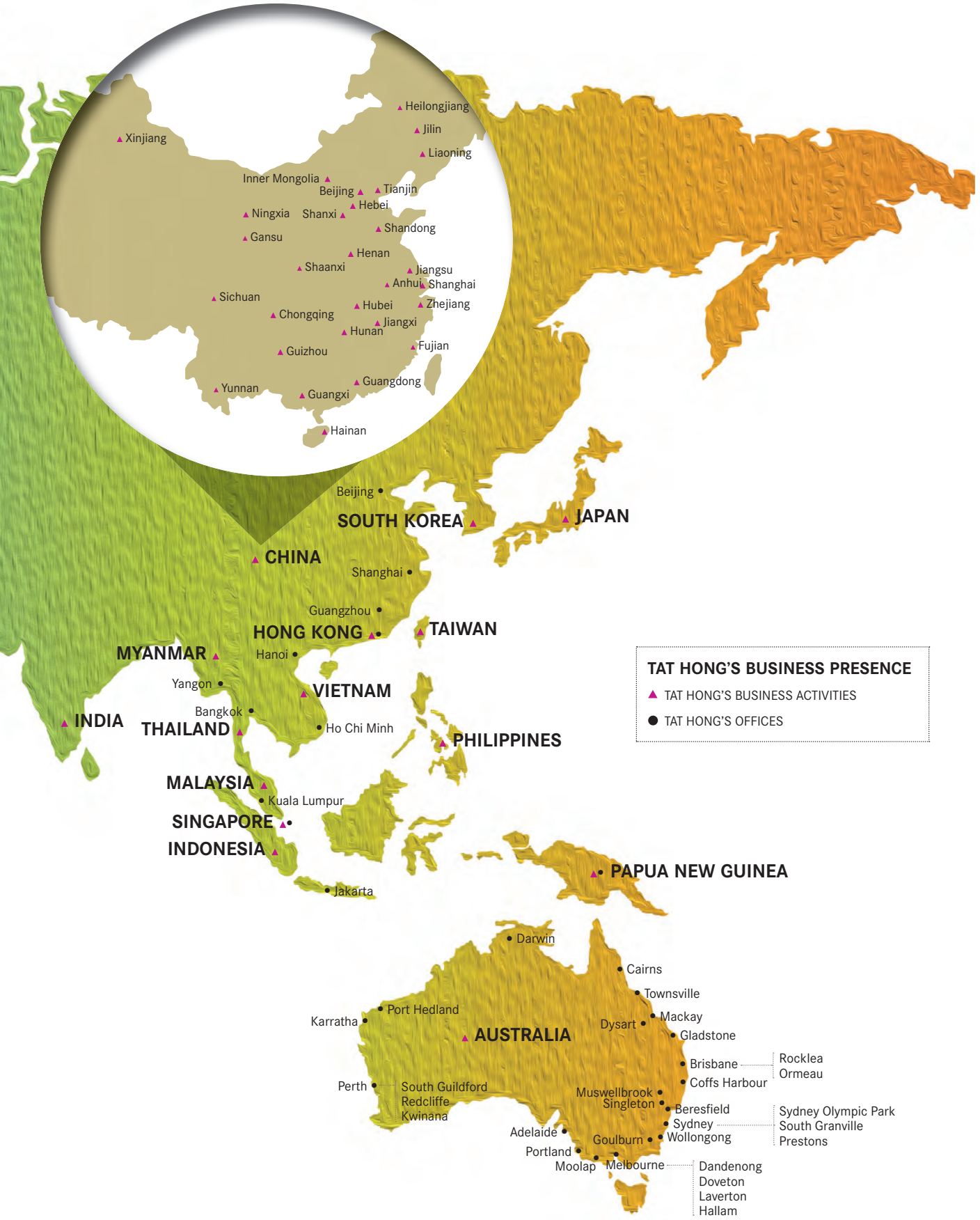


MOULDING

OUR FUTURE

The cornerstone of our stability has always been our people. Moving forward, we will continue to work together and drive synergies between staff, customers and business partners in order to deliver resilient results to our stakeholders.

OUR EXTENSIVE FOOTPRINT



GROUP STRUCTURE

KEY OPERATING 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 Training Services Pte Ltd
100%

Tat Hong United Logistics Pte Ltd
100%

Tat Hong Heavylift Pte Ltd
100%

Load Controls Systems Pte Ltd
70%

Peng Koon Heavy Machinery Pte Ltd
70%

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 Heavy Equipment
95%

PT Tat Hong HeavyEquipment Indonesia
100%

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%

T.B.F Oceania Pty Ltd
50%

Office Cleaning Services Pty Ltd
100%

North Sheridan Pty Ltd
100%

Kingston Industries Pty Ltd
100%

PAPUA NEW GUINEA

Tat Hong (PNG) Limited
50%

CHINA

Shanghai Tat Hong Equipment Rental Co., Ltd
87%

China Nuclear Huaxing TatHong Machinery Construction Co., Ltd
73%

Jiangsu Zhongjian TatHong Machinery Construction Co., Ltd
88%

Jiangsu Hengxingmao Financial Leasing Co., Ltd
88%

Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co., Ltd
88%

Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd
88%

Tat Hong Zhaomao Investment Co., Ltd
88%

Distribution & Crane Rental
Subsidiaries
Associates
Joint Ventures

General Equipment Rental

Tower Crane Rental

DEAR SHAREHOLDERS

It has been another challenging year for Tat Hong when global economic growth remained in the doldrums and uncertainties abound. Amidst prevailing challenges, the Group ended FY2015 with an 11% decline in revenue. Group net profit attributable to shareholders tumbled 85% to S$4.9 million, caused by one-off non-cash impairments of S$30.8 million by our wholly-owned Australian subsidiary group – Tutt Bryant Group. Excluding these non-cash impairments, Group net profit would have been S$35.7 million, about the same level as the previous financial year.

CREDIBLE PERFORMANCE AMIDST CHALLENGES

During the year under review, the influx of excess equipment from the region and Europe into Singapore coupled with the slowdown in the construction sector resulted in utilisation and pricing pressures for our crane rental operations and reduced demand for our distribution business. The better crane rental performance in Malaysia was insufficient to offset the poorer performance in Singapore. Whilst Hong Kong and Thailand turned in stable performance, trading conditions in Australia remained difficult throughout the year. Our tower crane rental business continued to perform well on the back of firm demand and long-term contracts in the infrastructure, power generation and large commercial building sectors in the People's Republic of China. As a result, Group revenue fell 11% to S$608.6 million.

The fall in revenue coupled with increased provisioning for stock obsolescence as well as crane repositioning costs in Australia led to a 14% decline in gross profit to S$212.1 million. Whilst the Group's other income increased 23% to S$34.5 million, primarily from the disposal of non-core businesses and properties, and foreign exchange gains, the S$30.8 million non-cash impairment charge by Tutt Bryant Group eroded these positives resulting in the Group ending the year with a profit before tax of S$18.4 million and a profit after tax and minority interests (PATMI) of S$4.9 million, 62% and 85% lower than FY2014 respectively.

RIGHT SIZING OUR OPERATIONS

During the year under review, we trimmed our crawler and mobile crane fleet to 647 units, primarily through the divestment of a subsidiary Hup Hin Transport. The reduction in fleet size is well-timed as it eases fleet utilisation pressure at a time when the construction sector in Singapore is facing a slowdown.

Our tower crane rental business in China added 25 tower cranes to meet demand and at 31 March 2015, has 934 tower cranes in its fleet.

The Group will continue to be prudent in its equipment purchases to ensure we have an optimal fleet size given the uncertainties in many of the markets that we operate in.



PRUDENT CAPITAL MANAGEMENT

During the year, the Group divested non-core business and assets and in the process monetised S$89.1 million. The Group achieved free cash flow of S$115.1 million in FY2015 from strong cash flows from operations, reduced capital expenditure and better working capital management.

The strong positive cash flow from operations and proceeds from the divestments funded the net repayment of loans and other financial obligations totaling S$63.1 million, deleveraged the balance sheet and reduced net gearing to 0.77 times from 0.87 times a year earlier.

DIVIDENDS

The Board is pleased to recommend a final dividend of 1.0 Singapore cent for shareholders' approval at the forthcoming Annual General Meeting to be held on 29 July 2015. If approved by shareholders, total dividend for FY2014 would amount to 1.5 Singapore cents, including 0.5 Singapore cent interim dividend paid out on 9 December 2014.

MOVING FORWARD

We expect the challenges faced last year to continue into FY2016 as uncertainty continues to beleaguer the world economy. However, we are confident that the Group

will be able to navigate the choppy waters and acquit itself. With a strong business franchise across the major markets in Asia and in Australia and our deep experience in the crane rental business, the Group has significant strengths to withstand the turbulence ahead.

Whilst the macro environment is beyond our means to manage, we can however keep our house in order, rid ourselves of inefficiencies and consolidate our strengths to move forward. FY2016 will be the year that we return to fundamentals and by doing so, I believe that we can overcome the difficulties ahead and emerge as a stronger Tat Hong.

ACKNOWLEDGEMENTS

Our executive director Mr David Ng stepped down from the Board on 23 June 2015 and on behalf of the Board and management, I would like to thank him for his many years of service on the Board of Tat Hong. David will remain in a senior executive role in one of our subsidiaries, Tat Hong HeavyEquipment (Pte.) Ltd.

I wish to thank particularly my fellow colleagues on the Board of Tat Hong for their invaluable advice and counsel in the many years they have been on the board. Equally, my deep appreciation also goes to the staff and management who have pressed on with unflagging dedication and hard work.

To all our stakeholders and shareholders, we record our deep appreciation for their continued support all these years.

A FOND FAREWELL

It has been a great privilege for me to serve on the Board of Tat Hong since 1997. I have seen the Group grow in the many good years as there were also difficult years. Notwithstanding the swing in fortunes, our company has continued to be the leading crane rental company in Asia-Pacific.

With advancing age, it is time for me to say a fond farewell to one and all as I will not be seeking re-election at the forthcoming AGM.

I have found it tremendously fulfilling serving on the Board of Tat Hong for the past 18 years and I hope that I have, on my part, contributed to the growth of Tat Hong. I would like to thank my fellow colleagues on the Board of Tat Hong as well as the management and staff for all the assistance and co-operation extended to me during my tenure.

Best wishes and good fortune to Tat Hong.

TAN CHOK KIAN
Non-Executive and Independent Chairman

23 June 2015

DIALOGUE WITH THE GROUP CEO



The Australian market has been in the doldrums since FY2014. Would you like to comment on the Group's business in Australia and the outlook going forward?

There was a 7% decline in revenue contribution from our Australia subsidiary group, TBG, in FY2015 compared to FY2014. The impact on its profitability arose from the S$30.8 million non-cash impairment charges. Excluding such impairments and one-off gains from sale of assets, TBG recorded an improvement in operating profits, albeit from a low base. This was attributable to the continued discipline in cost containment by TBG's management.

Going forward, I expect TBG's performance to be stable and we do not expect any significant improvements. The challenges we faced in Australia are linked to macro-economic factors such as the overall economic weakness, the lack of investments in the resources sector, lack of public spending on urban infrastructure, etc. There is nothing much Tat Hong can do to stimulate demand but we can and will continue to watch our costs and improve our services.

Revenue contribution from Singapore has seen a decline of 35%. What are the reasons for such a drastic decline?

Both our crane rental and distribution businesses in Singapore were weaker in FY2015. We have recently seen excess equipment from overseas coming into the local market competing directly with our distribution business and reducing the overall demand for crane rental. This, together with new market entrants, expansion by existing players and a slowdown in the construction sector, have resulted in price and utilisation pressures for our crane rental business and weak demand for our distribution business.

We are fortunate to have an extensive regional footprint for our crane rental business and our overseas operations in Southeast Asia continued to perform well together with a relatively stable but muted underlying performance from Australia. As a result, crane rental revenue as a whole fell only 9%. On the other hand, our distribution business was further impacted by the down-sizing of our excavator distribution business in Indonesia as well as weaker performance in Australia which resulted in a 18% decline in distribution revenue for FY2015.

Is the decline in Distribution revenue a cyclical occurrence or do you foresee a permanent downward trend for this line of business?

Going forward, we should see a progressive decline in the percentage contribution from the Distribution division to total Group revenue as it is our intention to scale down our excavator sales business in Indonesia whilst at the same time, grow our crane rental operations across various markets and tower crane rental operations in China. However, the distribution of cranes out of Singapore to the region and the multi-brand multi-equipment distribution business in Australia will continue to be important to the Group as these businesses are synergistic with and complementary to our crane rental and general equipment rental businesses.

As doing business in Singapore is getting more and more challenging, would you consider reducing your Singapore operations and diverting resources to grow your overseas crane rental business?

It is getting increasingly challenging in Singapore because on the one hand, we face increasing competition in a market that is trending down and on the other hand, we have costs of doing business which are trending up. However, Singapore is our home market even though about 80% of our revenues are derived from our overseas operations.

While we continue to grow our overseas business, Singapore will still remain important to the Group because we are a homegrown company with our International Headquarters here where there are many advantages of doing business and directing the growth of the Group's business.

You mentioned competition. What is being done to address this?

If you are in a good sustainable and profitable business, you can always expect competition. And competition is not necessarily a bad thing as it drives market players to continuously improve themselves. In facing up to competition, it is also important to ensure that long-term goals are not sacrificed in the pursuit of short-term results.

We have been in this business in Singapore since the 1970s and our Australian subsidiary, Tutt Bryant has more than 75 years of business history. We have therefore accumulated a vast store of experience and expertise in crane operations and the best way we can rise above our competitors is to leverage our expertise and experience to provide better services in terms of timeliness, safety and quality.

What was the rationale behind the Group's accelerated disposal programme in FY2015?

Since three years ago, we implemented a programme to derive greater efficiency from our capital deployment. The programme entailed looking to replacing some of the properties in Singapore where the leases were running out and to secure cheaper alternative sites in Malaysia. We commenced to dispose our older properties when the replacement sites became ready for use in FY2015. The sale and leaseback of our properties in Australia was part of this overall plan, and so was the divestment of non-core businesses and unproductive assets as I had told management in FY2014 that we needed to be a leaner Group because times

are uncertain and we have to trim some fat in order to run a longer race.

I am glad to see that our management team has worked hard and helped to realise almost S$90.0 million cash from divestments and pared down debt, resulting in a much stronger balance sheet. I firmly believe that cash flow management is very important and thus I am happy to report that the Group has achieved a positive free cash flow of S$115.1 million for FY2015 as a result of our prudent working capital management.

What will be your focus for FY2016?

Right-sizing. I think that in some areas we need to grow such as our tower crane rental business in China. However, in other areas, we need to trim down. We have started this right-sizing exercise already last year in Australia where we have taken action in reducing our fleet, disposing some properties and co-locating our equipment distribution and general equipment rental operations to save cost. We have also disposed our non-core investments and property assets to unlock value in FY2015. However, I believe there's more to be done and we will continue to look at ways to achieve an optimum size for our operations.

Would you like to elaborate on the Group's plans for growing the tower crane rental business in China?

Our tower crane rental business in China has shown consistent growth in the past few years and even though there is a slowdown in building and construction activities in some sectors, such as the residential and commercial sectors, growth prospects are still very good. There is still a strong pipeline of infrastructure projects such as rail, airport as well as power generation projects, all of which are driven by government spending.

To capitalise on the growth opportunities would require heavy capital commitments. Thus, to accelerate the growth of our tower crane rental business, we have plans to spin-off this business possibly by way of a listing. This way, the tower crane rental business can directly access more funding options for its growth and expansion.

The theme of the Annual Report is Consolidating. Does it mean that the Group will not be making any acquisitions this year?

We are not totally closed to the idea of acquisitions or investments for growth. Should there be a compelling investment proposition, we will certainly look at it. But the world is an uncertain place today and given the many challenges facing Tat Hong at this point in time, I would rather management concentrate on getting our business right and ensuring that we are able to bring the company to its next lap of growth rather than focusing our attention on an acquisitive or expansionary programme. FY2016 will be a time to consolidate our strengths and improve our operations which will position the Group for the long-run.

How would you describe the Group's prospects for FY2016?

The next 12 months will continue to be challenging as we do not see a significant improvement in our Australia businesses, our largest revenue contributor, in the immediate future. As the resources sector is in the doldrums, what could help our business there would be government spending on urban infrastructure but as yet, the Australian government has not announced many major projects. The Singapore market is shrinking due to the slowdown in the construction sector, though there are still infrastructure projects. However, competition is getting tougher and we have to watch our costs. Elsewhere in the region prospects for our crane rental business appear encouraging whilst our tower crane rental business in China will continue its growth momentum.

Amidst challenging market conditions, Tat Hong posted an 11% decline in revenue to S$608.6 million whilst operating profit (excluding impairment charges) remained flat at S$35.7 million comparable to the net profit achieved in FY2014. Profit after tax and minority interests (PATMI) dipped 85% to S$4.9 million due to non-cash goodwill and asset impairment charges of S$30.8 million taken by the Group's Australian subsidiaries.

FINANCIAL PERFORMANCE IN FY2015

Reflecting the weak market conditions in Australia and Singapore, which together account for more than 60% of the Group's business, total revenue fell 11% to S$608.6 million. Weaker performances were posted by all divisions except the Tower Crane Rental division.

The lower revenue led to a 14% decline in gross profit to S$212.1 million from S$245.7 million in FY2014, yielding a gross profit margin of 34.8% compared with 35.9% a year earlier. The slight decrease in gross profit margin arose from lower utilisation rates in both the Crane Rental and Tower Crane Rental divisions, higher provisions for stock obsolescence in the Distribution division and non-recoverable crane re-positioning costs incurred in Australia.

The Group's other operating income increased 23% to S$34.5 million primarily from gains from the disposal of properties in Australia and Singapore, disposal of equipment as well as the divestment of the Group's non-core subsidiaries, Hup Hin Transport and Tat Hong Flo-Line, and an associate, Kian Ho Bearings. In comparison, FY2014 results had included a gain of S$13.0 million from the disposal of purchase rights for a plot of land in Iskandar, Malaysia. The Group also benefited from a foreign exchange gain of S$12.0 million from a weaker Japanese Yen and stronger Renminbi and US Dollar against the Singapore Dollar, compared with a net foreign exchange loss of S$8.4 million recorded in FY2014.

Total operating expenses increased marginally by 1% to S$206.7 million from S$204.8 million due to goodwill and asset impairment charges of S$30.8 million. The goodwill impairment accounting charge relates to a subsidiary in the General Equipment Rental division - North Sheridan Pty Ltd, which was acquired in 2006 at a substantial premium over net asset value. This business was negatively affected in the past two years as a result of the general economic malaise in Australia and a fair value assessment of the business resulted in the need to account for S$20.4 million in goodwill impairment. The asset impairment charges of S$10.4 million relate primarily to the specialised transport units in Australia.

Excluding the impairment charges, operating expenses fell 13% to S$175.9 million arising from cost savings from the disposal of non-core subsidiaries, lower activity levels and better cost management by entities in ASEAN and Australia in the areas of staff costs and repair and maintenance expenses.

The divestment of an associate and weaker performance from the Group's joint ventures resulted in a 19% decline in contribution from associates and joint ventures, to S$4.4 million compared with S$5.4 million a year earlier.

Resulting from the foregoing, the Group's profit before tax fell 62% to S$18.4 million whilst PATMI declined 85% to S$4.9 million. Excluding the non-cash impairment charges and on a comparable basis, net operating profit after tax for FY2015 was S$35.7 million, similar to that achieved in FY2014.

SEGMENTAL REVIEW

Crane Rental

The Crane Rental division saw a 9% fall in revenue to S$237.6 million as higher revenues from Malaysia and from barge rental activities were insufficient to compensate for the decline in contribution from Singapore where revenue was impacted by the completion of projects and the disposal of a subsidiary. Revenue contribution from Malaysia improved on the back of participation in higher value infrastructure and industrial projects such as the Sabah Ammonia and Urea Plant and the fabrication of structures for the Wheatstone LNG project. Thailand and Hong Kong posted similar revenues as the year before from continued participation in long-term projects such as the Bengkruai Power Plant and the EPC project for Ichthys LNG facilities in the former, and the Wan Chai Bypass and the Hong Kong-Macau-Zhuhai Bridge projects in the latter. Revenue contribution from Australia was also stable from continued deployment of its cranes in long-term LNG projects such as the Gorgon, Ichthys and Wheatstone projects.

Gross profit margin from the Crane Rental division fell marginally by 1% point to 53.0% primarily due to the decline in revenue as well as non-recoverable crane re-positioning costs in Australia.

As at 31 March 2015, the Group's fleet of crawler and mobile cranes comprised 647 units, 36 units fewer than the previous year due to the disposal of a subsidiary and asset disposals. Utilisation rate on 31 March 2015 was 57% compared with 65% on 31 March 2014 due mainly to the construction slowdown in Singapore and the completion of projects.

Tower Crane Rental

Backed by continued demand from the power generation, infrastructure, industrial and commercial sectors, the Tower Crane Rental division continued to perform well and chalked up an 8% increase in revenue to S$96.6 million. Even though the building momentum is facing a slowdown in some sectors in the People's Republic of China, our tower crane rental business continued to see good demand for its services as the sectors it serves, largely power generation and infrastructure sectors, are driven by government spending.

Gross profit margin for the Tower Crane Rental division fell 1.4% points to 25.8% due to higher costs associated with operating a larger fleet and lower utilisation rates.

At 31 March 2015, the Group's fleet of tower cranes comprised 934 units, an increase of 25 units over the previous year. Group's tower crane fleet enjoyed a healthy utilisation rate of 70% as at 31 March 2015 which is lower than the 78% recorded at 31 March 2014 due to the completion of projects and the time lag in redeploying the returned cranes to new projects.

General Equipment Rental

The General Equipment Rental division was adversely affected by the overall weak economic conditions in Australia, lower public spending, the lack of infrastructure projects and pricing pressure. As a result, it recorded a 17% slide in revenue to S$55.9 million from S$67.5 million a year ago.

Pricing pressure and low utilisation resulted in a margin compression to 47.3% in FY2015 compared with the margin of 50.3% achieved a year earlier.

Distribution

Revenue contribution from the Distribution division fell 18% to S$218.4 million from S$267.0 million posted a year earlier. The fall in revenue contribution was attributable to lower sales of cranes in Singapore and to overseas markets such as Malaysia and Europe. Australia also recorded lower equipment sales due to weak demand. Meanwhile, the Group continued to downsize its excavator sales business in Indonesia which further exacerbated the decline in revenues.

Gross profit margin for the division fell by 1.7% percentage points to 15.9% primarily due to an increase of S$5.0 million in provisions for stock obsolescence.

UNLOCKING VALUE

Concerted efforts to unlock value from the Group's non-core assets which commenced in FY2014 continued into FY2015. In total, the Group realised proceeds of S$89.1 million from its divestment programme during the year under review.

Two non-core subsidiaries, 70%-owned Hup Hin Transport Pte Ltd, which provides lorry transport and mobile crane rental services, and 60%-owned Tat Hong Flo-Line Pte Ltd, whose principal activities are in the remanufacturing, repair and testing of hydraulic components were divested for a consideration of S$20.9 million and S$1.5 million, respectively. The Group also divested its entire 31.3% stake in listed company, Kian Ho Bearings Ltd, a stockist and retailer of all kinds of bearings, seals and power transmission belts, raising total proceeds of S$17.2 million.

The major asset disposals comprised four properties in Australia which were disposed on a sale and leaseback basis and a property at 18 Sungei Kadut Avenue in Singapore which has a remaining lease of seven and a half years. These raised a total of S$31.7 million. Disposal of equipment contributed to the balance of the disposal proceeds.

EFFICIENT CAPITAL MANAGEMENT

Proceeds from the divestment programme were utilised to repay loans and other financial obligations. As a result, net gearing was reduced to 0.77 times at 31 March 2015 compared with 0.87 times a year ago while cash and cash equivalents increased to S$93.3 million from S$58.6 million.

In addition to de-levering the balance sheet, the Group also termed out it loans resulting in a more balanced debt maturity profile that reflects the long useful lives of the crane assets. Previously, the Group's debt maturity profile was skewed towards short-term loans due to a heavy reliance on hire purchase loans which are usually of 3-year tenor. The Group has since expanded its sources of funds to include a S$100 million 5-year notes which was issued in FY2014 as well as a S$100 syndicated 5-year term loan obtained during the year under review. These facilities enabled the Group to achieve a more balanced debt maturity profile and to term out its loan repayments up to FY2020.

CASH FLOWS AND LIQUIDITY

The Group enjoyed strong cash flows from operations in FY2015 of S$141.6 million, S$62.6 million more than the S$79.0 million achieved in FY2014. The improvement arose primarily from better working capital management and lower income taxes. The improved net cash from operations, together with reduced capital expenditure, resulted in free cash flow generated of S$115.1 million.

Net cash inflows from investing activities totalled S$14.5 million in FY2015, compared with net cash outflows of S$103.5 million. The improvement was primarily the result of reduced purchases of property, plant and equipment which declined S$62.8 million to S$78.0 million, increased proceeds from the disposals of non-core assets and businesses of S$45.7 million as well as the repayment of a S$5.6 million loan by a joint venture.

Net cash outflows from financing activities totalled S$113.9 million compared with cash inflows of S$17.0 million in FY2014. Cash outflows comprised mainly of the repayment of trust receipts of S$30.2 million, net repayment of finance leases of S$60.2 million, the redemption of 11.7 million convertible redeemable preference shares at S$13.5 million as well as dividend and interest payments of S$35.7 million. Cash inflow comprised mainly of net proceeds from bank loans of S$27.3 million.

STRONGER BALANCE SHEET

Total equity attributable to shareholders fell to S$650.8 million as at 31 March 2015 from S$675.5 million a year earlier due primarily to the reduction in share capital from the redemption of the convertible redeemable preference shares, the depreciation of the Australian Dollar which impacted the Group's currency translation reserve and dividends declared.

Non-current assets decreased to S$1.0 billion from S$1.1 billion a year ago due primarily to the disposal of subsidiaries and an associate, net foreign exchange translation loss, depreciation and asset impairments, partially offset by equipment purchases, reclassification of inventory into plant, property and equipment as well as the capitalisation of building construction costs. Current assets rose to S$485.1 million from S$473.7 million a year earlier due primarily to an increase in cash and cash equivalents, partially offset by lower receivables due to the decline in revenues.

Total financial liabilities (current and non-current) comprising fixed-rate notes, bank loans and finance leases fell to S$556.5 million as at 31 March 2015, from S$578.3 million as at 31 March 2014, primarily from the net repayment of financial obligations. This, together with lower deferred tax liabilities and trade and other payables but higher current tax payables, brought total liabilities down to S$795.8 million as at 31 March 2015 from S$846.5 million a year ago.

DIVISIONAL OUTLOOK

While demand remains positive in certain markets for the Crane Rental division, weakness in the Singapore and Australia markets will impact performance from this division.

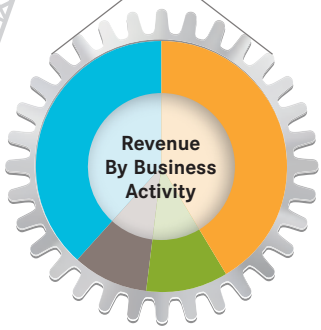
The Tower Crane Rental division is expected to maintain its growth momentum in FY2016 with its strong base of on-going projects and new opportunities in the building, infrastructure, transport and power generation sectors in the People's Republic of China.

The General Equipment Rental division is expected to turn in a lacklustre performance due to the slow recovery of the Australian construction sector.

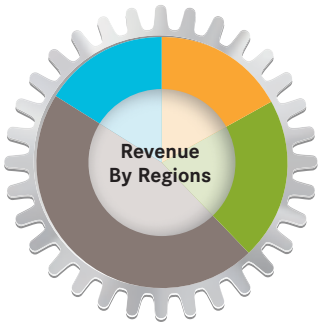
Trading conditions for the Distribution division are expected to continue to be challenging due to the generally weak demand for heavy equipment in the region, coupled with the weak Australian economy.

The economic and sector outlooks for the Group's key markets are expected to remain challenging.

FINANCIAL HIGHLIGHTS



Crane Rental 39%
Tower Crane Rental 16%
General Equipment Rental 9%
Distribution 36%

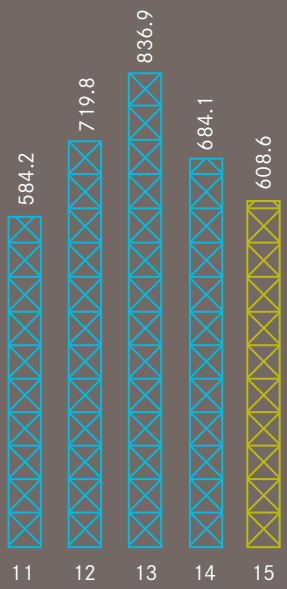


Singapore 17%
Southeast Asia 21%
Australia 46%
China 16%

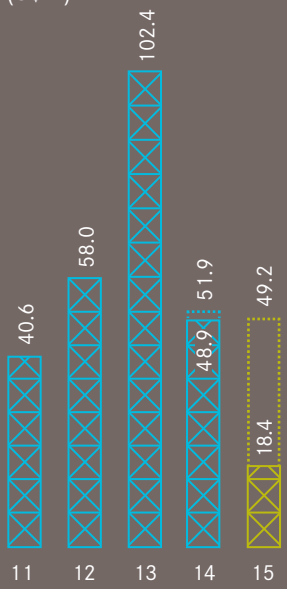


Crane Rental 59%
Tower Crane Rental 12%
General Equipment Rental 13%
Distribution 16%

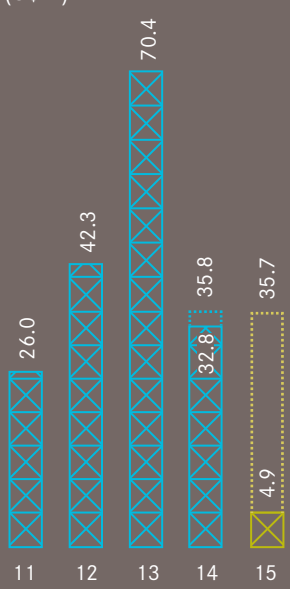
Turnover
(S$m)



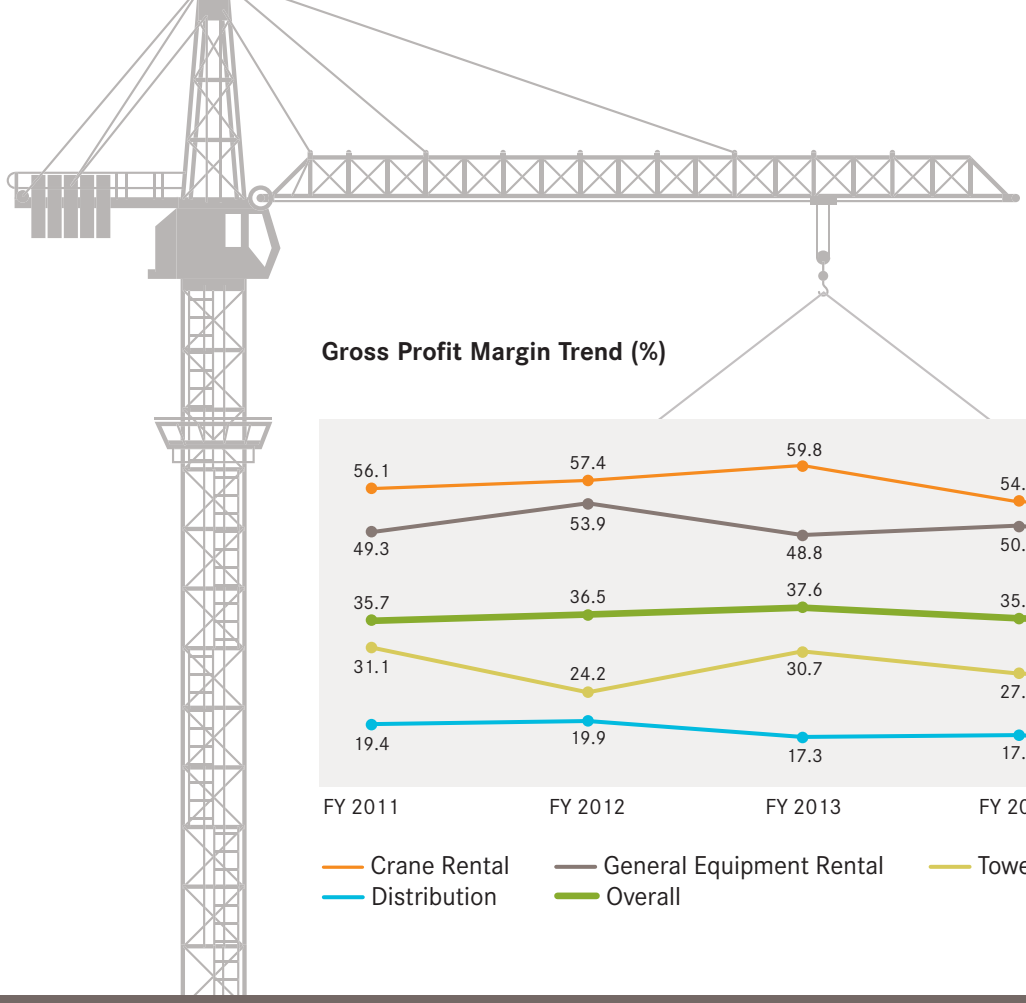
Profit Before Taxation
(S$m)



Net Profit Attributable to Shareholders
(S$m)

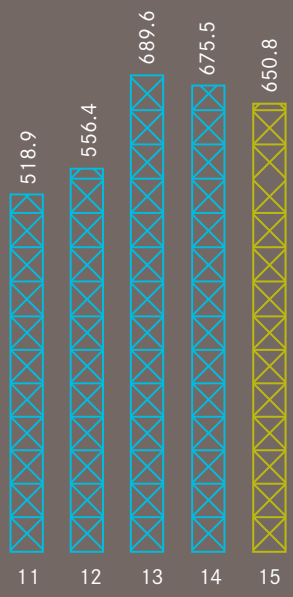


— Excluding one-off non-cash impairments of S$3.0m
--- Excluding one-off non-cash impairments of S$30.8m

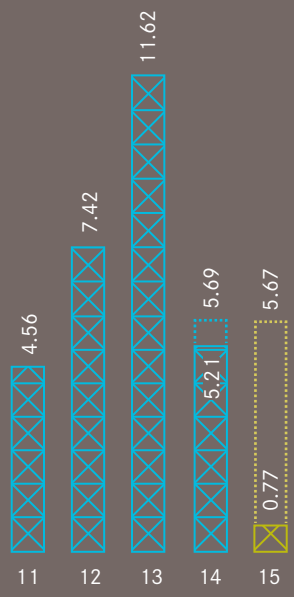


Gross Profit Margin Trend (%)

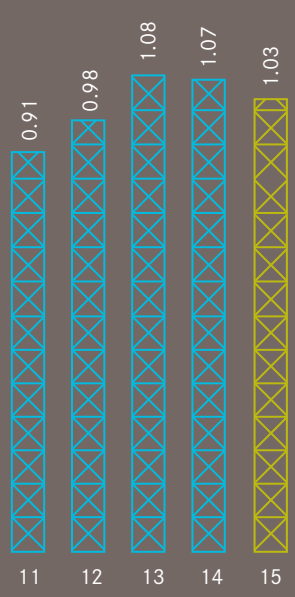
Shareholders' Equity
(S$m)



Earnings Per Share
(Singapore cents)



NAV Per Share
(S$)



Excluding one-off non-cash impairments of S$3.0m
Excluding one-off non-cash impairments of S$30.8m

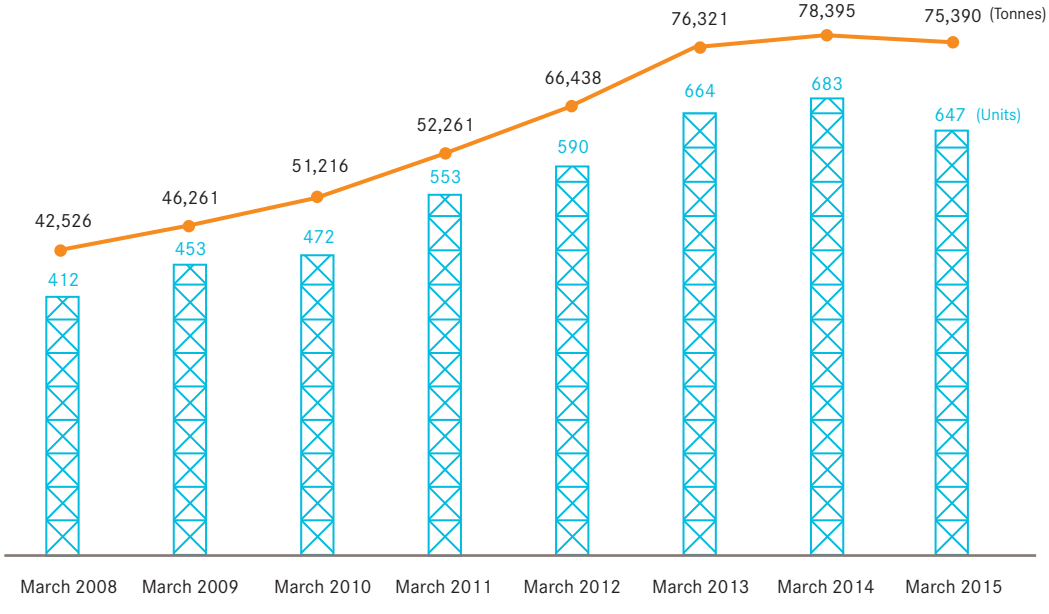
5-YEAR FINANCIAL SUMMARY

	FY2015	FY2014	FY2013	FY2012	FY2011
Financial Highlights (S$m)					
Revenue	**608.6**	684.1	836.9	719.8	584.2
Gross profit	**212.1**	245.7	314.9	263.0	208.5
Profit before tax	**18.4**	48.9	102.4	58.0	40.6
Profit before tax (excluding one-off impairments)	**49.2**	51.9	102.4	58.0	40.6
Net profit attributable to shareholders	**4.9**	32.8	70.4	42.3	26.0
Net profit attributable to shareholders (excluding one-off impairments)	**35.7**	35.8	70.4	42.3	26.0
Balance Sheet (S$m)					
Property, plant and equipment	**919.3**	975.4	905.4	765.5	623.6
Inventories	**186.5**	186.3	193.7	234.2	200.8
Cash and cash equivalents	**93.3**	58.6	68.8	76.8	61.8
Debtors	**204.7**	230.8	250.0	184.8	145.4
Shareholders' equity	**650.8**	675.5	689.6	556.4	518.9
Financial ratios					
Earnings per share (Singapore cents)	**0.77**	5.21	11.62	7.42	4.56
Earnings per share excluding one-off impairments (Singapore cents)	**5.67**	5.69	11.62	7.42	4.56
Net asset value per share (S$)	**1.03**	1.07	1.08	0.98	0.91
Return on equity (%)	**0.7**	4.9	10.2	7.6	5.0
Return on equity (excluding one-off impairments) (%)	**5.3**	5.3	10.2	7.6	5.0
Net gearing (times)	**0.77**	0.87	0.71	0.79	0.75
Interest cover (times)	**5.0**	5.7	8.3	6.7	6.9

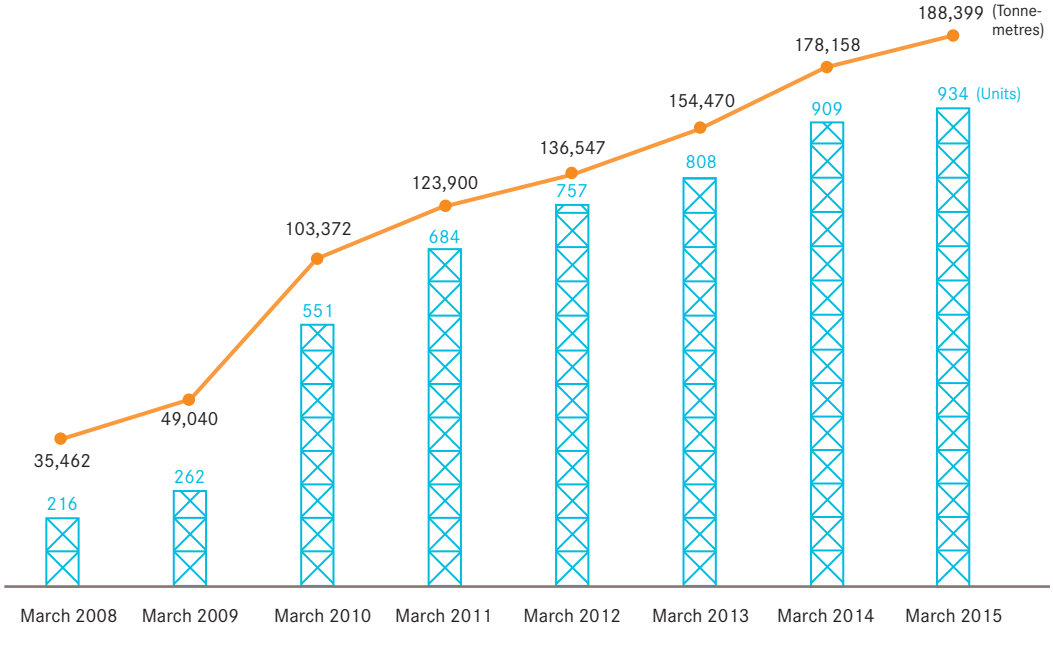
The number of ordinary shares used in the computation of EPS and NAV per share for FY2014 has been adjusted retrospectively to account for the redemption of 11.7 million convertible redeemable preference shares in FY2015

CRANE FLEET SIZE

Growth in Crawler/Mobile Crane Fleet



Growth in Tower Crane Fleet





MR ONG TIEW SIAM

MR NG SUN HO TONY

MR MAK LYE MUN

DR LEONG HORN KEE

MR LOW SEOW JUAN



MR NG SANG KUEY MICHAEL

MR NG SAN TIONG ROLAND

MR TAN CHOK KIAN

MR TSE PO SHING ANDY

MR TAN CHOK KIAN
Non-Executive and Independent Chairman

Mr Tan Chok Kian was appointed as a Non-Executive Chairman on 29 July 1997 and was last re-appointed as an Independent Chairman on 25 July 2014. As the Chairman of the Board, Mr Tan approves the Group's overall policies and strategic plans. In addition, he is also the Chairman of the Nominating Committee. Mr Tan has served in various senior appointments in the Singapore civil service from 1956 until his retirement in 1986 including the positions of Permanent Secretary in the Ministry of Finance and other Ministries. He also served as the Chairman of the Central Provident Fund Board, Director-General of Nanyang University and Chairman of the Post Office Savings Bank of Singapore.

Current directorships in other listed companies: Nil

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 some 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.

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

DR LEONG HORN KEE
Non-Executive and Independent Director

Dr Leong Horn Kee was appointed as a Non-Executive Director on 19 January 2001 and was last re-appointed as an Independent Director on 26 July 2013. He is the Chairman of CapitalCorp Partners Pte Ltd, a boutique financial advisory firm. Dr Leong has experience in 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. Dr Leong is currently Singapore's Non-Resident High Commissioner to Cyprus and a member of the Securities Industry Council. 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, MBA from INSEAD, France as well as a Master in Business Research and a Doctorate in Business Administration from University of Western Australia.

Current directorships in other listed companies: Amtek Limited, IGG Inc, Wilmar International Ltd.

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

MR LOW SEOW JUAN
Non-Executive and Independent Director

Mr Low Seow Juan was appointed as a Non-Executive Director on 25 January 2006 and was last re-appointed as an Independent Director on 27 July 2012. 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, Australia.

Current directorships in other listed companies: Amtek Engineering Limited.

MR MAK LYE MUN
Non-Executive and Independent Director

Mr Mak Lye Mun was appointed as a Non-Executive Director on 1 June 2005 and was

last re-appointed as an Independent Director on 25 July 2014. He is the Country Head and CEO of CIMB Bank Singapore. In addition to these roles, his portfolio was further expanded in 2013 to include the oversight of CIMB Group's Private Banking business within the region. He is also a Non-Executive Director of CIMB Securities Pte Ltd, CIMB Securities International Pte Ltd and Boardroom Limited. He 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. Mr Mak is a qualified Chartered Financial Analyst.

Current directorships in other listed companies: Boardroom Limited.

MR NG SUN HO TONY
Deputy Managing Director

Mr Tony Ng joined the Group in 1975. He was appointed as an Executive Director on 2 November 1991 and was last re-appointed on 27 July 2012. Mr Ng is the Group's Deputy Managing Director and also holds the position of CEO ASEAN I and is responsible for the Group's operations in Singapore (Crane Rental), Indonesia, Vietnam and Papua New Guinea. He has more than 35 years of experience in the heavy equipment and plant hire businesses.

Besides managing the Group's business portfolio in Singapore and the region, Mr Ng is also responsible for identifying and exploring new business opportunities and markets for the Group. He has built and maintained strong relationships with key heavy equipment manufacturers.

Current directorships in other listed companies: Nil

MR NG SANG KUEY MICHAEL
Executive Director

Mr Michael Ng joined the Group in 1977 and was appointed as an Executive Director on 1 October 1996. He was last re-appointed on 25 July 2014. Together with the Deputy Managing Director, Mr Ng oversees the Group's extensive Asia (ex-China) businesses and operations portfolio with a focus on Malaysia, Thailand, Hong Kong and Batam. He is also responsible for the offshore and marine business segments as well sales and purchasing functions for the Singapore office. Mr Ng has spent most of his working years in the heavy equipment industry, especially in the cranes sector, and has built strong relationships and network with clients, major suppliers and crane manufacturers.

Current directorships in other listed companies: Nil

MR ONG TIEW SIAM
Non-Executive and Independent Director

Mr Ong Tiew Siam was appointed as a Non-Executive Director on 1 September 1999 and was last re-appointed as an Independent Director on 27 July 2012. He has more than 34 years of experience in finance, accounting and administration in various industries. He is a fellow member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors. He also sits on the board of several SGX-listed companies. Mr Ong holds a Bachelor of Commerce (Accountancy)(Honours) degree from the former Nanyang University.

Current directorships in other listed companies: Fung Choi Media Group Limited, Design Studio Group Ltd, Valuetronics Holdings Ltd.

MR TSE PO SHING ANDY
Non-Executive and Non-Independent Director

Mr Andy Tse joined the Board as a Non-Executive Director on 22 October 2009 and was last re-appointed as a Non-Independent Director on 29 July 2013. He is a Managing Director at AIF Capital Limited ("AIF Capital") and has accumulated some 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, Mr Tse worked with Hopewell Holdings Limited and was involved in the investment, development, financing, construction and operations of infrastructure projects amongst others. He holds a Bachelor of Science and MBA from the Chinese University of Hong Kong and is also a CFA charterholder.

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

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 LIONAL TSENG

Group Chief Financial Officer, Joint Company Secretary and Head Of Corporate

Mr Lional Tseng, CA, is the Group Chief Financial Officer, Joint Company Secretary and Head of Corporate. He has overall responsibility for the Group's financial and other corporate functions, including corporate finance, financial reporting, treasury management, taxation, risk management, corporate secretarial matters and investor relations.

Mr Tseng has more than 35 years of experience in corporate finance, tax and treasury management in diverse businesses including real estate development and construction, IT, architectural and engineering consulting, and international trading. He has held senior executive positions and directorships in large groups of companies and has undertaken major corporate financial and M & A transactions in Singapore, various ASEAN countries, India, China and USA.

Mr Tseng holds a Bachelor of Accountancy degree from the University of Singapore and sits on the boards of a number of Voluntary Welfare Organisations, chairs their audit committees and had also served as a member of the audit committee of a statutory board.

MR NG SUN HO TONY

CEO ASEAN I - Singapore (Crane Rental And Heavy Lift), Indonesia, Vietnam and Papua New Guinea

Mr Tony Ng is the CEO ASEAN I and is responsible for the Group's operations in Singapore (Crane Rental and Heavy Lift), Indonesia, Vietnam and Papua New Guinea.

Mr Ng maintains strong relationships with key heavy equipment manufacturers and through his network, explores and identifies new opportunities for the Group's expansion in the respective markets.

Mr Ng has more than 35 years' experience in the heavy equipment and plant hiring business.

MR NG SANG KUEY MICHAEL

CEO ASEAN II - Singapore (Distribution And Marine), Malaysia, Thailand and Hong Kong

Mr Michael Ng is the CEO ASEAN II and is responsible for overseeing the Group's operations in Singapore (Distribution and Marine), Malaysia, Batam, Thailand, and Hong Kong. In Singapore, Mr Ng is responsible for equipment sales, transportation and logistics as well as the offshore and marine segments. He also oversees the sales and purchasing functions for the Singapore office.

Mr Ng has spent most of his career in the heavy equipment industry, especially in the crane sector, and has built strong relationships and networks with clients, major equipment 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 an 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

Senior Vice President
Head Of Corporate - China

Mr Sean Yau is the Senior Vice President and Head of Corporate – 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).

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 assist the investing community in making informed decisions regarding their investments in the Company.

In addition, we hold regular dialogues with fund managers, analysts, media and shareholders to keep them abreast of developments within the Group and also to answer questions that stakeholders may have on the Group's performance and operations.

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 Group's website at: www.tathong.com/th_investor. Our website also contains comprehensive description of the Group's business and links to related information.

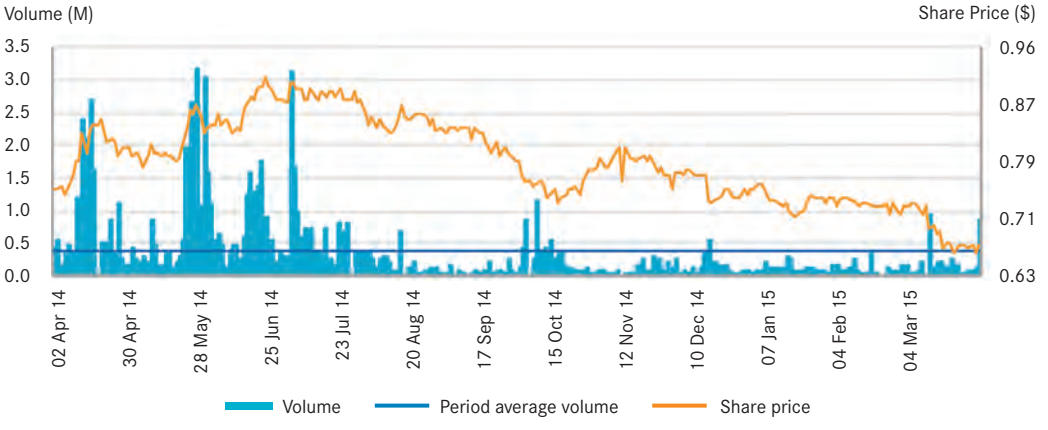
During the year under review, we met or spoke to about 100 institutional investors, analysts and journalists in one-on-one or group meetings or conference calls. The Group also conducted two results briefings during the year for the media and analysts following the release of the half-year and full year results.

A dedicated IR site is maintained on our 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 page so that shareholders and investors can contact the Group's investor relations staff directly. During Annual General Meetings, ample time is set aside for shareholders to ask questions or seek clarification from the management or the Board.

SHAREHOLDER RETURNS

We strive to offer shareholders a fair return on their investment in Tat Hong. We are proposing a total dividend of 1.5 Singapore cents per share for FY2015 comprising 0.5 Singapore cents interim dividend which was paid out on 9 December 2014 and 1.0 Singapore cent final dividend which is subject to shareholders' approval at the Annual General Meeting to be held on 29 July 2015.

Share Price Performance

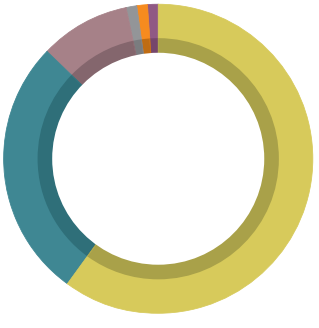


Tat Hong's shares traded between S$0.66 and S$0.91 during the period 1 April 2014 to 31 March 2015 with an average daily volume of 0.36 million shares.

Tat Hong's market capitalisation, based on its closing share price on 31 March 2015 of S$0.66, was S$478.7 million.

Ownership Distribution by Geography

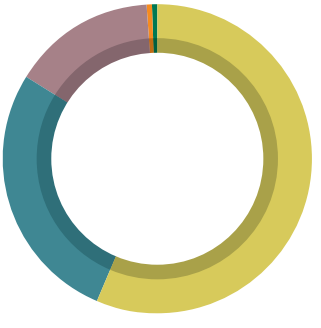
AS AT 31 MARCH 2015



Singapore	60.0%
Unidentified holdings	27.3%
Asia (ex Singapore)	9.4%
North America	1.3%
Rest of the world	1.0%
UK + Europe	1.0%

Distribution of Holdings by Types of Investors

AS AT 31 MARCH 2015



Chwee Cheng & Sons Pte Ltd and related parties	56.6%
Private Stakeholders	27.3%
Institutions	15.2%
Corporate Stakeholders	0.4%
Others	0.5%

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 main operating subsidiaries in Singapore* and wholly-owned subsidiary group in Australia, the Tutt Bryant Group (TBG), which together account for about 63% of the Group's total revenue in FY2015. All subsidiaries abide with Group policies and comply with the laws of their respective jurisdictions.

EMPLOYEES

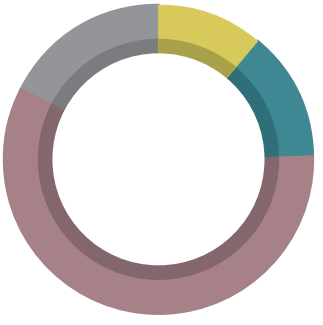
The Group has a strict policy against the hiring of child or forced labour and its HR practices, in particular the philosophy of fair employment and compliance with the labour laws, are practiced across all the geographical locations where the Group operates.

As an equal opportunity employer, the Group employs staff based on education, knowledge, skills, experience and competence. It does not discriminate against 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 85% : 15%. 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 has 4,240 employees as at 31 March 2015.

Distribution of Employees by Geography



Singapore	11.2%
Australia	13.4%
China	57.9%
Southeast Asia + Hong Kong	17.5%

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

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.

Our employees undergo various types of training. For the employees engaged in crane operations, vocational and supervisory skills training include on-the-job training and training conducted by third party service providers. Executives and managerial staff undergo training related to their jobs as well as those related to improving leadership and management skills.

In Singapore, a total of 264 employees (55% of the local workforce) attended various types of training. Total training costs for the year amounted to S$168,000 before government subsidies. A total of 446 training places, which translates into an average of approximately one training place per employee, were made available during the year for courses in construction safety, occupational health and safety, work at height, crane operations, cyber security, finance and accounting, risk management and other vocational courses.

In Australia about S$150,000 was spent on various types of training programmes including induction programmes, workshop and technical courses, formal qualifications and professional/executive development.

The Group also operates the Tat Hong Training Centre which conducts crane operations safety, quality management and related courses for our staff and for external parties.

Staff Welfare

In addition to fair wages, the employees also enjoy medical and other benefits that are in line with market practices in the country of operation. In Singapore, staff welfare is also promoted through the significantly subsidised Recreation Club which is run by employee representatives. During the 12-month reporting period, the Recreation Club organised a series of activities for the staff including a nature walk, a bowling tournament and a tour to Malaysia amongst other activities and staff volunteerism projects.

In Australia, TBG employees are provided with benefits including income protection insurance, employee assistance programme, employee discount scheme as well as free flu vaccination. Social clubs across TBG also organise activities for their respective employees.

Diverse activities were organised across the Group's operations in the area of staff welfare including promotion of healthy lifestyle, sports events, family days and celebration of local festivities, etc.



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 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, changes in work procedures, etc., 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.

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 risk management programme incorporates the philosophy and principles advocated within ISO 31000, its health and safety programme is developed within the AS/NZS 4801 and OHSAS 18001 standards and the environmental programme is consistent with the principles contained in ISO 14001. Work health safety and environment (WHSE) audits are also conducted annually.

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 business activities is 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 recognised auditors for meeting required safety and health standards

For effective management of WHSE issues in Australia, TBG has put in place the Safety, Risk and Claims Management solution, a software solution which captures WHSE data and ensures timely reporting of incidents to TBG management and compliance with legislative requirements. In addition, a comprehensive "Injury Management" software solution has also been implemented to improve management oversight of workers' compensation claims and enable early intervention in cases where injury management and workers' compensations are off-track.

During the year under review, our operations in Malaysia, Tat Hong Plant Hire Sdn Bhd received an award for "Excellence in HSE Performance" from Sapura Kencana Petroleum Berhad for our excellent services provided for the Wheatstone LNG Load-out Project.

Safety issues are continually emphasised in toolbox meetings in Singapore. Toolbox meetings for each workgroup are held on a daily basis and once a week for all workers of THPL and THHE. In addition to toolbox meetings, TBG also organises an annual safety week and the theme for FY2015 was "Getting Back to Basics" which sought to reinforce safety consciousness and safe practice across all aspects of its operations. During the week, all branches took time to review operations to make it safer for workers, identify hazards and implement or reassess control measures. The campaign also focused on communications ensuring that TBG's WHSE Policies have been communicated to everyone and that workers are aware of their HSE responsibilities. TBG has also implemented the "bullying and harassment program" across the Australian operations to protect its employees from workforce bullying and harassment.

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 those exposed to paint, solvent 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 hearing loss, skin irritation or dermatitis in both Singapore and Australia.

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. The incidents have been investigated, work procedures reviews and measures implemented to prevent recurrence. Improvements to work procedures have also been communicated during toolbox meetings.



Safety Statistics

	Singapore	Australia
Accident rate per million man hours worked	10.1	12.6
Total man days lost to accidents	289	502
Man days lost to accidents as a percentage of total man days worked	0.03%	0.34%

ENVIRONMENT

The Group is committed to managing its operations with the objective of minimising its impact on the environment.

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 comply with US Tier II, EU Stage II or Japan Tier II emission standards. In Australia, all equipment meet or exceed current emission standards.

TBG's operations in Australia are not subject to any particular or significant environment regulation under the Commonwealth or State legislation. To meet the general environmental obligations, TBG has in place a detailed environmental management system that is consistent with the requirements of the AS/NZS 14001.

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. 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 FY2015.

COMMUNITY

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

In Singapore, the Group supports various causes ranging from education, healthcare, the arts and care for the aged and the underprivileged through donations and sponsorships. In FY2015, the Group made donations and sponsorships totaling more than S$200,000 to non-profit organisations and charities such as ChildAid, Chung Hwa Medical Institution, Chinese Development and Assistance Council, Breast Cancer Foundation and NUS Business School Undergraduate Bursary.

Our overseas subsidiaries also played their part in contributing to the community in which they operate. TGB supported wide ranging causes in Australia through sponsorships and donations to schools, volunteer fire brigades, etc. Its employees also volunteer their time with various non-profit organsations such as local bush fire brigades and state emergency services. One of its subsidiaries also participated in a programme which provides employment to low level offenders on day release.

In China, donations of RMB30,000 were made to homes for the aged and poor children, in Malaysia, a donation of RM20,000 was made to flood victims whilst in Indonesia donations of Rp35 million were made to an orphanage and a mosque.

FREE GROCERIES PROJECT

In January 2014, Tat Hong initiated the bi-annual "Free Groceries" Corporate Social Responsibility (CSR) Project where the Company provides free groceries to needy families living in rented flats in Toa Payoh. In FY2015, we continued this tradition and helped more than 500 low-income families in Toa Payoh.

The two Free Groceries CSR events, the third and fourth such events, were held on 4 October 2014 for residents of Blocks 160 and 161 and on 7 February 2015 for residents of Blocks 53, 54 and 58 in Toa Payoh. On both occasions, residents were able to select $50 worth of groceries and daily necessities which were brought literally to the foot of the residents' flats for their selection. Such items included rice, sugar, noodles, milk, canned food, cooking oil, detergent, etc.

More than 100 staff members volunteered their time over the two Saturdays on which the Free Groceries events were held to help in organising the event and assist the residents in bringing their groceries home.

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





KEY MILESTONES

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

December
Acquired 70% stake in Hup Hin Transport Co Pte Ltd

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 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

June
Divested entire 31% stake in Kian Ho Bearings Ltd

July
Divested entire 70% stake in Hup Hin Transport Co Pte Ltd

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

BOARD OF DIRECTORS

Mr Tan Chok Kian
(Chairman)

Mr Ng San Tiong Roland
(Managing Director)

Mr Ng Sun Ho Tony
(Deputy Managing Director)

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

AUDIT COMMITTEE

Dr Leong Horn Kee
(Chairman)

Mr Low Seow Juan
Mr Tan Chok Kian
Mr Tse Po Shing Andy

REMUNERATION COMMITTEE

Dr Leong Horn Kee
(Chairman)

Mr Low Seow Juan
Mr Mak Lye Mun
Mr Tan Chok Kian

NOMINATING COMMITTEE

Mr Tan Chok Kian
(Chairman)

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

SHARE OPTION / PERFORMANCE SHARES PLAN COMMITTEE

Mr Mak Lye Mun
(Chairman)

Mr Ng San Tiong Roland
Mr Ng Sun Ho Tony
Mr Ong Tiew Siam

RISK MANAGEMENT COMMITTEE

Mr Mak Lye Mun
(Chairman)

Mr Ong Tiew Siam
Mr Tan Chok Kian
Mr Tse Po Shing Andy

COMPANY SECRETARIES

Mr Lional Tseng
Ms Ong Beng Hong
(Joint Company Secretaries)

SINGAPORE REGISTERED OFFICE

82 Ubi Ave 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 LLP
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

23 June 2015

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 the Management, including significant acquisitions and divestments;
- Reviews and approves the release of quarterly and full year results;
- Reviews the 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 clarifications and information from the Management on all matters within its purview. Ad-hoc meetings are convened as and when circumstances require.

The Company adopts a set of guidelines and an authority matrix which sets out various types of material transactions which require Board approval. The guidelines set out the delegation of authority from the Board with financial threshold limits on 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 such as the Succession Planning Committee 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.

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

Directors' Training

The 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 regularly updated on any changes in policies, laws and regulations that are relevant and apply to the Group and its businesses. Directors attend relevant courses conducted by various professional institutions where possible as part of their continuous training. The Company also organises in-house seminars on various topics such as corporate governance and relevant legislation conducted by legal and other professionals for Directors and the 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 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 23 June 2015, the Board has nine members comprising three Executive Directors, one Non-Executive Non-Independent Director, and five 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
Tan Chok Kian	Chairman	29 July 1997	25 July 2014*	Non-Executive/Independent
Ng San Tiong Roland	Managing Director	25 October 1991	26 July 2013	Executive/Non-Independent
Leong Horn Kee	Director	19 January 2001	26 July 2013	Non-Executive/Independent
Low Seow Juan	Director	25 January 2006	27 July 2012*	Non-Executive/Independent
Mak Lye Mun	Director	1 June 2005	25 July 2014	Non-Executive/Independent
Ng Sun Ho Tony	Director	2 November 1991	27 July 2012*	Executive/Non-Independent
Ng Sang Kuey Michael	Director	1 October 1996	25 July 2014	Executive/Non-Independent
Ong Tiew Siam	Director	1 September 1999	27 July 2012*	Non-Executive/Independent
Tse Po Shing Andy	Director	22 October 2009	26 July 2013	Non-Executive/Non-Independent

*Up for retirement at the forthcoming AGM 2015

Mr Tan Chok Kian will not be seeking re-election at the forthcoming AGM 2015. Please refer to the Announcement on 23 June 2015 for details.

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 the Management to benefit from its diverse and objective perspective on issues brought before the Board.

As at 23 June 2015, the following Independent Directors have held office on the Board for more than nine years:

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

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 Tan, Leong, Low, Ong and Mak 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 the 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 23 June 2015:

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

The following table shows the Directors' attendance at Board and Board Committee Meetings for FY2015:

Board Member	Board Meeting	Audit Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting	Risk Management Committee Meeting	Share Option/ Performance Shares Plan Committee Meeting
Tan Chok Kian	6/6	4/4	1/1	1/1	2/2	–
Ng San Tiong Roland	5/6	–	1/1	–	–	–
Ng Sun Ho Tony	6/6	–	–	–	–	–
Ng Sang Kuey Michael	5/6	–	–	–	–	–
Ng San Wee David**	6/6	–	–	–	–	–
Tse Po Shing Andy	6/6	4/4	–	–	2/2	–
Leong Horn Kee	6/6	4/4	1/1	1/1	–	–
Ong Tiew Siam	6/6	–	–	–	2/2	–
Low Seow Juan	6/6	4/4	1/1	1/1	–	–
Mak Lye Mun	5/6	–	–	1/1	2/2	–

** Mr Ng San Wee David stepped down as an Executive/Non-Independent Director on 23 June 2015. Please refer to the Announcement of even date for details.

Board Membership and Performance

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

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

The NC is responsible for the following:

- Assessing the necessary and desirable competencies of Board members and Board composition;
- 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 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, and standards of conduct in assessing the effectiveness of the Board as a whole and 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.

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 six directorships in listed companies.

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

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. The 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 Joint Company Secretaries who are 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 Joint Company Secretaries 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 Non-Executive Independent members as follows:

Dr Leong Horn Kee (Chairman)
Mr Low Seow Juan
Mr Mak Lye Mun
Mr Tan Chok Kian

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 the Management;
- Review all matters concerning Non-Executive Directors' fees to ascertain that their fees are commensurate with the contribution and responsibility of each Director; and
- Review and approve the remuneration of 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.

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 Articles of Association 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 of four Directors:-

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

The SOC is responsible for and has absolute discretion, provided that no member of the SOC shall participate in any deliberation or decision in respect of share options to be granted to him or held by him, for the administration of the Company's Employee Share Option Scheme 2006 and Performance Shares Plan. 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 were granted whilst 430,000 Performance Shares were granted, of which, 90,000 were cancelled, during the financial year under review.

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 Committee of the Board and service on a Committee. Executive Directors of the Company do not receive Directors' fees from the Company.

The remuneration of each of the Non-Executive Director is determined based on the following Directors' Fee Framework:

Fee Structure	S$
Basic Fee	55,000
Chairman of the Board	25,000
Chairman, AC	15,000
Chairman of other board committee	10,000
Member of any board committee	5,000

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 components including 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

Details of the remuneration paid to or accrued to the Directors of the Company for the financial year ended 31 March 2015 are set out in the table below. Save as disclosed below, 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)	Total	Fees	Salaries	Bonus	Stock Options	Share-based Incentive	Benefits-in-Kind
Tan Chok Kian	105	100%	100%	0%	0%	0%	0%	0%
Leong Horn Kee	85	100%	100%	0%	0%	0%	0%	0%
Mak Lye Mun	80	100%	100%	0%	0%	0%	0%	0%
Low Seow Juan	70	100%	100%	0%	0%	0%	0%	0%
Ong Tiew Siam	65	100%	100%	0%	0%	0%	0%	0%
Tse Po Shing Andy	65	100%	100%	0%	0%	0%	0%	0%
Ng San Tiong Roland	795	100%	0%	81%	19%	0%	0%	0%
Ng Sang Kuey Michael@	663	100%	0%	66%	34%	0%	0%	0%
Ng Sun Ho Tony@	435	100%	0%	93%	7%	0%	0%	0%
Ng San Wee David@***	375	100%	0%	67%	33%	0%	0%	0%

*** Mr Ng San Wee David stepped down on 23 June 2015.

Details of the remuneration of the top five key executives of the Group for the financial year ended 31 March 2015 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)	Total	Fees	Salaries	Bonus	Stock Options	Share-based Incentive	Benefits-in-Kind
Lional Tseng	251 – 500	100%	0%	75%	20%	0%	5%	0%
Wong Meng Choong[1]	251 – 500	100%	0%	80%	15%	0%	5%	0%
James Blaker[2]	251 – 500	100%	0%	90%	0%	0%	0%	10%
Yau Kok San Sean	251 – 500	100%	0%	72%	21%	0%	7%	0%
Lau Chuan Chai Danny	251 – 500	100%	0%	71%	29%	0%	0%	0%

1 Mr Wong Meng Choong resigned from his position as Group Chief Operating Officer (Asia) on 2 February 2015
2 Mr James Blaker stepped down from his role as General Manager, BT Equipment Pty Ltd, in Australia, on 9 February 2015

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

	Remuneration Band (S$'000)	Total	Fees	Salaries	Bonus	Stock Options	Share-based Incentive	Benefits-in-Kind
Ng Chen Wei#	451 – 500	100%	0%	100%	0%	0%	0%	0%
Ng Sun Hoe Patrick@	301 – 350	100%	0%	93%	7%	0%	0%	0%
Ng San Guan William@	251 – 300	100%	0%	93%	7%	0%	0%	0%
Ng Sun Oh Lewis@	251 – 300	100%	0%	93%	7%	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, Superannuation Fund, long service leave
Bonus includes 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 assessment of the Company's financial performance, position and prospects. To facilitate the Board's regular oversight of the Group, the 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 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.

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 Company'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 four Non-Executive Directors, three of whom are Independent Directors and one Non-Executive Non-Independent Director:

Mr Mak Lye Mun (Chairman)
Mr Ong Tiew Siam
Mr Tan Chok Kian
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 FY2015, 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 of operations, etc, as well as financial risks including interest rates, foreign exchange, liquidity, tax and market risk; and
- Monitoring an overview of risks and the adequacy of management's responses for managing risk, including mitigating actions being taken to reduce key risks.

The 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 141 to page 156 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.

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 the 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 the 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 members, three of whom are Non-Executive Independent Directors and one Non-Executive Non-Independent Director:

Dr Leong Horn Kee (Chairman)
Mr Low Seow Juan
Mr Tan Chok Kian
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, and 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 the 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 also meets with the external and internal auditors, without the presence of the Management at least once a year, and has obtained assurances that the Management has co-operated fully in providing the auditors with such information as required in the conduct of their audits.

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 for the Professional Practice of Internal Auditing as adopted by the Institute of Internal Auditors. The Internal Auditor ("IA") 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, other misdemeanours and improprieties 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 Employee Handbook 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. KPMG has assigned a new audit engagement partner in FY2015 to enhance the independence of the audit.

The total amount of fees for audit services for the financial year ended 31 March 2015 provided by KPMG Singapore and its overseas member firms was approximately S$792,000 whilst fees for non-audit services amounted to approximately S$81,000. 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 2015, having reviewed the volume of non-audit services provided by the external auditors and having received written confirmation from the auditors of their independence.

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 of the Company's business or any development which may materially affects 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.

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

The Chairman, MD and Group CEO, chairmen of the respective Board Committees, Group CFO and Joint Company Secretaries 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 each general meeting, the Chairman of the Board or his designated representative 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 will be conducting voting by poll for all resolutions and will announce 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 meeting. An announcement of the detailed results will also be 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's 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.

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

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 may 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 by Directors of the Company, Management staff and employees in possession of confidential information, who are also expected to abide by insider trading laws at all times.

The Group's Directors and affected employees are prohibited from dealing in the securities of the Company whilst in possession of price-sensitive information or during the embargo 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 requires that employees not deal in the Company's securities on short term considerations.

This internal code of conduct is modelled on the Best Practice Guide and has been disseminated to Directors and affected employees. A copy of the code on dealings in securities is also issued to new employees when they join the Company.

POLICY ON INTERESTED PERSON TRANSACTIONS

The Company has adopted a policy in respect of any transaction 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.

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$100,000)	
	Group		Group	
	12 months ended		12 months ended	
	31 March 2015 S$'000	31 March 2014 S$'000	31 March 2015 S$'000	31 March 2014 S$'000
(A) Sale				
CS Construction & Geotechnic Pte Ltd	–	–	840	–
CMC Construction Pte Ltd	–	–	1,145	1,480
THL Foundation Equipment Pte Ltd	–	–	630	–
L&M Foundation Specialist Pte Ltd	–	–	295	–
THAB Development Sdn Bhd	–	–	248	–
(B) Purchase				
CMC Construction Pte Ltd	–	–	9,472	250
Chwee Cheng & Sons Pte Ltd	–	–	156	–
ICE Far East (HK) Ltd	–	–	1,131	–
BP-Ubi Industrial Pte Ltd	–		337	–
CS Bored Pile System Pte Ltd	–	–	–	240

FINANCIAL CONTENTS

DIRECTORS' REPORT	56	68	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
STATEMENT BY DIRECTORS	62		
INDEPENDENT AUDITORS' REPORT	63	72	CONSOLIDATED STATEMENT OF CASH FLOWS
STATEMENTS OF FINANCIAL POSITION	65	75	NOTES TO THE FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT	66	168	ANALYSIS OF SHAREHOLDINGS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	67	170	NOTICE OF ANNUAL GENERAL MEETING

Year ended 31 March 2015

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 2015.

DIRECTORS

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

Tan Chok Kian
Ng San Tiong Roland
Ng Sun Ho Tony
Ng Sang Kuey Michael
Ng San Wee David
Ong Tiew Siam
Leong Horn Kee
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 Singapore 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
Tan Chok Kian		
The Company		
– ordinary shares		
– interests held	934,000	934,000
– share options		
– interests held	100,000	–
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

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 Sun Ho Tony		
The Company		
– ordinary shares		
– interests held	6,138,630	6,138,630
– deemed interests	256,739,160	256,739,160
Chwee Cheng & Sons Pte Ltd *		
– ordinary shares		
– interests held	1,376,230	1,376,230
– 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
Ng San Wee David		
The Company		
– ordinary shares		
– interests held	3,161,250	349,500
– deemed interests	256,739,160	259,550,910
Chwee Cheng & Sons Pte Ltd *		
– ordinary shares		
– interests held	463,497	463,497
– deemed interests	5,994,580	5,994,580
Ong Tiew Siam		
The Company		
– ordinary shares		
– interests held	2,817,000	2,817,000
Leong Horn Kee		
The Company		
– ordinary shares		
– interests held	700,000	700,000
– share options		
– interests held	100,000	–

* Immediate and ultimate holding company

Year ended 31 March 2015

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
Mak Lye Mun		
The Company		
– share options		
– interests held	100,000	–
Low Seow Juan		
The Company		
– ordinary shares		
– interests held	40,000	40,000
– share options		
– interests held	100,000	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company or of related corporations either at the beginning of the financial year or at the end of the financial year.

On 16 April 2015, Ng Sun Ho Tony had transferred 2,000,000 ordinary shares of the Company from his account to a nominee account, resulting in a reduction in his direct interests and an increase in his deemed interests. Except as disclosed above, there were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 April 2015.

Except as disclosed in the "Share Options" section of this report, 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 four directors, Mak Lye Mun (Chairman), Ng San Tiong Roland, Ng Sun Ho Tony 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 2014	Options cancelled	Options exercised	Options outstanding as at 31 March 2015	Number of option holders as at 31 March 2015	Exercise period
30 September 2009	1.08	1,709,000	(75,000)	–	1,634,000	43	1 October 2010 – 30 September 2019
30 September 2009	1.08	400,000	(400,000)	–	–	–	1 October 2010 – 30 September 2014
		2,109,000	(475,000)	–	1,634,000		

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.

Year ended 31 March 2015

SHARE OPTIONS (CONT'D)

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 2015	Aggregate options granted since commencement of Scheme to 31 March 2015	Aggregate options exercised since commencement of Scheme to 31 March 2015	Aggregate options outstanding as at 31 March 2015
Tan Chok Kian	–	100,000	–	–
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.

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 2015, 203,500 (2014: 96,000) shares were vested under the PSP and satisfied by treasury shares (see note 15).

AUDIT COMMITTEE

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

- Leong Horn Kee (Chairman)
- Tan Chok Kian
- 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 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).

AUDIT COMMITTEE (CONT'D)

The Audit Committee has full access to the Management and is given the resources required for it to discharge its functions. It has full authority and 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 recommends 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.

AUDITORS

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

On behalf of the Board of Directors

Tan Chok Kian
Chairman

Ng San Tiong Roland
Director

29 May 2015

In our opinion:

(a) the financial statements set out on pages 65 to 167 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, 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.

On behalf of the Board of Directors

Tan Chok Kian
Chairman

Ng San Tiong Roland
Director

29 May 2015

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 2015, 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 65 to 167.

The Management's responsibility for the financial statements

The 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 profit and loss accounts and balance sheets 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 the 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 to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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 subsidiaries 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
29 May 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Assets					
Property, plant and equipment	4	919,310	975,422	1,650	608
Subsidiaries	5	–	–	387,320	384,463
Associates	6	58,865	69,271	12,556	27,486
Joint ventures	7	4,564	2,579	4,439	2,178
Other financial assets	8	798	518	714	434
Deferred tax assets	9	5,745	5,293	–	–
Intangible assets	10	21,152	45,230	–	–
Trade and other receivables	13	1,585	2,074	–	–
Non-current assets		1,012,019	1,100,387	406,679	415,169
Asset held for sale	11	2,240	–	–	–
Inventories	12	186,500	186,306	–	–
Trade and other receivables	13	203,140	228,764	169,459	90,139
Cash and cash equivalents	14	93,266	58,603	891	178
Current assets		485,146	473,673	170,350	90,317
Total assets		1,497,165	1,574,060	577,029	505,486
Equity					
Share capital	15	325,849	337,321	325,849	337,321
Reserves	16	324,980	338,214	40,621	41,786
Equity attributable to owners of the Company		650,829	675,535	366,470	379,107
Non-controlling interests		50,571	52,073	–	–
Total equity		701,400	727,608	366,470	379,107
Liabilities					
Trade and other payables	17	1,173	1,533	–	–
Financial liabilities	18	369,047	354,822	195,382	114,145
Deferred tax liabilities	9	23,525	28,049	–	–
Non-current liabilities		393,745	384,404	195,382	114,145
Trade and other payables	17	208,455	238,152	3,637	3,715
Financial liabilities	18	187,489	223,451	11,510	8,500
Current tax payable		6,076	445	30	19
Current liabilities		402,020	462,048	15,177	12,234
Total liabilities		795,765	846,452	210,559	126,379
Total equity and liabilities		1,497,165	1,574,060	577,029	505,486

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2015

	Note	2015 $'000	2014 $'000 Restated*
Revenue	20	608,597	684,087
Cost of sales		(396,504)	(438,347)
Gross profit		212,093	245,740
Other operating income	22	34,534	28,180
Distribution expenses		(42,810)	(42,880)
Administrative expenses		(143,556)	(149,852)
Other operating expenses		(20,354)	(12,027)
Results from operating activities		39,907	69,161
Finance expense	21	(25,960)	(25,643)
		13,947	43,518
Share of results of associates (net of tax)		4,624	4,785
Share of results of joint ventures (net of tax)		(214)	645
Profit before income tax	22	18,357	48,948
Income tax expense	23	(11,560)	(15,169)
Profit for the year		6,797	33,779
Attributable to:			
Owners of the Company		4,865	32,809
Non-controlling interests		1,932	970
Profit for the year		6,797	33,779
Earnings per share			
Basic earnings per share (cents)	24(a)	0.77	5.21*
Diluted earnings per share (cents)	24(b)	0.77	5.21*

* Comparatives were restated. Refer to notes 24 and 33 for details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

	2015 $'000	2014 $'000
Profit for the year	6,797	33,779
Other comprehensive income for the year, net of income tax		
Items that are or may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of an associate	–	(47)
Net loss on translation of net investment in foreign entities	(2,330)	(24,440)
Effective portion of changes in fair value of cash flow hedges	383	–
Net change in fair value of available-for-sale financial assets	(110)	–
Foreign currency translation reclassified to profit or loss on disposal of an associate	1,023	–
Other comprehensive income for the year, net of income tax	(1,034)	(24,487)
Total comprehensive income for the year	5,763	9,292
Attributable to:		
Owners of the Company	3,700	7,826
Non-controlling interests	2,063	1,466
Total comprehensive income for the year	5,763	9,292

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'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 2013	336,753	(1,693)	905	24,200	4,425	325,030	689,620	49,940	739,560
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	32,809	32,809	970	33,779
Other comprehensive income									
Share of other comprehensive income of an associate	–	–	–	(47)	–	–	(47)	–	(47)
Net loss on translation of net investment in foreign entities	–	–	–	(4)	(24,918)	(14)	(24,936)	496	(24,440)
Total other comprehensive income	–	–	–	(51)	(24,918)	(14)	(24,983)	496	(24,487)
Total comprehensive income for the year	–	–	–	(51)	(24,918)	32,795	7,826	1,466	9,292

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	Note	Share capital $'000	Reserve for own shares $'000	Share-based payment reserve $'000	Capital reserves $'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										
Capital injection by non-controlling interests		–	–	–	–	–	–	–	1,117	1,117
Value of employee services received for issue of performance shares		–	–	110	–	–	–	110	–	110
Cancellation of share options		–	–	(8)	–	–	–	(8)	–	(8)
Performance shares awarded using treasury shares		–	87	(101)	14	–	–	–	–	–
Issuance of shares on exercise of share option		568	–	(128)	–	–	–	440	–	440
Bonus shares issued by a subsidiary		–	–	–	4,355	–	(4,355)	–	–	–
Dividends declared	26	–	–	–	–	–	(22,453)	(22,453)	(450)	(22,903)
Total contributions by and distributions to owners		568	87	(127)	4,369	–	(26,808)	(21,911)	667	(21,244)
Transfer to reserves		–	–	–	906	–	(906)	–	–	–
At 31 March 2014		337,321	(1,606)	778	29,424	(20,493)	330,111	675,535	52,073	727,608

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	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

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

	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)
Change in ownership interest 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

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	2015 $'000	2014 $'000
Cash flows from operating activities		
Profit for the year	6,797	33,779
Adjustments for:		
Inventories written off	–	216
Depreciation of property, plant and equipment	89,802	86,562
Gain on disposal of property, plant and equipment	(21,153)	(6,459)
Impairment loss on property, plant and equipment recognised/(reversed)	8,385	(365)
Impairment loss on intangible assets	22,447	–
Property, plant and equipment written off	203	40
Gain on disposal of land rights	–	(12,961)
Impairment loss on investment in associates	–	3,400
Amortisation of intangible assets	368	512
Cost of long service and annual leave	4,975	5,892
Gain on disposal of subsidiaries	(4,823)	(343)
Gain on disposal of an associate	(151)	–
Gain on disposal of other financial assets	–	(294)
Dividend income from other financial assets	(174)	–
Share of results of associates	(4,624)	(4,785)
Share of results of joint ventures	214	(645)
Gain on fair value adjustment on derivatives, net	(867)	(3,810)
Provisions made/(reversed), net	164	(13)
Loss on partial disposal of interest in an associate	–	44
Share-based payment expenses	213	102
Finance income	(846)	(936)
Finance expense	25,960	25,643
Income tax expense	11,560	15,169
Operating profit before working capital changes	138,450	140,748
Changes in working capital:		
Inventories	(7,551)	(29,069)
Trade and other receivables	17,281	20,394
Trade and other payables	6,249	(27,048)
Non-trade balances with related parties	–	97
Cash generated from operations	154,429	105,122
Income taxes paid	(8,985)	(19,984)
Payment for long service and annual leave and others	(3,820)	(6,155)
Net cash from operating activities	141,624	78,983

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

	Note	2015 $'000	2014 $'000
Cash flows from investing activities			
Purchase of property, plant and equipment		(77,997)	(140,794)
Purchase of intangible assets		(1,680)	(1,016)
Proceeds from disposal of property, plant and equipment		61,143	28,752
Net proceeds from disposal of land rights		–	13,949
Investment in joint ventures		(2,261)	(842)
Investment in other financial assets		(390)	(434)
Loan from an associate		–	750
Loan to a joint venture		–	(8,630)
Repayment of loan owing by a joint venture		5,609	–
Net cash inflow on disposal of subsidiaries	25	10,726	288
Proceeds from partial disposal of interest in an associate		–	383
Proceeds from disposal of other financial assets		–	325
Proceeds from disposal of an associate		17,181	–
Interest received		846	953
Dividends received from other financial assets		174	–
Dividends received from associates		1,145	412
Dividends received from a joint venture		–	2,389
Net cash from/(used in) investing activities		14,496	(103,515)
Cash flows from financing activities			
Purchase of treasury shares		(345)	–
Proceeds from issuance of shares on exercise of share options		–	440
Net proceeds from issuance of notes payable		–	99,052
Net (repayment of)/proceeds from trust receipts		(30,211)	23,970
Proceeds from bank loans		225,158	129,263
Repayment of bank loans		(197,818)	(131,725)
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)	–
Capital injection by non-controlling interests		–	1,117
Proceeds from finance lease obligations		20,477	26,534
Repayment of finance lease obligations		(80,666)	(84,451)
Interest paid		(26,092)	(26,104)
Dividends paid to non-controlling interests		–	(450)
Dividends paid		(9,624)	(22,453)
Bank balances earmarked for certain banking facilities		(1,029)	1,805
Net cash (used in)/from financing activities		(113,862)	16,998
Net increase/(decrease) in cash and cash equivalents		42,258	(7,534)
Cash and cash equivalents at 1 April		51,191	60,974
Effect of exchange rate fluctuations on cash held		(1,212)	(2,249)
Cash and cash equivalents at 31 March	14	92,237	51,191

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2015

During the year ended 31 March 2015, the Group acquired property, plant and equipment with an aggregate cost of $102,809,000 (2014: $181,651,000) of which $24,813,000 (2014: $40,856,000) was acquired by means of finance leases. In addition, property, plant and equipment of $32,391,000 (2014: $28,941,000) was reclassified from inventories during the financial year, of which $29,678,000 (2014: $26,534,000) was financed by means of finance leases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 May 2015.

1 DOMICILE AND ACTIVITIES

Tat Hong Holdings Ltd (the Company) is incorporated in the Republic of 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 below.

The immediate and ultimate holding company is Chwee Cheng & Sons Pte Ltd, a company incorporated in the Republic of 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 for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value; and
- financial instruments at fair value through profit or loss are measured at fair value.

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 the 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.

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 are included in the following notes:

- Note 4 – useful life, 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 7 – assumptions of recoverable amounts relating to investment in joint ventures;
- 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.

The Group has an established approach with respect to the measurement of fair values. If third party information, such as broker quotes or pricing services, is used to measure fair values, the Group assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

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).

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (Cont'd)

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.

2.5 Changes in accounting policies

Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 April 2014. The Group continues to consolidate its investment in subsidiaries and there is no impact on the recognised assets, liabilities and comprehensive income of the Group.

Joint arrangements

From 1 April 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangements and has reclassified the investments from jointly controlled entities to joint ventures. Notwithstanding the reclassification, the investments continue to be recognised by applying the equity method and there is no impact on the recognised assets, liabilities and comprehensive income of the Group.

Disclosure of interests in other entities

From 1 April 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries (see note 5), associates (see note 6) and joint ventures (see note 7), as well as non-controlling interests in subsidiaries (see note 30).

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (Cont'd)

Offsetting of financial assets and financial liabilities

Under the Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The adoption of the amendment to FRS 32 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

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, except as explained in note 2.5, which addresses changes in accounting policies.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see note 33).

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 acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

Business combinations (Cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date 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.

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 acquisition date. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

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.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 date 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (Cont'd)

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.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. 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. 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 for the purpose of the statement of cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

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. Subsequently to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

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

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

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 with the carrying amount of the item) is recognised in profit or loss.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (Cont'd)

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:

- Customer relationships 1 to 7 years
- 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.

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 and 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (Cont'd)

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

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 the 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (Cont'd)

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

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 of 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (Cont'd)

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

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 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Employee benefits (Cont'd)

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.

3.9 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Provisions (Cont'd)

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.

3.10 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.

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.

3.11 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Lease payments (Cont'd)

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.

3.12 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.

3.13 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Income tax expense (Cont'd)

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.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 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.

3.15 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.

3.16 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 2014, and have not been applied in preparing these financial statements.

The Group is currently assessing those new standards, amendments to standards, and interpretations. They are not expected to have a significant effect on the financial statements of the Group and the Company.

Year ended 31 March 2015

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 2013		23,494	25,146	67,144	1,012,760	18,966	56,884	44,525	2,815	1,251,734
Additions		12,706	17,674	25,303	102,000	2,193	11,181	107	10,487	181,651
Disposals/Write offs		–	–	(1,053)	(49,504)	(376)	(2,114)	–	–	(53,047)
Reclassification		–	–	2,815	–	–	–	–	(2,815)	–
Reclassification from inventories		–	–	–	28,941	–	–	–	–	28,941
Translation difference on consolidation		(1,942)	(2,418)	(2,431)	(37,468)	(959)	(4,836)	76	–	(49,978)
At 31 March 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 asset 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

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 2013		781	7,069	16,615	273,095	12,255	27,071	9,495	–	346,381
Depreciation charge for the year		–	761	3,331	72,009	2,385	5,169	2,907	–	86,562
Disposals/Write offs		–	–	(663)	(27,816)	(247)	(2,069)	–	–	(30,795)
Impairment loss (reversed)/made		(486)	–	8	71	31	11	–	–	(365)
Translation difference on consolidation		–	(667)	(100)	(14,149)	(765)	(2,271)	48	–	(17,904)
At 31 March 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 asset held for sale	11	–	(73)	–	–	–	–	–	–	(73)
Impairment loss made		–	–	–	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
Carrying amounts										
At 1 April 2013		22,713	18,077	50,529	739,665	6,711	29,813	35,030	2,815	905,353
At 31 March 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

Property, plant and equipment with carrying amount of $257,628,000 (2014: $303,947,000) were acquired under finance lease arrangements.

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.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment losses (Cont'd)

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 the Management. The recoverable amount of certain property, plant and equipment for the financial year ended 31 March 2015 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. Based on the assessment, the Management determined that the impairment loss on those property, plant and equipment was $8,385,000. The impairment loss was recognised in other operating expenses.

In respect of the financial year ended 31 March 2014, the Management determined the recoverable amount of those property, plant and equipment based on value-in-use calculations. The value-in-use calculation used cash flow projections over the period of remaining useful lives of these property, plant and equipment, and was discounted using discount rates ranging from 8.52% to 12.58%. Based on the assessment, the Management determined that there was no impairment loss on those property, plant and equipment.

During the financial year ended 31 March 2014, the Group recorded a reversal of impairment losses of $365,000 mainly due to reversal of impairment losses by a subsidiary on a freehold land. The reversal was included in other operating expenses.

Company	Furniture, fittings, office and workshop equipment $'000
Cost	
At 1 April 2013	754
Additions	117
Disposal	(1)
At 31 March 2014	870
Additions	1,524
Disposals/Write offs	(282)
At 31 March 2015	2,112
Accumulated depreciation	
At 1 April 2013	96
Depreciation charge for the year	167
Disposal	(1)
At 31 March 2014	262
Depreciation charge for the year	343
Disposals/Write offs	(143)
At 31 March 2015	462
Carrying amounts	
At 1 April 2013	658
At 31 March 2014	608
At 31 March 2015	1,650

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

5 SUBSIDIARIES – COMPANY

	2015 $'000	2014 $'000
Unquoted shares in subsidiaries, at cost	51,527	47,265
Loans to subsidiaries	337,848	337,198
	389,375	384,463
Less: Impairment loss	(2,055)	–
	387,320	384,463

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.

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.

Due to the performance of certain subsidiaries, an impairment loss of $2,055,000 (2014: $nil) was recognised to the costs of investment during the year. The impairment loss was based on the net assets of the subsidiaries.

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.

5 SUBSIDIARIES – COMPANY (CONT'D)

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	
			2015 %	2014 %
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] and its subsidiary:	Supply of spare parts	Singapore	100	100
Tat Hong Flo-Line Pte Ltd[20]	Reconditioning, repair and testing services of hydraulic pumps and motors	Singapore	–	60
Hup Hin Transport Co Pte Ltd and its subsidiaries[20]:	Provision of lorry transport and crane service	Singapore	–	70
Chip Eng Engineering Works Pte Ltd[20]	Provision of rental of leasehold property and machinery, servicing and trading of machinery	Singapore	–	70
Hup Hin Transport (M) Sdn Bhd[20]	Manufacturing and repair of lifting gears, handling of heavy equipment, crane towing and recovery services	Malaysia	–	42*
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
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

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
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[19]	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
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

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
PT Tat Hong Heavy Equipment 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
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

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
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	100
Tat Hong Equipment Service Co., Ltd. [18]	Investment holding	Cayman Islands	88	–
Shanghai Tat Hong Equipment Rental Co., Ltd.[11,17]	Rental of tower cranes and other construction machineries	People's Republic of China	87	90
Tat Hong Zhaomao Investment Co., Ltd[11,17]	Investment holding	People's Republic of China	88	75
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	73	71
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	88	93

Year ended 31 March 2015

5 SUBSIDIARIES – COMPANY (CONT'D)

Name of subsidiaries	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
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	62
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	53
Jiangsu Hengxingmao Financial Leasing Co., Ltd.[11,17]	Rental of tower cranes and other construction machineries	People's Republic of China	88	100
Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co. Ltd[11,]	Rental of construction machinery and heavy lifting equipment, installation and related engineering services and supplies	People's Republic of China	88	75
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	88	78

* Although the Group owns 50% or less of the voting power, it is able to govern the financial and operating policies of the companies by virtue of agreement with the other investors. Consequently, the Group consolidates its investments in these companies as subsidiaries of the Group.

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 Jamaludin, Aria, 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 HSK Vietnam 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 北京东审鼎立国际会计师事务所有限责任公司 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.
20 Disposed during the financial year ended 31 March 2015. Refer to note 25.

6 ASSOCIATES

	Group	
	2015 $'000	2014 $'000
Investments in associates	58,865	69,271

	Company	
	2015 $'000	2014 $'000
Quoted equity shares	18,494	34,046
Unquoted equity shares	950	328
	19,444	34,374
Less: Impairment loss	(6,888)	(6,888)
	12,556	27,486

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	
			2015 %	2014 %
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	Under liquidation	Malaysia	30	30
Kian Ho Bearings Ltd	Stockists, distributors and retailers in bearings and seal products	Singapore	–	31
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

6 ASSOCIATES (CONT'D)

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

	Group and Company	
	2015 $'000	2014 $'000
Yongmao Holdings Limited*	21,253	21,253
Kian Ho Bearings Ltd*	–	16,102
	21,253	37,355

* 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 a listed 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 13.9% (2014: 13.3%). Based on the Management's assessment for the financial years ended 31 March 2014 and 2015, the carrying amount of the investment was determined to be lower than its recoverable amount and no impairment loss was recognised.

During the financial year ended 31 March 2014, the recoverable amount of the other listed associate was assessed based on fair value less cost to sell. Based on the Management's assessment, an impairment loss of $3,400,000 was recognised in profit or loss in 2014. The investment in this listed associate was subsequently sold during the financial year ended 31 March 2015 and the impairment loss was therefore utilised.

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	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

6 ASSOCIATES (CONT'D)

	R&D Holdings $'000	THL Group $'000	Yongmao Holdings $'000	Kian Ho Bearings $'000	Immaterial associates $'000	Total $'000
2014						
Revenue	23,804	48,982	168,781	78,754		
Profit from continuing operations and total comprehensive income	2,006	4,891	9,544	2,037		
Attributable to investee's NCI	–	1,071	203	(156)		
Attributable to investee's shareholders	2,006	3,820	9,341	2,193		
Non-current assets	17,687	27,702	104,820	30,485		
Current assets	22,731	87,089	192,781	107,468		
Current liabilities	(3,943)	(21,523)	(16,878)	(9,265)		
Non-current liabilities	(13,809)	(42,892)	(167,972)	(52,031)		
Net assets	22,666	50,376	112,751	76,657		
Attributable to investee's NCI	–	6,015	7,302	1,140		
Attributable to investee's shareholders	22,666	44,361	105,449	75,517		
Group's interest in net assets of investee at beginning of the year	6,217	18,037	23,004	21,048	488	68,794
Group's share of:						
– Profit/(loss) from continuing operations	602	1,594	2,194	402	(7)	4,785
– Other comprehensive income	(19)	(97)	340	(301)	8	(69)
– Total comprehensive income	583	1,497	2,534	101	1	4,716
Dividends received during the year	–	–	(266)	(146)	–	(412)
Carrying amount of interest in investee disposed	–	–	–	(427)	–	(427)
Impairment loss recognised	–	–	–	(3,400)	–	(3,400)
Carrying amount of interest in investee at end of the year	6,800	19,534	25,272	17,176	489	69,271

The Group's share of the contingent liabilities of the associates is $15,137,000 (2014: $7,455,000).

7 JOINT VENTURES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Investments in joint ventures	4,564	2,579	5,733	3,472
Less: Impairment loss	–	–	(1,294)	(1,294)
	4,564	2,579	4,439	2,178

Movement in allowance for impairment losses is as follows:

	Company	
	2015 $'000	2014 $'000
At 1 April	1,294	5,958
Utilised	–	(4,664)
At 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	
			2015 %	2014 %
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, logistic and transport service	Australia	50	50

7 JOINT VENTURES (CONT'D)

Name of company	Principal activities	Principal place of business/Country of incorporation	Effective equity interest held by the Group	
			2015 %	2014 %
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	Property development	Malaysia	25	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:

	2015 $'000	2014 $'000
Revenue	3,387	5,562
Expenses	(3,552)	(4,659)
(Loss)/Profit before tax	(165)	903
Tax expense	(49)	(394)
Other comprehensive income	337	(325)
Total comprehensive income	123	184
Non-current assets	3,604	11,227
Current assets	11,407	4,367
Current liabilities	(9,108)	(11,534)
	2,299	(7,167)
Non-current liabilities	(1,339)	(1,481)
Net assets	4,564	2,579
Carrying amount of interest in investee at beginning of the year	2,579	4,531
Investment made during the year	2,261	842
Share of total comprehensive income	123	184
Dividends received during the year	–	(2,389)
Elimination of unrealised profit on downstream sales	(399)	(589)
Carrying amount of interest in investee at end of the year	4,564	2,579

The Group's share of the capital commitments and contingent liabilities of the joint ventures is $nil (2014: $nil) respectively.

8 OTHER FINANCIAL ASSETS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Available-for-sale financial assets:				
Unquoted equity securities				
– at cost	84	518	–	434
– at fair value	714	–	714	–
	798	518	714	434

9 DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets – Group

Deferred tax assets of $8,541,000 (2014: $8,005,000) have not been recognised in respect of the following items:

	2015 $'000	2014 $'000
Deductible temporary differences	1,513	1,796
Unutilised tax losses and capital allowances	32,652	30,490

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 $32,652,000 (2014: $30,069,000) expire between 2016 and 2019 (2014: 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Group				
Property, plant and equipment	–	252	(24,821)	(29,638)
Unabsorbed wear and tear allowances and unutilised tax losses	2,312	2,001	–	–
Allowances	4,299	4,169	–	–
Other items	513	460	(83)	–
Deferred tax assets/(liabilities)	7,124	6,882	(24,904)	(29,638)

9 DEFERRED TAX ASSETS AND LIABILITIES (CONT'D)

Recognised 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:

	2015 $'000	2014 $'000
Deferred tax assets	5,745	5,293
Deferred tax liabilities	(23,525)	(28,049)
	(17,780)	(22,756)

Movement in temporary differences during the year

	At 1 April 2013 $'000	Recognised in profit or loss (note 23) $'000	Translation difference on consolidation $'000	At 31 March 2014 $'000	Recognised in profit or loss (note 23) $'000	Disposal of subsidiaries $'000	Translation difference on consolidation $'000	At 31 March 2015 $'000
Group								
Property, plant and equipment	(24,970)	(4,169)	(247)	(29,386)	1,811	3,718	(964)	(24,821)
Unabsorbed wear and tear allowances and unutilised tax losses	3,075	(1,109)	35	2,001	160	–	151	2,312
Allowances	5,159	(514)	(476)	4,169	519	(1)	(388)	4,299
Other items	1,011	(522)	(29)	460	(76)	(10)	56	430
	(15,725)	(6,314)	(717)	(22,756)	2,414	3,707	(1,145)	(17,780)

10 INTANGIBLE ASSETS – GROUP

	Goodwill $'000	Customer relationships $'000	Computer software $'000	Total $'000
Group				
Cost				
At 1 April 2013	55,501	3,141	4,351	62,993
Additions	–	–	1,016	1,016
Disposal/Write off	–	(3,141)	(8)	(3,149)
Translation difference on consolidation	(5,139)	–	(399)	(5,538)
At 31 March 2014	50,362	–	4,960	55,322
At 1 April 2014	50,362	–	4,960	55,322
Additions	–	–	1,680	1,680
Disposal	–	–	(415)	(415)
Translation difference on consolidation	(4,714)	–	(492)	(5,206)
At 31 March 2015	45,648	–	5,733	51,381
Accumulated amortisation and impairment loss				
At 1 April 2013	7,643	3,141	2,961	13,745
Amortisation charge for the year	–	–	512	512
Disposal/Write off	–	(3,141)	(8)	(3,149)
Translation difference on consolidation	(707)	–	(309)	(1,016)
At 31 March 2014	6,936	–	3,156	10,092
At 1 April 2014	6,936	–	3,156	10,092
Amortisation charge for the year	–	–	368	368
Disposal	–	–	(415)	(415)
Impairment loss	22,447	–	–	22,447
Translation difference on consolidation	(1,952)	–	(311)	(2,263)
At 31 March 2015	27,431	–	2,798	30,229
Carrying amounts				
At 1 April 2013	47,858	–	1,390	49,248
At 31 March 2014	43,426	–	1,804	45,230
At 31 March 2015	18,217	–	2,935	21,152

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

10 INTANGIBLE ASSETS – GROUP (CONT'D)

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.

The carrying amounts of goodwill are allocated as follows:

	Group	
	2015 $'000	2014 $'000
Tutt Bryant Group Limited and its subsidiaries ("Tutt Bryant Group")		
– Crane Rental CGU	10,122	11,321
– General Equipment Rental CGU	6,837	30,949
	16,959	42,270
Multiple units with insignificant goodwill	1,258	1,156
	18,217	43,426

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 derived from the Management's forecast results for the years ending 31 March 2016 to 2018. Cash flows are projected using long term growth rates of up to 3% (2014: 0% to 3%), as well as industry outlook based on the 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% (2014: 3%). A pre-tax discount rate of 12% (2014: 11%) was used in discounting the projected cash flows.

Based on the impairment assessment performed by the Management in 2015, the carrying amount of the General Equipment Rental CGU in Tutt Bryant Group was determined to be higher than its recoverable amount and an impairment loss of $22,447,000 was recognised in profit or loss. There was no impairment loss recognised in 2014 as the carrying amount was determined to be lower than its recoverable amount.

The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to cause the recoverable amount to be significantly lower than its carrying amount.

11 ASSET HELD FOR SALE – GROUP

In February 2015, the Management committed to sell a property within the Crane Rental segment. Accordingly, the property, whose carrying amount at the reporting date was $2,240,000, is presented as an asset held for sale. Subsequent to the balance sheet date, the property was sold for a cash consideration of approximately $6,500,000.

12 INVENTORIES – GROUP

	2015 $'000	2014 $'000
Inventories for resale	173,662	168,458
Inventories in transit	14,208	18,267
Work-in-progress	1,468	1,350
	189,338	188,075
Allowance for inventory:		
At 1 April	1,769	4,512
Allowance made during the year	4,840	278
Inventories written off against allowance	(3,573)	(2,337)
Allowance written back during the year	(112)	(544)
Translation difference on consolidation	(86)	(140)
At 31 March	2,838	1,769
	186,500	186,306

During the year, inventories recognised as cost of sales amounted to $177,176,000 (2014: $185,814,000). The allowance recognised during the year of $4,728,000 (2014: allowance written back during the year of $266,000) 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 the 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.

13 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables	164,467	169,236	–	–
Allowance for receivables	(8,548)	(3,384)	–	–
	155,919	165,852	–	–
Finance lease receivables	3,359	3,124	–	–
Non-trade receivables	7,897	5,621	46	–
Deposits:				
– for purchase of inventories	–	567	–	–
– for purchase of property, plant and equipment	154	250	–	–
– others	3,318	3,094	233	106
Staff loans and advances	149	143	–	–
Recoverable expenses	2,792	1,740	22	3
Non-trade amounts due from:				
– immediate and ultimate holding company	74	–	73	–
– subsidiaries	–	–	168,650	89,913
– an associate	1,800	1,800	–	–
– a joint venture	2,847	8,485	–	–
Trade amounts due from:				
– related corporations	6,884	5,512	–	–
– associates	3,021	12,603	–	–
– a joint venture	4,719	3,482	–	–
Loans and receivables	192,933	212,273	169,024	90,022
Advance payments	1,873	1,500	–	–
Derivative financial instruments	765	–	383	–
Prepayments	7,002	9,858	52	117
Tax recoverable	2,152	7,207	–	–
	204,725	230,838	169,459	90,139
Classified as :				
Current	203,140	228,764	169,459	90,139
Non-current	1,585	2,074	–	–
	204,725	230,838	169,459	90,139

Included in trade receivables as at 31 March 2015 is an amount of $4,481,000 (2014: $4,003,000) relating to bills receivable which are interest-free.

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 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
At 31 March 2014			
Within 1 year	1,463	413	1,050
After 1 year but within 5 years	2,354	280	2,074
	3,817	693	3,124

The weighted average effective interest rate for finance lease receivables is 7.70% (2014: 8.19%) per annum.

The non-trade amounts due from immediate and ultimate holding company and an associate 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 (2014: $nil) which bears interest at rate of 4.5% (2014: nil%) per annum. The non-trade amount due from a joint venture is unsecured, bears interest at Kuala Lumpur Interbank Offer Rate + 0.5% (2014: 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. Due to these factors, the Management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

13 TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment

The ageing of trade and other receivables that were not impaired at the reporting date was:

	Gross 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Group				
Not past due	98,621	–	143,936	(254)
Past due 0 – 90 days	37,330	–	22,878	(491)
Past due 91 – 180 days	16,270	(485)	14,097	(282)
Past due 181 – 365 days	13,722	(2,839)	4,140	(1,414)
Past due more than one year	13,148	(5,224)	5,782	(943)
	179,091	(8,548)	190,833	(3,384)

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

	Group 2015 $'000	Group 2014 $'000
At 1 April	3,384	8,059
Impairment loss recognised	7,198	3,583
Amount reversed	(1,001)	(4,403)
Amount utilised	(602)	(3,696)
Disposal of subsidiaries	(377)	–
Translation difference	(54)	(159)
At 31 March	8,548	3,384

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due up to 90 days, unless specifically provided for due to uncertainties in the collection of debts. 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.

14 CASH AND CASH EQUIVALENTS

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Cash at banks and in hand		92,776	58,257	891	178
Fixed deposits with banks		490	346	–	–
		93,266	58,603	891	178
Bank balances earmarked for certain banking facilities		(1,029)	–		
Bank overdrafts (unsecured)	18	–	(7,412)		
Cash and cash equivalents in the consolidated statement of cash flows		92,237	51,191		

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 7.5% (2014: between 0.25% to 7.50%) per annum. Interest rates reprice within one year.

Cash and cash equivalents totalling the equivalent of $15,516,000 (2014: $12,450,000) are held in countries which operate foreign exchange controls.

The bank overdrafts of a subsidiary were guaranteed by the Company. The effective interest rate of the bank overdrafts at 31 March 2014 ranged between 5.50% to 5.75% per annum. Interest rates repriced within one year.

15 SHARE CAPITAL – COMPANY

	Ordinary shares 2015 No. of shares '000	Ordinary shares 2014 No. of shares '000	Convertible redeemable preference shares 2015 No. of shares '000	Convertible redeemable preference shares 2014 No. of shares '000
Issued and fully-paid with no par value:				
At 1 April	631,593	631,185	11,700	11,700
Issue of shares pursuant to exercise of options	–	408	–	–
Redemption of convertible redeemable preference shares	–	–	(11,700)	–
At 31 March, including treasury shares	631,593	631,593	–	11,700
Less: Treasury shares	(2,030)	(1,769)	–	–
At 31 March, excluding treasury shares	629,563	629,824	–	11,700

15 SHARE CAPITAL – COMPANY (CONT'D)

Convertible redeemable preference shares

Convertible redeemable preferences shares ("CRPS") do not carry the right to vote unless it is a resolution proposed at a General Meeting to:

1. vary the rights attached to the CRPS;

2. wind-up the Company; or

3. appoint, re-appoint or remove any Director nominated by the Preference Shareholders (or any majority thereof).

The holders of the CRPS are entitled to receive annual dividend based on the following amounts:

- in respect of the first five financial years commencing from 1 April 2009, the dividend on each CRPS will carry similar dividend rights as declared from time to time to the ordinary shareholders of the Company; and

- for the financial year ending after 31 March 2014, unless and until the redemption of all the issued CRPS in full in accordance with the terms and conditions of the CRPS, and provided that the Company at its discretion has declared a dividend to ordinary shareholders at the same time or earlier, a dividend equal to 25% of the issue price of the CRPS will be paid on each CRPS.

Each CRPS shall be convertible into one ordinary share in the share capital of the Company. After the first anniversary of the date of issuance, the outstanding CRPS will be automatically converted into ordinary shares in the event the volume weighted average price of the ordinary shares of the Company as computed over a period of 30 trading days on the Singapore Stock Exchange was over 150% of the issue price ("mandatory conversion condition"). The conversion ratio will be subject to the usual anti-dilution adjustments and shall be mandatorily converted into ordinary share based on the above mandatory conversion condition:

- for the period commencing on the first anniversary and ending on the third anniversary of the date of issuance of CRPS, one-third of the outstanding CRPS shall be converted into ordinary shares;

- for the period commencing on the third anniversary and ending on the fourth anniversary of the date of issuance of CRPS, one-third of the outstanding CRPS plus a further half of the remaining and outstanding CRPS shall be converted into ordinary shares; and

- for the period commencing on the fourth anniversary and ending on the fifth anniversary of the date of issuance of CRPS, all remaining CRPS shall be converted.

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.

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.

Issue of ordinary shares

During the financial year ended 31 March 2015, no CRPS was converted into ordinary shares.

During the financial year ended 31 March 2014, 408,000 ordinary shares were issued as a result of the exercise of vested options arising from the Tat Hong Employee Share Option Scheme 2006 and 96,000 shares were awarded and deducted from Treasury shares under the Performance Share Plan granted to employees and key management. The options were exercised at $1.08 per option (see note 19).

Treasury shares

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

	2015 No. of shares '000	2014 No. of shares '000
At 1 April	1,769	1,865
Treasury shares transferred pursuant to performance share plan	(203)	(96)
Purchase of treasury shares	464	–
At 31 March	2,030	1,769

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 issue 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.

15 SHARE CAPITAL – COMPANY (CONT'D)

Capital management (Cont'd)

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	
	2015 $'000	**2014 $'000**
Trust receipts	36,520	66,732
Financial liabilities	556,536	578,273
Less: Cash and cash equivalents	(93,266)	(58,603)
Net debt	499,790	586,402
Total equity attributable to the owners of the Company	650,829	675,535
Gearing ratio	77%	87%

16 RESERVES

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

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Reserve for own shares	(1,766)	(1,606)	(1,766)	(1,606)
Share-based payment reserve	779	778	779	778
Capital reserves	26,258	29,424	(1,951)	28
Fair value reserve	273	–	273	–
Currency translation reserve	(22,234)	(20,493)	–	–
Accumulated profits	321,670	330,111	43,286	42,586
	324,980	338,214	40,621	41,786

Reserve for own shares

Reserve for own shares comprises the cost of the Company's 2,030,000 (2014: 1,769,000) 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.

16 RESERVES (CONT'D)

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 $4,523,000 (2014: $4,149,000) as at 31 March 2015. 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.

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	131,212	137,545	595	759
Non-trade payables	8,105	16,764	–	–
Interest payable	380	491	–	–
Deposits received	5,061	3,864	–	–
Unclaimed dividends	19	17	19	17
Accrued operating expenses	22,602	26,873	2,003	1,786
Amounts due to:				
– immediate and ultimate holding company	298	–	60	–
– related corporations	2,736	835	–	–
– associates	18,966	33,112	–	–
– a shareholder of a subsidiary	4,436	3,876	–	–
– a joint venture	1,056	950	750	750
Classified as other financial liabilities	194,871	224,327	3,427	3,312
Derivative financial instruments	356	1,066	10	162
Liability for long service and annual leave	12,350	12,052	200	241
Provisions	748	797	–	–
Advance billings and advance receipts	1,303	1,443	–	–
	209,628	239,685	3,637	3,715

17 TRADE AND OTHER PAYABLES (CONT'D)

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Classified as:				
Current	208,455	238,152	3,637	3,715
Non-current	1,173	1,533	–	–
	209,628	239,685	3,637	3,715

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, related corporations, associates, a shareholder of a subsidiary and a joint venture are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade payables of the Group included trust receipts of certain subsidiaries amounting to $36,520,000 (2014: $66,732,000) 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			
2015			
Trust receipts	0.98 – 6.22	36,520	36,520
2014			
Trust receipts	1.17 – 7.00	66,732	66,732

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

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 April	12,052	13,389	241	207
Provision (reversed)/made during the year	4,975	5,892	(22)	37
Payments made during the year	(3,619)	(5,992)	(19)	(3)
Disposal of subsidiaries	(69)	–	–	–
Translation difference on consolidation	(989)	(1,237)	–	–
At 31 March	12,350	12,052	200	241

18 FINANCIAL LIABILITIES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-current liabilities				
Secured bank loans	82,181	83,294	–	–
Unsecured bank loans	98,619	55,007	88,950	9,500
Notes payable	99,348	99,170	99,348	99,170
Finance lease liabilities	88,899	117,351	–	–
Intra-group financial guarantees	–	–	7,084	5,475
	369,047	354,822	195,382	114,145
Current liabilities				
Secured bank loans	34,334	31,281	–	–
Unsecured bank overdrafts	–	7,412	–	–
Unsecured bank loans	83,008	109,923	11,510	8,500
Finance lease liabilities	70,147	74,835	–	–
	187,489	223,451	11,510	8,500
	556,536	578,273	206,892	122,645
Total loans and borrowings	556,536	578,273	199,808	117,170
Intra-group financial guarantees	–	–	7,084	5,475
Total financial liabilities	556,536	578,273	206,892	122,645

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. Notes outstanding as at 31 March 2015 comprise $100 million 5-year unsecured fixed rate notes due on 31 July 2018. The balance of $99,348,000 (2014: $99,170,000) 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").

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	2015 Face value $'000	2015 Carrying amount $'000	2014 Face value $'000	2014 Carrying amount $'000
Group							
Fixed rate loans	SGD	2.91% to 5.25%	2017 – 2018	11,932	11,932	2,742	2,742
Floating rate loans	SGD	SIBOR/SOR/COF + 1.10% to 3.40%	2015 – 2019	264,460	261,289	160,400	160,400
Fixed rate loans	AUD	5.81% to 8.09%	2016	977	977	21,354	21,354
Floating rate loans	AUD	#BBR + 1.75%	2015	2,116	2,116	–	–
Floating rate loans	RMB	*PBOC + 1.15% to 1.25%	2015 – 2019	5,920	5,920	81,958	81,958
Fixed rate loans	MYR	5.25%	2014	–	–	127	127
Floating rate loans	MYR	^KLIBOR + 2.00%	2019	4,185	4,185	–	–
Floating rate loans	USD	COF + 1.75%	2015	2,284	2,284	5,545	5,545
Floating rate loans	THB	COF + 1.75%	2016 – 2018	9,439	9,439	7,379	7,379
Bank overdrafts		Prime lending rate + 0.5%	2014	–	–	7,412	7,412
Notes payable	SGD	4.50%	2018	100,000	99,348	100,000	99,170
Finance lease liabilities – fixed rate	SGD	1.50% to 6.19%	2015 – 2020	38,253	38,253	60,310	60,310
Finance lease liabilities – floating rate	SGD	Prime lending rate – 1% to 2%	2015 – 2017	7,547	7,547	5,936	5,936
Finance lease liabilities – fixed rate	AUD	5.44% to 6.81%	2015 – 2020	113,246	113,246	125,940	125,940
				560,359	556,536	579,103	578,273
Company							
Notes payable	SGD	4.50%	2018	100,000	99,348	100,000	99,170
Floating rate loans	SGD	SOR + 1.5% to 2.0%	2016 – 2019	100,000	98,638	18,000	18,000
Floating rate loan	SGD	SIBOR + 1.3%	2016	1,822	1,822	–	–
				201,822	199,808	118,000	117,170

* 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 $201,036,000 (2014: $194,424,000).

18 FINANCIAL LIABILITIES (CONT'D)

The following indicates the effective interest rates at the reporting date and the period in which they reprice:

	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						
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%	45,800	7,547	16,329	21,924
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
2014						
Secured loans						
– Floating rate	SGD	1.42% to 4.05%	31,510	31,510	–	–
– Fixed rate	MYR	5.25%	127	–	127	–
– Floating rate	RMB	1.77% to 7.81%	61,888	61,888	–	–
– Fixed rate	AUD	4.15% to 5.81%	21,050	–	5,470	15,580
Unsecured loans						
– Fixed rate	AUD	7.69% to 8.09%	304	–	255	49
– Floating rate	USD	5.50%	5,545	5,545	–	–
– Floating rate	RMB	1.90% to 8.00%	20,070	20,070	–	–
– Floating rate	THB	4.10%	7,379	7,379	–	–
– Fixed rate	SGD	2.91% to 5.25%	2,742	–	2,742	–
– Floating rate	SGD	1.15% to 4.05%	128,890	128,890	–	–
Finance lease liabilities	SGD	1.13% to 5.67%	66,246	5,936	26,861	33,449
Finance lease liabilities	AUD	5.51% to 8.50%	125,940	–	44,038	81,902
Bank overdrafts	SGD	5.50% to 5.75%	7,412	7,412	–	–
Notes payable	SGD	4.50%	99,170	–	–	99,170
			578,273	268,630	79,493	230,150

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						
2015						
Financial liabilities						
Secured loans						
– Floating rate	SGD	2.18% to 2.80%	100,460	100,460	–	–
Notes payable	SGD	4.50%	99,348	–	–	99,347
			199,808	100,460	–	99,347
2014						
Financial liabilities						
Unsecured loans						
– Floating rate	SGD	1.66%	18,000	18,000	–	–
Notes payable	SGD	4.50%	99,170	–	–	99,170
			117,170	18,000	–	99,170

Finance lease liabilities

Finance lease liabilities that are payable as follows:

	Future minimum lease payments 2015 $'000	Interest 2015 $'000	Present value of minimum lease payments 2015 $'000	Future minimum lease payments 2014 $'000	Interest 2014 $'000	Present value of minimum lease payments 2014 $'000
Repayable:						
Within 1 year	76,154	(6,007)	70,147	82,910	(8,075)	74,835
Between 1 year and 5 years	94,516	(5,617)	88,899	122,769	(5,418)	117,351
Total	170,670	(11,624)	159,046	205,679	(13,493)	192,186

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

18 FINANCIAL LIABILITIES (CONT'D)

Intra-group guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $306,920,000 (2014: $337,241,000). The periods in which the financial guarantees expire are as follows:

	Company	
	2015	**2014**
	$'000	**$'000**
Less than 1 year	152,383	162,004
Between 1 and 5 years	154,537	175,237
	306,920	337,241

19 SHARE-BASED PAYMENT

Equity compensation benefits

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") (collective the "Scheme") were approved by the Company at its Extraordinary General Meeting on 8 December 2006. The Scheme is administered by the Option Shares/Performance Shares Plan Committee, comprising four directors, Mak Lye Mun (Chairman), Ng San Tiong Roland, Ng Sun Ho Tony 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.

19 SHARE-BASED PAYMENT (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 2014	Options cancelled	Options exercised	Options outstanding as at 31 March 2015	Number of option holders as at 31 March 2015	Exercise period
30 September 2009	1.08	1,709,000	(75,000)	–	1,634,000	43	1 October 2010 – 30 September 2019
30 September 2009	1.08	400,000	(400,000)	–	–	–	1 October 2010 – 30 September 2014
		2,109,000	(475,000)	–	1,634,000		

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 2015	Aggregate options granted since commencement of Scheme to 31 March 2015	Aggregate options exercised since commencement of Scheme to 31 March 2015	Aggregate options outstanding as at 31 March 2015
Tan Chok Kian	–	100,000	–	–
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.

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 2015 $	Number of options 2015 '000	Weighted average exercise price 2014 $	Number of options 2014 '000
Outstanding at 1 April	1.08	2,109	1.08	2,542
Exercised during the year	1.08	–	1.08	(408)
Cancelled during the year	1.08	(475)	1.08	(25)
Outstanding at 31 March	1.08	1,634	1.08	2,109
Exercisable at 31 March	1.08	1,634	1.08	2,109

The options outstanding at 31 March 2015 have an exercise price of $1.08 (2014: $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).

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

Year ended 31 March 2015

21 FINANCE EXPENSE – GROUP

	2015 $'000	2014 $'000
Interest paid and payable to:		
– banks	14,354	14,283
– finance lease creditors	10,328	10,929
Cost of borrowing	1,453	722
Gain on fair value adjustment on derivatives	(175)	(291)
Finance expense	25,960	25,643

22 PROFIT BEFORE INCOME TAX – GROUP

The following items have been included in arriving at profit for the year:

	2015 $'000	2014 $'000
Other operating income		
Gain on disposal of property, plant and equipment	21,153	6,459
Gain on disposal of an associate	151	–
Loss on partial disposal of an associate	–	(44)
Gain on disposal of land rights	–	12,961
Gain on disposal of subsidiaries	4,823	343
Gain on disposal of other financial assets	–	294
Interest income	846	936
Dividend income from other financial assets	174	–
Rental income	3,757	2,770
Trade receivable recovered	96	48
Others	3,534	4,413
	34,534	28,180
Staff costs		
Wages and salaries	140,009	147,088
Contributions to defined contribution plans	11,972	9,520
Cost of long service leave and annual leave	4,975	5,892
Value of employee services received for issue of performance shares	213	110
Cancellation of share options	–	(8)
	157,169	162,602

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

	Note	2015 $'000	2014 $'000
Key management personnel compensation:			
Compensation payable to key management personnel comprises:			
Short-term employee benefits		11,038	12,686
Post employment benefits		236	328
Value of employee services received for issue of performance shares		156	103
		11,430	13,117
Other expenses			
Allowance recognised/(written back) for inventories	12	4,728	(266)
Allowance recognised/(written back) for trade receivables	13	6,197	(820)
Amortisation of intangible assets	10	368	512
Audit fees paid to:			
– auditors of the Company		392	347
– other auditors		743	575
Trade receivables written off		28	3,915
Depreciation of property, plant and equipment	4	89,802	86,562
Directors' fees:			
– directors of the Company:			
– payable by the Company		470	470
– payable by subsidiary		–	32
– directors of the subsidiaries		423	630
Exchange (gain)/loss		(11,109)	12,170
Impairment loss on property, plant and equipment recognised/(reversed)	4	8,385	(365)
Impairment loss on investment in associates	6	–	3,400
Impairment loss on intangible assets	10	22,447	–
Inventories written off		–	216
Gain on fair value adjustment on derivatives, net		(867)	(3,810)
Non-audit fees paid to:			
– auditors of the Company		81	75
– auditors of subsidiaries		47	40
Operating lease expenses		12,338	13,025
Property, plant and equipment written off		203	40
Provisions made/(reversed) (net)		164	(13)

23 INCOME TAX EXPENSE – GROUP

Income tax recognised in profit or loss	2015 $'000	2014 $'000
Current tax expense		
Current year	12,807	5,775
(Over)/Under provision in respect of prior years	(1,978)	1,384
Foreign taxes suffered	3,145	1,696
	13,974	8,855
Deferred tax expense		
Movement in temporary differences	(802)	5,935
(Over)/Under provision in respect of prior years	(1,612)	379
	(2,414)	6,314
Income tax expense	11,560	15,169
Reconciliation of effective tax rate		
Profit before income tax	18,357	48,948
Tax using the Singapore tax rate of 17% (2014: 17%)	3,121	8,321
Effect of tax rates in foreign jurisdictions	(893)	247
Effect of utilisation of capital allowances and tax losses previously not recognised	(29)	(28)
Effect of concessionary tax rate	(361)	(398)
Foreign taxes suffered	3,145	1,696
Non-deductible expenses	17,252	9,356
Non-taxable income	(7,104)	(7,832)
(Over)/Under provision in respect of prior years	(3,590)	1,763
Unrecognised deferred tax assets during the year	19	1,936
Other items, net	–	108
	11,560	15,169

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 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.

23 INCOME TAX EXPENSE – GROUP (CONT'D)

The carrying amounts of the Group's and the Company's current income tax liabilities and deferred tax assets and liabilities are as follows:

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current tax payable	6,076	445	30	19
Deferred tax assets	5,745	5,293	–	–
Deferred tax liabilities	23,525	28,049	–	–

24 EARNINGS PER SHARE – GROUP

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended at 31 March 2015 was based on the profit attributable to ordinary shareholders of $4,865,000 (2014: $32,809,000), and a weighted-average number of ordinary shares outstanding of 629,799,000 (2014: 629,783,000), calculated as follows:

Profit attributable to ordinary shareholders

	2015 $'000	2014 $'000
Profit attributable to ordinary shareholders	4,865	32,809

Weighted-average number of ordinary shares

	Number of shares	
	2015 '000	2014 '000 (restated)
Issued ordinary shares at 1 April	631,593	631,185
Effect of treasury shares held	(1,769)	(1,865)
Effect of shares issued during the year	187	88
Effect of purchase of treasury shares during the year	(212)	–
Effect of share options exercised	–	375
Weighted average number of shares	629,799	629,783

As the convertible redeemable preference shares had been fully redeemed during the financial year ended 31 March 2015, the number of ordinary shares used in computing earnings per share for the financial year ended 31 March 2014 had been adjusted retrospectively.

24 EARNINGS PER SHARE – GROUP (CONT'D)

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended at 31 March 2015 was based on profit attributable to ordinary shareholders of $4,865,000 (2014: $32,809,000), and a weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 629,799,000 (2014: 629,783,000), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	2015 $'000	2014 $'000
Profit attributable to ordinary shareholders (basic)	4,865	32,809

Weighted-average number of ordinary shares (diluted)

	Number of shares	
	2015 '000	2014 '000 (restated)
Weighted average number of shares used in the calculation of basic earnings per share	629,799	629,783
Adjustment for potential dilutive shares under Tat Hong Employee Share Option Scheme 2006	–	–
	629,799	629,783

As at 31 March 2015, there were 1,634,000 (2014: 2,109,000) 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 (2014: 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 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.

(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 is summarised 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

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

(ii) Disposal of subsidiaries (cont'd)

Dyno Engineering Pte Ltd ("Dyno")

During the financial year ended 31 March 2014, the Group disposed Dyno for a cash consideration of $1,496,000. The effect of the disposal is summarised as follows:

	2014 $'000
	Carrying amounts
Property, plant and equipment	3
Cash and cash equivalents	1,208
Other current assets	254
Current liabilities	(312)
Total identifiable net assets	1,153
Gain on disposal	343
Sale consideration	1,496
Less: Cash and cash equivalents disposed	(1,208)
Net cash inflow	288

26 DIVIDENDS

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

	Group and Company	
	2015 $'000	2014 $'000
Final dividend paid of 1.0 cents (2014: 2.5 cents) per ordinary share	6,300	15,745
Final dividend paid of 1.0 cents (2014: 2.5 cents) per share to convertible redeemable preference shareholders	117	293
Interim dividend paid of 0.5 cents (2014: 1.0 cents) per ordinary share	3,148	6,298
Interim dividend paid of 0.5 cents (2014: 1.0 cents) per share to convertible redeemable preference shareholders	59	117
	9,624	22,453

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

	Group and Company	
	2015 $'000	2014 $'000
Proposed dividend of 1.0 cents (2014: 1.0 cents) per share to:		
– ordinary shareholders	6,297	6,298
– convertible redeemable preference shareholders	–	117
	6,297	6,415

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 the 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.

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.

27 FINANCIAL INSTRUMENTS (CONT'D)

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, the 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 if the facilities are drawn down by the subsidiary in the amount of $306,920,000 (2014: $337,241,000). 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.

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 the 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.

27 FINANCIAL INSTRUMENTS (CONT'D)

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					
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					
– inflow	382	20,760	20,760	–	–
– outflow	–	(20,378)	(20,378)	–	–
	382	382	382	–	–
Other derivative financial liabilities					
Interest rate swaps	11	(10)	(10)	–	–
Forward contracts					
– inflow	–	11,460	11,460	–	–
– outflow	345	(11,805)	(11,805)	–	–
	356	(355)	(355)	–	–

27 FINANCIAL INSTRUMENTS (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
Group					
2014					
Non-derivative financial liabilities					
Variable interest rate loans	255,282	(264,142)	(137,286)	(126,144)	(712)
Fixed interest rate loans	24,223	(26,264)	(9,576)	(16,688)	–
Finance lease liabilities	192,186	(205,679)	(82,910)	(122,769)	–
Bank overdrafts	7,412	(7,808)	(7,808)	–	–
Notes payable	99,170	(120,232)	(4,500)	(115,732)	–
Trade and other payables	224,327	(224,327)	(222,794)	(1,533)	–
	802,600	(848,452)	(464,874)	(382,866)	(712)
Other derivative financial liabilities					
Interest rate swap	190	(198)	(169)	(29)	–
Forward contracts					
– inflow	–	49,146	49,146	–	–
– outflow	876	(50,009)	(50,009)	–	–
	1,066	(1,061)	(1,032)	(29)	–
Company					
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)

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Company					
2014					
Non-derivative financial liabilities					
Variable interest rate loans	18,000	(18,315)	(8,746)	(9,569)	–
Notes payable	99,170	(120,232)	(4,500)	(115,732)	–
Trade and other payables	3,312	(3,312)	(3,312)	–	–
Financial guarantee	–	(337,341)	(337,341)	–	–
	120,482	(479,200)	(353,899)	(125,301)	–
Other derivative financial liabilities					
Interest rate swap	162	(157)	(141)	(16)	–

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.

27 FINANCIAL INSTRUMENTS (CONT'D)

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.

27 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)

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.

	Singapore dollars	US dollars	Malaysian Ringgit	Japanese Yen	Euro	Australian dollars	Thai Baht	Vietnam Dong	Hong Kong dollars	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group											
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
Loan from holding company	(24,392)	(16,508)	–	–	–	–	–	–	–	–	(40,900)
Loan to subsidiaries	112	29,850	12,202	–	–	–	–	–	–	7,397	49,561
Loans to joint ventures	–	–	2,847	–	–	–	–	–	–	–	2,847
	(129,703)	55,605	24,755	(32,493)	390	1,252	7,481	1,426	9,215	3,357	(58,715)
Sensitivity analysis – income statement	10,542	(4,226)	(971)	3,249	(39)	(125)	(748)	(143)	(922)	404	7,021
Sensitivity analysis – equity	2,428	(1,334)	(1,505)	–	–	–	–	–	–	(740)	(1,151)

27 FINANCIAL INSTRUMENTS (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											
2014											
Trade and other receivables	7,930	38,583	3,613	2,252	297	432	8,220	1,826	9,692	7,690	80,535
Cash and cash equivalents	1,708	556	9,976	6,969	187	180	–	1,478	–	931	21,985
Trade and other payables	(21,690)	(38,040)	(3,945)	(43,415)	(10,625)	(15)	–	(814)	(8)	(2,677)	(121,229)
Forward exchange contracts held	–	12,756	–	27,814	9,440	–	–	–	–	–	50,010
Loan from holding company	(29,071)	–	(83)	–	–	–	–	–	–	–	(29,154)
Loan to subsidiaries	–	9,473	–	–	–	–	–	–	–	8,366	17,839
Loans to joint ventures	–	–	8,485	–	–	–	–	–	–	–	8,485
	(41,123)	23,328	18,046	(6,380)	(701)	597	8,220	2,490	9,684	14,310	28,471
Sensitivity analysis – income statement	1,205	(1,386)	(964)	638	70	(60)	(822)	(249)	(968)	(594)	(3,130)
Sensitivity analysis – equity	2,907	(947)	(840)	–	–	–	–	–	–	(837)	283

27 FINANCIAL INSTRUMENTS (CONT'D)

	2015			2014		
	US dollars $'000	Australian dollars $'000	Total $'000	US dollars $'000	Australian dollars $'000	Total $'000
Company						
Cash and cash equivalents	6	–	6	5	–	5
Sensitivity analysis	*	–	*	*	–	*

* *Less than $1,000*

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 2015 is $37,000 (2014: $876,000), of which $382,000 (2014: $nil) and $345,000 (2014: $876,000) 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.

27 FINANCIAL INSTRUMENTS (CONT'D)

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 the Management, was as follows:

	Group Carrying amount		Company Carrying amount	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Variable rate instruments				
Fixed deposits	490	346	–	–
Financial liabilities	(292,780)	(268,630)	(100,460)	(18,000)
	(292,290)	(268,284)	(100,460)	(18,000)

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 or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase $'000	100 bp decrease $'000
Group		
2015		
Variable rate instruments	(2,923)	2,923
2014		
Variable rate instruments	(2,683)	2,683
Company		
2015		
Variable rate instruments	(1,005)	1,005
2014		
Variable rate instruments	(180)	180

27 FINANCIAL INSTRUMENTS (CONT'D)

Recognised assets and liabilities

The fair value of interest rate swaps used as economic hedges as at 31 March 2015 is $11,000 (2014: $190,000) 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 2015 is $383,000 (2014: $nil) which has been recognised as fair value derivative assets.

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 2015										
Financial assets 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				

27 FINANCIAL INSTRUMENTS (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 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)				

27 FINANCIAL INSTRUMENTS (CONT'D)

	Carrying amount					Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Financial 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 2014									
Financial assets not measured at fair value									
Cash and cash equivalents	58,603	–	–	–	58,603				
Trade and other receivables	212,273	–	–	–	212,273				
Available-for-sale equity securities	–	518	–		518				
	270,876	518	–	–	271,394				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	–	–	–	(190)	(190)		(190)		(190)
Forward exchange contracts used for hedging	–	–	–	(876)	(876)		(876)		(876)
	–	–	–	(1,066)	(1,066)				
Financial liabilities not measured at fair value									
Secured bank loans	–	–	(114,575)	–	(114,575)		(109,044)		(109,044)
Unsecured bank loans	–	–	(164,930)	–	(164,930)		(156,968)		(156,968)
Finance lease liabilities	–	–	(192,186)	–	(192,186)		(192,186)		(192,186)
Bank overdrafts	–	–	(7,412)	–	(7,412)		(7,412)		(7,412)
Notes payable	–	–	(99,170)	–	(99,170)		(99,170)		(99,170)
Trade and other payables	–	–	(224,327)	–	(224,327)				
			(802,600)	–	(802,600)				

Year ended 31 March 2015

27 FINANCIAL INSTRUMENTS (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 assets 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 guarantees	–	–	(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)				

27 FINANCIAL INSTRUMENTS (CONT'D)

	Carrying amount					Fair value			
	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'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 2014									
Financial assets not measured at fair value									
Cash and cash equivalents	178	–	–	–	178				
Trade and other receivables	90,022	–	–	–	90,022				
Available-for-sale equity securities	–	434	–	–	434				
	90,200	434	–	–	90,634				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	–	–	–	(162)	(162)		(162)		(162)
Financial liabilities not measured at fair value									
Unsecured bank loans	–	–	(18,000)	–	(18,000)		(18,000)		(18,000)
Intra-group financial guarantees	–	–	(5,475)	–	(5,475)		(5,475)		(5,475)
Notes payable	–	–	(99,170)	–	(99,170)		(99,170)		(99,170)
Trade and other payables	–	–	(3,312)	–	(3,312)				
	–	–	(125,957)	–	(125,957)				

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.

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 profit as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as the 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
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)

Year ended 31 March 2015

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
– Inventories written off	–	–	–	–	–
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
2014					
Revenue and expenses					
Total revenue from external customers	259,775	89,771	67,549	266,992	684,087
Inter-segment revenue	29,274	10,727	–	84,530	124,531
Total revenue	289,049	100,498	67,549	351,522	808,618
Results					
Interest income	473	70	66	141	750
Depreciation expense	(48,063)	(17,029)	(17,768)	(3,536)	(86,396)
Amortisation expense	(215)	(51)	(142)	(104)	(512)
Reportable segment profit	61,475	10,611	2,514	7,569	82,169
Finance expense	(11,617)	(4,508)	(2,908)	(2,014)	(21,047)
Share of results of associates (net of tax)	1,588	–	–	3,197	4,785
Share of results of joint ventures (net of tax)	570	–	–	75	645

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
2014					
Other material non-cash items:					
– Allowance (made)/reversed for receivables	1,070	–	(125)	(125)	820
– Allowance written back for inventories	–	–	–	266	266
– Impairment loss on investment in associates	–	–	–	(3,400)	(3,400)
– Gain on disposal of property, plant and equipment	4,590	–	711	1,158	6,459
– Inventories written off	–	–	–	(216)	(216)
Other segment information					
Reportable segment assets	761,565	318,961	116,371	293,123	1,490,020
Investment in associates	19,919	–	–	49,352	69,271
Investment in joint ventures	2,037	–	–	542	2,579
	21,956	–	–	49,894	71,850
Capital expenditure	79,831	59,947	11,874	30,897	182,549
Reportable segment liabilities	42,963	30,446	9,408	153,366	236,183

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

	2015 $'000	2014 $'000
Revenues		
Total revenue for reportable segments	699,517	808,618
Elimination of inter-segment revenue	(90,920)	(124,531)
Consolidated revenue	608,597	684,087
Profit or loss		
Total profit or loss for reportable segment	52,985	82,169
Elimination of inter-segment profits	(6,454)	(5,457)
Unallocated amounts:		
– Other corporate expenses	(32,584)	(33,194)
Share of results of associates (net of tax)	4,624	4,785
Share of results of joint ventures (net of tax)	(214)	645
Consolidated profit before income tax	18,357	48,948

28 OPERATING SEGMENTS (CONT'D)

(a) Business segments (Cont'd)

	2015 $'000	2014 $'000
Assets		
Total assets for reportable segment	1,419,545	1,490,020
Investment in associates	58,865	69,271
Investment in joint ventures	4,564	2,579
Other unallocated assets	14,191	12,190
Consolidated total assets	1,497,165	1,574,060
Liabilities		
Total liabilities for reportable segment	206,229	236,183
Other unallocated liabilities	589,536	610,269
Consolidated total liabilities	795,765	846,452

(b) Geographical information

	ASEAN $'000	Australia $'000	People's Republic of China $'000	Other regions $'000	Consolidated $'000
2015					
Total revenue from external customers	202,595	281,471	96,645	27,886	608,597
Non-current assets*	416,634	257,315	300,019	32,306	1,006,274
2014					
Total revenue from external customers	264,005	301,162	89,771	29,149	684,087
Non-current assets*	461,117	351,044	260,633	22,300	1,095,094

* 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:

	2015 $'000	2014 $'000
Within 1 year	15,434	11,992
Between 1 and 5 years	29,809	14,748
More than 5 years	37,117	13,253
	82,360	39,993

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:

	2015 $'000	2014 $'000
Within 1 year	57,681	41,177
Between 1 and 5 years	3,702	2,989
More than 5 years	3,185	2,998
	64,568	47,164

Capital commitments

Authorised cost not contracted for	–	3,344
Contracted for but not provided for	8,664	1,566

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	
		2015 %	2014 %
Tat Hong Flo-Line Pte Ltd	Singapore	–	40
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
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	–
Tat Hong Equipment Service Co., Ltd.	Cayman Islands	12	–
Shanghai Tat Hong Equipment Rental Co., Ltd.	People's Republic of China	13	10
Tat Hong Zhaomao Investment Co., Ltd	People's Republic of China	12	25
China Nuclear Huaxing Tat Hong Machinery Construction Co., Ltd	People's Republic of China	27	29

30 NON-CONTROLLING INTERESTS (CONT'D)

Name of subsidiaries	Principal places of business/ Country of incorporation	Effective equity interest held by non-controlling interests	
		2015 %	2014 %
Jiangsu Zhongjian Tat Hong Machinery Construction Co., Ltd	People's Republic of China	12	7
Beijing Tat Hong Zhaomao Equipment Rental Co. Ltd	People's Republic of China	12	38
Si Chuan Tat Hong Yuanzheng Machinery Construction Co., Ltd.	People's Republic of China	38	47
Jiangsu Hengxingmao Financial Leasing Co., Ltd.	People's Republic of China	12	25
Tat Hong Zhiyuan (Jiangsu) Equipment Rental Co. Ltd	People's Republic of China	12	22
Changzhou Tat Hong Zhaomao Machinery Construction Co., Ltd	People's Republic of China	12	22
Hup Hin Transport Co Pte Ltd and its subsidiaries:	Singapore	–	30
Chip Eng Engineering Works Pte Ltd	Singapore	–	30
Hup Hin Transport (M) Sdn Bhd	Malaysia	–	58

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 prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	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	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	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 from investing activities	–	(3,979)	(55,390)	(2,887)	
Cash flows from financing activities	–	(594)	24,492	(484)	
Net increase in cash and cash equivalents	–	979	16,004	136	

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	Subsidiaries of Tat Hong Equipment China $'000	Other individually immaterial subsidiaries $'000	Total $'000
2014					
Revenue	36,595	11,083	89,771	24,154	
Profit	5,196	(69)	2,619	(913)	
Other comprehensive income	1	–	1,505	(307)	
Total comprehensive income	5,197	(69)	4,124	(1,220)	
Attributable to non-controlling interests:					
– Profit	1,663	(34)	(1,045)	386	970
– Other comprehensive income	–	–	552	(56)	496
– Total comprehensive income	1,663	(34)	(493)	330	1,466
Non-current assets	41,439	48,616	204,547	20,886	
Current assets	14,000	3,375	49,345	34,394	
Non-current liabilities	(10,803)	(10,833)	(64,696)	(2,181)	
Current liabilities	(27,007)	(14,198)	(87,082)	(37,791)	
Net assets	17,629	26,960	102,114	15,308	
Net assets attributable to non-controlling interests	6,838	13,480	25,883	5,872	52,073
Cash flows from operating activities	11,395	9,619	11,551	(1,022)	
Cash flows from investing activities	(401)	(5,287)	(10,315)	4,388	
Cash flows from financing activities	(8,702)	(6,288)	(1,978)	(3,420)	
Net increase/(decrease) in cash and cash equivalents	2,292	(1,956)	(742)	(54)	

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:

	2015 $'000	2014 $'000
Transactions with companies in which certain directors of the Company have substantial financial interests		
Rental income receivable	1,781	2,161
Sales	2,481	1,829
Purchases	9,571	1,221
Hiring charges payable	–	80
Transactions with immediate and ultimate holding company		
Rental income receivable	141	87
Purchases	298	–
Transactions with associates of the Group		
Rental income receivable	987	844
Sales	60	24
Purchases	30,428	643
Hiring charges payable	11	170
Transactions with joint ventures of the Group		
Rental income receivable	1,838	2,396
Sales	5,799	36
Purchases	30	3,280
Other income	248	13,949
Transactions with related parties		
Rental income receivable	8,754	9,150
Rental expense payable	337	–

32 SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Group entered into an agreement to dispose a leasehold property with a carrying value of $11,760,000 as at 31 March 2015 for a cash consideration of $25,000,000. The completion of the disposal is subject to regulatory approval.

33 COMPARATIVE INFORMATION

During the current year, the classification of certain operating expenses in the income statement has been modified to reflect more appropriately the nature of the operating expenses and the manner in which economic benefits are derived in the Group. The changes in the classification are as follows:

Group	As previously stated 2014 $'000	Reclassification 2014 $'000	Restated 2014 $'000
Consolidated income statement			
Distribution expenses	(29,830)	(13,050)	(42,880)
Administrative expenses	(54,541)	(95,311)	(149,852)
Other operating expenses	(120,388)	108,361	(12,027)

Since the amounts are reclassifications within operating activities in the income statement, these reclassifications did not have any effect on the statements of financial position and statement of cash flows.

ANALYSIS OF SHAREHOLDINGS

As at 15 June 2015

SHAREHOLDINGS STATISTICS

No of Issued Shares	:	631,592,823
No of Treasury Shares	:	1,856,000
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	0.25	206	0.00
100 – 1,000	248	5.19	235,244	0.04
1,001 – 10,000	2,668	55.90	16,467,326	2.61
10,001 – 1,000,000	1,816	38.05	106,373,798	16.84
1,000,001 and above	29	0.61	508,516,249	80.51
TOTAL	4,773	100	631,592,823	100.00

SUBSTANTIAL SHAREHOLDERS

NAME	DIRECT INTEREST	%*	DEEMED INTEREST	%*
Chwee Cheng & Sons Pte Ltd	222,176,160	35.28	34,563,000	5.49
Ng San Tiong Roland	–	–	267,279,505	42.44
Ng Sun Ho Tony	1,006,130	0.16	261,871,660	41.58
Ng San Wee David	–	–	259,900,410	41.27
Ng Sun Giam Roger	792,500	0.13	256,739,160	40.77
Ng Chwee Cheng	36,185,000	5.75	30,353,246	4.82

* The percentage of shareholdings is computed based on the share capital of 629,736,823 shares which excludes 1,856,000 treasury shares.

ANALYSIS OF SHAREHOLDINGS

As at 15 June 2015

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 15 June 2015, approximately 42.0% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held by the public and 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	35.27
2	HSBC (Singapore) Nominees Pte Ltd	58,158,000	9.23
3	Citibank Nominees Singapore Pte Ltd	50,943,921	8.09
4	Ng Chwee Cheng	36,185,000	5.74
5	Raffles Nominees (Pte) Ltd	35,279,061	5.60
6	Phillip Securities Pte Ltd	15,500,478	2.46
7	DBS Nominees Pte Ltd	12,339,900	1.96
8	CIMB Securities (S) Pte Ltd	12,078,180	1.92
9	Maybank Kim Eng Securities Pte Ltd	11,501,700	1.83
10	United Overseas Bank Nominees Pte Ltd	5,356,600	0.85
11	OCBC Securities Private Ltd	5,058,029	0.80
12	Bank of Singapore Nominees Pte Ltd	4,667,000	0.74
13	UOB Kay Hian Pte Ltd	4,540,200	0.72
14	Ng Sang Kuey	3,565,350	0.57
15	DBSN Services Pte Ltd	3,502,123	0.56
16	Ong Tiew Siam	2,799,500	0.44
17	Ng Sun Eng	2,778,328	0.44
18	DBS Vickers Securities (S) Pte Ltd	2,772,000	0.44
19	Starich Investments Pte Ltd	2,557,000	0.41
20	Ng Sun Hoe	2,332,065	0.37
	TOTAL	494,090,595	78.44

* The percentage of shareholdings is computed based on the share capital of 629,736,823 shares which excludes 1,856,000 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 10 Eunos Road 8, Singapore Post Centre, Level 5 Theatrette, Singapore 408600 on **29 July 2015** at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the year ended 31 March 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of 1.0 Singapore Cent per share for the year ended 31 March 2015 (previous year: 1.0 Singapore Cent per share). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 113 of the Articles of Association of the Company:
   Mr Low Seow Juan **(Resolution 3)**
   Mr Ong Tiew Siam **(Resolution 4)**
   Mr Ng Sun Ho Tony **(Resolution 5)**
   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$470,000 for the year ended 31 March 2015 (previous year: S$470,000).
   [See Explanatory Note (ii)] **(Resolution 6)**

5. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

6. 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:

7. **Authority to issue shares in the capital of the Company (excluding treasury shares) pursuant to Section 161 of the Companies Act, Chapter 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

(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 Articles of Association 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 8)**

8. **Authority to issue shares under the Tat Hong Share Option Scheme 2006**

That pursuant to Section 161 of the Companies Act, Chapter 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 9)**

9. **Authority to issue shares under the Tat Hong Performance Shares Plan**

That pursuant to Section 161 of the Companies Act, Chapter 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 10)**

10. **Proposed Renewal of 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 10 July 2015 (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 a 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 IPT Mandate and this Resolution.
[See Explanatory Note (vi)] **(Resolution 11)**

11. **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 a 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;

(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:

in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

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 12)**

By Order of the Board

Lional Tseng/Ong Beng Hong
Joint Company Secretaries
Singapore
10 July 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Low Seow Juan will, upon re-election as a Non-Executive Independent Director of the Company, remain as a member of the Audit Committee, the Nominating Committee and the Remuneration Committee. Mr Low's personal profile can be found on page 26 of the Annual Report 2015.

Mr Ong Tiew Siam will, upon re-election as a Non-Executive Independent Director of the Company, remain as a member of the Risk Management Committee and the Share Option/Performance Shares Plan Committee. Mr Ong's personal profile can be found on page 27 of the Annual Report 2015.

Mr Ng Sun Ho Tony will, upon re-election, remain as an Executive Director of the Company. Details of Mr Ng Sun Ho Tony's personal profile and duties and responsibilities are found on pages 27 and 28 of the Annual Report 2015.

(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 8 – 12, if passed will take effect from 29 July 2015 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 8, 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.

(iv) Ordinary Resolution 9, 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 10, 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 11, 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 12, 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 member of the Company:

(i) consents to the collection, use and disclosure of the member'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 member discloses the personal data of his proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member 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 member shall indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member breach of warranty.

TAT HONG HOLDINGS LTD

(UEN: 199105392H)
(Incorporated in Singapore)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

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 Circular 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 10 Eunos 8, Singapore Post Centre, Level 5 Theatrette, Singapore 408600 on 29 July 2015 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.	Directors' Report and Audited Financial Statements for the year ended 31 March 2015		
2.	Payment of a proposed final dividend of 1.0 Singapore Cents per Share for the financial year ended 31 March 2015		
3.	Re-election of Mr Low Seow Juan as a Director		
4.	Re-election of Mr Ong Tiew Siam as a Director		
5.	Re-election of Mr Ng Sun Ho Tony as a Director		
6.	Approval of Directors' fees amounting to S$470,000 for the financial year ended 31 March 2015		
7.	Re-appointment of Messrs KPMG LLP as Auditors		
8.	Authority to allot and issue new Shares		
9.	Authority to allot and issue Shares under the Tat Hong Share Option Scheme 2006		
10.	Authority to allot and issue Shares under the Tat Hong Performance Shares Plan		
11.	Renewal of Mandate for Interested Person Transactions		
12.	Renewal of Share Buyback Mandate		

Dated this _____ day of _____ 2015

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 define in Section 130A of the Companies Act, Chapter 50), 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, Chapter 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 48 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 48 hours before the time appointed for the holding of the AGM in order for him to be entitled to vote at the AGM.

TAT HONG
HOLDINGS LTD

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