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FOR IMMEDIATE RELEASE

Tat Hong Posts Net Profit of S$2.8 Million for 1QFY2016

(S$'000) *For the first quarter ended 30 June*	**1QFY2016**	**1QFY2015**	**% Change**
Revenue	**139,271**	164,171	-15
Gross profit	**44,597**	59,810	-25
Profit before tax	**5,620**	10,286	-45
Net profit attributable to shareholders	**2,789**	5,961	-53

SINGAPORE, 14 August 2015 – Tat Hong Holdings Ltd ("**Tat Hong**" or "**the Group**"), Asia-Pacific's largest crane-owning company and the world's top crane rental company in terms of number of crawler cranes owned[1], today reported a net profit of S$2.8 million for the first quarter ended 30 June 2015 ("1QFY2016").

For the quarter under review, total Group revenue declined 15% decline to S$139.3 million from S$164.2 posted in the corresponding quarter a year earlier ("1QFY2015") due to a lack of contribution from a crane rental subsidiary which was divested in 2QFY2015, translation loss from a weaker Australian dollar as well as weaker performance especially by the Crane Rental and General Equipment Rental divisions. Excluding the decrease attributable to the disposed subsidiary and foreign currency translation, Group revenue would have declined 7%. Gross profit declined 25% to S$44.6 million representing a gross profit margin of 32.0% compared with 36.4% achieved in 1QFY2015.

Disposals of fixed assets as well as properties in Malaysia and Australia resulted in an increase in other operating income to S$14.1 million from S$4.2 million a year ago.

The divestment of a subsidiary and cost control measures implemented in FY2015 resulted in operating costs reduction of S$3.1 million for the quarter under review. In addition, financing costs fell S$0.7 million attributable to reduced borrowings compared with the same period a year earlier. However, these cost savings were eroded by a net foreign exchange loss of S$4.4 million due to the depreciation of the US dollar, Chinese yuan and Malaysian ringgit against the Singapore dollar. The decline in contribution from associates and joint ventures to $0.1 million from S$1.4 million a year ago

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

further dampened the Group's performance, resulting in a 45% decline in pre-tax profit to S$5.6 million in 1QFY2016 compared with S$10.3 million in 1QFY2015. As a result, net profit for the quarter posted a 53% decline to S$2.8 million.

Mr Roland Ng, Tat Hong's Managing Director and Group CEO, said: "Our financial performance in the first quarter of the financial year 2016 reflects the challenging conditions of the markets that we operate in, especially Singapore and Australia which together account for more than 65% of the Group's revenue. The Group's revenue was further impacted by the depreciation of the Chinese yuan, Australian dollar, US dollar and Malaysian ringgit against the Singapore dollar."

"Weak market conditions and the volatility of foreign currencies are expected to cloud earnings visibility in the near term. The Group will be embarking on a defleeting and operational restructuring exercise to align our business with current market conditions."."

"Prospects for our tower crane rental business in People's Republic of China remain good even though we saw a slight dip in revenue this quarter due to the completion of projects. The slowing economy has affected certain sectors in the country but infrastructure development and power generation projects are still proceeding and these are the sectors that our tower crane rental business is active in. Barring further yuan weakness, or major fallout from its recent devaluation, we do not expect a significant impact on the revenue contribution from our Tower Crane Rental business."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	**1QFY2016**	**1QFY2015**	**% Change**
Crane Rental	**49,012**	66,295	-26
Tower Crane Rental	**23,257**	24,469	-5
General Equipment Rental	**11,718**	16,327	-28
Distribution	**55,284**	57,080	-3
Total	**139,271**	164,171	-15

Crane Rental

Revenue from the Crane Rental division declined 26% in 1QFY2016 to S$49.0 million compared with S$66.3 million generated in the same quarter a year ago. The decline was due in part to the lack of contribution from a divested subsidiary and the translation loss arising from a weaker Australian dollar. Excluding the effects of the disposal and translation, revenue from the Crane Rental division would have declined 12%.

Revenue declines were posted by the Group's crane rental operations in Thailand, Hong Kong and Malaysia primarily due to the completion of projects. In Singapore, the lack of revenue contribution from a divested subsidiary was partially compensated by better barge and project incomes. Revenue contribution from Australia declined due to the completion of projects, lower activity levels post the wet-season as well as the depreciation of the Australian dollar against the Singapore dollar.

Utilisation rate for the Group's fleet of crawler and mobile cranes at 30 June 2015 stood at 62.2%, higher than the rate recorded a year earlier at 61.4%.

Tower Crane Rental

Tower Crane Rental division posted a decline of 5% in revenue to S$23.3 million from S$24.5 million generated in 1QFY2015. The completion of projects and the time lag in redeploying the tower cranes resulted in a drop in the utilisation rate to 64.2% compared with 79.0% a year ago.

General Equipment Rental

The continued weak market conditions, increasing pricing pressures as well as wet season stand-downs in New South Wales were contributory factors for the 28% decline in revenue contribution to S$11.7 million compared with S$16.3 million posted in the same quarter in FY2015. Excluding the impact of the weaker Australian dollar, the revenue decline would have been 19%.

Distribution

The Distribution division posted a marginal decrease of 3% in revenue to S$55.3 million as lower excavator sales in Indonesia were compensated by better crane sales in Hong Kong and Thailand, and equipment sales out of Singapore to overseas markets such as Japan and Middle East made up for the weak local demand. Whilst sales recorded in Australia remained comparable to the previous corresponding quarter, revenue contribution to the Group was lower due to the weaker Australian dollar. Excluding the foreign exchange effect, the Distribution division would have posted a 3% improvement in revenue.

BUSINESS PROSPECTS

The weakness in ASEAN and Australia market for the Crane Rental division will continue to adversely affect the division's performance. The division will be undertaking an exercise to reduce its existing fleet size and consequential operational restructuring.

The General Equipment Rental division is not expected to do well due to the slow recovery of the Australian construction sector.

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

The Tower Crane Rental division is expected to grow steadily in FY2016 on the back of a strong fleet size, on-going projects and new opportunities in the building, infrastructure, transport and power generation sectors in the People's Republic of China. With this, coupled with the fleet reduction exercise in the Crane Rental division, the Group hopes to mitigate the impact of the challenging economic and sectoral outlooks for its key markets.

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About Tat Hong Holdings Ltd

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

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

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

Tat Hong has also aggressively expanded its tower crane rental business in China and is the one of the largest tower crane rental company in the country.

For enquiries, please contact:

Ms Soh Kim Lian
Manager, Investor Relations/Corporate Communications
Tel: 69227611/Mobile: 96775656
Email: kim@tathong.com.sg

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