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FOR IMMEDIATE RELEASE

Tat Hong Reports Net Profit of S$4.4 million for 2QFY2016

(S$'000) *For the 3/6 months ended 30 September*	**2QFY2016**	**2QFY2015**	**% Change**	**1HFY2016**	**1HFY2015**	**% Change**
Revenue	**137,412**	152,844	-10	**276,682**	317,015	-13
Gross profit	**43,395**	56,293	-23	**87,992**	116,103	-24
Profit before tax	**7,135**	16,452	-57	**12,775**	26,738	-52
Net profit attributable to shareholders	**4,389**	11,452	-62	**7,178**	17,413	-59

SINGAPORE, 13 November 2015 – Tat Hong Holdings Ltd ("**Tat Hong**" or "**the Group**"), Asia-Pacific's largest crane rental company and the world's top crane company in terms of the number of crawler cranes owned[1], today reported a net profit S$4.4 million for the quarter ended 30 September 2015 ("**2QFY2016**").

Revenue for the quarter under review recorded a 10% decline to S$137.4 million compared with the same quarter a year ago ("**2QFY2015**") primarily due to the depreciation of the Australian dollar and the lack of contribution from a subsidiary that was divested in 2QFY2015. Excluding these impacts, turnover would have decreased by 2%.

Gross profit for the period fell 23% to S$43.4 million arising from lower revenue as well as an increase in outsourcing costs in Australia. Gross profit margin accordingly fell to 31.6% from 36.8% previously.

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

The Group's other operating income fell 32% to S$6.9 million from S$10.1 million previously due to a lack of divestment gains compared with a S$4.8 million gain recorded in 2QFY2015 from the divestment of a subsidiary.

The Group's total operating cost declined by 22% or S$10.4 million to S$36.2 million in 2QFY2016 from S$46.6 million a year ago primarily due to cost containment measures implemented by the Group and the effect of a weaker Australian dollar, partially offset by a lower foreign gain of S$0.2 million compared with S$4.6 million previously. The cost containment measures implemented included a wage freeze in Singapore and Australia which together with a reduction of 114 head counts resulted in a lower wage bill for the Group. In addition, the ongoing de-fleeting programme together with stringent control over capital expenditure led to a decrease in depreciation charges and lower repair and maintenance costs.

The Group's share of loss from associate companies and joint venture amounted to S$0.2 million compared with a share of profit of S$2.9 million in 2QFY2015.

As a result, total net profit attributable to shareholders for the second quarter ended 30 September 2015 was S$4.4 million, representing a decline of 62% over the same period a year ago.

The Group's earnings per share was 0.7 Singapore cents for 2QFY2016. As at 30 September 2015, net tangible asset and net asset value per ordinary share was S$0.99 and S$1.02 respectively. Cash and cash equivalents stood at S$54.1 million as a result of cash outflows of S$43.7 million primarily due to the net repayment of bank loans and other financial obligations during the quarter.

On the Group's performance, Mr Roland Ng, Tat Hong's Managing Director and Group CEO, said, "The Group's performance in 2QFY2016 is a reflection of the difficult market conditions that we are facing. We foresee that the protracted slowdown in the Australian economy and weak currency as well as the slowing economies in the region will continue to affect our performance in the near term. As reported in the last quarter, the Group has implemented tough measures to rein in costs and I am pleased to report that cost containment measures have yielded substantial savings of more than S$10 million for the quarter under review."

He added, "On a more positive note, our Tower Crane Rental division has started to see a pick up in the utilisation rates compared with the first quarter of this financial year as those tower cranes which were returned from completed projects gained new employment in the second quarter. We have also submitted our application to list Tat Hong Equipment Service Co., Ltd ("**THES**"), the investment holding company for our tower crane rental business in China, on the Taiwan Stock Exchange. Subject to receiving the approvals from various authorities, we expect to launch the IPO of THES in 2016."

SEGMENTAL REVIEW

Revenue Breakdown (S$'000)	**2QFY2016**	**2QFY2015**	**% Change**	**1HFY2016**	**1HFY2015**	**% Change**
Crane Rental	**47,866**	64,249	-26	**96,878**	130,544	-26
Tower Crane Rental	**22,973**	24,534	-6	**46,229**	49,003	-6
General Equipment Rental	**11,788**	15,342	-23	**23,506**	31,669	-26
Distribution	**54,785**	48,719	+13	**110,069**	105,799	+4
Total	**137,412**	152,844	-10	**276,682**	317,015	-13

Crane Rental

The Crane Rental division posted a 26% decline in revenue to S$47.9 million in 2QFY2016 compared with the same period a year ago. The decline in revenue was contributed in part by a 13% depreciation of the Australian dollar against the Singapore dollar and the lack of contribution of S$3.0 million from a divested subsidiary. Without these impacts, a smaller revenue decline of 17% would have been recorded.

Crane rental revenue from all of the Group's markets fell except in Indonesia which saw improved performance as a result of new contracts.

In Singapore, the decline in revenue attributable to the lack of contribution from a divested subsidiary and lower barge income was partially compensated by an increase in project income. Revenue contribution from Australia was adversely impacted by the completion of projects and lower activity levels as well as the depreciation of the Australian dollar. In Malaysia, the completion of projects coupled with increased down time due to inspections and maintenance prior to redeployment to new projects accounted for the decline in revenue whilst Thailand posted lower revenue due to the completion of projects.

Tower Crane Rental

Revenue contribution from the Tower Crane Rental division registered a decline of 6% to S$23.0 million compared with 2QFY2015. The decline was primarily attributable to the completion of projects and lower utilisation rates due to the transfer of cranes from a dormant subsidiary to other active subsidiaries. The decline in revenue was partially mitigated by the appreciation of the Chinese yuan, excluding which revenue would have declined by 14%.

The tower crane utilisation rate as at 30 September 2016 was 66.2% which is lower than the utilisation rate recorded a year ago at 80.1%. However, quarter on quarter, the utilisation rate registered a 2 percentage point increase from 64.2% as at 30 June 2015.

General Equipment Rental

Performance of the General Equipment Rental division was adversely impacted by competitive market conditions and increased pricing pressure, resulting in a 23% fall in its revenue contribution to S$11.8 million. The decline in revenue contribution was exacerbated by the depreciation of the Australian dollar against the Singapore dollar. Excluding the unfavourable foreign exchange impact, revenue contribution would have declined by 12%.

Distribution

Revenue contribution from the Distribution division saw an improvement of 13% to S$54.8 million from S$48.7 million a year ago. The increase arose from an improvement in the sale of cranes to overseas markets such as Hong Kong, Japan, Brunei and Thailand. This was further aided by an increase in the sale of used equipment in Australia as part of the on-going de-fleeting programme. The increase in sales was partially offset by a decline in the sale of spare parts and the depreciation of the Australian dollar. Excluding the depreciation of the Australian dollar, revenue improvement from the Distribution division would have been 22%.

BUSINESS PROSPECTS

The market weakness in the ASEAN countries and Australia for crane rental is expected to adversely affect the division's performance. The Crane Rental division will continue to rationalise its fleet size and operational structure to reduce operating costs.

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 and new opportunities in the building, infrastructure, transport and power generation sectors in the People's Republic of China.

The Group is facing difficult economic and sectoral outlooks in its key markets and expects its performance to be depressed.

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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. The company was listed on the Singapore Stock Exchange in June 2000 and is today the largest crane rental company in the Asia-Pacific region[1] with a fleet size of more than 1,500 crawler, mobile and tower cranes ranging from under 50 tonnes to 1,600 tonnes.

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

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

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

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