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FOR IMMEDIATE RELEASE

Tat Hong Reports Revenue of S$124.8 million for 3QFY2016

(S$'000) *For the 3/9 months ended 31 December*	**3QFY2016**	**3QFY2015**	**% Change**	**9MFY2016**	**9MFY2015**	**% Change**
Revenue	**124,829**	154,945	-19	**401,511**	471,960	-15
Gross profit	**38,157**	52,419	-27	**126,149**	168,522	-25
(Loss)/Profit before tax	**(6,869)**	9,953	NM	**5,886**	36,691	-84
Net (loss)/profit attributable to shareholders	**(6,678)**	4,532	NM	**500**	21,945	-98

SINGAPORE, 12 February 2016 – Tat Hong Holdings Ltd ("**Tat Hong**" or "**the Group**"), Asia-Pacific's largest crane rental company[1], today reported a net loss of S$6.7 million for the quarter ended 31 December 2015 ("3QFY2016").

Revenue for the quarter under review saw a 19% decline to S$124.8 million compared with the same quarter a year ago ("3QFY2015") as all divisions reported lower turnover amidst weaker demand especially in the ASEAN and Australia markets.

Gross profit for the period fell 27% to S$38.2 million attributable mainly to lower revenue, higher outsourcing costs and lower margins on the sales of aged inventory in Australia as well as lower margins on the sale of excavators in Indonesia. All divisions except the Tower Crane Rental division reported lower margins resulting in a 3.2 percentage point decline in gross profit margin to 30.6%.

[1] Source: International Cranes, IC50 Ranking, 2015.

The Group's total operating cost excluding foreign exchange impact declined by 7% to S$40.7 million from S$43.6 million a year ago primarily due to reduced depreciation charges as a result of the Group's de-fleeting programme as well as cost containment measures implemented by the Group, partially offset by increased costs and provisions associated with exiting the excavator distribution business in Indonesia. The Group recorded net foreign exchange losses of S$2.9 million in 3QFY2016, of which S$2.0 million were unrealised losses, compared with a net gain of S$4.9 million in 3QFY2015. The foreign exchange losses arose primarily from a weaker Chinese yuan against the Singapore dollar. Finance costs for the quarter fell 15% to S$5.3 million as a result of the repayment of loans, partially offset by higher interest rates.

The Group's share of profit from associate companies and joint ventures amounted to S$0.3 million in 3QFY2016 compared with a share of loss of S$0.7 million in the previous corresponding quarter.

As a result, the Group posted a total net attributable loss of S$6.7 million, for the third quarter ended 31 December 2015, compared with a net profit of S$4.5 million recorded for the same quarter a year ago.

As at 31 December 2015, net tangible asset and net asset value per ordinary share was S$0.98 and S$1.01 respectively. Cash and cash equivalents increased by S$1.3 million during 3QFY2016 to S$58.7 million mainly from the proceeds from the disposal of property, plant and equipment, net drawdown of bank loans and operating cash flow surplus partially offset by the net repayment of trust receipts and finance lease obligations, interest payments, purchase of property, plant and equipment as well as an increase in bank balances earmarked for banking facilities.

On the Group's third quarter performance, Mr Roland Ng, Tat Hong's Managing Director and Group CEO, said, "The Group's earnings this quarter was impacted by foreign exchange losses as well as increased costs and provisions associated with exiting the excavator distribution business in Indonesia. This was exacerbated by the difficult market conditions in Australia. "

"We expect our performance in the ASEAN region and Australia to be subdued in the near term due to the volatile currency environment, persistently low oil prices and anaemic economic growth. However in the longer term, we are confident of the prospects for the crane rental business as economic progress and the urbanisation of rural populations will drive massive infrastructure

development to bridge the current infrastructure gap in Asia. In the meantime, we will step up our ongoing Group-wide operating costs reduction exercise to make ourselves even leaner. ”

“The tower crane rental business reported two consecutive quarters of improvement in utilisation rates as we have substantially completed the transfer of tower cranes from a dormant subsidiary to more active subsidiaries. The employment of these cranes to new projects will further improve utilisation rates in the near future.”

SEGMENTAL REVIEW

Revenue Breakdown (S$’000)	3QFY2016	3QFY2015	% Change	9MFY2016	9MFY2015	% Change
Crane Rental	**46,463**	60,688	-23	**143,341**	191,233	-25
Tower Crane Rental	**24,009**	25,093	-4	**70,238**	74,096	-5
General Equipment Rental	**11,076**	13,260	-16	**34,582**	44,929	-23
Distribution	**43,281**	55,904	-23	**153,350**	161,702	-5
Total	**124,829**	154,945	-19	**401,511**	471,960	-15

Crane Rental

The Crane Rental division registered a 23% decline in revenue to S$46.5 million in 3QFY2016 compared with the same period a year ago. The decline in revenue was the result of the completion of projects coupled with a delay in the commencement of new projects in Thailand, lower activity levels in the mining and LNG sectors in Australia as well as lower rental and utilisation rates of higher tonnage cranes in Malaysia. The fall in revenue was exacerbated by an 8% depreciation of the Australian dollar against the Singapore dollar, without which revenue would have declined 21%.

Improvement in crane rental revenue was recorded from Indonesia as a result of contribution from new customers.

Tower Crane Rental

The Tower Crane Rental division posted a 4% decline in revenue to S$24.0 million in 3QFY2016 compared with S$25.1 million in 3QFY2015. 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 more active subsidiaries.

The tower crane utilisation rate as at 31 December 2015 was 72.2%, lower than the rate of 77.2% recorded a year ago. However, quarter on quarter, the utilisation rate registered a 6 percentage point increase from 66.2% as at 30 September 2015.

The application to list Tat Hong Equipment Service Co., Ltd on the Taiwan Stock Exchange is being reviewed by the relevant authorities and updates will be provided as and when there are any material developments.

General Equipment Rental

Revenue contribution from the General Equipment Rental division continued to be adversely impacted by competitive market conditions and increased pricing pressure. The division posted a 16% decline in revenue to S$11.1 million; excluding the impact of the weaker Australian dollar against the Singapore dollar, the division's revenue would have declined by 10%.

Distribution

The Distribution division posted a 23% decline in revenue to S$43.3 million in 3QFY2016 from S$55.9 million posted a year ago. The revenue decline was primarily due to lower demand for cranes in Thailand, Vietnam and Singapore as well as lower sales of excavators in Indonesia, partially offset by an improvement in the sales of used equipment and spare parts in Australia. Excluding the impact of the weaker Australian dollar against the Singapore dollar, the decline in revenue from this division was 18%.

BUSINESS PROSPECTS

The market weakness in the ASEAN countries and Australia for crane rental is expected to adversely affect the division's performance.

The General Equipment Rental division is not expected to perform 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 be stable 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 in FY2016. Consequently, the Group will continue to rationalise its operations and its defleeting exercise to reduce overall operating costs.

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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 rental companies in the country[1].

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[1]Source: International Cranes, IC50 Ranking, 2015