Tutt Bryant Group Limited

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4 August 2010

ASX Online
Australian Securities Exchange Limited
20 Bridge St
SYDNEY NSW 2000

Dear Sir,

Re: Tat Hong International Pte Ltd takeover offer for Tutt Bryant Group Limited

We enclose pursuant to item 14 of section 633(1) of the Corporations Act 2001 (Cth) a copy of Tutt Bryant's target's statement in relation to Tat Hong International Pte Ltd's (**Tat Hong International**) takeover offer for all of the ordinary shares in Tutt Bryant (**Target's Statement**).

The Target's Statement was lodged with the Australian Securities and Investments Commission and sent to Tat Hong International earlier today.

Yours faithfully,

Stephen E. Fisher
Company Secretary

Tutt Bryant Group Limited

ABN 89 009 242 675

Target's Statement

In response to the offer for all Tutt Bryant Shares by Tat Hong International Pte Ltd for 92 cents per Tutt Bryant Share.

YOUR INDEPENDENT DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU ACCEPT THE TAT HONG INTERNATIONAL OFFER IN THE ABSENCE OF A SUPERIOR PROPOSAL

THIS DOCUMENT CONTAINS IMPORTANT INFORMATION AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

Legal Adviser

CLAYTON UTZ

Important notices

Target's Statement

This Target's Statement is given by Tutt Bryant Group Limited ABN 89 009 242 675 (**Tutt Bryant**) under Part 6.5 of Chapter 6 of the Corporations Act. It is given in response to the Bidder's Statement dated 4 August 2010 issued by Tat Hong International Pte Ltd (**Tat Hong International**), a wholly-owned subsidiary of Tat Hong Holdings Ltd (**Tat Hong**), and relates to the offer made by Tat Hong International to acquire all of your ordinary shares in Tutt Bryant. You should read this Target's Statement in its entirety.

Defined terms

A number of defined terms are used in this Target's Statement. Unless expressly specified otherwise, capitalised terms have the meanings given to them in section 5.1 of this Target's Statement.

No account of personal circumstances

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Tutt Bryant Shareholder. You should seek independent financial and taxation advice from your financial or other professional adviser before making a decision as to whether or not to accept the Offer.

Forward looking statements

In addition to the historical information that is contained in this Target's Statement, some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. All statements other than statements of historical fact are forward looking statements. Tutt Bryant Shareholders should note that such statements are only predictions and are inherently subject to risks and uncertainties. These risks and uncertainties include factors and risks specific to the industry in which Tutt Bryant operates as well as general economic conditions and prevailing currency exchange rates and interest rates. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statements and such deviations are both natural and to be expected.

None of Tutt Bryant, any of its directors, officers or advisers, or any other persons named with their consent in this Target's Statement or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Information on Tat Hong International or Tat Hong

All of the information concerning Tat Hong International or Tat Hong contained in this Target's Statement has been obtained from publicly available sources including public documents filed by Tat Hong or information published by Tat Hong on its website. None of the information in this Target's Statement relating to Tat Hong International or Tat Hong has been verified by Tat Hong International or Tat Hong or independently verified by Tutt Bryant or its directors for the purposes of this Target's Statement. Accordingly, to the extent permitted by law, Tutt Bryant makes no representation or warranty (either express or implied) as to the accuracy or completeness of this information. The information on Tat Hong International or Tat Hong in this Target's Statement should not be considered comprehensive.

Notice to foreign shareholders

The distribution of this Target's Statement may in some countries be restricted by law or regulation. Accordingly, persons who come into possession of this Target's Statement should inform themselves of and observe those restrictions.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and given to ASX. None of ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Target's Statement.

Privacy

Tutt Bryant has collected your information from the Tutt Bryant Share Register for the purpose of providing you with this Target's Statement. The type of information Tutt Bryant has collected about you includes your name, contact details and information on your shareholding in Tutt Bryant. The Corporations Act requires the name and address of Tutt Bryant Shareholders to be held in a public register.

Tutt Bryant has provided or will provide personal information about Tutt Bryant Shareholders to Tat Hong International in accordance with the Corporations Act and the ASTC Settlement Rules. Tat Hong International has stated in the Bidder's Statement that it may disclose this information on a confidential basis to its related bodies corporate and external service providers, and that it may be required to be disclosed to regulators, such as ASIC.

Contents

RECOMMENDATIONS

- Your Independent Directors unanimously recommend that you accept the Offer for all of your Tutt Bryant Shares, in the absence of a superior proposal.
- Your Independent Directors intend to accept the Offer for all Tutt Bryant Shares they own or control, in the absence of a superior proposal.

WHAT YOU NEED TO DO

- You should read this Target's Statement in its entirety, the Independent Expert's Report, your Independent Directors' recommendation that you accept the Offer (in the absence of a superior proposal) and the reasons for their recommendation.
- Should you wish to ACCEPT the Offer, complete and return the Acceptance Form enclosed with the Bidder's Statement or otherwise accept the Offer in accordance with the instructions in the Bidder's Statement.

The Independent Directors unanimously recommend that you accept the Offer in the absence of a superior proposal.

Chairman's Letter to Shareholders

4 August 2010

Dear Tutt Bryant Shareholder

Tutt Bryant Group Limited's largest shareholder Tat Hong Holdings Ltd, through its wholly-owned subsidiary Tat Hong International Pte Ltd, has issued a bidder's statement in respect of the acquisition of all of the issued shares in Tutt Bryant which Tat Hong International does not already own.

Tat Hong International currently has an ownership interest in Tutt Bryant of 70.77%.

Under the proposed acquisition, Tutt Bryant Shareholders will receive 92 cents in cash per share, valuing the total issued shares in Tutt Bryant at approximately $135 million. The consideration of 92 cents in cash per share represents a premium of 46% to the last closing price of 63 cents per share on ASX prior to the announcement of Tat Hong International's Offer on 15 July 2010.

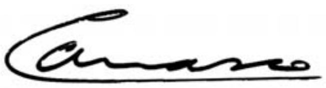
The directors of Tutt Bryant who are independent of Tat Hong, being Kym Godson, Bryan Gardiner and myself, unanimously recommend that all holders of Tutt Bryant Shares should accept the Offer in the absence of a superior proposal.

Subject to those same qualifications, those directors intend to accept the Offer in respect of Tutt Bryant Shares owned or controlled by them.

The Independent Expert, Grant Thornton, has concluded that the acquisition of Tutt Bryant Shares by Tat Hong International under the Offer is fair and reasonable. The Independent Expert has valued Tutt Bryant Shares at between $0.86 and $1.13 per Tutt Bryant Share.

This document contains important information about the Offer, including the reasons for your Independent Directors' recommendation, a summary of the advantages (see section 1 of this document) as well as the potential risks and disadvantages associated with the Offer (see section 2.6 of this document) and the Independent Expert's Report. Please read this document in its entirety before making your decision whether or not to accept the Offer. I also encourage you to seek independent legal, financial or other professional advice before making any investment decision in relation to your Tutt Bryant Shares.

Yours faithfully



Bernard Carrasco
Chairman
Tutt Bryant Group Limited

1. Why you should accept the Tat Hong Offer

1.1 The Offer represents a significant premium for your Tutt Bryant Shares

The Offer Price of $0.92 per Tutt Bryant Share represents:

- a premium of 46% to Tutt Bryant's last closing price on ASX of $0.63 per Tutt Bryant Share prior to the announcement of the Offer on 15 July 2010;
- a premium of 48% to the 3 month VWAP of Tutt Bryant Shares of $0.62 per Tutt Bryant Share;[1] and
- a premium of 30% to the 12 month VWAP of Tutt Bryant Shares of $0.71 per Tutt Bryant Share.[2]

Tutt Bryant Shares closed at $0.91 on 3 August 2010, the last trading day before the date of the Bidder's Statement.

This page contains references to trading data. This trading data was prepared by Fairfax Media Limited and accessed from information on its website at www.tradingroom.com.au. Fairfax Media Limited has not consented to the use of the references to this trading data in this Target's Statement.

1.2 The Independent Expert has concluded that the Offer is fair and reasonable

The Independent Directors commissioned Grant Thornton to prepare an Independent Expert's Report in relation to the Offer given that Tat Hong International's voting power in Tutt Bryant exceeds 30% and Tat Hong International and Tutt Bryant share common directors. The Offer Price of $0.92 per Tutt Bryant Share is within the Independent Expert's valuation range of $0.86 to $1.13 per Tutt Bryant Share, and the Independent Expert has concluded that the Offer is fair and reasonable to Tutt Bryant Shareholders.

1.3 You will receive certain and immediate value for your investment

The all cash Offer Price of $0.92 per Tutt Bryant Share provides certain and immediate value to Tutt Bryant Shareholders.

In addition, acceptance of the Offer allows Tutt Bryant Shareholders to avoid the ongoing risks associated with owning Tutt Bryant Shares. These risks include, but are not limited to:

- loss of key supplier relationships;
- equipment unavailability or delivery delays;
- utilisation rates;
- uncertain economic outlook;
- loss of key client relationships;
- operational risk;
- financing risk;

[1] Up to and including 15 July 2010, being the date the Offer was announced.

[2] Up to and including 15 July 2010, being the date the Offer was announced.

- movements in the equity markets and share market conditions;
- liquidity risk; and
- volatility in currency markets.

1.4 No superior proposal has emerged

As at the date of this Target's Statement Tutt Bryant has not received nor had any discussions relating to any proposals that could be deemed superior to the Offer.

There remains the possibility of a superior proposal emerging, but the Independent Directors believe this is unlikely at this point in time.

1.5 The Offer allows you to sell your entire shareholding in Tutt Bryant, a stock which is otherwise very illiquid

The Offer is a unique opportunity to exit your investment in Tutt Bryant Shares at a significant premium.

As an indication of the limited liquidity of Tutt Bryant Shares, Tat Hong International holds 70.77% of the issued capital of Tutt Bryant implying a free float of 29.23%. In addition, the top 20 Tutt Bryant Shareholders own in excess of 91% of the total number of Tutt Bryant Shares on issue.

1.6 Under the Offer you will not incur brokerage fees

You will not incur any brokerage fees by accepting the Offer. Brokerage fees may otherwise be incurred if you choose to sell your Tutt Bryant Shares on ASX.

If you hold your Tutt Bryant Shares through a CHESS Holding or are a beneficial owner of Tutt Bryant Shares that are registered in the name of a Broker, financial institution, custodian or other nominee, you should ask you Controlling Participant or nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.

2. Considerations for Tutt Bryant Shareholders

2.1 Your choices as a Tutt Bryant Shareholder

Your Independent Directors recommend that you accept the Tat Hong International Offer to acquire all of your Tutt Bryant Shares in the absence of a superior proposal. As a Tutt Bryant Shareholder you have the choice to:

(a) accept the Offer for all your Tutt Bryant Shares. Section 2.7 of this Target's Statement discusses the consequences of accepting the Offer;

(b) sell your Tutt Bryant Shares on ASX (unless you have already accepted the Offer); or

(c) do nothing and remain a Tutt Bryant Shareholder.

There are implications for you in relation to each of these choices as discussed in section 4.12 of this Target's Statement.

2.2 Tat Hong International and Tat Hong

Tat Hong International is a wholly-owned subsidiary of Tat Hong. Tat Hong is a Singaporean company primarily engaged in the supply of cranes and heavy equipment to various industries. It is the largest crawler crane company in the world. Tat Hong's shares are listed on the Singapore Exchange. Further information on Tat Hong International and Tat Hong is discussed in section 1 of part 1 of the Bidder's Statement.

2.3 Independent Expert's Report

Under section 640 of the Corporations Act, if a bidder's voting power in the target is 30% or more, or a director of the bidder is also a director of the target, the target's statement must include or be accompanied by a report by an expert that states whether, in the expert's opinion, the takeover offers are fair and reasonable and gives the reasons for forming that opinion.

As at the date of this Target's Statement, Tat Hong International has more than 30% of the voting power in Tutt Bryant (see section 4.7 below), and two directors of Tat Hong International (San Tiong (Roland) Ng and Sun Ho (Tony) Ng) are also directors of Tutt Bryant.

Accordingly, the Independent Directors commissioned an expert's report in relation to the Offer (**Independent Expert's Report**) under section 640 of the Corporations Act.

The Independent Expert's Report is set out in Annexure A of this Target's Statement.

The Independent Expert has concluded that the Offer is fair and reasonable to Tutt Bryant Shareholders. The conclusion of the Independent Expert is qualified in its entirety by, and should be read in conjunction with, the Independent Expert's Report.

2.4 Offer Price

As at the date of this Target's Statement, Tat Hong International is offering $0.92 cash for each Tutt Bryant Share you hold.

2.5 Offer is unconditional

The Offer is not subject to any defeating conditions.

2.6 Possible reasons for not accepting the Offer

Although your Independent Directors recommend that you accept the Offer in the absence of a superior proposal, and the Independent Expert has concluded that the Offer is fair and reasonable to Tutt Bryant Shareholders, factors which may lead you to consider not accepting the Offer include the following.

(a) **Offer Price**

You may hold a different view to the Independent Directors and the Independent Expert and believe the Offer Price of $0.92 cash per Tutt Bryant Share is inadequate.

(b) **Loss of exposure to Tutt Bryant's current and future growth assets**

If you accept the Offer, you will no longer participate in the future performance of Tutt Bryant. This will mean that you will not retain any exposure to Tutt Bryant's assets or have the potential share in the value that could be generated by Tutt Bryant in the future through the successful implementation of its strategies.

(c) **Future dividends**

If you accept the Offer, you will not have the opportunity to receive future dividends from Tutt Bryant.

(d) **Tax consequences**

Acceptance of the Offer by Tutt Bryant Shareholders is likely to have tax implications. For more information on the tax implications of accepting the Offer, see section 7 of part 1 of the Bidder's Statement which sets out an outline of some of the tax implications of accepting the Offer. That section of the Bidder's Statement does not apply to certain Tutt Bryant Shareholders as detailed in section 7.1 of part 1 of the Bidder's Statement. You should not rely on the disclosure in section 7 of part 1 of the Bidder's Statement as being advice on your own affairs. You should seek your own independent financial and tax advice before deciding whether or not to accept the Offer.

(e) **A superior offer for your Tutt Bryant Shares could potentially emerge**

It is possible that a superior proposal for Tutt Bryant Shareholders could materialise in the future, for example a takeover bid with a higher offer price than the Offer Price. However, as at the date of this Target's Statement, your Directors have not received or become aware of any alternative proposal. Your Directors believe that an alternative proposal is unlikely to arise having regard to Tat Hong International's 70.77% shareholding in Tutt Bryant.

2.7 Consequences of accepting the Offer

(a) **Foregone rights**

Tutt Bryant Shareholders who accept the Offer will be unable to accept any superior offer which arises after the date of this Target's Statement. However, if a subsequent superior offer is made, and Tat Hong decides to increase the Offer Price, Tutt Bryant Shareholders who have accepted the Offer will be entitled to receive the higher Offer Price from Tat Hong.

(b) **Timing of payment**

If you accept the Offer, you will be paid the Offer Price for each of your Tutt

Bryant Shares in accordance with the terms of the Offer.

Tutt Bryant Shareholders who accept the Offer will receive their consideration within 14 days after the date of accepting the Offer. For more information on the timing of payment, see section 2.2 of part 2 of the Bidder's Statement.

3. Overview of Tutt Bryant and recent developments

3.1 Overview of Tutt Bryant

Tutt Bryant is a diverse construction equipment sales and industrial hire service provider based nationwide in Australia. It conducts its operations in three principal areas:

- Crane hire and heavy haulage;
- Equipment sales; and
- General hire.

Tutt Bryant has an extensive network of company owned branches across Australia as well as strategically located independent dealers. The Company supplies and services Australian and offshore clients and projects in the construction, resources and infrastructure sectors.

3.2 Operations

Crane hire and heavy haulage

Tutt Bryant has one of the largest crawler crane hire fleets in Australia and also has a selection of rough terrain, all terrain and truck cranes. The majority of cranes are hired on a dry hire (or without operator) basis, with wet hire (or with operator) services conducted in select locations, such as Darwin and Muswellbrook.

This division has a fleet of late model quality cranes, the largest of which has a lifting capacity of 650 tonnes, along with alternative lifting equipment such as gantry lift systems with a lifting capacity of up to 1,100 tonnes. The crane fleet is complimented by a diverse range of heavy haulage equipment, which allows Tutt Bryant to cater for internal and customers’ haulage requirements for crane and equipment deliveries.

The operations of this division are located in Perth, Karratha, Darwin, Brisbane, Muswellbrook and Melbourne. These locations currently provide sufficient national coverage for all states.

Utilising its extensive fleet along with in house specialist engineering and project management expertise, Tutt Bryant also has the capability to provide holistic "lift & shift" services. With the deployment of heavy lift cranes, heavy haulage trucks and platform trailers, this division can satisfy the needs of customers in the heavy construction, power generation and resources sectors to lift and shift awkward, heavy, and unusual loads, major components and assemblies.

Tutt Bryant recently entered into a joint venture arrangement with Fagioli SpA, one of Europe’s largest heavy lift and transport specialists, to form T.B.F. Oceania Pty Ltd, an incorporated 50:50 joint venture company. The purpose of this joint venture is to raise the level of available facilities in the Oceania region, and provide a much greater portfolio of lift capacities being offered than any other Australian based company.

Equipment sales

Tutt Bryant operates in this division through BT Equipment, which is one of the leading independent multi franchised distributors of construction equipment and cranes in Australia. The business sells heavy construction equipment along with parts, and meets servicing needs of its customers through company owned branches in Brisbane, Sydney, Melbourne, Adelaide, Perth and Darwin plus strategically located independent dealers.

This division provides a comprehensive selection of equipment to a wide range of industries including, construction, public sector, industrial, infrastructure and the general equipment hire market. Equipment sold includes excavators, loaders, compactors, graders, cranes and material handling equipment.

BT Equipment also provides after sales support through the provision of service and parts, and a warranty scheme that backs up the equipment that it sells to customers. Each branch carries a comprehensive range of spare parts, and has fully equipped service facilities with highly trained technicians providing workshop and field support services.

BT Equipment has long standing supply relationships with key manufacturers including Hitachi-Sumitomo, Mustang, Yanmar, Mitsubishi, Kawasaki, Bomag, Kato, Sumitomo and more recently Manitou.

General hire

The general hire division of Tutt Bryant comprises Kingston Industries, EQ Hire and Paramount Hire.

Kingston Industries is a provider of specialised equipment throughout New South Wales on both a dry hire and wet hire basis to the construction, resources, rail maintenance and other infrastructure sectors. Its hire fleet includes compactors, specialised rail equipment, lighting towers, access equipment and general construction equipment. Kingston Industries has branches located in Sydney, Goulburn, Newcastle, Coffs Harbour and the Hunter Valley.

EQ Hire provides general equipment hire in Victoria for earthmoving, civil construction, building and industrial use. It has longstanding contracts as a preferred supplier to Alcoa in Geelong and Portland to supply specialised pot room approved access equipment. In addition to these two locations, EQ Hire recently opened two new branches at Laverton in Victoria and Kwinana in Western Australia.

Paramount Hire Services provides the dry hire of equipment to local government, construction industry, defence, main roads, mining, industrial companies, the public, agriculture, tourism, ports and processing plants. Equipment hire through strategically located branches in central and northern Queensland is well distributed with a diverse customer base across industry sectors. Pump Hire Services has been integrated into the main stream business of Paramount and continues to supply a specialist niche market for dewatering, especially during tropical storms and flooding which occurs regularly in the region.

For further detail regarding Tutt Bryant's operations, see the Company's website at www.tuttbryantgroup.com.au.

4. Additional information

4.1 Directors of Tutt Bryant

The Directors of Tutt Bryant as at the date of this Target's Statement are:

- Mr Bernard Carrasco (Chairman and Independent non-executive Director)
- Mr Kym Godson (Independent non-executive Director)
- Mr Bryan Gardiner (Independent non-executive Director)
- Mr David Haynes (Managing Director)
- Mr Stephen Fisher (Chief Financial Officer and Company Secretary)
- Mr San Tiong (Roland) Ng (Non-executive Director)
- Mr Sun Ho (Tony) Ng (Non-executive Director)
- Mr Chen Wei Ng (Executive Director, Business Development and Operations)

4.2 Independent Directors' recommendation

Your Independent Directors unanimously recommend that you accept the Tat Hong International Offer for all of your Tutt Bryant Shares, in the absence of a superior proposal.

Your Independent Directors have arrived at their unanimous recommendation for the reasons set out in section 1 of this Target's Statement.

In considering whether or not to accept the Offer, each of the Directors encourages you to:

- read the Independent Expert's Report;
- read this Target's Statement and the Bidder's Statement and give careful consideration to the matters set out in both documents, as well as your Independent Directors' recommendation; and
- carefully consider your own personal circumstances including having regard to your individual risk profile, tax position and financial circumstances. You should also seek independent financial and taxation advice on the Offer from your broker, accountant or other financial adviser before making any decision in relation to your Tutt Bryant Shares.

4.3 The position of David Haynes, Stephen Fisher, San Tiong (Roland) Ng, Sun Ho (Tony) Ng and Chen Wei Ng

Each of David Haynes, Stephen Fisher, San Tiong (Roland) Ng, Sun Ho (Tony) Ng and Chen Wei Ng have abstained from making any recommendation as to whether Tutt Bryant Shareholders should accept the Offer.

San Tiong (Roland) Ng and Sun Ho (Tony) Ng are employees of Tat Hong. San Tiong (Roland) Ng is currently the Managing Director of Tat Hong, Sun Ho (Tony) Ng is the Deputy Managing Director of Tat Hong. Chen Wei Ng is the son of San Tiong (Roland) Ng.

David Haynes has been employed in the Tat Hong Group for 21 years, which includes 16 years prior to the ASX listing of Tutt Bryant in 2005. Stephen Fisher has been employed in the Tat

Hong Group for 14 years, which includes 9 years prior to the ASX listing ofTutt Bryant in 2005. The Tat Hong Group owned 100% of Tutt Bryant from 1996 up until the ASX listing of Tutt Bryant in 2005. Section 6.2 of part 1 of the Bidder's Statement discloses that it is Tat Hong's current intention that David Haynes will remain as the Managing Director of Tutt Bryant upon Tat Hong becoming entitled to proceed to compulsory acquisition of Tutt Bryant Shares. David Haynes and Stephen Fisher both currently own shares in Tat Hong (see section 4.4(c)).

Given their respective relationships with Tat Hong, each of David Haynes, Stephen Fisher, San Tiong (Roland) Ng, Sun Ho (Tony) Ng and Chen Wei Ng consider it inappropriate for them to make a recommendation to Tutt Bryant Shareholders in relation to the Offer.

4.4 Directors' interests

(a) **Interests in Tutt Bryant securities and intentions**

As at the date of this Target's Statement, the Directors have the following direct or indirect interests in Tutt Bryant securities:

Director	Tutt Bryant Shares
Mr Bernard Carrasco	80,267
Mr Kym Godson	56,187
Mr Bryan Gardiner	28,666
Mr David Haynes	420,193
Mr Stephen Fisher	218,122
Mr San Tiong (Roland) Ng	80,267
Mr Sun Ho (Tony) Ng	80,267
Mr Chen Wei Ng	16,053

As at the date of this Target's Statement, Bernard Carrasco, Kym Godson, Bryan Gardiner, David Haynes, Stephen Fisher, San Tiong (Roland) Ng, Sun Ho (Tony) Ng and Chen Wei Ng intend to accept the Offer in respect of the Tutt Bryant Shares they own or control, in the absence of a superior proposal. No other Director has any interest in Tutt Bryant Shares.

(b) **Dealings in Tutt Bryant securities**

No Director or Associate of Tutt Bryant, nor Tutt Bryant itself, has acquired or disposed of a Relevant Interest in any Tutt Bryant Shares in the period commencing on 4 April 2010 (being the date which is 4 months prior to the date of the Bidder's Statement) and ending on the day immediately before the date of this Target's Statement, other than the Tutt Bryant Shares issued to the following Directors on 22 July 2010, at a price of $0.5752 per Tutt Bryant Share, under Tutt Bryant’s existing dividend reinvestment plan in respect of the FY2010 Final Dividend:

Director	Tutt Bryant Shares acquired

Mr Bernard Carrasco	2,698
Mr Kym Godson	1,889
Mr Bryan Gardiner	964
Mr David Haynes	14,120
Mr Stephen Fisher	7,330
Mr San Tiong (Roland) Ng	2,698
Mr Sun Ho (Tony) Ng	2,698
Mr Chen Wei Ng	540

(c) **Interests in Tat Hong securities**

As at the date of this Target's Statement, the following Directors (but no other Directors) hold shares in Tat Hong:

Director	Tat Hong Shares
Mr San Tiong (Roland) Ng	8,115,095 direct and 242,274,410 indirect[3]
Mr Sun Ho (Tony) Ng	6,006,130 direct and 241,562,660 indirect[3]
Mr David Haynes	327,375
Mr Stephen Fisher	219,000
Mr Chen Wei Ng	7,500
Mr Bryan Gardiner	100,000

(d) **Dealings in Tat Hong securities**

There have been no acquisitions or disposals of a Relevant Interest in securities in Tat Hong, or any related body corporate of Tat Hong, by Tutt Bryant or any Director or Associate of Tutt Bryant in the period commencing on 4 April 2010 (being the date which is 4 months prior to the date of the Bidder's Statement) and ending on the day immediately before the date of this Target's Statement.

(e) **Agreements conditional on or connected with the Offer**

As at the date of this Target's Statement, there is no agreement or arrangement between any Director or Associate of Tutt Bryant and any other person in connection with, or conditional upon, the outcome of the Offer.

[3] Indirect interests in shares are those interests that are held by the Director's spouses and infant children and by Chwee Cheng & Sons Pte Ltd, the holding company of Tat Hong, in which the Directors have an interest.

(f) **Interests in contracts**

As at the date of this Target's Statement, no Director has an interest in any contract entered into by Tat Hong or any related body corporate of Tat Hong.

4.5 Tutt Bryant capital structure

(a) **Issued capital**

As at the date of this Target's Statement, Tutt Bryant has on issue 147,159,422 Tutt Bryant Shares. The Offer extends to all of these Tutt Bryant Shares (other than those held by Tat Hong International).

(b) **Substantial shareholders**

As at 3 August 2010 (being the last trading day before the date of the Bidder's Statement), the substantial shareholders in Tutt Bryant are as follows:

Holder of Relevant Interest	Total number of Tutt Bryant Shares held	% of issued Tutt Bryant Shares
Tat Hong International	104,149,705	70.77%
Deutsche Bank Group	14,454,500	9.82%

4.6 Tutt Bryant Exempt Share Plan

The Tutt Bryant Exempt Share Plan is an employee incentive scheme designed to encourage share ownership among eligible employees of the Tutt Bryant Group. The terms on which the Tutt Bryant Shares were issued under the Tutt Bryant Exempt Share Plan provide that up to A$1,000 of Tutt Bryant Shares can be acquired by eligible employees tax free per income year, provided that the Tutt Bryant Exempt Share Plan is operated in accordance with the Income Tax Assessment Act 1936. The Tutt Bryant Shares are acquired on behalf of the employee through an on-market purchase on the ASX and registered in the employee's name.

Tutt Bryant Shares issued under the Tutt Bryant Exempt Share Plan must not be disposed of or dealt with until the earlier of the date that is three years from the time of acquisition of the Tutt Bryant Shares or when the employee ceases employment with the Tutt Bryant Group.

There are currently 398,788 Tutt Bryant Shares on issue under the Tutt Bryant Exempt Share Plan. As at the date of this Target's Statement, 348,781 of those Tutt Bryant Shares are subject to the restriction on disposal mentioned above. However, some of those Tutt Bryant Shares may be released from the restriction during the Offer Period. If Tat Hong International is entitled to proceed to compulsory acquisition (see section 4.12(g)), any Tutt Bryant Shares which are subject to the restriction on disposal mentioned above will be compulsorily acquired by Tat Hong International.

4.7 Notice of Tat Hong International's voting power

As at 3 August 2010 (being the last trading day before the date of the Bidder's Statement), Tat Hong International had a Relevant Interest and voting power in 70.77% of Tutt Bryant Shares. Tat Hong International is required to notify ASX and Tutt Bryant before 9.30 am on each trading day during the Bid Period where there is a movement of at least 1% in its holding of Tutt Bryant Shares.

4.8 Material changes in Tutt Bryant's financial position since 31 March 2010

There has been no material change in the financial position of Tutt Bryant since 31 March 2010, being the date of the most recent financial statements of Tutt Bryant which were contained in Tutt Bryant's Annual Report 31 March 2010 which was released to ASX on 25 May 2010.

4.9 Material litigation

As at the date of this Target's Statement, Tutt Bryant is not aware of any current or proposed material litigation against Tutt Bryant.

4.10 Effect of the Offer on third party rights under Tutt Bryant agreements

No person has or will have any right pursuant to an agreement entered into with a member of the Tutt Bryant Group and as a result of Tat Hong International making the Offer or acquiring Tutt Bryant Shares to:

(a) acquire, or require the disposal of, or require Tutt Bryant or a subsidiary of Tutt Bryant to offer to dispose of, any material asset of Tutt Bryant or the Tutt Bryant Group; or

(b) terminate, or vary in any material respect the terms or performance of, any material agreement with Tutt Bryant or the Tutt Bryant Group.

4.11 Implementation Agreement

On 15 July 2010, Tutt Bryant entered into the Implementation Agreement with Tat Hong which governs the conduct of certain matters relating to the Offer. Under the Implementation Agreement, Tat Hong agreed to procure that Tat Hong International complies with any obligation in the Implementation Agreement which is expressed to be imposed on Tat Hong. The Implementation Agreement does not contain any break fee or exclusivity provisions. However, Tutt Bryant has agreed under the Implementation Agreement to notify Tat Hong immediately if it becomes aware of any negotiations or discussions, approaches or intention to make an approach in relation to a Third Party Proposal. For more information on the Implementation Agreement, see section 8.9 of part 1 and Annexure B of the Bidder's Statement.

4.12 Your choices and related information

(a) **Your choices as a Tutt Bryant Shareholder**

Each Tutt Bryant Shareholder has the following choices:

(i) **Accept the Offer**

You may choose to accept the Offer. If you wish to accept the Offer, you should follow the instructions set out in section 4.13 of this Target's Statement.

Unless you hold some of your Tutt Bryant Shares as trustee or nominee for, or otherwise on account of, another person, you may only accept the Offer in respect of all your Tutt Bryant Shares. You cannot accept the Offer in respect of only some of your Tutt Bryant Shares.

As at the date of this Target's Statement, Tat Hong International is offering $0.92 cash for each Tutt Bryant Share you hold. If Tat Hong International improves the consideration under the Offer, all Tutt Bryant Shareholders, whether or not they have accepted the Offer at that time, will be entitled to receive the improved consideration.

(ii) **Sell your Tutt Bryant Shares on ASX**

You may sell your Tutt Bryant Shares on ASX. The price you will receive for your Tutt Bryant Shares will depend on the prevailing market price of the Tutt Bryant Shares at the time of sale. You should be aware that the market price of Tutt Bryant Shares may rise or fall in the period during which the Offer remains open and following the close of the Offer. You should also note that:

- you will need to pay any brokerage fees which may be payable on such sale; and
- you will not benefit from any increase in the price payable under the Offer or from any alternative offer made by another bidder for your Tutt Bryant Shares, if such an offer is made.

Between the date that the Offer was announced on 15 July 2010 and 3 August 2010 (being the last trading day before the date of the Bidder's Statement), the market price of Tutt Bryant Shares has been in the range of $0.63 to $0.91 per Tutt Bryant Share and closed at $0.91 on 3 August 2010.

This page contains references to trading data. This trading data was prepared by Fairfax Media Limited and accessed from information on its website at www.tradingroom.com.au. Fairfax Media Limited has not consented to the use of the references to this trading data in this Target's Statement.

(iii) **Do nothing**

If you do not wish to accept the Offer and wish to retain your Tutt Bryant Shares, you do not need to take any action.

If you do not accept the Offer and Tat Hong International becomes entitled to compulsorily acquire your Tutt Bryant Shares under the Corporations Act, and proceeds to compulsorily acquire your Tutt Bryant Shares (as it intends to do so), you may be paid later than Tutt Bryant Shareholders who accept the Offer.

(b) **Offer Period**

Unless the Offer is withdrawn or extended by Tat Hong International, the Offer will remain open for acceptance until the time and date specified in the Offer.

(c) **Extension of the Offer Period**

Tat Hong may extend the Offer Period at any time before the end of the Offer Period.

In addition, the Offer Period will be automatically extended if, within the last 7 days of the Offer Period, Tat Hong International improves the consideration under the Offer. If this occurs, the Offer Period will be extended so it ends 14 days after the occurrence of that event.

(d) **Withdrawal of unaccepted offers by Tat Hong International**

Tat Hong International may only withdraw unaccepted offers with the written consent of ASIC. ASIC may provide such consent subject to conditions.

(e) **Withdrawal of acceptance**

If you accept the Offer, you are not able to withdraw your acceptance.

(f) **Minority ownership implications**

If Tat Hong International acquires Tutt Bryant Shares pursuant to the Offer but does not become entitled to compulsorily acquire outstanding Tutt Bryant Shares under the Corporations Act:

(i) the liquidity of Tutt Bryant Shares may be lower than at present. Tat Hong International has noted in section 6.3 of part 1 of the Bidder's Statement that the acquisition of Tutt Bryant Shares "in reliance of the '3% creep' exception in item 9 of section 611 of the Corporations Act" may enable it to proceed to compulsory acquisition of all Tutt Bryant Shares. Tat Hong International has stated in section 6.3 of part 1 of the Bidder's Statement that it intends for Tutt Bryant to maintain its listing and quotation of Tutt Bryant Shares on the ASX, but only while Tutt Bryant meets the relevant requirements of the ASX; and

(ii) the market price for the Tutt Bryant Shares may fall immediately following the end of the Offer Period.

(g) **Compulsory acquisition**

(i) **Post-bid compulsory acquisition**

Tat Hong International has indicated in section 6.2 of part 1 of the Bidder's Statement that if it becomes entitled to proceed to compulsory acquisition of Tutt Bryant Shares following the Offer under Part 6A.1 of the Corporations Act, then Tat Hong International intends to do so.

Under Part 6A.1, Tat Hong International will be entitled to compulsorily acquire any outstanding Tutt Bryant Shares on the same terms as the Offer if, during or at the end of the Offer, Tat Hong International (together with its Associates):

A. has relevant interests in at least 90% (by number) of the Tutt Bryant Shares; and

B. has acquired at least 75% (by number) of the Tutt Bryant Shares that Tat Hong International offered to acquire under the Offer (whether the acquisitions happened under the Offer or otherwise).

If these thresholds are met, Tat Hong International will have up to one month after the end of the Offer within which to give compulsory acquisition notices to Tutt Bryant Shareholders who have not accepted the Offer. Tutt Bryant Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Tutt Bryant Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent "fair value" for the Tutt Bryant Shares.

Tutt Bryant Shareholders should be aware that if they do not accept the Offer and their Tutt Bryant Shares are compulsorily acquired those Tutt Bryant Shareholders may face a delay in receiving the consideration for their Tutt Bryant Shares compared with Tutt Bryant Shareholders who have accepted the Offer.

(ii) **General compulsory acquisition**

Tat Hong International has indicated in section 6.2 of part 1 of the Bidder's Statement that its current intention, if it becomes so entitled, is to proceed with compulsory acquisition under Part 6A.2 of the Corporations Act.

Under Part A.2, Tat Hong International will be entitled to compulsorily acquire Tutt Bryant Shares if Tat Hong International holds full beneficial interests in at least 90% (by number) of Tutt Bryant Shares (i.e. Tat Hong International becomes a "90% holder").

If this threshold is met, Tat Hong International will have six months after Tat Hong International becomes a 90% holder within which to give compulsory acquisition notices to Tutt Bryant Shareholders.

The compulsory acquisition notices sent to Tutt Bryant Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give "fair value" for the Tutt Bryant Shares and the independent expert's reasons for forming that opinion.

If Tutt Bryant Shareholders with at least 10% of Tutt Bryant Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Tat Hong International may apply to a court for approval of the acquisition of the Tutt Bryant Shares covered by the notice.

Tutt Bryant Shareholders should be aware that if they do not accept the Offer and their Tutt Bryant Shares are compulsorily acquired under Part 6A.2 of the Corporations Act, those Tutt Bryant Shareholders will face delay in receiving the consideration for their Tutt Bryant Shares compared with Tutt Bryant Shareholders who have accepted the Offer. The consideration they receive may also be different to the Offer Price: it could be higher or lower.

4.13 How to accept the Offer

There are several ways to accept the Offer:

For CHESS Holdings of Tutt Bryant Shares

If your Tutt Bryant Shares are held in a CHESS Holding (that is if there is an "X" appearing before your holder number on the Acceptance Form), either:

- contact your Controlling Participant (usually your Broker) and instruct them to accept the Offer on your behalf; or
- complete, sign and return the Acceptance Form in accordance with the instructions on it.

For Issuer Sponsored Holdings of Tutt Bryant Shares

If your Tutt Bryant Shares are held on Tutt Bryant's issuer sponsored subregister (that is, if there is an 'I' appearing before your holder number on the Acceptance Form), complete, sign and return the Acceptance Form in accordance with the instructions on it.

Post your completed Acceptance Form in the reply paid envelope enclosed with the Bidder's Statement to:

Computershare Investor Services Pty Limited
Tutt Bryant Takeover
GPO Box 2115
MELBOURNE VIC 3001

To validly accept the Offer your acceptance must be received before the end of the Offer Period.

For further details on how to accept the Offer, see section 3 of part 2 of the Bidder's Statement.

4.14 ASIC modifications and exceptions

Tutt Bryant has not obtained from ASIC any modifications of, or exemptions from, the Corporations Act in relation to this Target's Statement. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons, including Tutt Bryant.

4.15 Other information reasonably required to make an informed assessment of whether to accept the Offer

(a) **Continuous disclosure**

Tutt Bryant is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Tutt Bryant to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Tutt Bryant has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Tutt Bryant Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au.

Copies of documents lodged with ASIC in relation to Tutt Bryant may be obtained from, or inspected at, an ASIC office.

(b) **Information**

This Target's Statement is required to include all the information that Tutt Bryant Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any of the Directors.

The Directors are of the opinion that the information which Tutt Bryant Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- the information contained in the Bidder's Statement;

- the information contained in Tutt Bryant's Annual Report 31 March 2010 which was released to ASX on 25 May 2010;
- the information contained in Tutt Bryant's other releases to ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, to the extent permitted by law, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the Tutt Bryant Shares;
- the matters that Tutt Bryant Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to Tutt Bryant Shareholders' professional advisers; and
- the time available to Tutt Bryant to prepare this Target's Statement.

(c) **Tax**

Acceptance of the Offer by Tutt Bryant Shareholders is likely to have tax implications. For more information on the tax implications of accepting the Offer, see section 7 of part 1 of the Bidder's Statement which sets out an outline of some of the tax implications of accepting the Offer. That section of the Bidder's Statement does not apply to certain Tutt Bryant Shareholders as detailed in section 7.1 of part 1 of the Bidder's Statement. You should not rely on the disclosure in section 7 of part 1 of the Bidder's Statement as being advice on your own affairs. You should seek your own independent financial and tax advice before deciding whether or not to accept the Offer.

4.16 Consents and related disclosures

(a) **Consents generally**

Under the Corporations Act, subject to certain exceptions, a target's statement may only include, or be accompanied by, a statement by a person, or a statement said in the target's statement to be based on a statement by a person, if the person has consented to the statement being included in the target's statement, or accompanying it, in the form and context in which it is included, and the person has not withdrawn the consent before the target's statement is lodged with ASIC.

(b) **Consents given in relation to the Target's Statement**

As at the date of this Target's Statement, Grant Thornton have consented to statements made by them in this Target's Statement, and statements said in this Target's Statement to be based on statements by them, and have not withdrawn those consents.

As at the date of this Target's Statement, Clayton Utz as legal adviser to Tutt Bryant has consented to being named in this Target's Statement in the form and context in which it is named and has not withdrawn that consent. Clayton Utz has not caused or authorised the issue of this Target's Statement.

(c) **Consents not required**

This Target's Statement may include a trading data reference without the consent of the person who prepared the trading data if it complies with the terms of ASIC Class Order 07/429. Tutt Bryant has relied on ASIC Class Order 07/429 to include the trading data referred to as being prepared by Fairfax Media Limited and accessed from information on its website at www.tradingroom.com.au in sections 1.1 and 4.12(a)(ii) of this Target's Statement.

4.17 Early dispatch of takeover documents

Tutt Bryant agreed in the Implementation Agreement that Tat Hong International could send its offers and accompanying documents (including the Bidder's Statement) to Tutt Bryant Shareholders earlier than would otherwise be permitted under Item 6 of section 633(1) of the Corporations Act.

4.18 Approval of the Target's Statement

The copy of this Target's Statement that is to be lodged with ASIC has been approved by a resolution passed by the Directors.

This Target's Statement is dated 4 August 2010, which is the date on which it was lodged with ASIC.

5. Definitions and interpretation

5.1 Definitions

In this Target's Statement:

ABN means Australian Business Number.

Acceptance Form means the acceptance and transfer form which accompanies the Bidder's Statement.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).

ASTC means ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532.

ASTC Settlement Rules means the operating rules of the settlement facility provided by ASTC.

ASX means ASX Limited ABN 98 008 624 691 or the securities market operated by ASX Limited ABN 98 008 624 691, as the context requires.

ASX Listing Rules means the listing rules of ASX from time to time as modified by any express written waiver or exemption given by ASX.

Bid Period has the meaning given in section 9 of the Corporations Act.

Bidder's Statement means the bidder's statement of Tat Hong International dated 4 August 2010 pursuant to Chapter 6 of the Corporations Act relating to the Offer.

Broker means a member organisation admitted to participate in CHESS under the ASTC Settlement Rules.

Business Day means a day which is a business day under the ASX Listing Rules.

CHESS means the Clearing House Electronic Subregister System operated by ASTC.

CHESS Holding has the meaning given to that term in the ASTC Settlement Rules.

Controlling Participant in relation to your Tutt Bryant Shares, means the Participant that has the capacity in CHESS to transfer your Tutt Bryant Shares (usually your Broker).

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of Tutt Bryant.

FY2010 Final Dividend means a final dividend of $0.02 per Tutt Bryant share announced by Tutt Bryant in respect of the 12 months ended 31 March 2010 and paid to eligible Tutt Bryant Shareholders on 22 July 2010.

Grant Thornton means Grant Thornton Corporate Finance Pty Limited ABN 59 003 265 987.

Holder Identification Number has the meaning given to "HIN" as set out in the ASTC Settlement Rules.

Implementation Agreement means the Bid Implementation Agreement between Tutt Bryant and Tat Hong dated 15 July 2010.

Independent Directors means Mr Bernard Carrasco, Mr Kym Godson and Mr Bryan Gardiner.

Independent Expert means Grant Thornton.

Independent Expert's Report means the report prepared by the Independent Expert which is set out in Annexure A of this Target's Statement.

Issuer Sponsored Holding means a holding of Tutt Bryant Shares on Tutt Bryant's issuer sponsored subregister.

Offer or the **Tat Hong International Offer** means the offer made by Tat Hong International under the Bidder's Statement relating to Tutt Bryant Shares.

Offer Period means the period during which the Offer remains open for acceptance.

Offer Price means the consideration offered under the Offer.

Participant means an entity admitted to participate in CHESS under the ASTC Settlement Rules.

Related Body Corporate has the meaning given to that term in section 9 of the Corporations Act.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Target's Statement means this target's statement issued by Tutt Bryant pursuant to Chapter 6 of the Corporations Act in response to the Bidder's Statement.

Tat Hong means Tat Hong Holdings Ltd.

Tat Hong Group means Tat Hong and its Related Bodies Corporate.

Tat Hong International means Tat Hong International Pte Ltd.

Third Party Proposal means:

(a) a transaction which, if completed, would mean a person would, directly or indirectly:

  (i) acquire all or a substantial or material part of the business or property of Tutt Bryant or any subsidiary of Tutt Bryant;

  (ii) acquire an interest or relevant interest in or become the holder of 20% or more of the Tutt Bryant Shares;

  (iii) acquire control of Tutt Bryant (as the expression "control" is defined by section 50AA of the Corporations Act); or

(b) a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, purchase of main undertaking or other business combination involving Tutt Bryant or any of its subsidiaries.

Tutt Bryant or **Company** means Tutt Bryant Group Limited ABN 89 009 242 675.

Tutt Bryant Exempt Share Plan means the Tutt Bryant exempt share plan as amended from time to time.

Tutt Bryant Group means Tutt Bryant and its Related Bodies Corporate.

Tutt Bryant Shareholder or **Shareholder** means a holder of Tutt Bryant Shares.

Tutt Bryant Share Register means the register of Tutt Bryant Shareholders maintained by or on behalf of Tutt Bryant in accordance with the Corporations Act.

Tutt Bryant Shares means fully paid ordinary shares in the capital of Tutt Bryant.

VWAP means volume weighted average price.

5.2 Interpretation

In this Target's Statement headings are for convenience only and do not affect interpretation and, unless the contrary intention appears:

(a) a word importing the singular includes the plural and vice versa, and a word of any gender includes the corresponding words of any other gender;

(b) the word **including** or any other form of that word is not a word of limitation;

(c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;

(d) a reference to a **person** includes an individual, the estate of an individual, a corporation, an authority, an association or parties in a joint venture, a partnership and a trust;

(e) a reference to a document is to that document as varied, novated, ratified or replaced from time to time;

(f) a reference to an annexure is a reference to an annexure to or of this Target's Statement, and a reference to this Target's Statement includes all annexures to it;

(g) a reference to an agency or body if that agency or body ceases to exist or is reconstituted, renamed or replaced or has its powers or function removed (**obsolete body**), means the agency or body which performs most closely the functions of the obsolete body;

(h) a reference to a statute includes any regulations or other instruments made under it (**delegated legislation**) and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements;

(i) a reference to time is a reference to Sydney time; and

(j) a reference to **$, A$**, **dollar** or **cents** is to Australian currency.

Annexure A - Independent Expert's Report

Grant Thornton

Tutt Bryant Group Limited

Independent Expert's Report and Financial Services Guide

3 August 2010

Grant Thornton

The Independent Directors
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3 August 2010

Dear Sirs

Independent Expert's Report and Financial Services Guide

Introduction

Tutt Bryant Group Limited ("TBG" or the "Company") is an Australia-based company listed on the Australian Securities Exchange ("ASX"). TBG is a diverse construction equipment sales and industrial equipment hire service provider with a market capitalisation of approximately $132 million as at 22 July 2010. The Company provides cranes, general equipment and specialised equipment for hire and it also sells heavy construction equipment, parts and service.

Tat Hong Holdings Ltd ("Tat Hong") is an investment holding company listed on the Singapore Stock Exchange. Tat Hong is engaged in the business of crane rental, tower crane rental, general equipment rental, and sale of equipment, crane and spare parts. Tat Hong is the largest shareholder in TBG, holding approximately 70.8% of the total issued capital in TBG. As at 22 July 2010, Tat Hong's market capitalisation was approximately $412 million[1].

Proposed Offer

On 15 July 2010, TBG announced it had entered into a bid implementation agreement ("BIA") with Tat Hong for the proposed acquisition by Tat Hong International Pte Ltd ("THI"), a subsidiary of Tat Hong of all the issued shares in TBG ("TBG Shares") which Tat Hong does not already own, for a cash consideration of $0.92 per share (the "Proposed Offer"). The Proposed Offer is to be implemented via an off-market takeover bid and is free of any conditions[2].

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[1] Based on AUD/SGD exchange rate of 1.2063 as at 22 July 2010.
[2] We note that on 26 July 2010, Tat Hong received the signed approval letter from Foreign Investment Review Board ("FIRB") in relation to the Proposed Offer.

The independent directors of TBG have unanimously recommended that all the holders of TBG Shares ("TBG Shareholders") should accept the Proposed Offer in the absence of a superior proposal.

Purpose of the report

Tat Hong holds 70.8% of the voting power in TBG, and Tat Hong and TBG have common directors. Section 640 of the Corporations Act requires that a target statement made in response to a takeover offer for securities in an Australian publicly listed company must be accompanied by an independent expert's report if the bidder's voting power in the target is 30% or more or the bidder and target have common directors.

Accordingly, the Independent Directors of TBG have requested Grant Thornton Corporate Finance to prepare an independent expert's report to assess whether the Proposed Offer is fair and reasonable to the TBG Shareholders for the purposes of Section 640 of the Corporations Act.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Proposed Offer is fair and reasonable to TBG Shareholders.

Fairness assessment

In forming our opinion in relation to the fairness of the Proposed Offer, Grant Thornton Corporate Finance has compared our valuation assessment of the fair market value per share of TBG on a controlling basis to the consideration offered of $0.92 cash per TBG Share.

The following table summarises our assessment:

Fairness - TBG Shares	Reference section	Low $'000	High $'000
Fair value of TBG Share on controlling basis	*6.6*	0.86	1.13
Cash consideration per share offered by Tat Hong		0.92	0.92
Premium / (Discount)		0.06	(0.21)
Premium % / (Discount) %		6.9%	(18.9%)

The cash consideration of $0.92 per TBG Share is within our assessed valuation range of TBG Share on a controlling basis. Accordingly, we conclude that the Proposed Offer is fair to the TBG Shareholders. We note that our value per share of TBG has been adjusted for the final dividend paid on 22 July 2010.

Reasonableness assessment

Regulatory Guide 111 "Content of expert reports" ("RG 111") establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the Proposed Offer, we have considered the following factors.

Premium for control

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as:

- the ability to realise synergistic benefits;
- access to cash flows;
- access to tax benefits; and
- control of the board of directors of the company.

Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% in Australia and that the premiums vary significantly from transaction to transaction.

The Proposed Offer represents a premium of:

- 46% compared with the closing price of TBG on 15 July 2010
- 48% compared with the 3 month VWAP of TBG to 15 July 2010;
- 45% compared with the 6 month VWAP of TBG to 15 July 2010; and
- 30% compared with the 12 month VWAP of TBG to 15 July 2010.

The Proposed Offer is also within our valuation range of TBG on a controlling basis. Accordingly, the premium for control implied in the Proposed Offer is in our opinion reasonable when compared with the average control premium paid in the Australian market for successful takeovers.

Furthermore, we note that given Tat Hong already owns a controlling interest of 70.8% in TBG and the level of premium expected to be paid under these circumstances may be less than otherwise may have been the case. However, based on the TBG share price before the announcement of the Proposed Offer and our valuation assessment of TBG on control basis, the Proposed Offer in our opinion includes a full control premium for the proposed acquisition of 100% of the share capital of TBG.

Ability to realise their investment in TBG

The Proposed Offer represents an opportunity for TBG Shareholders to receive certain and immediate value for their investment in TBG free of any realisation costs. The level of trading and liquidity for TBG Shares is very low, given that Tat Hong and other institutional investors hold approximately 85% of the TBG's issued capital.

The Proposed Offer provides an opportunity to TBG Shareholders to exit their investment in TBG at a significant premium.

Avoidance of ongoing risks

TBG Shareholders will no longer be exposed to the ongoing risks associated with holding an investment in TBG which includes market volatility, low liquidity of shares, exchange rate risk and financing risks. In addition, the acceptance of the Proposed Offer will allow TBG Shareholders to avoid ongoing risks associated with the operations of TBG including risk of termination of major supplier agreements, low utilisation rates of the crane fleet and loss of key customers.

Value of TBG to Tat Hong

If the Proposed Offer is successful, Tat Hong will realise direct synergies in relation to cost savings on listing fees, ASX compliance costs and Directors' fees. We have incorporated these cost savings into our valuation assessment.

Tat Hong may also realise other strategic and special benefits if the Proposed Offer is successful. We have not directly incorporated these potential additional benefits into our valuation assessment of TBG. In our opinion, it is unlikely that Tat Hong may pass to the TBG Shareholders any of these benefits as it holds in excess of 70% of the issued capital of the Company and accordingly, the takeover contestability of TBG is limited. Usually a potential bidder is required to pass to the target's shareholders a significant component of its strategic and special benefits if the change of control transaction takes place in a highly competitive environment with two or more interested parties.

Furthermore, we note that by virtue of Tat Hong's 70.8% holding in TBG, the historical and budgeted financial performance of TBG may already incorporate a large component of the revenue synergies and cross selling opportunities between TBG and Tat Hong.

Implications if the Proposed Offer lapses

If the Proposed Offer lapses, all other things being equal, TBG Shares are likely to fall from their current trading levels.

If the Proposed Offer lapses and no superior proposal emerges, the TBG Shares are expected, at least in short term, to trade at a significant discount to our assessed valuation.

Mineral Resource Rent Tax (MRRT)

Whilst TBG is not directly impacted by Mineral Resource Rent Tax (MRRT), the introduction of MRRT may have an indirect adverse impact on the Company's profitability by way of reducing the number of coal and iron ore projects to be developed in the future by its potential clients and hence reducing the TBG's utilisation rate of the crane fleet and other equipment.

Prospect of a superior proposal

We note that Tat Hong already owns 70.8% of TBG's issued capital and accordingly any superior proposal for TBG as a whole will require the support of Tat Hong as a substantial shareholder. It is unlikely that a superior proposal will emerge based on Tat Hong's shareholding in TBG.

Inability to participate in TBG's future growth and future dividends

If TBG Shareholders accept the Proposed Offer, TBG Shareholders will not be able to participate in any future value uplift of TBG Shares arising from possible improved performance of TBG as a result of global recovery, increased activities in the construction and resources sector and successful implementation of its strategies however noting that our valuation assessment of TBG already incorporates a significant uplift of the financial performance of the Company and in particular of the Crane hire & heavy haulage division.

Shareholders' position if the Proposed Offer lapses

If the Proposed Offer lapses, then TBG Shareholders will continue to share in TBG's future growth with Tat Hong which will remain as a large shareholder in TBG. The Board of TBG has advised that if the Proposed Offer lapses, TBG will continue to be listed on the ASX and the Company will continue to pursue its operating strategy.

Loss of franking credits

As at 31 March 2010, TBG had franking credits of approximately $25 million. The ability to utilise these franking credits is dependent upon future profits, dividend payout ratio and the ability and view of TBG in relation to the payment of a special dividend in the future. Whilst we have not discussed with the management the opportunity to pay a special dividend, the existing franking credits has limited value to the TBG Shareholders if the Company continues to pay dividend in the ordinary course of business. If the Proposed Offer is successful, TBG Shareholders will lose potential benefits associated with these franking credits.

Compulsory acquisition

Tat Hong has stated in section 6.2 of the Bidder Statement that, if it acquires 90% or more of TBG Shares and becomes entitled to do so under the Corporations Act, Tat Hong intends to give notices to compulsorily acquire any outstanding TBG shares. As such, the remaining TBG Shareholders may wish to consider accepting the Proposed Offer prior to the end of the offer period in order to expedite receipt of the cash consideration.

Tax implication

If the Proposed Offer is successful, TBG Shareholders may crystallise a capital gains tax expense, however the taxation consequences for shareholders will vary according to their individual circumstances and will be impacted by various factors such as place of residence. TBG Shareholders should read the overview of tax implications of the Proposed Offer set out in section 7 of the bidder's statement and also seek independent financial and tax advice on the implications of accepting the Proposed Offer.

The Independent Directors unanimously recommend, in the absence of a superior proposal, TBG Shareholders to accept the Proposed Offer.

As set out in the Target's Statement, at the date of this report, the independent directors of TBG have, in the absence of a superior proposal recommended acceptance of the Proposed Offer.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Offer is reasonable to the TBG Shareholders.

Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Offer is fair and reasonable to the TBG Shareholders.

Each TBG Shareholder should decide whether or not to accept the Proposed Offer based on their own views of value of TBG and expectations about future market conditions, TBG's performance, risk profile and investment strategy.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Proposed Offer is a matter for each TBG Shareholder to decide based on their own views of value of TBG and expectations about future market conditions, TBG's performance, risk profile and investment strategy. If TBG Shareholders are in doubt about the action they should take in relation to the Proposed Offer, they should seek their own professional advice.

Grant Thornton Corporate Finance notes that during the course of our engagement, we have been provided access to appropriate and relevant prospective information including confidential information in relation to the FY11 budget of TBG. The FY11 budget is considered commercially sensitive by the directors of TBG and may not fully comply with the disclosure requirements set out in RG111 and Regulatory Guide 170 "Prospective Financial Information" ("RG 170"). Accordingly, we have not fully disclosed the FY11 budget in our report but we have relied on it for the purpose of our valuation assessment. In addition, Grant Thornton Corporate Finance has considered the regulatory guides issued by Australian Securities and Investments Commission ("ASIC") in relation to disclosure of commercially sensitive information.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN	SCOTT GRIFFIN
Director	Director

3 August 2010

Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Tutt Bryant Group Limited ("TBG" or the "Company") to provide general financial product advice in the form of an independent expert's report in relation to the takeover offer by Tat Hong International Pte Ltd ("THI"), a subsidiary of Tat Hong Holdings Ltd ("Tat Hong"). This report is included in the Target's Statement.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from TBG fees in the range of $52,000 to $56,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of TBG in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with TBG (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Proposed Offer.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

Contents

1 Overview of the Proposed Offer

1.1 Introduction

Tutt Bryant Group Limited ("TBG" or the "Company") is an Australia-based company listed on the Australian Securities Exchange ("ASX"). TBG is primarily engaged in the following activities:

- sale of construction equipment and parts through Company owned branches and independent dealers;
- crane hire and heavy haulage through its fleet of approximately 150 cranes and other lifting and hauling assets; and
- general hire activities which include providing general and specialised equipment to the construction, resources, rail and infrastructure sectors.

As at 22 July 2010, TBG's market capitalisation was approximately $132 million.

Tat Hong Holdings Ltd ("Tat Hong") is an investment holding company listed on the Singapore Stock Exchange. Tat Hong, through its subsidiaries, is engaged in the business of crane rental, tower crane rental, general equipment rental, and sale of equipment, crane and spare parts. Tat Hong is the largest shareholder in TBG, holding approximately 70.8% of the total issued capital in TBG. As at 21 July 2010, Tat Hong's market capitalisation was approximately $412 million[3].

On 15 July 2010, TBG announced it had entered into a bid implementation agreement ("BIA") with Tat Hong for the proposed acquisition by Tat Hong International Pte Ltd ("THI"), a subsidiary of Tat Hong of all the issued shares in TBG ("TBG Shares") which Tat Hong does not already own, for a cash consideration of $0.92 per share (the "Proposed Offer"). The Proposed Offer is to be implemented via an off-market takeover bid and is free of any conditions[4].

The independent directors of TBG have unanimously recommended that all the holders of TBG Shares ("TBG Shareholders") should accept the Proposed Offer in the absence of a superior proposal.

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[3] Based on AUD/SGD exchange rate of 1.2063 as at 22 July 2010.
[4] We note that on 26 July 2010, Tat Hong received the signed approval letter from Foreign Investment Review Board ("FIRB") in relation to the Proposed Offer.

2 Purpose and scope of the report

2.1 Purpose

Section 640 of the Corporations Act requires that a target statement made in response to a takeover offer for securities in an Australian publicly listed company must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; and
- for a bidder who is, or includes, an individual – the bidder is a director of the target company; or
- for a bidder who is, or includes, a body corporate – a director of the bidder is a director of the target company.

The independent expert's report must state whether, in the opinion of the independent expert, the takeover offer is fair and reasonable to the target company's independent shareholders and provide the reasons for forming that opinion.

As at the date of this report, we note that Tat Hong holds 70.8% of the voting power in TBG, and Tat Hong and TBG have common directors. Accordingly, the Independent Directors of TBG have requested Grant Thornton Corporate Finance to prepare an independent expert's report to assess whether the Proposed Offer is fair and reasonable to the TBG Shareholders for the purposes of Section 640 of the Corporations Act.

2.2 Basis of assessment

The Corporations Act does not define the meaning of "fair and reasonable". In preparing this report, Grant Thornton Corporate Finance has had regard to Regulatory Guide 111 "Content of expert reports" ("RG 111"). RG 111 establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" are in the context of a takeover offer.

As the Proposed Offer is a takeover bid, Regulatory Guide 111 "Content of expert reports" requires the following assessment:

- an offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is script or cash and without consideration of the percentage holding of the offeror or its associates in the target company;
- an offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:

- the offeror's pre-existing entitlement, if any, in the shares of the target company;
- other significant shareholding blocks in the target company;
- the liquidity of the market in the target company's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target company;
- any special value of the target company to the offer, such as particular technology and the potential to write off outstanding loans from the target company;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative offeror and likelihood of an alternative offer being made.

In assessing the fairness of the Proposed Offer, Grant Thornton Corporate Finance has determined whether the Proposed Offer is fair to the TBG Shareholders by comparing the fair market value range of TBG Shares on a controlling basis with the value of the cash consideration offered, being $0.92 per TBG Share.

In considering whether the Proposed Offer is reasonable to the TBG Shareholders, we have considered a number of factors, including:

- whether the Proposed Offer is fair;
- the implications to TBG and TBG Shareholders if the Proposed Offer does not complete;
- other likely advantages and disadvantages associated with the Proposed Offer as required by RG111; and
- other costs and risks associated with the Proposed Offer that could potentially affect the TBG Shareholders.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Proposed Offer with reference to the ASIC Regulatory Guide 112 "Independence of Experts" ("RG 112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Proposed Offer other than that of independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Proposed Offer.

2.4 Consent and other matters

Our report is to be read in conjunction with the Target's Statement dated on or around 3 August 2010 in which this report is included, and is prepared for the exclusive purpose of assisting the TBG Shareholders in their consideration of the Proposed Offer. This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this report in its form and context and consents to its inclusion in the Target's Statement.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Proposed Offer to the TBG Shareholders as a whole. We have not considered the potential impact of the Proposed Offer on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Proposed Offer on individual shareholders.

The decision of whether or not to accept the Proposed Offer is a matter for each TBG Shareholder based on their own views of value of TBG and expectations about future market conditions, TBG's performance, risk profile and investment strategy. If shareholders are in doubt about the action they should take in relation to the Proposed Offer, they should seek their own professional advice.

3 Profile of the industry

TBG is an industrial service company engaged in the distribution of construction equipment, crane hiring and heavy haulage, and other equipment hiring in Australia.

This section provides an overview of the equipment hiring industry in Australia.

3.1 Key drivers

The demand for equipment hiring and leasing is primarily driven by the mining and construction activities in Australia. The growth of this industry is directly related to the general economic trends in both the private and public sectors, particularly in the highly capital intensive areas such as mining, oil and gas, electricity and water and other major infrastructure sectors.

The key demand factors that influence the equipment hiring and leasing industry in Australia are:

- Level of general economic activity, such as non-residential building, infrastructure and resource development;
- Access to the latest available technology;
- Continuing trend to outsource non-core business functions;
- Development of specialised markets and products;
- Increases in capital expenditure on machinery and equipment; and
- Increase in real household disposable incomes.

3.2 Market Segmentation

The market segmentation of the industry can be categorised in the following four sectors:

- Mining industries (35% of total industry revenue);
- Construction related industries (35% of total industry revenue);
- Trade businesses (25% of total industry revenue); and
- Households (5% of total industry revenue).

The two largest sectors in equipment hiring industry, being the construction sector and the mining sector, account for approximately 70% of total industry revenue.

The customers in this industry can be generally categorised into two primary groups:

i Large enterprises and government bodies, which hire an extensive range of equipment on a regular basis; and ii Smaller customers that use a relatively limited range of equipment on a less regular basis.

3.3 Historical performance

3.3.1 Construction activities

The major products supplied to the construction industry include cranes, scaffolding and earthmoving equipment.

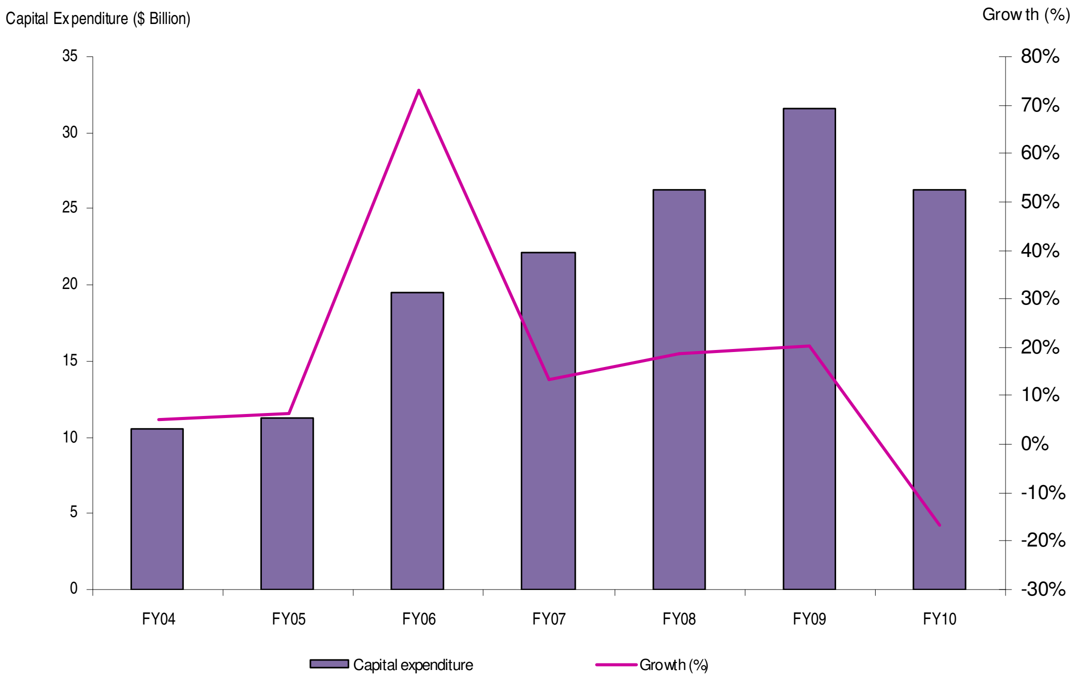
The construction industry as a whole has grown since FY03, and expenditure on the non-residential construction sector has increased significantly driven by investment activities in both the private and public sectors. According to the statistics published by the Australian Bureau of Statistics ("ABS"), the value of total non-residential building construction had increased by 10% during the four year period to FY07. The total residential construction fell by 5.1% in FY06, but then increased in the following two years, by 1.0% and 0.6% respectively, indicating stronger growth in demand from the non-residential building construction market.

However, the negative impact caused by the global financial crisis ("GFC") had significantly reduced the demand for equipment hire and leasing services along with fallen expenditure on residential dwelling caused by weaker consumer sentiments. Nevertheless, government infrastructure projects as part of stimulus packages seemed to support demand for many industry participants in FY10, with road and construction projects being big users of hired equipment.

3.3.2 Mining activities

The mining sector is another major market for the equipment hiring and leasing industry. The mining sector in general has grown rapidly since FY05 as a result of strong global demand for commodities, from China in particular. Fuelled by high commodity prices and increased production between FY05 and FY07, capital expenditure on equipment hiring and leasing increased significantly during these years.

Shown below is mining sector's capital expenditure on equipment from FY04 to FY10:



Global economic growth remained limited during FY10. China has also experienced a slowdown, with exports from the nation weakening. The mining sector is expected to experience relatively flat demand and commodity prices for the year.

3.4 Major players and operating conditions of the industry

3.4.1 Competition level

The concentration of the equipment hiring and leasing industry is considerably low compared with other major industries in Australia. The largest four players in the industry have a combined market share of 33.9%. The competition in this industry is mainly price-driven but the key factors are related to the quality of goods.

Outlined below are the details of the four largest players:

- Coates Group Holdings Pty Limited ("Coates") – is the largest player in the industry with a market share of approximately 19.8%.
- Emeco Holdings Limited ("Emeco") – headquartered in Perth, Western Australia, is the second largest player in the industry with a market share of approximately 8.0%.
- Kennards Hire Pty Limited – Established in 1948, it is a family-owned business with a nation-wide network of branches. The company has a market share of 3.5%.
- Boom Logistics Limited ("Boom") – a company engaged in the provision of lifting solutions and sale of mobile cranes, associated spare parts and after sales service has a market share of approximately 2.6%.

3.5 Other key factors for the industry

3.5.1 Investment requirement

The industry is highly capital and labour intensive. It is estimated that for every dollar of capital used by the industry, approximately $1.23 is spent on labour. The industry has a high level of capital expenditure due to the need to initially invest in equipment and to maintain, replace and depreciate equipment on a regular basis. Given TBG provides most of its crane hire services on a dry hire basis, it has a greater cost flexibility and lower impact from salary expenses.

3.5.2 Proximity to construction, mining sites and population intensive area

There is a concentration of locations in the larger states and territories due to their overall share of industry and population. New South Wales accounts for the largest share of Australia's population and GDP. This is followed by Victoria and Queensland.

3.5.3 Regulation

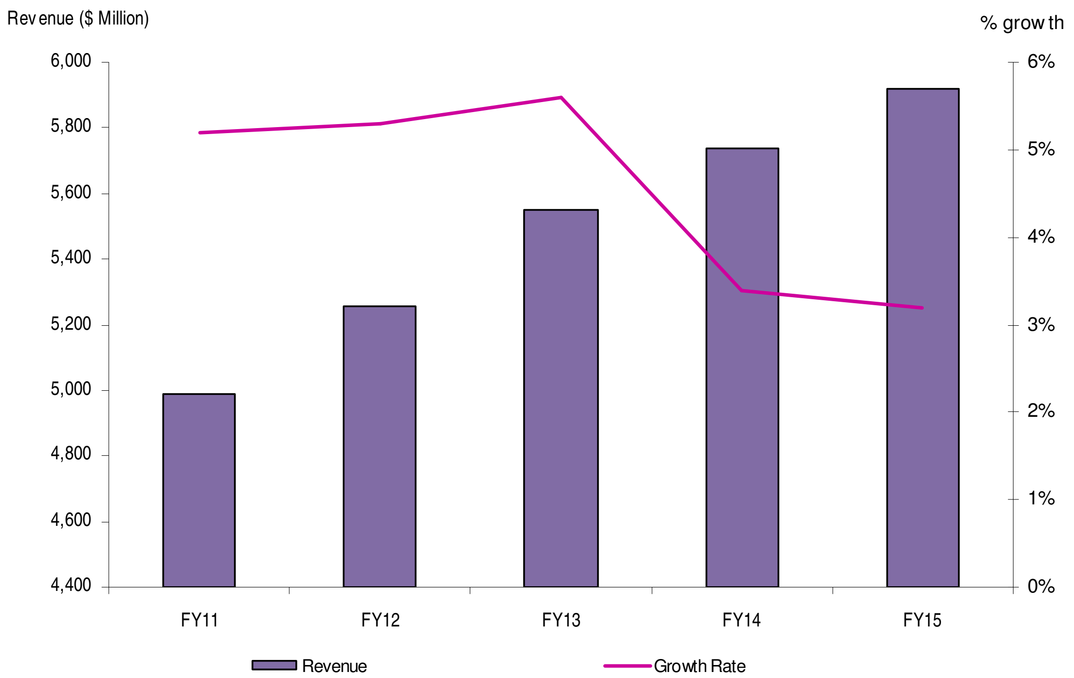
The hire industry has to comply with an increasing number of complex regulations. There are both State and Territory Occupational Health and Safety regulations, and as a result, all hired equipment has to be continually monitored, modified and adjusted in compliance with strict industry standard. In addition, the hirer is responsible for supplying a log book with each piece of hire equipment sold to detail its use and on-going repairs and maintenance and gives specific advice to the purchaser whether the equipment is suitable for use. Under product liability regulations, hirers of equipment are now liable if they fail to give the user sufficient or adequate instructions on its safe use. If equipment is imported and the importer is no longer in business, then the product liability lies with the hirer.

Companies in this industry should carry adequate product indemnity and public liability insurance cover. Professional legal advice and/or advice from the Hire and Rental Association should be sought by all existing operators and potential entrants.

3.6 Industry outlook

The performance of the equipment hiring industry will continue to be affected by trends in related markets such as mining and construction. Investment in mining, non-residential and residential markets will continue to underpin demand for this industry's products.

Overall the industry revenue is estimated to grow at 4.5% over the five years to FY15 as summarised in the graph below.



Capital expenditure on mining is expected to contract early over the five year period. Mining companies, in particular smaller companies, are expected to reduce investment while commodity prices remain flat. In early 2009, it was reported that several mining companies were planning staff number reductions and closures of certain mines, the consequences of which will be ongoing for industry revenue.

After an initial decline, capital expenditure on non-residential construction is expected to increase over the latter years of the five year period to FY15. This should aid demand for this industry's products during these final years of the period, as activity increases.

Public funding for infrastructure projects also influences demand for this industry's products. Public funding of infrastructure projects is expected to increase during most years of the five years to FY15, boosting demand for this industry's products. A key part of this growth is expected to occur as a result of the federal government's infrastructure stimulus spending.

Industry profits are expected to improve during the latter years of the period as revenue growth improves, and as continued merger and acquisition activity provides companies with opportunities for economies of scale.

4 Profile of TBG

4.1 Company overview

TBG is an Australia based company listed on the ASX. TBG is a provider on a hire basis and distributor of cranes, industrial and construction equipment in Australia. The structure of TBG is summarised in Appendix B.

The operating activities of the Company can be classified into three main divisions:

- sale of construction equipment and parts through Company owned branches and independent dealers ("Distribution division");
- crane hire and heavy haulage through its fleet of approximately 150 cranes and other lifting and hauling assets ("Crane hire & heavy haulage division"); and
- general hire activities which include providing general and specialised equipment to the construction, resources, rail and infrastructure sectors ("General hire division").

4.1.1 Distribution division

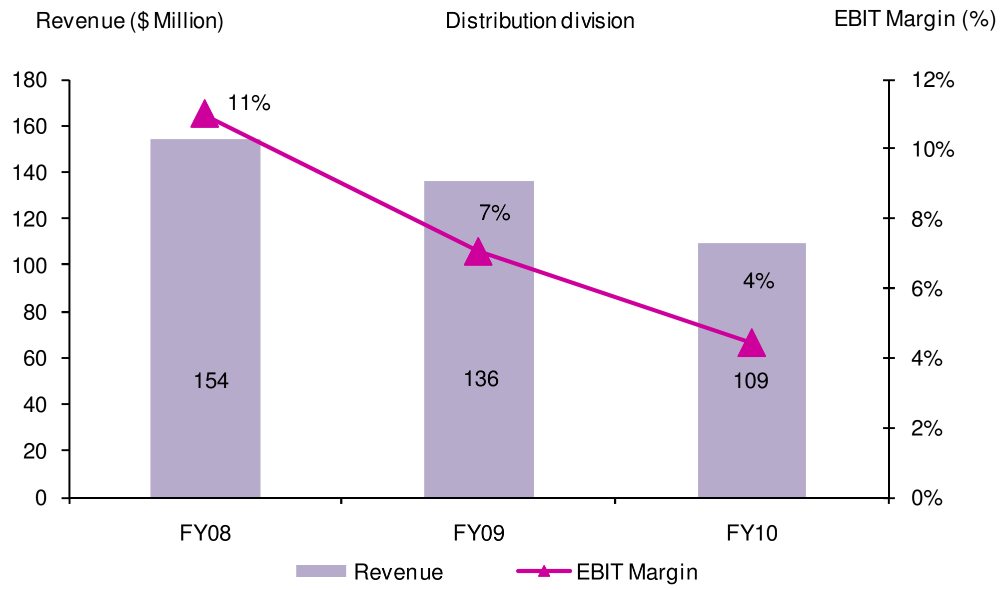
TBG sells construction equipment, parts and also render services through Company owned branches and independent dealers. The equipment in its distribution portfolio include excavators, loaders, tool carriers, compactors, telehandlers and access equipment, graders and cranes. The distribution/sale of construction equipments is made to a wide range of industries including construction, the public sector, infrastructure and general equipment hire industries.

TBG's distribution operations are conducted by BT Equipment Pty Ltd ("BT Equipment"), a fully owned subsidiary of TBG and an independent national distributor of construction equipment and cranes in Australia. BT Equipment has supply arrangements with key manufacturers including Hitachi-Sumitomo, Bomag, Sumitomo, Yanmar, Mustang, Mitsubishi, Kawasaki and Manitou.

TBG is exposed to foreign currency risks on the purchase of the equipments. In order to manage the foreign currency risk, TBG has hedged in the past between 75% and 85% of its trade payables denominated in foreign currency, by using the forward exchange contracts.

During FY10, the Distribution division accounted for approximately 46% of total revenue and 31% of Earnings before Interest and Tax ("EBIT") (excluding corporate overheads) generated by TBG.

The historical revenue and EBIT (excluding corporate overheads) generated by the Distribution division is shown in the graph below:



Source: TBG

Refer to section 6.1.1 for a detailed discussion about the historical financial performance of the Distribution division.

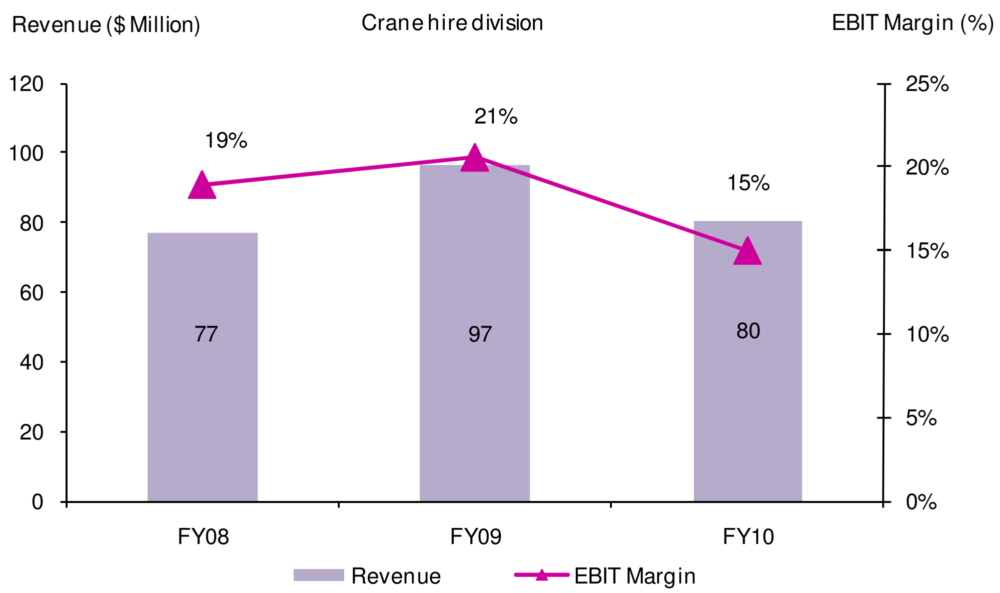
4.1.2 Crane hire & heavy haulage division

Crane hire & heavy haulage division operates crawler crane fleets in Australia and currently has approximately 150 cranes as well as other lifting and haulage assets. TBG provides crane hire fleets predominantly to the construction, resources and infrastructure sectors. TBG provides a range of dry hire and wet hire cranes[5] and diverse haulage capabilities together with planning and support services. Crane hire & heavy haulage operations are located in Perth, Karratha, Darwin, Brisbane, Muswellbrook and Melbourne. The average fleet utilisation rate has been between 65% and 85% during past few years and management of TBG ("Management") have advised that the average pay back period for cranes is 5 years based on an average utilisation rate of approximately 75%.

In December 2009, TBG established a joint venture with an Italian based heavy lift and transport company, Fagioli SpA to form TBF Oceania Pty Ltd. The rationale of this joint venture is to complement TBG's product offering in a heavier crane and haulage sector.

[5] Dry hire means equipment rental without an operator or labour whereas equipment rental with an operator or labour is referred as wet hire.

During FY10, Crane hire & heavy haulage division accounted for approximately 33% of the total revenue and 76% of the EBIT (excluding corporate overheads) generated by TBG. The historical revenue and EBIT (excluding corporate overheads) generated by the Crane hire & heavy haulage division is shown in the graph below.



Source: TBG

Refer to section 6.1.2 for a detailed discussion about the historical financial performance of the Crane hire & heavy haulage division.

4.1.3 General hire division

The general hire division provides general and specialised equipment to the construction, resources, rail and infrastructure sectors. The hire fleet includes compactors, specialised rail equipment, access equipment and general construction equipment.

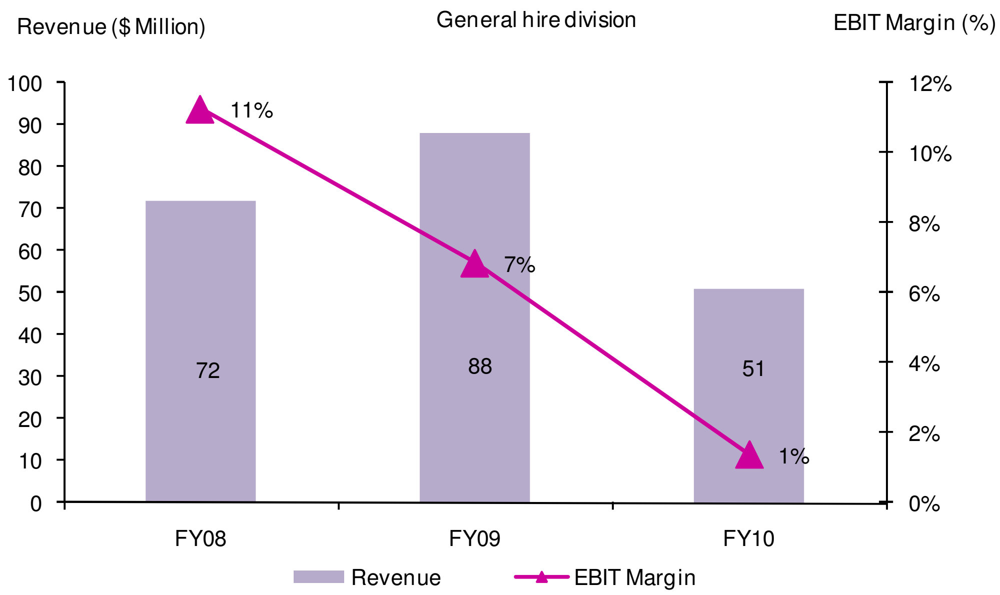
The General hire division comprises Kingston Industries Pty Ltd ("Kingston"), Office Cleaning Services Pty Ltd (EQ Hire) and North Sheridan Pty Ltd (Paramount Hire).

- Kingston provides specialised equipment throughout New South Wales on dry hire and wet hire basis. The performance of Kingston was affected by the slow down of construction activity during the global financial crisis. As a result, Kingston ceased its heavy haulage operations and was restructured to focus only on operations as a plant hire company;

- EQ Hire provides general equipment hire in Victoria for earthmoving, civil construction, building and industrial use. EQ Hire has long term contract with Alcoa Inc in Geelong and Portland to supply specialised pot room approved access equipment; and

- Paramount Hire provides dry hire of equipment to construction, mining and industrial companies in Queensland.

During FY10, the General hire division accounted for approximately 21% of the total revenue and 4% of EBIT (excluding corporate overheads) generated by TBG. The historical revenue and EBIT (excluding corporate overheads) generated by the General hire division is shown below in the graph.



Source: TBG

Refer to section 6.1.3 for a detailed discussion about the historical financial performance of the General hire division.

4.2 Financial information

4.2.1 Income statement

The audited historical consolidated income statements of TBG for the year ended 31 March 2008, 2009 and 2010 are set out in the table below:

TBG Income statement	FY08 Audited $'000	FY09 Audited $'000	FY10 Audited $'000
Revenue from sale of goods and services	302,838	321,004	240,439
Other income	1,818	2,102	1,241
Cost of goods sold	(117,428)	(108,390)	(88,375)
Gross profit	187,228	214,716	153,305
Gross profit margin (%)	*62%*	*67%*	*64%*
Repairs and maintenance expenses	(8,241)	(9,395)	(8,451)
Sub-contract expenses	(41,606)	(55,027)	(23,900)
Personnel expenses	(41,523)	(47,457)	(43,553)
Operating lease expenses	(8,659)	(10,234)	(9,351)
Fuel expenses	(4,323)	(3,946)	(2,178)
Crane mobilisation expenses	(2,122)	(2,110)	(3,033)
Other operating expenses	(23,323)	(29,392)	(23,878)
EBITDA	57,431	57,155	38,961
EBITDA margin %	*19%*	*18%*	*16%*
Depreciation and amortisation expenses	(20,352)	(23,602)	(23,144)
EBIT	37,079	33,553	15,817
EBIT margin %	*12%*	*10%*	*7%*
Net finance expense/income	(3,345)	(5,120)	(5,242)
Foreign exchange gain/loss	5,304	(7,845)	786
Profit before tax	39,038	20,588	11,361
Income tax expense	(12,469)	(6,382)	(2,496)
Profit after tax	26,569	14,206	8,865

Source: TBG

We note the following in regards to the consolidated income statements of TBG.

FY08

- The revenue for FY08 increased by 31% and the profit after tax increased by 107% compared to FY07 due to strong demand for construction equipment across most sectors, and strong growth in resources and infrastructure sectors in general;
- The revenue from the Distribution division increased by approximately 18.2% to $159.6 million driven by high demand for the construction equipment during the year;

- The revenue from the Crane hire & heavy haulage division increased to $77.1 million (an increase of approximately 26%) due to the following:
  - acquisition of additional and higher capacity cranes;
  - high average utilisation rate of approximately 75.4%; and
  - contribution from Muswellbrook Cranes Services Pty Ltd for the full year. Muswellbrook Cranes Services Pty Ltd was acquired in February 2007;
- The revenue from the General hire division increased to $72.0 million (an increase of 51%) due to the following:
  - Full year contribution from North Sheridan Pty Ltd (Paramount Hire division), which was acquired by TBG in December 2006 ; and
  - Restructure of Kingston's hire divisions during the year;
- During FY08, TBG acquired the trading name and certain assets and liabilities of Bradshaw Ultra Heavy Haulage Pty Ltd, an ultra heavy haulage company located in Melbourne for a consideration of $3 million; and
- TBG benefited from unrealised foreign exchange gain of $5.3 million.

FY09

- Total revenue increased to $321 million (an increase of approximately 6%) mainly driven by the Crane hire & heavy haulage division;
- The profit after tax for FY09 was $14.2 million, a decrease of approximately 47%. The lower profit after tax was mainly attributable to:
  - significant fall in profits from the Distribution division due to the impact of global financial crisis; and
  - unrealised foreign exchange loss of approximately $7.8 million compared to a foreign exchange gain of $5.3 million in FY08;
- During FY09, TBG acquired the trading name and certain assets and liabilities of Compactor Hire Townsville Pty Ltd and Caradel Hire Pty Ltd for a consideration of $4.8 million and $4.1 million respectively.

FY10

- Total revenue decreased to $240 million compared to FY09 (a decrease of approximately 25%) due to continuing impact of the depressed construction and resources sector in Australia.

- The fall in revenue from the Distribution division and the Crane hire & heavy haulage division (23% and 17% respectively) was caused by the following:

  - delay in project starts due to low level of activities in the construction sector;

  - credit market restrictions on purchase financing; and

  - deterioration of investor's confidence and consumer sentiment in the market.

- The equipment hire contract between TBG and Railcorp NSW ("Railcorp Contract") was terminated effective 31 March 2009 due to change in State Government procurement policies. The Railcorp Contract generated revenue of approximately $24.6 million in FY09 and its loss caused substantial reduction in the FY10 revenue of the General hire division;

- The sub-contract expenses also declined from $54 million in FY09 to $23.9 million in FY10 as a result of termination of the Railcorp Contract;

- Operating and other expenses were lower compared to the previous year as a result of restructuring conducted to reduce overheads, staffing levels and distribution expenses due to low level of sales activity;

- During FY10, TBG acquired the trading name and certain assets and liabilities of Allard's Hire and Service Pty Ltd and Tolwill Pty Ltd for a consideration of $140,000.

FY11

- The FY11 budget provided by the Management has not been disclosed in our report as the information contained in the budget is commercially sensitive. Furthermore, some of the assumptions underlying the FY11 budget are hypothetical assumptions rather than the best estimates and accordingly, they may not meet the requirements for presentation of prospective financial information as set out in RG170. Whilst we have relied in our valuation assessment on the FY11 budget as this represents Management's view of the future performance of the business, we have limited the disclosure of the prospective financial information in our independent expert's report in accordance with RG111;

- In accordance with the requirements of RG111, we have made enquires with the Management to understand the basis upon which the FY11 budget for TBG have been prepared and we note the following:

  - The FY11 budget has been prepared based on the historical financial performance of the Company;

  - The FY11 budget assumes continuation of volatile but improving economic conditions in Australia. In addition, the FY11 budget assumes inconsistent growth in infrastructure and resources industries and marginal price increases from overseas suppliers;

  - The FY11 budget assumes that there will be no changes in the capital structure of the Company;

- The impact of foreign exchange gains/losses has been assumed neutral; and

- The FY11 budget has been approved by the Board of Directors of the Company.

We have performed the following procedures in relation to the FY11 budget:

- A broad review of the key underlying assumptions; and

- Discussions with the Management.

- The revenue from the Crane hire & heavy haulage division is budgeted to increase significantly due to the following factors:

  - The mining/construction projects deferred during FY10 as a result of difficult economic conditions are expected to re-commence in FY11;

  - Increase in capacity and number of cranes;

  - Management has advised that 65% of the available fleet is already contracted for the remaining period of FY11; and

  - The utilisation rate for FY11 (77%) is expected to be higher than the utilisation rate for FY10 (63.2%).

- The revenue from the Distribution division is budgeted to increase considerably due to expectation of the global recovery and improved economic conditions;

- The revenue from the General hire division is budgeted to increase due to increased spending by government and mining industry, addition of a depot located closer to Melbourne to have easy access to target market and continuing focus on sales and marketing of business; and

- The operating expenses for FY11 are budgeted by Management to increase primarily as a result of the additional costs associated with the new depot in Melbourne and higher staffing costs due to hire of new employees.

4.2.2 Balance sheet

The consolidated balance sheets of TBG as at 31 March 2010 and 30 June 2010 are set out in the table below:

TBG Balance Sheet	As at 31-Mar-10 Audited $'000	As at 30-Jun-10 Unaudited $'000
Current Assets		
Cash and cash equivalents	30,947	33,218
Trade receivables	27,163	29,354
Inventories	36,311	33,348
Income tax receivable	686	-
Other financial assets	-	-
	95,107	95,920
Non-Current Assets		
Trade and other receivables	-	-
Deferred tax assets	1,447	2,936
Property, plant and equipment	148,313	151,898
Intangible assets	41,031	40,914
	190,791	195,748
Total Assets	285,898	291,668
Current Liabilities		
Trade and other payables	46,762	40,962
Loans and borrow ings	17,366	19,460
Employee benefits	6,482	6,900
Income tax payable	-	1,654
Provisions	490	3,269
	71,100	72,245
Non-Current Liabilities		
Loans and borrow ings	52,846	55,265
Deferred tax liabilities	-	1,489
Employee benefits	541	593
Provisions	693	688
	54,080	58,035
Total Liabilities	125,180	130,280
Net Assets	160,718	161,388
Equity		
Share capital	104,256	104,256
Reserves	-	-
Accumulated losses	56,462	57,132
	160,718	161,388

Source: TBG

We note the following in relation to the consolidated balance sheet as at 31 March 2010:

- Property, plant and equipment includes land and buildings of $12 million, rental equipment of $116 million, motor vehicles of $18 million and equipment and fittings of $1 million;

- Intangible assets include goodwill from various acquisitions of $40 million and computer software/customer relationship contracts with a value of approximately $0.8 million;

- Current and non-current loans and borrowings include:

  - Bank loans of $1.4 million secured by the registered first mortgages over the Company's land and buildings; and

  - Finance lease and hire purchase liabilities of $68.8 million secured over the leased assets of the Company;

- Employee benefits include employee annual leave and long service leave;

- Provisions include warranty provision in relation to sale of equipment sold during last three years. These provisions are based on historical warranty claims and adjusted for any specific relevant information. In addition, TBG also recognises a provision for make-good costs of the leased properties; and

- As at 31 March 2010, TBG had franking credits of approximately $25 million. The ability to utilise the franking credits is dependent upon future profits and dividend payout ratio.

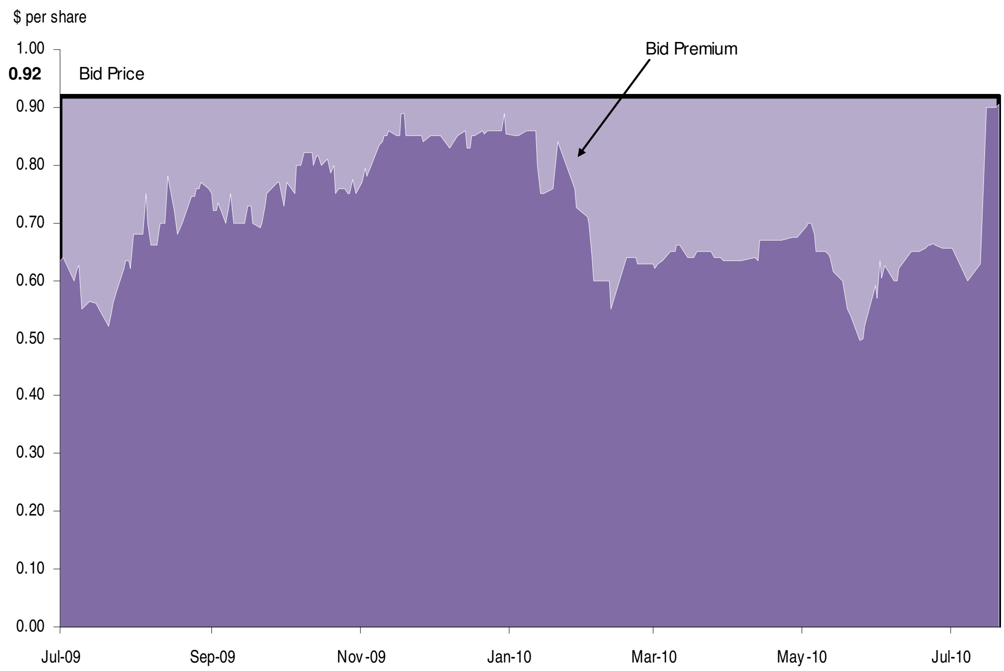
4.3 Capital Structure

As at 22 July 2010, TBG has on issue 147,159,422[6] TBG Shares. The top 10 shareholders of TBG are set out below:

Shareholder	No of shares	% of issued shares
Tat Hong International Pte Ltd	104,149,705	70.8%
Pan Australian Nominees Pty Ltd	8,454,500	5.7%
RBC Dexia Investor Services Australia Nominees Pty Ltd <BKCust A/C>	6,727,749	4.6%
Bainpro Nominees Pty Ltd	6,000,000	4.1%
HSBC Custody Nominees Limited	3,415,791	2.3%
Mr Chw ee Cheng NG	2,023,901	1.4%
ANZ Nominees Limited	1,477,462	1.0%
Geomar Superannuation Pty Ltd	625,429	0.4%
J P Morgan Nominees Australia Limited	605,166	0.4%
Farjoy Pty Ltd	439,395	0.3%
Total Top Ten Shareholders	**133,919,098**	**91.0%**
Other Shareholders	13,240,324	9.0%
Total	**147,159,422**	**100.0%**

Source: TBG

TBG's daily share price movements for the period from 1 July 2009 to 21 July 2010 together with the premium on TBG share price implied in the Proposed Offer are set out in the following graph.



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[6] Includes 4.1 million TBG Shares issued on 22 July 2010 under the dividend reinvestment plan.

We note the following with regard to the share price history shown above

Date	Comments
23 July 2010	TBG announced that the Company issued 4,100,442 ordinary shares at $0.5752 per share on 22 July 2010 pursuant to the company's dividend reinvestment plan for the final dividend announced on 25 May 2010. Share price closed at $0.90.
15 July 2010	TBG announced that it received a cash acquisition proposal from Tat Hong for the remaining 30% of the total equity after the market being closed. Share price closed at $0.90 on the next trading date.
28 January 2010	TBG announced the anticipated sales revenue for FY10 would be between $240 - $250 million with net profit between $7.5 - $9.0 million and gearing ratio at 26%. Share price closed at $0.76.
30 October 2009	TBG announced the anticipated sales revenue for FY10 would be between $124 - $128 million with net profit between $5.5 - $6.5 million and gearing ratio at 26%. Share price closed at $0.75.
17 August 2009	TBG announced the first quarterly result as from March 2009, which includes an improved gearing ratio from 49% to 41% based on previous quarter, as well as a worsened gross margin, a decline of approximately 28%. Share price closed at $0.72.

Set out below is the share price performance of TBG since July 2009:

	Share Price			Average weekly volume
TBG	**High (A$)**	**Low (A$)**	**Close (A$)**	**(000's)**
Month ended				
July 2009	0.680	0.520	0.680	127
August 2009	0.790	0.660	0.760	308
September 2009	0.770	0.660	0.770	358
October 2009	0.840	0.730	0.750	134
November 2009	0.900	0.750	0.850	179
December 2009	0.890	0.830	0.855	56
January 2010	0.860	0.725	0.725	46
February 2010	0.710	0.550	0.630	111
March 2010	0.660	0.615	0.635	82
April 2010	0.675	0.635	0.675	49
May 2010	0.700	0.495	0.590	146
June 2010	0.690	0.570	0.655	202
1 July 2010 to 21 July 2010	0.905	0.600	0.900	13,344
Week ended				
24 Apr 2010	0.670	0.670	0.670	25
1 May 2010	0.675	0.670	0.675	29
8 May 2010	0.700	0.650	0.650	130
15 May 2010	0.675	0.615	0.615	158
22 May 2010	0.600	0.500	0.540	68
29 May 2010	0.565	0.495	0.540	232
5 Jun 2010	0.635	0.570	0.625	203
12 Jun 2010	0.620	0.600	0.620	248
19 Jun 2010	0.690	0.600	0.650	344
26 Jun 2010	0.675	0.650	0.660	70
3 Jul 2010	0.610	0.600	0.655	9
10 Jul 2010	0.905	0.630	0.600	6,385
17 Jul 2010	0.900	0.895	0.900	8,421
19 July 2010 to 21 July 2010	0.905	0.900	0.900	683

5 Valuation methodologies

5.1 Introduction

In accordance with our adopted valuation approach set out in section 2.2, our fairness assessment involves comparing the fair market value of TBG Shares to the cash consideration of $0.92 per TBG Share.

Grant Thornton Corporate Finance has assessed the value of TBG Shares using the concept of fair market value. Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
- application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- amount available for distribution to security holders on an orderly realisation of assets;
- quoted price for listed securities, when there is a liquid and active market; and
- any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

5.3 Selected valuation methodology

When considering an appropriate valuation methodology to assess the fair market value of TBG, Grant Thornton Corporate Finance notes that Management does not prepare long-term forecasts for its business. As a result, it is not possible for us to utilise the discounted cash flow methodology in assessing the fair market value of TBG.

Accordingly, Grant Thornton Corporate Finance has selected the capitalisation of maintainable earnings approach to assess the fair market value of TBG. We note that most of the companies operating in the equipment hire industry including TBG are capital intensive businesses. Accordingly, we have selected EBIT as the measure of maintainable earnings for TBG.

The application of the capitalisation of earnings methodology involves:

- assessing the historical and budgeted financial performance and position of the businesses;

- selecting an appropriate level of EBIT (generally referred to as maintainable EBIT), having regard to the historical and budgeted operating results after adjusting for non-recurring items of income and expenditure and other known factors likely to affect the future operating performance of the business; and

- determining an appropriate EBIT multiple having regard to the trading multiples of comparable companies, transaction evidence, extent and nature of competition in the industry, quality of earnings, future growth opportunities, asset backing and relative investment risk.

Under the capitalisation of EBIT methodology, the level of the net interest bearing debt and other assets/liabilities not reflected in the EBIT of the company are adjusted from the enterprise value to derive the value of the equity.

In our analysis, we have estimated the future maintainable earnings of the three divisions of TBG separately and aggregated them to calculate the fair market value of TBG using the capitalisation of EBIT methodology.

We have used the quoted price of TBG only as a cross-check to the values derived using the capitalisation of earnings methodology.

We have also had regard to the Net Tangible Assets (“NTA”) per TBG Share to assess the reasonableness of our valuation using the capitalisation of earnings methodology.

6 Valuation assessment of TBG

As discussed in Section 5.3, we have used the capitalisation of EBIT methodology to assess the fair market value of TBG. In our valuation analysis, we have estimated the fair market value of the three divisions of TBG separately as each business division is subject to different earning profiles and risks. The following sections summarise our valuation assumptions.

6.1 Maintainable earnings

6.1.1 Distribution division

When considering the future maintainable earnings of the Distribution division, we have taken into account the historical performance for FY08, FY09, FY10 and the budgeted performance for FY11. The following table summarises the historical revenue and EBIT for the Distribution division.

Distribution division	FY08 Actual $'000	FY09 Actual $'000	FY10 Actual $'000
Revenue	153,801	136,325	109,418
EBIT before corporate overheads*	16,900	9,593	4,834
EBIT margin (%)	*11%*	*7%*	*4%*
Future maintainable EBIT ($'000)			**5,000 - 6,000**

** EBIT excludes corporate overheads associated with maintaining office premises, the executive management teams, finance, corporate administration and other overhead costs, including costs associated with the listing status.*

Source: TBG

In our valuation assessment of the Distribution division, we have considered the following factors:

- Revenue from the Distribution division accounts for approximately 40% - 50% of TBG's total revenue;
- BT Equipment is an established business with a portfolio of exclusive distribution agreements from a large number of equipment suppliers and manufacturers;
- BT Equipment has long-term contracts with key manufacturers and equipment suppliers. However, the distribution agreements can be terminated by suppliers at any time without any penalty and limited notice period;
- The performance of the Distribution division is sensitive to exchange rate fluctuations as most of the manufacturers/equipment suppliers are based overseas. However we have not incorporated the gains/losses from the exchange rate movements in our valuation assessment as we have not considered them a part of the operating business of the Distribution division. Furthermore, the company can put in place appropriate hedging mechanism to mitigate currencies volatility;

- Earnings of the Distribution division are subject to the general economic conditions and level of activities in the construction, infrastructure and resources sector. We note that the improved earnings of the Distribution business in FY08 were mainly driven by the strong market growth rate in equipment sales. However, the earnings for FY09 and FY10 were negatively affected by the global financial crisis and consequent slow down in the construction and other sectors;

- Management has advised that whilst the sales of the new construction equipment was strong between FY06 and FY09, there has recently been a build up of unutilised new equipment;

- The actual EBIT of $4.8 million for FY10 exceeded the FY10 budget by 26% mainly due to the following:

  - the temporary tax allowance on the purchase of small equipment which was introduced by Federal Government in February 2009 as an additional, one-off tax deduction available to businesses for the purchase of new assets. The temporary tax allowance is no longer available for asset purchases made after 31 December 2009; and

  - unbudgeted sale of 6 landfill compactors and one large crawler crane at high margins.

  However, Management does not expect to achieve the same level of margins in FY11;

- Revenue is budgeted to improve during FY11 under the influence of the global recovery and improved general economic conditions. However, Management has estimated EBIT for FY11 to be lower than FY10 due to reduced margins on equipment sales, increased advertising expenses and employee related costs;

- Management has advised that although some redundancies were made during the global financial crisis, there were no significant one-off expenses during FY08-FY10 affecting the Distribution division; and

- The actual sales for the first quarter of FY11 were consistent with the quarterly budget provided by Management. However, we note that the actual EBIT for the quarter was higher than the budgeted EBIT mainly due to lower distribution expenses and higher margins achieved on sale of cranes and related equipment.

Based on the high level of volatility of earnings associated with the Distribution division, actual performance for the first quarter of FY11, the overall recovery of the global economy and general market conditions expected in FY11 and beyond, we have considered the average EBIT for the period FY09 to FY11 as indicative of the future maintainable EBIT of the Distribution division. Grant Thornton Corporate Finance has assessed future maintainable EBIT in range of $5 million to $6 million for valuation purposes.

6.1.2 Crane hire & heavy haulage division

The following table summarises the historical revenue and EBIT for the Crane hire & heavy haulage division.

Crane hire division	**FY08 Actual $'000**	**FY09 Actual $'000**	**FY10 Actual $'000**
Revenue	77,075	96,526	80,104
EBIT before corporate overheads*	14,600	19,857	12,020
EBIT margin (%)	*19%*	*21%*	*15%*

** EBIT excludes corporate overheads associated with maintaining office premises, the executive management teams, finance, corporate administration and other overhead costs, including costs associated with the listing status.*

Source: TBG

In our valuation assessment of the Crane hire & heavy haulage division, we have considered the following:

- Performance of the Crane hire & heavy haulage division is dependent on the performance of construction, resources and infrastructure industries which are cyclical in nature;
- Revenue from the Crane hire & heavy haulage division is driven by long term contractual arrangements as well as short term arrangements. Management has advised that 65% of the available fleet is contracted for the remaining period of FY11;
- Although the Crane hire & heavy haulage division provides dry hire cranes and wet hire cranes, the core business of the division is dry hire cranes;
- The average fleet utilisation rate has been between 65% and 85% during the past few years. The average utilisation rate for FY09 and FY10 was approximately 74.2% and 63.2% respectively. We note that FY11 budget is prepared based on the average utilisation rate of 77%, however the average utilisation rate based on the actual performance of first quarter of FY11 was approximately 69%;
- The operating profitability of the Crane hire & heavy haulage division in FY11 has been budgeted by Management to be significantly higher compared to EBIT achieved in FY10. However, the EBIT margin is budgeted to decrease compared to levels achieved pre global financial crisis;
- It is a highly capital intensive business and will require a significant level of capital to grow in future;
- Management expects the performance for FY11 to be strong due to the commencement of some major projects such as:

- Airport Link- project to build an express way in Brisbane;
- Pluto Project - a Liquefied Natural Gas project of Woodside Petroleum Limited and Tokyo Gas Co Ltd in Western Australia;
- Desalination Project in Victoria - project to supply up to 150 billion litres of water a year to Melbourne, Geelong and, via other connections, South Gippsland and Western Port towns; and
- many construction phases associated with the Gorgon Project[7] have been awarded to TBG;

- TBF Oceania Pty Ltd, a joint venture between TBG and Fagioli SpA established in December 2009, complements TBG's crane hire offering with a new level of lift and shift capability in the Asia Pacific market. The engineering and technical resources of the joint venture will enable it to undertake any project requiring the movement and lifting of components of up to 32,000 tonnes. Management has advised that the FY11 budget prepared by Management does not incorporate any flow of revenue from TBF Oceania Pty Ltd; and

- The revenue for the first quarter of FY11 was consistent with the quarterly budget provided by Management. However, we note that the actual EBIT for the quarter was lower than the budgeted EBIT mainly due to the poor performance of three trading businesses being Tutt Bryant Crane Hire, Tutt Bryant Crane Hire Northern Territory and Bradshaw Ultra Heavy Haulage. However, we have been advised that based on the current order book and utilisation rate, management is confident to achieve the FY11 budget.

When considering the historical performance of the Crane hire & heavy haulage division, we note that:

- TBG acquired the trading name and certain assets and liabilities of Bradshaw Ultra Heavy Haulage Pty Ltd in December 2007. The earnings from such assets and trading name have been annualised to reflect the contribution from such assets for the complete year (FY08); and

- There were no other significant one-off expenses during FY08-FY10 affecting the Crane hire & heavy haulage division.

In our assessment of the future maintainable EBIT for the Crane hire & heavy haulage division, we have taken into account the improving economic conditions, the current order book and utilisation rate of the crane fleet, the FY11 budget and the actual performance for the first quarter of FY11. Accordingly, we have put greater emphasis on the budgeted FY11 EBIT for the purpose of assessing the future maintainable earnings.

[7] The Gorgon Project is a proposed petroleum project in Western Australia, involving the development of the Greater Gorgon gas fields, subsea gas-gathering infrastructure, and a liquefied natural gas (LNG) plant on Barrow Island.

The following table summarises our assessment of the future maintainable earnings for the Crane hire & heavy haulage division.

Crane hire division	FY08 Actual $'000	FY09 Actual $'000	FY10 Actual $'000
Reported EBIT	14,600	19,857	12,020
Add: Full run contribution from Bradshaw Ultra Heavy Haulage Pty Ltd	-	798	-
EBIT (normalised)	14,600	20,655	12,020
Future maintainable EBIT ($'000)			**19,000 - 20,000**

Source: TBG

6.1.3 General hire division

The following table summarises the historical revenue and EBIT for the General hire division.

General hire division	FY08 Actual $'000	FY09 Actual $'000	FY10 Actual $'000
Revenue	71,982	88,153	50,917
EBIT before corporate overheads*	8,100	6,035	699
EBIT margin (%)	*11%*	*7%*	*1%*

** EBIT excludes corporate overheads associated with maintaining office premises, the executive management teams, finance, corporate administration and other overhead costs, including costs associated with the listing status.*

Source: TBG

In determining the appropriate level of EBIT to be used for the valuation of the General hire division, we have considered the following factors:

- Revenue from the General hire division is driven by short-term contracts. The equipment portfolio includes earthmoving and civil construction plant, access equipment, lighting towers, handling and lifting equipment, welding and cutting equipment and scaffolding;

- The EBIT for FY10 was substantially lower due to the following reasons:

  – Substantial fall in hire revenue for the Queensland operations (Paramount Hire) as a result of reduced construction activity including road building and maintenance programs. In addition, the Queensland coalfields reduced their output which had a flow on effect to supporting industries in Mackay and Gladstone. The EBIT from Paramount Hire was only $1.9 million for FY10 as compared to $5.7 million for FY09;

  – Loss of Railcorp Contract as discussed in section 4.2.1; and

- Poor performance by Kingston due to low level of construction activities in NSW. In July 2008, Kingston ceased its heavy haulage operations in NSW and is currently re-establishing operations as a plant hire company. Kingston contributed a negative EBIT of $1.9 million for FY10 as compared to positive $0.8 million for FY09;

- Revenue for FY11 is budgeted by Management to increase considerably due to the following factors:

  - The establishment of a new depot closer to Melbourne to serve the companies in that region;

  - Expectation of increased spending in the construction industry largely as a result of continuing impact of government's stimulus to support the construction and infrastructure sectors; and

  - Continuing focus on sales and marketing and improved utilisation rates;

- The EBIT for FY11 is budgeted to be substantially higher than the historical average EBIT achieved during the course of the last three years;

- The EBIT for the first quarter of FY11 was significantly lower than the quarterly budget provided by Management due to lower hire revenue and poor performance by Kingston. Kingston was restructured during FY08 to concentrate only on plant and equipment hire (dry and wet). However, it is currently not performing as per expectations due to underperforming sales management and lack of established market focus; and

- In addition, the EBIT for first quarter of FY11 was also impacted by the poor performance of Paramount Hire caused by staffing and marketing issues combined with a lower level of construction activity in Queensland.

When considering the historical performance of the General hire division, we have also considered the following normalisation adjustments to the reported EBIT:

- TBG acquired the trading name and certain assets and liabilities of Caradel Hire Pty Ltd in May 2008. The earnings from such assets and trading name have been annualised to reflect the contribution from such assets for the whole year (FY09);

- TBG also acquired the trading name and certain assets and liabilities of Compactor Hire Townsville Pty Ltd in April 2008. Management has advised that the business was integrated with existing operations and separate financial results are not maintained;

- Management has advised that although some redundancies were made during the global financial crisis, there were no significant one-off expenses during FY08-FY10 affecting the General hire division;

- As discussed in section 4.2.1, Railcorp Contract was terminated effective 31 March 2009 due to change in State Government procurement policies. Accordingly, we have deducted the gross margin contribution from Railcorp Contract of $1.5 million and $2.5 million for FY08 and FY09 respectively;

- During FY09, TBG recognised goodwill impairment of $1.1 million mainly in relation to the Railcorp Contract and amortisation of intangible assets of approximately $225,000. We have added back these charges to calculate the normalised EBIT for FY09;
- Management has advised that the budget for FY11 has taken into account certain adjustments including the following:
  - expenses in relation to the acquisition of Allard's Hire and Service Pty Ltd and Tolwill Pty Ltd; and
  - exclusion of wind up costs associated with the rail maintenance division that was looking after the Railcorp Contract.

When assessing the future maintainable EBIT for the General hire division, we note that the level of EBIT budgeted by Management for FY11 has not been historically achieved. In addition, we have taken into consideration the performance of Kingston and Paramount Hire for the first quarter of FY11. Management has advised that based on the year to date performance for FY11, the achievement of the full year budget for the General hire division is particularly challenging.

Based on the above discussions, we have assessed the future maintainable earnings of the General hire division between $5.5 million and $6.0 million.

The following table summarises our assessment of the future maintainable earnings for the General hire division.

General hire division	FY08 Actual $'000	FY09 Actual $'000	FY10 Actual $'000
Reported EBIT	8,100	6,035	699
Add: Full run contribution from Caradel Hire Pty Ltd	-	169	-
Less: Contribution from Railcorp NSW contract	(1,553)	(2,452)	-
Add: Impairment of goodwill/ amortisation of intangible assets	-	1,318	-
EBIT (normalised)	6,547	5,071	699
Future maintainable EBIT ($'000)			**5,500 - 6,000**

Source: TBG

6.2 EBIT multiple

The selection of an appropriate EBIT multiple is a matter of judgement and involves consideration of a number of factors including:

- the stability and quality of earnings;
- the nature and size of the business;
- the quality of the management team;

- comparable company trading multiples which have been attributed by share market investors;
- the implied multiples of recent acquisitions of businesses involved in similar activities;
- future prospects of the business;
- cyclical nature of the industry; and
- the asset backing of the underlying business and the quality of the assets.

For the purpose of assessing an appropriate EBIT multiple range to value TBG, we have had regard to the trading multiples of listed companies in the equipment hire industry. We have further considered the EBIT multiples implied by recent transactions in the equipment hire industry in Australia and overseas.

6.2.1.1 *Trading multiples*

Summarised below are the trading multiples of the selected companies having regard to the trading prices:

Company	Country	Market Cap A$'million	Gearing %	EV/EBIT Actual 2009	EV/EBIT Forecast 2010	EV/EBIT Forecast 2011	EV/EBIT Forecast 2012
Australian companies							
Leighton Holdings Limited	AU	9,111	8%	9.5x	11.0x	10.2x	9.3x
Mineral Resources Limited	AU	1,201	0%	19.2x	15.0x	7.1x	5.1x
Ausdrill Limited	AU	337	61%	9.22	na	na	na
Sedgman Limited	AU	306	0%	7.6x	9.2x	6.4x	6.0x
Emeco Holdings Limited	AU	408	86%	7.2x	9.1x	7.3x	6.5x
Boom Logistics limited	AU	162	75%	7.9x	17.2x	8.1x	7.2x
MacMahon Holdings Limited	AU	433	0%	13.6x	6.9x	6.3x	5.6x
NRW Holdings Limited	AU	259	25%	5.4x	5.5x	4.9x	4.3x
Industrea Limited	AU	339	52%	7.5x	6.5x	5.5x	4.8x
National Hire Group Limited	AU	193	0%	26.5x	na	na	na
Average (excluding outliers)			**31%**	**9.7x**	**10.1x**	**7.0x**	**6.1x**
Median (excluding outliers)			**16%**	**7.9x**	**9.2x**	**6.8x**	**5.8x**
International companies							
Tat Hong Holdings Ltd	SI	400	35%	5.5x	8.8x	7.2x	6.3x
Speedy Hire Plc	UK	210	100%	4.8x	29.8x	21.9x	12.2x
Ashtead Group Plc	UK	889	164%	8.6x	19.5x	17.6x	12.4x
H&E Equipment Services Inc	US	328	73%	23.0x	na	13.5x	7.4x
Aggreko PLC	UK	7,479	4%	16.9x	15.3x	14.6x	12.9x
RSC Holdings Inc	US	774	313%	35.0x	31.5x	13.1x	9.6x
Lavendon Group Plc	UK	166	193%	8.9x	8.9x	8.2x	7.9x
United Rentals Inc	US	707	454%	29.8x	22.6x	12.7x	9.6x
Barloworld Ltd	SA	1,384	80%	8.4x	12.0x	8.5x	6.6x
Finning International Inc	CA	3,504	27%	16.7x	15.7x	10.9x	9.1x
Toromont Industries Ltd	CA	2,038	22%	12.5x	15.2x	9.3x	na
Average (excluding outliers)			**78%**	**11.1x**	**13.6x**	**10.9x**	**9.2x**
Median (excluding outliers)			**57%**	**8.9x**	**15.2x**	**9.3x**	**8.5x**

A brief description of the companies listed in the table above is set out in Appendix C.

We note the following in relation to the comparable companies.

- We have placed greater emphasis on the multiples of Australian companies as these multiples reflect Australian economic conditions and the outlook for the equipment hiring industry in Australia;
- A number of selected companies are considerably larger than TBG. Larger companies tend to usually trade at higher multiples;
- The multiples of comparable companies presented above reflect the value of underlying companies on a minority basis;

- We note that the companies most comparable to TBG in Australia are Boom and Emeco and accordingly, we have mainly related to their EBIT multiples in our assessment of the fair market of TBG. Set out below is a brief summary of Boom and Emeco and their comparison with TBG;

Boom Logistics Limited ("Boom")

- We consider Boom as the most comparable company as similar to TBG, Boom is primarily engaged in the provision of lifting solutions (hiring)[8] and sale of mobile cranes, associated parts and after sales service.

- We note the following positive attributes of Boom relative to TBG;

  - Boom is the largest crane hire company in Australia and a market leader in 'travel tower' hire. The crane hire operations are almost 4 times larger than TBG. Boom has a fleet of approximately 570 cranes compared to 150 cranes operated by TBG;

  - Boom has a relatively low level of exposure to the construction sector (approximately 9% of the total revenue) as compared to TBG (approximately 38% of the total revenue). Accordingly, the limited short term growth prospects in the construction sector are likely to have a greater impact on the performance of TBG as compared to Boom;

  - The revenue from the crane/equipment sales and related services accounted for approximately 13% of Boom's total revenue in FY09 whereas the revenue from hire of lifting equipment including cranes, accounted for approximately 87% of the total revenue. Having regard to the FY10 performance of TBG, the sale of equipment accounted for approximately 46% of TBG's revenue, whereas Crane hire & heavy haulage division and General hire division accounted for approximately 33% and 21% respectively. Crane hire & heavy haulage and General hire division generate higher margins and have better growth prospects than the sale of equipment, which is characterised by low margin and significant exposure to currency and supplier risks;

  - Both Boom and TBG suffered earnings depression in FY10, however they are expected to recover in FY11 and beyond. Specifically, we note that Boom's forecast FY11 EBIT[9] and TBG's budget FY11 EBIT are expected to increase significantly compared to FY10;

  - In addition, we note that on 3 June 2010, Boom announced that it had received a conditional and incomplete proposal from Archer Capital Pty Ltd to acquire Boom through a scheme of arrangement at an indicative cash offer of $0.52 per share. The share price of Boom was $0.300 on 2 June 2010 (one day prior to date of announcement) and the share price increased to $0.405 on the announcement release date. Accordingly, the current and forecast EBIT multiple of Boom may partially incorporate a control premium; and

  - Based on the indicative price offered by Archer Capital Pty Ltd of $0.52 per share, the FY11 and FY12 EBIT multiple of Boom will be 10.3 and 9.2 respectively. We note that the Board

[8] Boom is mainly engaged in provision of wet hire cranes whereas the core business of TBG is dry hire cranes.
[9] Forecast EBIT was sourced from primary financial market data provider, which is based on the consensus forecasts of various brokers.

of Boom has rejected the proposal from Archer Capital Pty Ltd as in their view, it materially undervalues Boom;

Emeco Holdings Limited ("Emeco")

- We note the following in relation to Emeco:
  - Emeco is primarily engaged in the provision of rental, sales and services of heavy earthmoving equipment in Australia, Europe, United States, Canada and Indonesia;
  - The revenue from the rental services in FY09 accounted for approximately 74% of the total revenue whereas the revenue from sale of equipment and parts accounted for approximately 26%;
  - Emeco's EBIT for FY11 is forecast to increase significantly compared to FY10 based on analysts' consensus forecast;
  - During FY09, Emeco downsized its operations in Europe and United States as a result of underperformance due to deterioration of the market conditions and global financial crisis; and
  - We note that whilst Emeco has business operations similar to Boom, Emeco is currently completing a full restructuring and re-focus on its business activities which has resulted in its exit from the US and European markets. Furthermore, Emeco is migrating its fleet towards larger mining equipments, which require large outlay of capital expenditure. Accordingly, the current share price of Emeco may incorporate the uncertainty in relation to the future performance of the company and the outcome of the restructuring process.

6.2.1.2 Transaction multiples

We have further considered multiples implied by historical transactions involving companies comparable to TBG. The following table summarises the EBIT multiples implied by these historical transactions:

Completed Date	Target Company	Target Country	Bidder Company	Enterprise Value (m)	EBIT Multiple
Apr-10	WesTrac Holdings Pty Ltd*	Australia,China	Seven Network Limited	2,001	11.3
Jan-10	Polaris Metals NL	Australia	Mineral Resources Limited	97	na
Jan-10	Enerflex Systems Income Fund	Canada	Toromont Industries Ltd.	770	6.9
Dec-09	Brandrill Limited	Australia	Ausdrill Limited	93	13.9
Nov-09	Submersible Technology Services	United Kingdom	Neptune Marine Services	38	7.4
Jul-09	Resource Equipment Rentals Pty Ltd	Australia	Repcol Limited	19	4.6
Jun-09	A2SEA A/S	Denmark	DONG Energy A/S	292	28.1
Apr-09	ETLA Limited	Singapore	ElectroTech Investments Limited	35	7.6
Mar-09	Corrpro Companies, Inc.	USA	First Down Acquisition Corporation	144	10.4
Feb-09	The Bayou Companies LLC	USA	TBC Acquisition Corp.	206	na
Nov-08	DOF Subsea ASA (42.83% stake)	Norway	District Offshore ASA; First Reserve Corporation	1,887	24.0
Oct-08	Chieftain Group Plc	United Kingdom	Redhall Group Plc	31	8.0
Apr-08	Huddy's Plant Hire Pty Ltd	Australia	Industrea Limited (formerly known as GPS Online Ltd)	335	na
Mar-08	Energy Cranes International Limited	United Kingdom	Close Brothers Private Equity	335	12.2
Feb-08	Guimera S.A.	Spain	General de Aguiler de Maguinaria S.A.	30	7.6
Sep-07	Coates Hire Limited**	Australia	NED Consortium	2,217	10.4
Feb-07	Muswellbrook Cranes	Australia	Tutt Bryant Group	21	4.8
Dec-06	Paramount Hire	Australia	Tutt Bryant Group	51	6.1
			Average (excluding outliers)		**8.6**
			Median (excluding outliers)		**7.6**

* Multiple based on proforma EBIT for FY09
** Multiple based on forecast EBIT for FY09

In relation to the EBIT multiple implied by the above transactions, we note that:

- the implied transaction multiples may incorporate various levels of control premium and special values paid for by the acquirers;
- the multiples may reflect synergies paid by the acquirer which may be unique to the acquirers; and
- the transactions observed took place during the period between December 2006 and April 2010. Economic factors, including interest rates and consumer confidence before the global financial crisis may be materially different from those current as at the valuation date. These factors may influence the amounts paid by the acquirers for these businesses.

- In our view, the acquisition of WesTrac Holdings Pty Ltd by Seven Network Limited and acquisition of Coates Hire Limited by NED consortium are the most comparable available transactions for TBG. However, we note the following in relation to these transactions:

  – WesTrac Holdings Pty Ltd was significantly larger in size compared to TBG. WesTrac Holdings Pty Ltd was the sole authorised dealer for Caterpillar equipment and machinery in Western Australia, New South Wales, Australian Capital Territory and eight provinces and municipalities in north east China. The revenue from sale of Caterpillar parts, services and equipment was approximately $2 billion in FY09. WesTrac Holdings Pty Ltd also had interest in National Hire Group Limited, an ASX listed company engaged in manufacturing of mobile lighting towers, power system and dewatering system. We note that TBG does not have any manufacturing activities;

  – Coates Hire Limited is one of the largest equipment hire company in Australia with more than 200 branches and satellite locations. In addition to its operations in Australia, Coates Hire Limited also provides specialised equipment in the United Kingdom and Indonesia whereas the operations of TBG are mainly based in Australia; and

  – Accordingly, whilst the transaction multiples for WesTrac Holdings Pty Ltd and Coates Hire Limited represent a reference point for TBG, these companies are substantially larger and market leaders with a unique positioning and footprint around Australia.

6.2.1.3 Control premium

The trading multiples listed in Section 6.2.1.1 have been calculated based on the market price for minority or portfolio shareholdings and do not include a premium for control. A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as:

- the ability to realise synergistic benefits;
- access to cash flows;
- access to tax benefits; and
- control of the board of directors of the company.

Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% and that the premiums vary significantly from transaction to transaction.

We have incorporated a premium for control in our assessment of the EBIT multiple.

6.2.1.4 EBIT multiple conclusion

Distribution division

For the purpose of valuing the Distribution division, we have adopted an EBIT multiple in the range of 5.0 times to 6.0 times on control basis. We have considered the following factors to determine the appropriate multiple range:

- Although Boom and Emeco are arguably the closest comparables, the proportion of revenue from their distribution activities is significantly less compared to TBG;
- We note that the acquisition of WesTrac Holdings Pty Ltd is the most comparable transactions for the Distribution business. However, we note that the size of this company was significantly larger than TBG and with a unique foot print and market positioning;
- Distribution division is a well established business, however it generates low profit margins and it is considerable exposed to currencies volatility; and
- The distribution agreements can be terminated by suppliers at any time without any penalty, which exposes the Distribution division to significant supplier risk.

Crane hire & heavy haulage division

In valuing the Crane hire & heavy haulage division, we have applied an EBIT multiple in the range of 8.0 times and 8.5 times on control basis. We have considered the following factors to determine the appropriate multiple range:

- Boom is the most comparable company to the Crane hire & heavy haulage division. However, we note that Boom is the largest crane hire company in Australia and has a considerably larger fleet of cranes;
- The incomplete and preliminary offer submitted by Archer Capital Limited valued Boom on a control basis at 10.3 times the FY11 EBIT;
- Coates Hire Limited is the most comparable transaction for the Crane hire & heavy haulage division and it was completed at 10.4 times EBIT multiple; and
- Expectation of increased activities in the construction and resources industry largely as a result of improved economic conditions.

General hire division

In valuing the Crane hire & heavy haulage division, we have adopted an EBIT multiple in the range of 6.0 times to 6.5 times on a control basis. We have considered the following factors to determine the appropriate multiple range:

- Boom is arguably the most comparable company to the General hire division;

- Acquisition of Paramount Hire (EBIT multiple of 6.1 times) is arguably the most comparable transaction for the General hire division; and

- General hire division is characterised by lower margins and short-term contracts as compared to the Crane hire & heavy haulage division. Furthermore, it has a greater exposure to the construction sector which has limited short term growth prospects.

6.3 Enterprise value of TBG

In our valuation assessment of the enterprise value of TBG we have aggregated the capitalised value of Distribution division, Crane hire & heavy haulage division, General hire division and corporate overheads.

With regard to corporate overheads, TBG incurs costs which have not been included in the assessment of divisional performance. These costs are associated with maintaining office premises, the executive management teams, finance, corporate administration and other costs in relation to listing status. Management have advised that the ongoing cost in relation to corporate overheads is approximately $5.8 million.

When considering the fair market value of TBG on a 100% basis, we note that a proportion of corporate overheads of approximately $0.68 million per annum (pre tax relates to costs associated with being a publicly listed company. These costs could be potentially eliminated by a hypothetical purchaser.

We have used multiple in range of 7.0 times to 8.0 times to capitalise the corporate overheads. We note that this is consistent with average multiples applied to the three divisions weighted based on normalised EBIT.

The following table summarises our assessment of enterprise value of TBG:

Enterprise value of TBG	Section reference	Low $'000	High $'000
Distribution divison			
Assessed maintainable EBIT before corporate overheads	6.1.1	5,000	6,000
EBIT multiple (times)	6.2	5.0	6.0
Enterprise value of Distribution division	A	25,000	36,000
Crane hire division			
Assessed maintainable EBIT before corporate overheads	6.1.2	19,000	20,000
EBIT multiple (times)	6.2	8.00	8.50
Enterprise value of Crane hire division	B	152,000	170,000
General hire division			
Assessed maintainable EBIT before corporate overheads	6.1.3	5,500	6,000
EBIT multiple (times)	6.2	6.0	6.5
Enterprise value of General hire division	C	33,000	39,000
Capitalised value of net corporate overheads			
Corporate overheads	6.3	(5,800)	(5,800)
Add: savings on listsing costs	6.3	675	675
Net corporate overheads		(5,125)	(5,125)
Capitalisation multiple (times)		8.0	7.0
Capitalised value of net corporate overheads	D	(41,000)	(35,875)
Enterprise value of TBG	**A+B+C+D**	**169,000**	**209,125**

Based on the assessed total maintainable EBIT of TBG and the assessed enterprise value, the weighted average blended EBIT multiple of TBG is in range of 6.9 times to 7.8 times on a control basis.

The future maintainable EBIT assessed by Grant Thornton Corporate Finance has been based on the historical and budgeted financial performance of TBG, current market conditions and medium term outlook for the mining and construction industries. The assessed future maintainable EBIT does not represent the budgeted EBIT of TBG, but it is intended to reflect the assumptions that could reasonably be adopted by intended parties in an arm's length transaction. We note that actual results are likely to be different from these projected results as events and circumstances often do not occur as expected and these differences may be material.

We also note that the assessed EBIT used for the valuation assessment is not materially different from analysts' consensus forecast in relation to TBG.

6.4 Net debt

The capitalisation of TBG's EBIT results in an enterprise value. In order to arrive at the equity value of TBG, we have deducted the level of net debt from the enterprise value.

Management has advised that the final dividend payment for FY10 was satisfied by cash distribution of $0.5 million and the issue of approximately 4.1 million TBG Shares at $0.5752 per share under the dividend reinvestment plan. Accordingly, in our calculation of net debt, we have deducted the $0.5 million cash payable by TBG from the cash balance as at 30 June 2010. Based on the latest financial position of TBG made available to us as at 30 June 2010, we have adopted a net debt of approximately $42.0 million, consisting of interest bearing liabilities of approximately $74.7 million less cash of approximately $32.7 million (after adjusting for the final cash dividend).

6.5 Transaction costs

For the purposes of the valuation, Grant Thornton Corporate Finance has considered the costs associated with the Proposed Offer. Management has advised that the estimated transaction costs to be incurred by TBG are in the range of $250,000 to $300,000 irrespective of whether the Proposed Offer is completed or otherwise.

6.6 Valuation summary on a 100% basis

Based on the abovementioned assumptions, our valuation assessment of TBG on a 100% basis is set out below:

Valuation summary	Section reference	Low $'000	High $'000
Enterprise value of TBG	6.3	169,000	209,125
Net debt	6.4	(42,007)	(42,007)
Costs of the Proposed Offer	6.5	(300)	(250)
Fair market value of TBG Shares (control basis)		126,693	166,868
Number of TBG Shares on issue		147,159,422	147,159,422
Value per share on controlling basis		0.86	1.13

6.7 Valuation cross check

Prior to reaching our valuation conclusion, we have considered the quoted security price and the Net Tangible Assets ("NTA") per share as a cross check to the valuation derived using the capitalisation of EBIT methodology.

6.7.1 Quoted securities

In accordance with the requirements of RG111, we have considered the listed securities' depth, liquidity, and whether or not the market value is likely to represent the value of TBG.

The following table summarises the monthly trading volume of TBG Shares since July 2009:

Month end	Volume traded	Monthly VWAP price ($)	Total value of shares traded	Volume traded as % of free float*
July 2009	481,910	0.460	221,494	1.1%
August 2009	1,107,148	0.721	797,997	2.6%
September 2009	1,359,598	0.730	992,781	3.2%
October 2009	587,807	0.773	454,538	1.4%
November 2009	717,433	0.830	595,630	1.7%
December 2009	167,802	0.848	142,224	0.4%
January 2010	101,991	0.774	78,980	0.2%
February 2010	287,396	0.645	185,433	0.7%
March 2010	310,901	0.643	199,852	0.7%
April 2010	98,516	0.659	64,914	0.2%
May 2010	524,742	0.603	316,300	1.2%
June 2010	728,090	0.630	458,847	1.7%
1 July 2010 to 22 July 2010	15,779,941	0.898	14,176,946	36.7%

* As at 22 July 2010, there w ere 43,009,717 free float TBG Shares

Based on the above table we note the following:

- there has been a historically low level of consistent trading in TBG Shares;
- The free float TBG Shares account for approximately 30% of the issued capital of TBG. In addition, institutional investors hold approximately 15% of the TBG issued capital;
- TBG Shares have been quite volatile in past months with the minimum and maximum monthly VWAP price varying between 58.6 cents and 84.8 cents between July 2009 and July 2010;
- notwithstanding the level of liquidity, TBG complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of the TBG; and
- in the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their investment.

Given the low level of liquidity of TBG, we have only relied on the quoted listed securities valuation method as guidance and cross-check to our primary valuation methodology based on the capitalisation of earnings.

Our assessment of the TBG's equity value using the quoted listed price is set out below.

The quoted price of listed securities method is based on the Efficient Market Hypothesis ("EMH") which states that the share price at any point in time reflects all publicly available information and will change "almost" instantaneously when new information becomes publicly available.

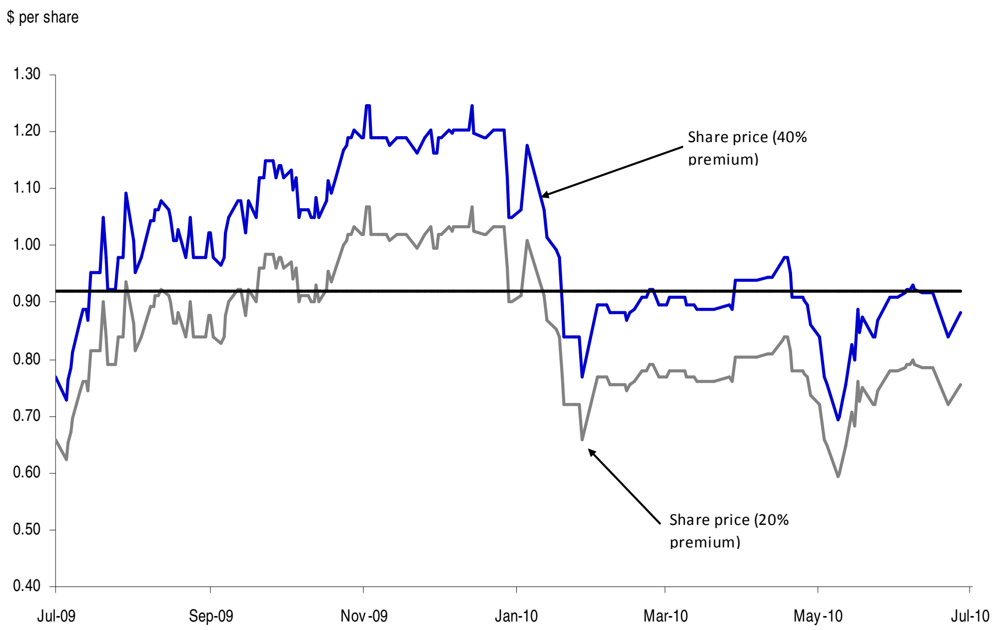
Set out below is a summary of the share market prices at which TBG Shares traded on the ASX for various periods prior to the announcement of the Proposed Offer.

Market share prices	**Low**	**High**	**VWAP**
	$	**$**	**$**
1 w eek prior to 15 July 2010	0.600	0.630	0.622
2 w eeks prior to 15 July 2010	0.600	0.675	0.648
1 month prior to 15 July 2010	0.600	0.690	0.651
2 months prior to 15 July 2010	0.495	0.690	0.612
3 months prior to 15 July 2010	0.495	0.700	0.623
6 months prior to 15 July 2010	0.495	0.840	0.633

Based on the above, we have assessed the value of TBG Shares on a minority basis to be in the range of 62 cents to 66 cents.

We note that our assessed value of TBG Shares ranging from $0.86 to $1.13 per share is on a 100% basis and is inclusive of a control premium. Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% and that the premiums vary significantly from transaction to transaction.

The following graph incorporates a control premium in the range of 20% to 40% to the trading price of TBG Shares and compares them to the Proposed Offer.



Based on the above table, and discussions, we consider our valuation assessment using the capitalisation of EBIT methodology to be reasonable.

6.7.2 NTA per share

We have also considered the NTA per share as a cross check to our preferred valuation methodology.

Based on the balance sheet as at 30 June 2010, we set out below the value of the net tangible assets of TBG:

TBG **NTA valuation**	**$'000**
Net assets as at 30 June 2010	161,388
Less: value of intangible assets	(40,914)
Net tangible assets	120,474
Number of TBG Shares on issue	143,058,980
NTA per share	0.84

We note that whilst the NTA per share is below our assessment of the fair market value based on the capitalisation of earnings, the NTA per share does not include any allowance for potential goodwill payable by a theoretical purchaser.

In our view, a potential purchaser should recognise some goodwill in the acquisition of TBG due to the following:

- Historical level of consistent and significant profitability;
- Above average return of capital employed;
- Significant footprint around Australia;
- Exposure to the mining and resources sectors; and
- High barriers to entry in the industry.

Accordingly, we believe that NTA per share before recognition of potential goodwill payable by a potential purchaser is consistent with our valuation assessment of TBG based on capitalisation of earnings.

7 Evaluation of the Proposed Offer

7.1 Fairness

In forming our opinion in relation to the fairness of the Proposed Offer, Grant Thornton Corporate Finance has compared our valuation assessment of the fair market value per share of TBG on a controlling basis to the consideration offered of $0.92 cash per TBG Share.

The following table summarises our assessment:

Fairness - TBG Shares	Reference section	Low $'000	High $'000
Fair value of TBG Share on controlling basis	*6.6*	0.86	1.13
Cash consideration per share offered by Tat Hong		0.92	0.92
Premium / (Discount)		0.06	(0.21)
Premium % / (Discount) %		6.9%	(18.9%)

The cash consideration of $0.92 per TBG Share is within our assessed valuation range of TBG Share on a controlling basis. Accordingly, we conclude that the Proposed Offer is fair to the TBG Shareholders. We note that our value per share of TBG has been adjusted for the final dividend paid on 22 July 2010.

7.2 Reasonableness

RG111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the Proposed Offer, we have considered the following factors.

The Proposed Offer is fair

The Proposed Offer is fair as set out in section 7.1 above. In addition the Proposed Offer has been formulated in a fully informed market.

Premium for control

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as:

- the ability to realise synergistic benefits;
- access to cash flows;

- access to tax benefits; and

- control of the board of directors of the company.

Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% in Australia and that the premiums vary significantly from transaction to transaction.

The Proposed Offer represents a premium of:

- 46% compared with the closing price of TBG on 15 July 2010

- 48% compared with the 3 month VWAP of TBG to 15 July 2010;

- 45% compared with the 6 month VWAP of TBG to 15 July 2010; and

- 30% compared with the 12 month VWAP of TBG to 15 July 2010.

The Proposed Offer is also within our valuation range of TBG on a controlling basis. Accordingly, the premium for control implied in the Proposed Offer is in our opinion reasonable when compared with the average control premium paid in the Australian market for successful takeovers.

Furthermore, we note that given Tat Hong already owns a controlling interest of 70.8% in TBG and the level of premium expected to be paid under these circumstances may be less than otherwise may have been the case. However, based on the TBG share price before the announcement of the Proposed Offer and our valuation assessment of TBG on control basis, the Proposed Offer in our opinion includes a full control premium for the proposed acquisition of 100% of the share capital of TBG.

Ability to realise their investment in TBG

The Proposed Offer represents an opportunity for TBG Shareholders to receive certain and immediate value for their investment in TBG free of any realisation costs. The level of trading and liquidity for TBG Shares is very low, given that Tat Hong and other institutional investors hold approximately 85% of the TBG's issued capital.

The Proposed Offer provides an opportunity to TBG Shareholders to exit their investment in TBG at a significant premium.

Avoidance of ongoing risks

TBG Shareholders will no longer be exposed to the ongoing risks associated with holding an investment in TBG which includes market volatility, low liquidity of shares, exchange rate risk and financing risks. In addition, the acceptance of the Proposed Offer will allow TBG Shareholders to avoid ongoing risks associated with the operations of TBG including risk of termination of major supplier agreements, low utilisation rates of the crane fleet and loss of key customers.

Value of TBG to Tat Hong

If the Proposed Offer is successful, Tat Hong will realise direct synergies in relation to cost savings on listing fees, ASX compliance costs and Directors' fees. We have incorporated these cost savings into our valuation assessment.

Tat Hong may also realise other strategic and special benefits if the Proposed Offer is successful. We have not directly incorporated these potential additional benefits into our valuation assessment of TBG. In our opinion, it is unlikely that Tat Hong may pass to the TBG Shareholders any of these benefits as it holds in excess of 70% of the issued capital of the Company and accordingly, the takeover contestability of TBG is limited. Usually a potential bidder is required to pass to the target's shareholders a significant component of its strategic and special benefits if the change of control transaction takes place in a highly competitive environment with two or more interested parties.

Furthermore, we note that by virtue of Tat Hong's 70.8% holding in TBG, the historical and budgeted financial performance of TBG may already incorporate a large component of the revenue synergies and cross selling opportunities between TBG and Tat Hong.

Implications if the Proposed Offer lapses

If the Proposed Offer lapses, all other things being equal, TBG Shares are likely to fall from their current trading levels.

If the Proposed Offer lapses and no superior proposal emerges, the TBG Shares are expected, at least in short term, to trade at a significant discount to our assessed valuation.

Mineral Resource Rent Tax (MRRT)

Whilst TBG is not directly impacted by Mineral Resource Rent Tax (MRRT), the introduction of MRRT may have an indirect adverse impact on the Company's profitability by way of reducing the number of coal and iron ore projects to be developed in the future by its potential clients and hence reducing the TBG's utilisation rate of the crane fleet and other equipment.

Prospect of a superior proposal

We note that Tat Hong already owns 70.8% of TBG's issued capital and accordingly any superior proposal for TBG as a whole will require the support of Tat Hong as a substantial shareholder. It is unlikely that a superior proposal will emerge based on Tat Hong's shareholding in TBG.

Inability to participate in TBG's future growth and future dividends

If TBG Shareholders accept the Proposed Offer, TBG Shareholders will not be able to participate in any future value uplift of TBG Shares arising from possible improved performance of TBG as a result of global recovery, increased activities in the construction and resources sector and successful implementation of its strategies however noting that our valuation assessment of TBG already incorporates a significant uplift of the financial performance of the Company and in particular of the Crane hire & heavy haulage division.

Shareholders' position if the Proposed Offer lapses

If the Proposed Offer lapses, then TBG Shareholders will continue to share in TBG's future growth with Tat Hong which will remain as a large shareholder in TBG. The Board of TBG has advised that if the Proposed Offer lapses, TBG will continue to be listed on the ASX and the Company will continue to pursue its operating strategy.

Loss of franking credits

As at 31 March 2010, TBG had franking credits of approximately $25 million. The ability to utilise these franking credits is dependent upon future profits, dividend payout ratio and the ability and view of TBG in relation to the payment of a special dividend in the future. Whilst we have not discussed with the management the opportunity to pay a special dividend, the existing franking credits has limited value to the TBG Shareholders if the Company continues to pay dividend in the ordinary course of business. If the Proposed Offer is successful, TBG Shareholders will lose potential benefits associated with these franking credits.

Compulsory acquisition

Tat Hong has stated in section 6.2 of the Bidder Statement that, if it acquires 90% or more of TBG Shares and becomes entitled to do so under the Corporations Act, Tat Hong intends to give notices to compulsorily acquire any outstanding TBG shares. As such, remaining TBG Shareholders may wish to consider accepting the Proposed Offer prior to the end of the offer period in order to expedite receipt of the cash consideration.

Tax implication

If the Proposed Offer is successful, TBG Shareholders may crystallise a capital gains tax expense, however the taxation consequences for shareholders will vary according to their individual circumstances and will be impacted by various factors such as place of residence. TBG Shareholders should read the overview of tax implications of the Proposed Offer set out in section 7 of the bidder's statement and also seek independent financial and tax advice on the implications of accepting the Proposed Offer.

The Independent Directors unanimously recommend, in the absence of a superior proposal, TBG Shareholders to accept the Proposed Offer.

As set out in the Target's Statement, at the date of this report, the independent directors of TBG have, in the absence of a superior proposal, recommended acceptance of the Proposed Offer.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Proposed Offer is reasonable to the TBG Shareholders.

7.3 Overall conclusion

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Proposed Offer is fair and reasonable to the TBG Shareholders.

Each TBG Shareholder should decide whether or not to accept the Proposed Offer based on their own views of value of TBG and expectations about future market conditions, TBG's performance, risk profile and investment strategy.

8 Sources of information, disclaimer and consents

8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Target Statement;
- Draft Bidder Statement;
- Bid Implementation Agreement;
- Annual reports of TBG for FY08, FY09 and FY10;
- Releases and announcements by TBG on ASX;
- IBISWorld Industry Report;
- Management accounts of TBG provided by Management;
- Other information provided by TBG;
- Onesource;
- Other publicly available information;
- Reuters;
- Mergermarket;
- Various broker reports; and
- Discussions with Management.

8.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to TBG and all other parties involved in the Proposed Offer with reference to the ASIC Regulatory Guide 112 "Independence of experts" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to TBG, its shareholders and all other parties involved in the Proposed Offer.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with TBG or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Offer.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Proposed Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Proposed Offer. Grant Thornton

Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

8.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by TBG and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by TBG through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of TBG.

This report has been prepared to assist the directors of TBG in advising the TBG Shareholders in relation to the Proposed Offer. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Proposed Offer is fair and reasonable to the TBG Shareholders.

TBG has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by TBG, which TBG knew or should have known to be false and/or reliance on information, which was material information TBG had in its possession and which TBG knew or should have known to be material and which TBG did not provide to Grant Thornton Corporate Finance. TBG will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

8.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Target Statement to be sent to the TBG Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Appendix B – Group structure of TBG

The structure of TBG is summarised in the following table.

Entity	Country of incorporation	Ownership
Parent entity		
Tutt Bryant Group Limited	Australia	
Subsidiaries		
BT Equipment Pty Ltd	Australia	100%
Tat Hong Equipment Finance Pty Ltd	Australia	100%
EQR Investments Pty Ltd	Australia	100%
Office Cleaning Services Pty Ltd	Australia	100%
Kingston Industries Pty Ltd	Australia	100%
Relsok Pty Ltd	Australia	100%
Kingston Industries (WA) Pty Ltd	Australia	100%
The Falconer Administration Trust	Australia	100%
North Sheridan Pty Ltd	Australia	100%
Muswellbrook Crane Services Pty Ltd	Australia	100%
Joint ventures		
T.B.F. Oceania Pty Ltd	Australia	50%

Source: TBG

Appendix C - Description of comparable companies

Company	Description
Australian company	
Leighton Holdings Ltd	Leighton Holdings Limited is an Australia-based project development and contracting company offering a range of project development and contracting services and skills.
Mineral Resources Ltd	Mineral Resources Limited is an integrated supplier of goods and services targeted at the resources sector operating mainly in Australia. The company is engaged in manufacture of polyethylene pipe fittings, provision of contract crushing and specialised mine services including mineral processing and base metals recovery services.
Ausdrill Ltd	Ausdrill Limited is an Australia-based company engaged in provision of mining services, including earthmoving, drilling and blasting and exploration drilling. The company is also engaged in provision of mining supplies and logistics services; contract services to the telecommunications and utility sectors, and manufacture of drilling rods and consumables.
Sedgman Ltd	Sedgman Limited is an Australia-based company engaged in the design, construction and commissioning of coal handling and preparation plants, minerals processing plants and other related equipment. It also provides engineering and operational services to the resources industry, which include operation and ownership of coal handling and preparation plants, and ore crushing and screening plants.
Emeco Holdings Ltd	Emeco Holdings Limited is an Australia-based company engaged in the rental, sales, parts and asset management of heavy earthmoving equipment. The company sells a range of earthmoving equipment to civil construction and mining industries, and provides earthmoving equipment and maintenance services to its customers.
Boom Logistics Ltd	Boom Logistics Limited is an Australia-based company engaged in the provision of lifting solutions and sale of mobile cranes, associated spare parts and after sales service.
MacMahon Holdings Ltd	MacMahon Holdings Limited is an Australia-based civil construction and mine contracting company, the principal activities of which consist of the provision of civil construction and contract mining services.
NRW Holdings Ltd	NRW Holdings Limited is an Australia-based supplier of services to the resources sector. It operates in four segments: civil contracting, mining services, equipment rental and sales, and fabrication and repair Services.
Industrea Limited	Industrea Limited is engaged in provision of integrated mining products and services, equipment hire, asset management, contracting and engineering services.
National Hire Group Limited	National Hire Group Limited is primarily engaged in the manufacture, assembly and sale of mobile lighting, power generation and dewatering equipment as well as the provision of related services. It operates in both Australia and the United States, and currently owns 47% of Coates Group Holdings Pty Ltd, the primary activity of which is to lease or rent out equipment.

Company	Description
International company	
Tat Hong Holdings Ltd	Tat Hong Holdings Ltd is an investment holding company. The company's segments include crane rental, tower crane rental, general equipment rental, equipment sales and spare parts. It operates in Australia and Asia.
Speedy Hire PLC	Speedy Hire plc is a holding company. The company is engaged in the provision of equipment for hire and sale, and associated services to construction, infrastructure, industrial and related industries. It is a business-to-business support services company.
Ashtead Group Plc	Ashtead Group plc is an investment holding and management company. The principal activity of the company is the rental of equipment to industrial and commercial users mainly in the non-residential construction sectors of the United States and the United Kingdom.
H&E Equipment Services Inc	H&E Equipment Services, Inc. is an integrated equipment services company in the United States focused on heavy construction and industrial equipment.
Aggreko PLC	Aggreko PLC is engaged in the rental of power generation and temperature control equipment. The Company is organized around two lines of business: Local business and International Power Projects.
RSC Holdings Inc	RSC Holdings Inc. is an equipment rental provider in North America. The company operates through a network of 457 rental locations across 10 regions in 40 United States and three Canadian provinces and service customers in the industrial or non-construction, and non-residential construction markets.
Lavendon Group PLC	Lavendon Group plc is engaged in the rental of powered access equipment. Powered access equipment is used to provide temporary aerial access for people in a range of applications, such as industrial repair and maintenance, construction, telecommunications, outside broadcasting, sign erection and highway maintenance.
United Rentals Inc	United Rentals, Inc. is an equipment rental company and its network consists of 569 rental locations in the United States, Canada and Mexico. The company provides general construction and industrial equipment, aerial work platforms, such as boom lifts and scissor lifts; general tools and light equipment, and trench safety equipment.

Appendix D – Description of target companies

Company Name	Description
WesTrac Holdings Pty Ltd	WesTrac was an independent supplier of new and pre-owned Caterpillar machinery serving theconstruction, mining, forestry, government, rental, highway, and marine sectors. It was acquired by Seven Network for an equity consideration valued at approximately $1 billion.
Polaris Metals NL	Polaris Metals NL was an Australia-based iron ore producer dedicated to develop its quality portfolio of iron ore assets. It was acquired by Mineral Resource Limited for a consideration of a combination of cash and equity with a total of $97 million.
Enerflex Systems Income Fund	Enerflex Systems Income Fund was an international company delivering products, services and integrated solutions globally. It operated through engineered systems, service and production services segments. It was acquired by Toromont Industries Ltd for a consideration of a combination of cash and equity with a total of $770 million.
Brandrill Limited	Brandrill was a mining service company specilised in drilling and blasting targeted at the Australasian open cut mining and civil construction industry. It was acquired by Ausdrill Limited for an equity consideration valued at $45 million.
Submersible Technology Services	Submersible Technology operated a range of remote operated vehicles whose services were combined with survey navigation, positioning and survey data processing for sub-sea navigation. It was acquired by Neptune Marine Services Limited for a consideration of a combination of cash and equity with a total of $29 million.
Resource Equipment Rentals Pty Ltd	Headquartered in Welshpool, Resource Equipment Rentals primarily engaged in pump rental equipment business. It was acquired by Repcoal Limited for a consideration of a combination of cash and equity with a total of $19 million.
A2SEA A/S	A2SEA primarily operated in the infrastructure, engineering and construction industry. Headquartered in Denmark, A2 SEA had presence in Germany and UK as well. It was acquired by DONG Energy A/S for a cash consideration of $164 million.
ETLA Limited	ETLA Limited was a Singapore based company, operating as a manufacturer of contract equipments, precision machining and sheet metal components. It was acquired by ElectroTech Investments Limited for an equity consideration of $35 million.
Corrpro Companies, Inc	Corrpro Companies was a US based company, primarily engaged as an engineering service provider. It was acquired by First Down Acquisition Corporation for a cash consideration of $22 million.
The Bayou Companies LLC	The Bayou Companies was a provider of high quality pipe coating and welding services. It was acquired by TBC Acquisition Corp for a cash consideration of $206 million.
DOF Subsea ASA	DOF Subsea ASA Subsea was a specialist subsea service business that provided survey, construction, inspection, repair and maintenance services, which involved complex and challenging engineering globally. It was acquired by District Offshore ASA for a cash consideration of $416 million.

Company Name	Description
Chieftain Group Plc	Chieftain Group provided outsourced industrial and engineering support services to clients, specialising in the marine, petrochemical, power, oil and gas and process sectors. It was acquired by Redhall Group Plc for a cash consideration of $41 million.
Huddy's Plant Hire Pty Ltd	Huddy's Plant Hire Pty Ltd was an Australian mining contractor. It was acquired by Industrea Limited for a consideration of a combination of cash and equity with a total of $250 million.
Energy Cranes International Limited	Energy Cranes International engaged in the design and manufacture of cranes for the oil and gas industry. It was acquired by Close Brothers Private Equity for a cash consideration of $308 million.
North Sheridan Pty Ltd	North Sheridan Pty Ltd was an Australia-based proprietary company and it primarily operated in Queensland regions. Paramount Hire offered equipment hiring services, related equipment support services and training. It was acquired by TBG in December 2006.
Coates Hire Limited	Coates Hire Limited was one of the largest Australia-based equipment hiring company supplying to a variety of sectors including engineering and building construction & maintenance, mining and resources, manufacturing, and the public sector. Coates Hire Limited also operated in overseas markets including UK and Indonesia. It was acquired by Consortium for Coates Hire Ltd, a consortium set up by National Hire Group, in December 2007.
Muswellbrook Cranes Services Pty Ltd	Muswellbrook Cranes Services Pty Ltd was an Australia-based proprietary company primarily operated in Hunter Valley region in New South Wales. The services it offered include mobile crane hire, heavy haulage transport and ancillary services. In addition, Muswellbrook also provided related services. It was acquired by TBG in February 2007.
Guimera S.A.	Guimera S.A. provided rental services for equipment of power generation and temperature control. The company was based in Barcelona, Spain. It was acquired by General de Aquiler de Maquinaria S.A. for a cash consideration of $29 million.

Appendix E – Glossary

ABS	Australian Bureau of Statistics
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BIA	Bid implementation agreement
Boom	Boom Logistics Limited
BT Equipment	BT Equipment Pty Ltd
Coates	Coates Group Holdings Pty Limited
Crane hire & heavy haulage division	Crane hire and heavy haulage division of TBG
DCF	Discounted cash flow
Distribution division	Distribution (sales) of construction equipment division of TBG
EBIT	Earnings before Interest and Tax
EMH	Efficient Market Hypothesis
Emeco	Emeco Holdings Limited
EQ Hire	Office Cleaning Services Pty Ltd
FIRB	Foreign Investment Review Board
FSG	Financial Services Guide
General hire division	General hire and related services division of TBG
GFC	Global financial crisis
Kingston	Kingston Industries Pty Ltd
Management	Management of TBG
NTA	Net Tangible Assets
Paramount Hire division	North Sheridan Pty Ltd
Proposed Offer	The proposed acquisition by THI of all the issued shares in TBG, which Tat Hong does not already own for a cash consideration of $0.92 per share.
Railcorp Contract	The equipment hire contract between TBG and Railcorp NSW
RG 111	Regulatory Guide 111 "Content of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of Experts"
RG 170	Regulatory Guide 170 "Prospective Financial Information"
Tat Hong	Tat Hong Holdings Ltd
TBG	Tutt Bryant Group Limited

TBG Shares	Issued shares in TBG
TBG Shareholders	Holders of TBG Shares
THI	Tat Hong International Pte Ltd

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