



Fabchem China Limited

FABCHEM RIDES ON MINING ACTIVITIES UPTREND; FIRST-HALF NET PROFIT SOARS 45.9% TO RMB 31.18 MILLION

- Revenue surged 38.9% to a record RMB 269.65 million in 6M2012
- EBITDA jumped 33.0% to RMB 53.56 million in 6M2012
- Improved financial performance from higher productivity and cost management strategies
- Healthy balance sheet with strong cash position of RMB 129.42 million

<i>(RMB' million)</i>	<i>2Q2012</i>	<i>2Q2011</i>	<i>Change (%)</i>	<i>6M2012</i>	<i>6M2011</i>	<i>Change (%)</i>
Revenue	131.87	90.89	+45.1	269.65	194.19	+38.9
Gross Profit	42.36	27.88	+52.0	84.44	61.19	+38.0
Profit Before Tax	22.58	13.48	+67.4	44.15	31.04	+42.2
Net Profit	15.93	8.82	+80.7	31.18	21.37	+45.9
EPS ⁽¹⁾ (RMB Cents)	6.81	3.77	+80.6	13.3	9.13	+45.7
EBITDA ⁽²⁾	27.35	18.09	+51.2	53.56	40.28	+33.0
<i>(RMB Cents)</i>	<i>As at 30 Sep 11</i>	<i>As at 31 Mar 11</i>	<i>Change (%)</i>			
NAV per share ⁽¹⁾	175.80	165.31	+6.3%			

(1) Based on weighted average number of 234 million shares

(2) EBITDA – Earnings before Interest, Tax, Depreciation and Amortisation

Singapore, 10 November 2011 – Singapore Exchange Mainboard-listed Fabchem China Limited (“Fabchem”, “中国杰化有限公司” or “the Group”), today reported a positive set of financial results for the second quarter (“2Q2012”) and first half (“6M2012”) of the financial year ending 31 March 2012.

Based in China with a 30-year safety track record, Fabchem is a leading manufacturer of initiation systems and the largest boosters and detonating cords producer within a supply-regulated industry in China, where foreign involvement are restricted.

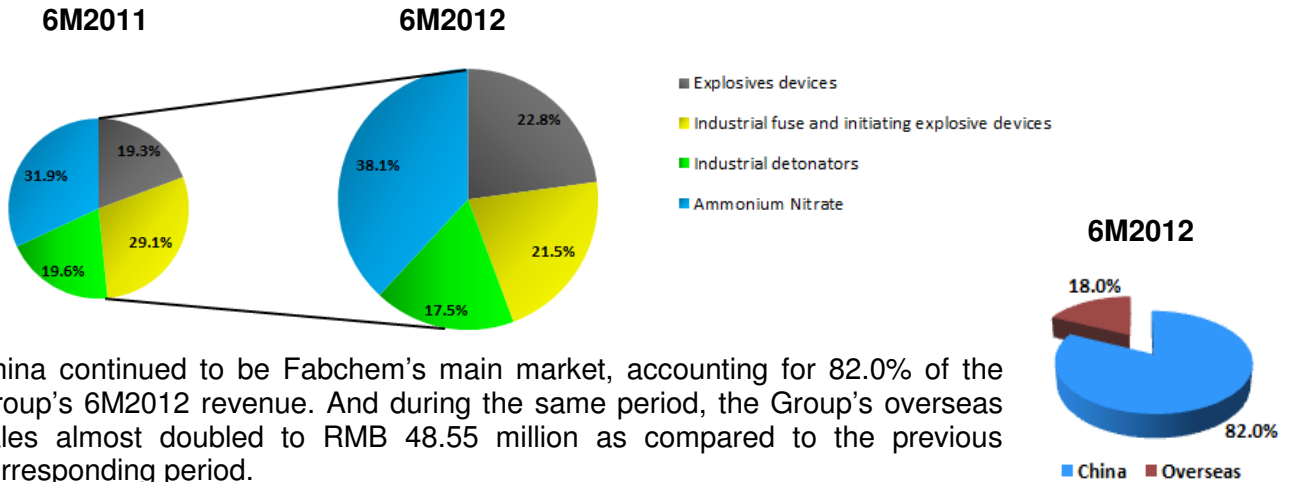
Growth across All Product Segments and Geographical Markets

On the back of increased mining and infrastructure activities, revenue in the Group’s four product groups of (a) explosive devices (b) industrial fuses and initiating explosive devices (c) industrial detonators and (d) ammonium nitrate grew 64.2%, 2.6%, 23.6% and 65.8% respectively during the first half of its financial year.

The Group’s wholly-owned subsidiary, Hebei Yinguang Chemical Co., Ltd (“Hebei Yinguang”), a major explosive-grade ammonium nitrate manufacturing company in the PRC, recorded a 65.8% rise in revenue to RMB 102.80 million in 6M2012.



Within a short span of 3 years following its acquisition, ammonium nitrate became the Group's largest revenue contributor, accounting for 38.1% of total revenue in 6M2012.



China continued to be Fabchem's main market, accounting for 82.0% of the Group's 6M2012 revenue. And during the same period, the Group's overseas sales almost doubled to RMB 48.55 million as compared to the previous corresponding period.

Improved Financial Performance from Higher Productivity and Cost Management Strategies

Despite a higher proportion of lower-margin products (explosive devices and ammonium nitrate) in its sales mix and higher raw material prices, overall gross profit margin remained relatively stable at 32.1% for 2Q2012 and 31.3% for 6M2012. This was underpinned by the Group's structured approach to improve productivity and increased efficient usage of raw materials.

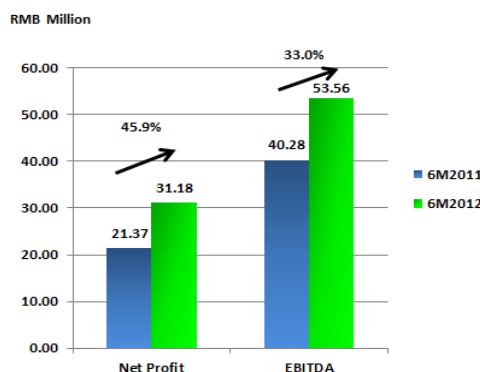
Revenue increased 38.9% to a record RMB 269.65 million in 6M2012. Combined with the results of the Group's cost management strategies, net profit attributable to shareholders surged 45.9% to RMB 31.18 million in 6M2012.

Commenting on the Group's results, Mr Sun Bowen (“孙伯文”), Fabchem's Managing Director, said, “Fueled by the ongoing growth in mining, infrastructure and energy exploration activities, we have achieved an encouraging set of half-year financial performance.

Customers' continued preference for our products reflect our competitive strength in our product quality and service delivery. This is particularly important as we accelerate Fabchem's expansion into both core and under-represented markets.

Priorities we have outlined over the past year – capitalize on growth opportunities, margin enhancements and improve profitability – have guided us well and we will reframe these business strategies according to changing macroeconomic conditions.

Entering the second half with strong momentum across our businesses, we are firmly positioned to build on the positive results of the first half.”



Healthy Balance Sheet with Improved Cash Position of RMB 129.42 million

Guided by its conservative financial management policy, the Group's balance sheet remained healthy with low gearing. Total assets increased to RMB 560.89 million, while the Group's cash position improved 28.1% to a net cash balance of RMB 129.42 million as at 30 September 2011.

As at the end of September 2011, shareholders' equity was RMB 411.37 million, up 6.3% or RMB 24.54 million higher than 31 March 2011. Net asset value per share stood at RMB 175.80 cents, up 6.3% or RMB 10.49 cents from 31 March 2011.

The Group also recorded RMB 149.52 million in total liabilities, of which the major portion was attributable to trade and other payables of RMB 113.37 million at the end of September 2011.

Notably, for the six months ended 30 September 2011, the Group recorded higher net cash generated from operating activities of approximately RMB 54.53 million.

Recent Corporate Highlights

After obtaining shareholders' approval in July 2011, the Group is undertaking the process of acquiring the land and buildings, at Fei County, Linyi City, Shandong Province in the PRC, where the Group's manufacturing facilities and warehouses are located. This will secure adequate and permanent land space for the Group's specialised manufacturing operations and prevent any unexpected rental increment and risk of relocation.

Separately, the Group has been expanding its marketing outreach activities to resource-rich countries, particularly Australia, to diversify its revenue stream geographically.

Following the successful test-trials of the Group's reliable and high-quality products in Australia by its strategic shareholder, Dyno Nobel, the Group has secured more sales contracts from Dyno Nobel Australia Pty Ltd during the current period under review. And as a result, shareholders have approved the adoption of the proposed IPT Mandate in respect of future product sales which the Group may enter into with the Dyno Nobel Group in the extraordinary general meeting conducted today.

Dyno Nobel is the world's second largest commercial explosives manufacturer, and is also a strategic partner of Fabchem. Through the acquisition of Dyno Nobel in 2008, Incitec Pivot Limited owns a 29.9% strategic stake in Fabchem. Incitec Pivot is an Australia-listed leading global manufacturer of nitrogen-based chemicals.

In addition, the Group has obtained approval from the relevant authorities to increase the annual production of detonating cords by 60% to approximately 80 million meters. The Group's existing detonating cords production facilities have been operating at near-full capacity, hence the expansion of additional capacity is in response to additional demand from existing and new customers.

Mr Sun concluded, *"The year ahead may be a challenging one but we remain confident that our business model, prudent financial approach and continued expansion in existing and new markets will put us on track for sustainable growth."*

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This document is to be read in conjunction with Fabchem's exchange filings on 10 November 2011, which can be downloaded via www.sgx.com.

Issued on behalf of Fabchem China Limited by ShareInvestor Pte Ltd

Media & Investor Contact

Mr. Alex TAN
Direct Line: +65 6517 8771
Mobile: +65 9451 5252
Email: alex.tan@shareinvestor.com

About Fabchem China Limited (“Fabchem” or “the Group”)

Listed on the Singapore Exchange Mainboard, Fabchem is one of the leading manufacturers of initiation systems and the largest boosters and detonating cords producer within a supply-regulated industry in China. Fabchem’s products are widely used in the mining, energy exploration, hydroelectric and infrastructure construction sectors. These include explosive devices (boosters, tube charges and seismic charges), industrial fuse and initiating explosive devices (detonating cords and non-electric tubes), industrial detonators (piston non-electric detonators), as well as explosive-grade ammonium nitrate.

With its products sold to more than 150 customers in the mining, energy exploration, hydroelectric and infrastructure construction industries across more than 10 countries, the Group has established “Yinguang” as a brand name synonymous with safety, reliability and high quality. Fabchem’s reputation as an established initiation systems producer of international-standard quality has strengthened its competitive positioning within commodities-driven economies.

English-Chinese Glossary

Explosive Devices

Booster	起爆具
Seismic Charge	震源药柱

Industrial Fuses and Initiating Explosive Devices

Detonating Cord	导爆索
Non-Electric Tube	导爆管

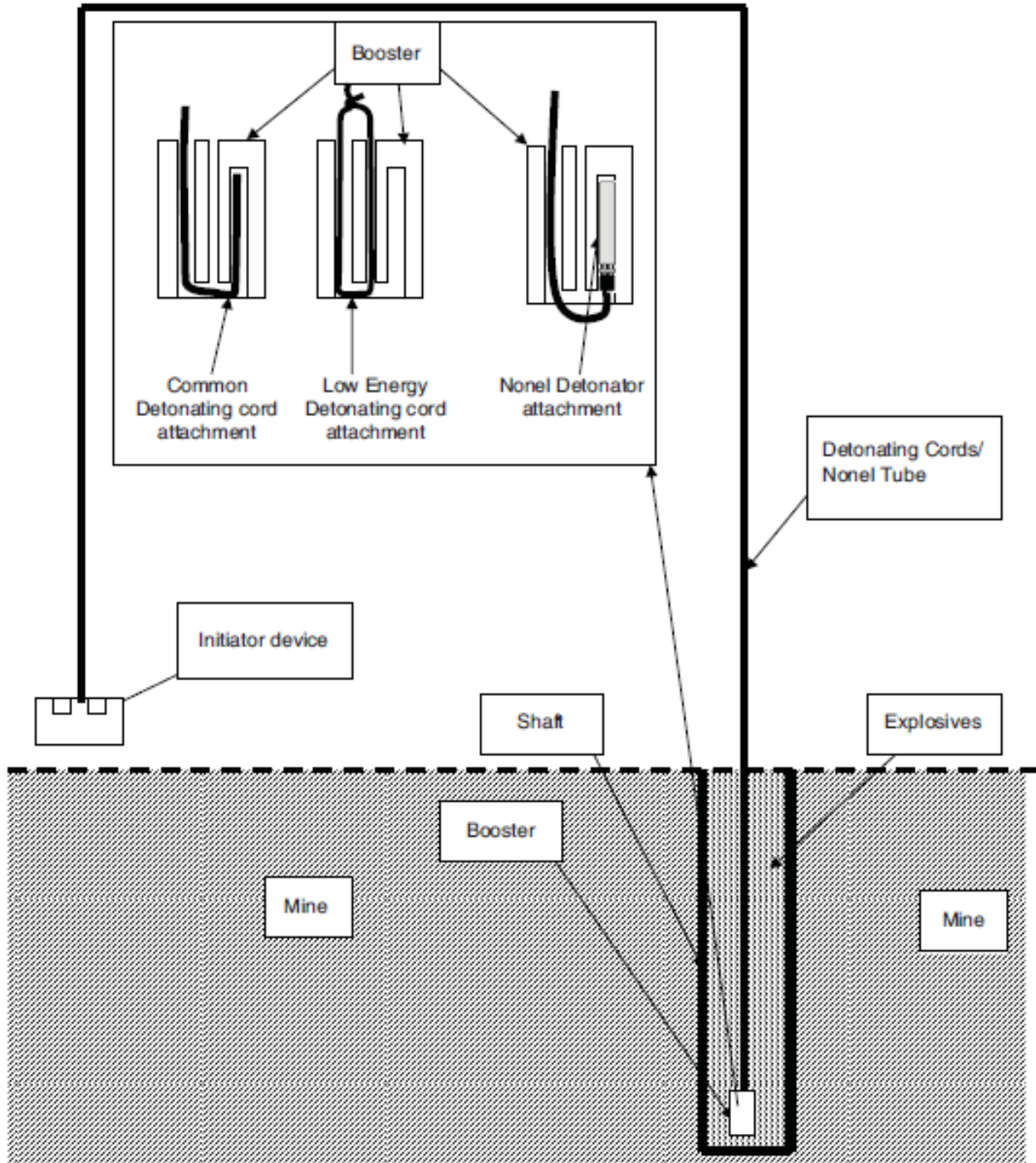
Industrial Detonators

Piston Non-Electric Detonator	活塞式导爆管雷管
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Ammonium Nitrate	硝酸铵
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Usage Diagram

The following diagram illustrates the usage of our products in a simplified explosive set-up:-



Note: The diagram and the products shown above are not drawn to scale.

Source: Fabchem China Limited