



Fabchem China Limited

FABCHEM POSTS RECORD FULL YEAR RESULTS WITH NET PROFIT SOARING 69.9% IN FY2012; PROPOSED DIVIDEND DOUBLES TO S\$0.01 PER SHARE

- Revenue up 24.0% to a record RMB 516.1 million for FY2012
- Gross profit up 27.7% to a record RMB 159.9 million for FY2012, gross profit margin remains relatively stable at 31.0%
- Net profit up 69.9% to a record RMB 60.0 million in FY2012
- Stronger balance sheet with cash position of RMB 103.1 million and low gearing of 0.06x⁽¹⁾
- Projects to upgrade and boost production capacity of its commercial explosives-related products
- To further develop business synergies with strategic shareholder, Dyno Nobel

<i>(RMB' million)</i>	<i>FY2012</i>	<i>FY2011</i>	<i>Change (%)</i>
Revenue	516.1	416.2	▲ 24.0
Gross Profit	159.9	125.2	▲ 27.7
Profit Before Tax	82.4	55.7	▲ 48.0
Net Profit	60.0	35.3	▲ 69.9
EPS⁽²⁾ (RMB Cents)	25.65	15.10	▲ 69.9
EBITDA⁽³⁾	103.6	74.2	▲ 39.8
<i>(RMB Cents)</i>	<i>As at 31 March 2012</i>	<i>As at 31 March 2011</i>	<i>Change (%)</i>
NAV per share⁽²⁾	188.21	165.31	▲ 13.9

(1) Gearing = Total Borrowings and Debts Securities/ Total Assets

(2) Based on weighted average number of 234 million shares.

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

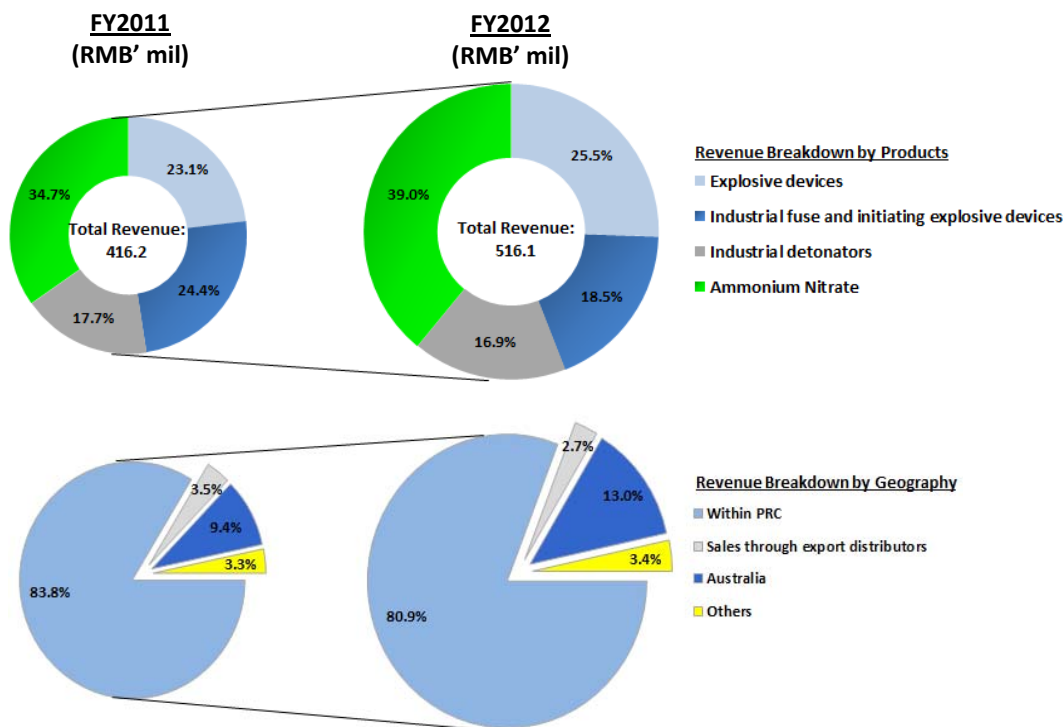
Singapore, 29 May 2012 – Singapore Exchange Mainboard-listed Fabchem China Limited (“Fabchem”, “中国杰化有限公司” or “the Group”), announced today a record set of full year financial results for the year ended 31 March 2012 (“FY2012”).

Based in China with a 32-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 is restricted. Incitec Pivot Limited, via its subsidiary Dyno Nobel which is the world’s second largest commercial explosives manufacturer, owns a 29.9% strategic stake in Fabchem.



Broad-Based Growth in Revenue with Improved Operational Efficiency

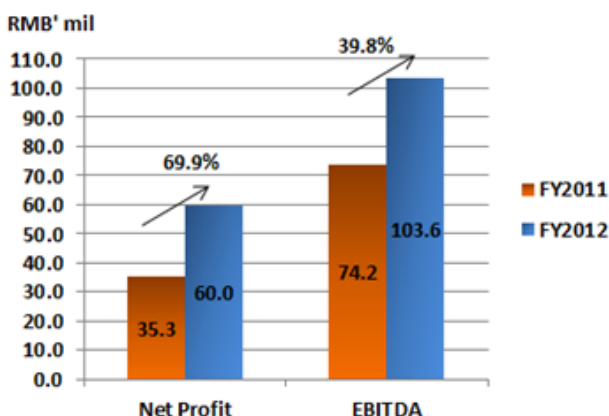
Sustained mining activities for energy and metal resources continue to be the key growth driver for the Group's revenue. Looking back on the outstanding financial year of FY2012, revenue of the Group's product groups of (a) explosive devices (b) industrial detonators and (c) ammonium nitrate grew 37.3%, 18.5% and 39.4% respectively, while overseas market growth of 45.9% outpaced domestic market growth of 19.8%. **Overall, revenue grew 24.0% to a record RMB 516.1 million in FY2012.**



Despite higher raw material prices and a higher proportion of lower-margin product (ammonium nitrate) in its product sales-mix, overall gross profit margin improved marginally to 31.0% in FY2012. This was mainly attributed to higher average selling prices of ammonium nitrate, improved operational efficiency and cessation of rental expenses (from 01 July 2011). **Overall, gross profit grew 27.7% to RMB 159.0 million for FY2012.**

Delivering Record Financial Performance

While operating expenses increased in line with higher revenue, **profit attributable to shareholders surged 69.9% to RMB 60.0 million in FY2012 with net margin improving to 11.6%.**



"Our latest full year results are a strong reflection of the significant progress we made in recent years on our strategic priorities", said Mr Sun Bowen ("孙伯文"), Fabchem's Managing Director.

“Within a highly regulated industry, our growth has been fueled by the strong underlying operating trends of our customers, particularly in the domestic and global mining industry. Notably, the reliability and strength of our commercial explosive-related products has advanced our business and geographical expansion.

In addition, we established various cost savings and operational productivity programs designed to enhance the Group’s overall growth and value creation.”

Shareholders to Benefit: Dividend of S\$0.01 per Share Proposed

Guided by its dividend policy to pay out dividends of at least 10% of its annual net profits to shareholders, the board of directors has recommended a dividend payout of S\$0.01 per share for FY2012, which represents a dividend payout ratio of approximately 19.7%.

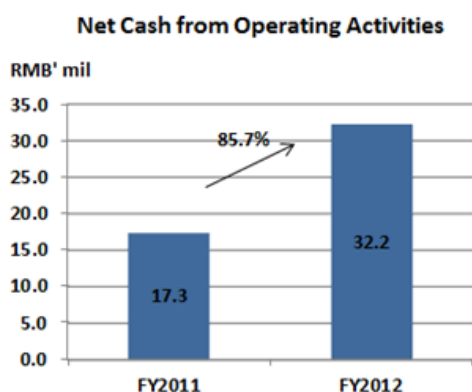
To be approved by shareholders in the forthcoming Annual General Meeting, the proposed dividend represents a 100% increment from last year’s dividend payout of S\$0.005 per share.

Stronger Balance Sheet

On the back of the Group’s record financial performance in FY2012, total assets increased to RMB 676.1 million as at 31 March 2012. The Group’s conservative financial management policy has further strengthened the Group’s balance sheet with a low gearing of 0.06x and a cash and cash equivalent position of RMB 103.1 million.

Shareholders’ equity stood at RMB 440.4 million, up 13.8% or RMB 53.6 million higher than 31 March 2011. Net asset value per share stood at RMB 188.21 cents, up 13.9% or RMB 22.9 cents from 31 March 2011.

The Group also recorded RMB 235.7 million in total liabilities, of which the major portion was attributable to trade and other payables of RMB 183.1 million at the end of March 2012. Trade and other payables increased by RMB 80.9 million mainly due to the increase in other payables for the acquisition of the land and buildings subsequent to the approval obtained from shareholders in July 2011.



For the full year ended 31 March 2012, the Group recorded net cash generated from operating activities of approximately RMB 32.2 million.

Mr Sun added, *“The growing strength of our balance sheet will continue to provide us with the financial stability to fund our strategic plans.”*

Moving Ahead

With approximately 60% of the Group's commercial explosive-related products sold to mining companies, the Group's prospects are related to the demand of energy and precious metals globally, particularly in China.

China is the world's biggest user and producer of coal and the country relies on coal for about 70% percent of its energy needs. According to the National Bureau of Statistics, China's energy use rose at the fastest pace in four years in 2011 as consumption climbed 7% percent to 3.48 billion metric tons of standard coal equivalent.

With China's dependence on coal for its energy supply, it underscores the demand for commercial explosive-related products in China. In addition, the PRC authorities have ceased issuing new production licenses for new commercial explosives companies in China since 2006, domestic market participants has decreased substantially to less than 200 companies.

Firmly established as China's leading manufacturer of initiation systems and the largest boosters and detonating cords producer, the Group has recently completed the acquisitions of the land and buildings at Fei County, Linyi City, Shandong Province, PRC, where the Group's manufacturing facilities and warehouses for its initiation system products are located.

Catering to the demand of sustained mining activities, the Group is undertaking the construction of additional detonating cords production facilities that will increase its production capacity from 50 million meters to 80 million meters. Progress is on track as originally planned and the Group targets to commence commercial operation of the new production facilities by April 2013.

At the same time, Fabchem is upgrading its existing boosters production facilities to significantly enhance the automation process, translating to an improvement in product quality, reduction in number of employees working on-site and further augment the safety standards of the facilities. The upgrading works will be undertaken progressively and the Group expects to complete all upgrading works by 31 March 2014.

Mr Sun concluded, *"We undertook new strategic steps in FY2012 to further our growth and long-term prospects and these have resulted in revenue growth and significant cost savings. The ongoing organic investment in our business and assets will continue to support our key customers in their existing and new operations.*

We will continue to work together with our strategic shareholder, Dyno Nobel, to develop new business synergies and expand our domestic and global market share. Nonetheless, the Group continues to adopt a prudent outlook for FY2013 and retains a cautious optimism about its longer term prospects."

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 29 May 2012, 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 (Bloomberg Code: FABC:SP / Reuters Code: FBCH.SI)

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 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 "Ying Guang" 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

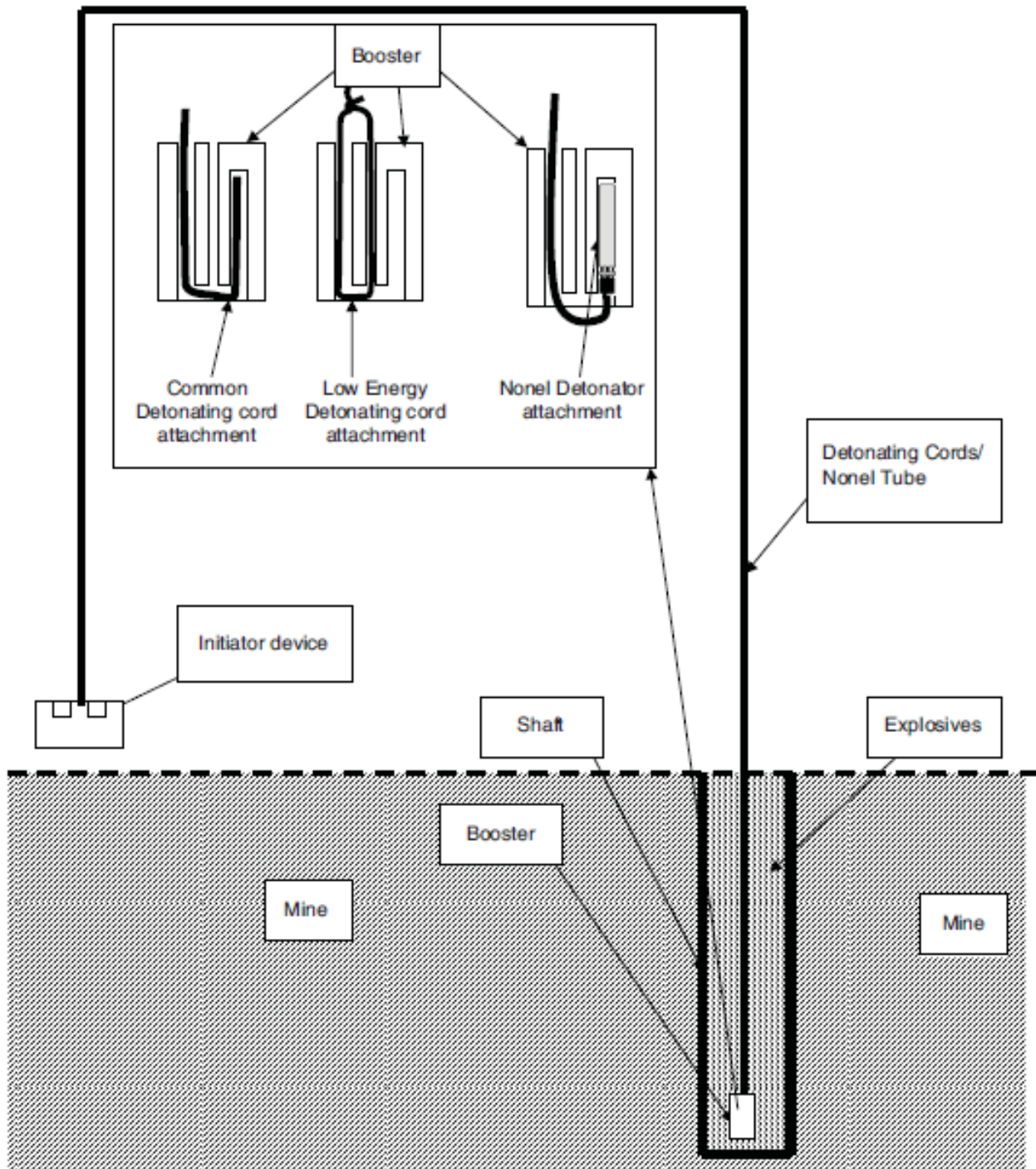
Industrial Detonators

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