



Fabchem China Limited

FABCHEM'S NET PROFIT JUMPS 10.2% IN 1Q2013; CONTINUED SALES MOMENTUM & EARNINGS GROWTH

- Sustained mining activities for energy and metal resources continue to be the key growth driver for Fabchem's commercial explosives
- Continual focus on cost and operational improvements contributed to improved financial performance
- Cash position improved to RMB 116.8 million with low gearing of 0.06x⁽¹⁾
- New trademark and safety certifications awarded by the PRC authorities
- Dividend of S\$0.01 per share to be distributed to shareholders on 28 August 2012

| <i>(RMB' million)</i> | 1Q2013 | 1Q2012 | Change (%) |
|--------------------------------------|-------------------------------|--------------------------------|-------------------|
| Revenue | 144.2 | 137.8 | ▲ 4.6 |
| Gross Profit | 43.1 | 42.1 | ▲ 2.6 |
| Profit Before Tax | 23.7 | 21.6 | ▲ 10.0 |
| Net Profit | 16.8 | 15.3 | ▲ 10.2 |
| EPS⁽²⁾ (RMB Cents) | 7.19 | 6.52 | ▲ 10.2 |
| EBITDA⁽³⁾ | 29.4 | 26.2 | ▲ 12.3 |
| | | | |
| <i>(RMB Cents)</i> | As at 30 June 2012 | As at 31 March 2012 | Change (%) |
| NAV per share⁽²⁾ | 195.23 | 188.21 | ▲ 3.7 |

(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, 10 August 2012 – Singapore Exchange Mainboard-listed Fabchem China Limited (“Fabchem”, “中国杰化有限公司” or “the Group”), announced today an improved set of first quarter financial results for the year ending 31 March 2013 (“1Q2013”).

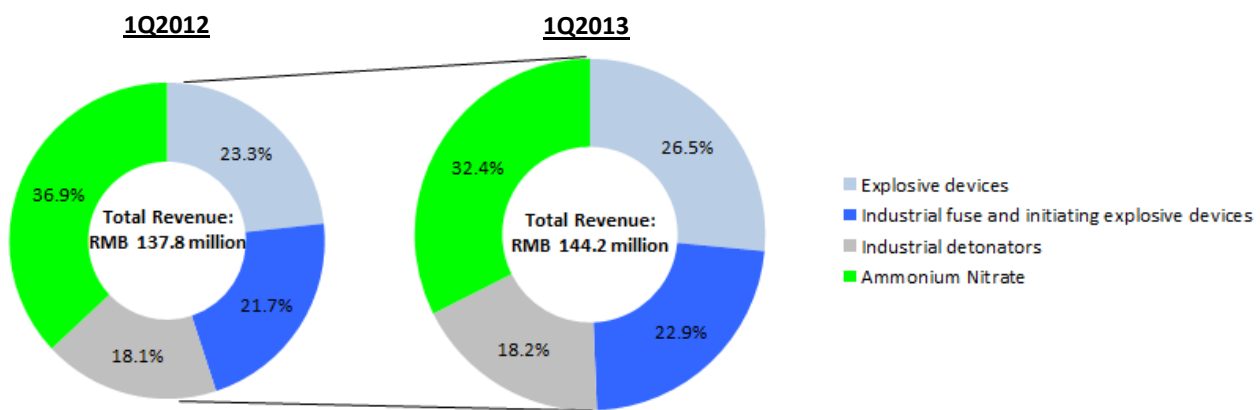
Based in China with a 32-year safety track record, Fabchem is a leading manufacturer of initiation systems and the largest boosters and detonating cords producer within a highly regulated industry in China, where foreign involvement are restricted. Incitec Pivot Limited, via its subsidiary Dyno Nobel which is the world's second largest commercial explosives manufacturer, owns a 29.9% strategic stake in Fabchem.



Overseas Markets Continue to Register Double-Digit Revenue Growth

Positive market trends in energy generation and mining activities continue to underscore the demand for Fabchem's commercial explosives. Overall revenue increased 4.6% to RMB 144.2 million in 1Q2013, driven by higher sales in the Group's product groups of (a) explosive devices and (b) industrial fuse and initiating explosive devices and (c) industrial detonators, which grew 18.8%, 10.0% and 5.0% respectively in 1Q2013.

While sales for ammonium nitrates contracted by 8.5% to RMB 46.5 million in 1Q2013 due to lower market-driven selling prices, this product segment continues to be the largest revenue contributor to the Group.

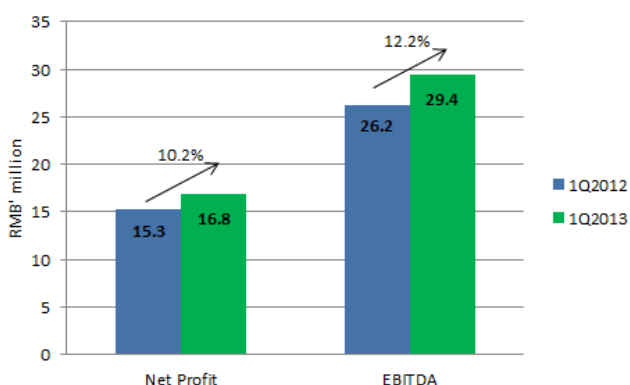


Geographically, revenue growth (12.8%) in overseas markets continues to outpace the revenue growth (2.7%) in domestic market, bolstered by the Group's continual marketing efforts and the growing recognition of its reliable and cost-effective specialised products in overseas markets.

The Group's gross profit margin in 1Q2013 decreased marginally by approximately 0.6 percentage points to 29.9%, which was mainly due to the lower market-driven selling price of ammonium nitrate during the current quarter as compared to the previous corresponding quarter. **Gross profit inched up 2.6% to RMB 43.1 million for 1Q2013.**

Lower Operating Costs with Continual Focus on Cost and Operational Improvements

Although the Group's revenue increased in 1Q2013, combined costs of distribution and administrative expenses decreased marginally in 1Q2013 as compared to the previous corresponding period.



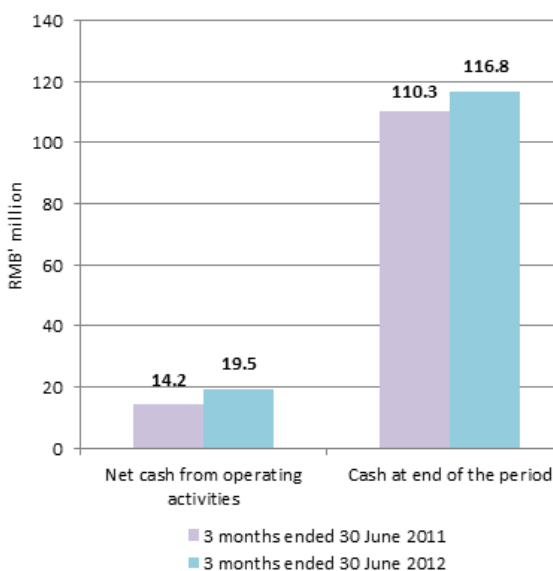
Overall, profit attributable to shareholders jumped 10.2% to RMB 16.8 million in 1Q2013 with net margin edging higher to 11.7% as compared to the previous period.

Commenting on the Group's first quarter results, Mr Sun Bowen (“孙博文”), Fabchem's Managing Director, said, “The business fundamentals of our core operating markets continue to be positive and we have initiated strategic productivity enhancements that will shape our business growth in this highly regulated market.

Across our businesses, cost management and productivity improvement remains an ongoing priority and this has strengthened our financial performance.”

Healthy Financial Position

As at 30 June 2012, total assets increased to RMB 714.3 million. Guided by a prudent financial management policy, the Group's balance sheet remained healthy with a low gearing of 0.06x and a cash and cash equivalent position of RMB 116.8 million.



Shareholders' equity stood at RMB 456.8 million, up 3.7% or RMB 16.4 million higher than 31 March 2012. Net asset value per share stood at RMB 195.23 cents, up 3.7% or RMB 7.02 cents from 31 March 2012.

The Group also recorded RMB 257.5 million in total liabilities, of which the major portion was attributable to trade and other payables of RMB 204.8 million at the end of June 2012. Trade and other payables increased by RMB 21.7 million mainly due to higher business operations, which is in line to higher revenue.

For the current quarter under review, the Group recorded net cash generated from operating activities of approximately RMB 19.5 million.

Mr Sun concluded, “We continue to generate healthy cash flows from our highly regulated operations. Together with our prudent financial approach, the growing strength of our balance sheet will continue to enhance our ability to support our key customers in existing and new markets.

With the volatility in the western economies and moderate growth in China's economy, we continue to adopt a prudent and cautious outlook for the year ahead.”

New trademark and safety certifications awarded by the PRC authorities

Testament to the Group's emphasis on stringent product quality control and high safety standards, Fabchem's subsidiary, Shandong Yinguang Technology Co., Ltd, has been awarded two new certifications, namely the "Famous Trademark of China" (中国驰名商标牌) and the "Model Enterprise for National Safety Culture" (全国安全文化建设示范企业).

Dividend of S\$0.01 per Share Approved by Shareholders in Recent Annual General Meeting

The approved dividend of S\$0.01 per share represents a 100% increment from last financial year's dividend payout of S\$0.005 per share. Book closure date for the dividend is scheduled at 5pm, 13 August 2012 and the dividend will be distributed to shareholders on 28 August 2012.

Guided by its dividend policy to pay out dividends of at least 10% of its annual net profits to shareholders, the dividend payout of S\$0.01 per share (for the full year ended 31 March 2012) translates to a dividend payout ratio of approximately 19.7%.

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 10 August 2012, which can be downloaded via www.sgx.com.

For any enquires on Fabchem's latest financial results announcement, pls email: ir@fabchemchina.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 "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 |

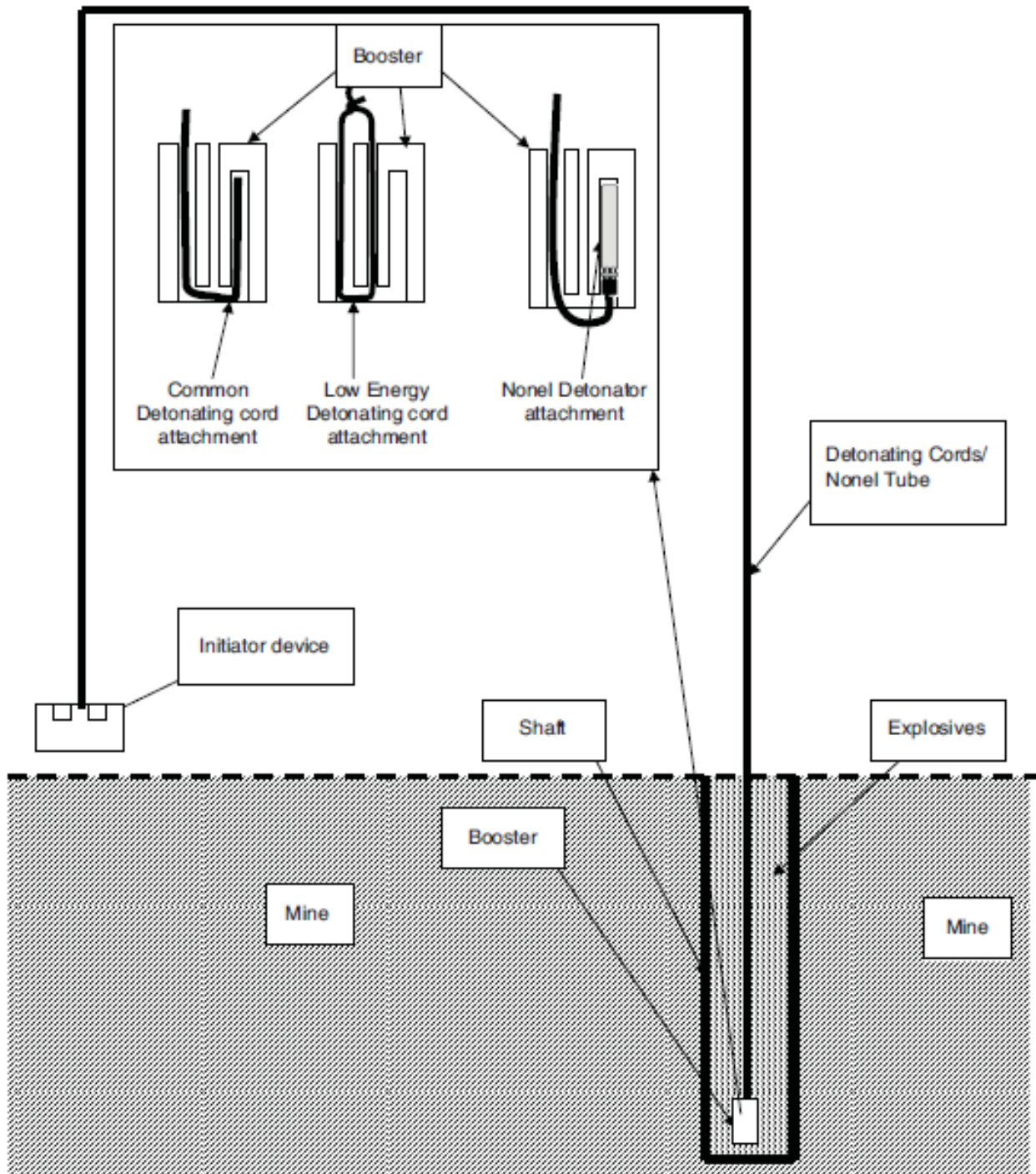
Industrial Detonators

| | |
|-------------------------------|----------|
| Piston Non-Electric Detonator | 活塞式导爆管雷管 |
|-------------------------------|----------|

| | |
|------------------|-----|
| Ammonium Nitrate | 硝酸铵 |
|------------------|-----|

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