



Fabchem China Limited

FABCHEM POSTS NET PROFIT OF RMB 28.2 MILLION IN 6M2013; OVERSEAS SALES GAINING STRONG MOMENTUM

- Oversea markets, particularly Australia, registered significant sales growth with strong demand for Fabchem's boosters
- EBITDA increased 9.5% to RMB 58.6 million, net profit before tax increased 5.8% to RMB 46.7 million in 6M2013
- Organic expansion initiatives are on track with boosters upgrading and additional detonating cords production facilities progressing as planned

<i>(RMB' million)</i>	2Q2013	2Q2012	Change (%)	6M2013	6M2012	Change (%)
Revenue	148.55	131.87	+12.6	292.73	269.65	+8.6
Gross Profit	44.07	42.36	+4.0	87.22	84.44	+3.3
Profit Before Tax	22.96	22.58	+1.7	46.69	44.15	+5.8
Net Profit	11.39	15.93	(28.5)	28.20	31.18	(9.5)
EPS ⁽¹⁾ (RMB Cents)	4.87	6.81	(28.5)	12.05	13.32	(9.5)
EBITDA ⁽²⁾	29.20	27.35	+6.8	58.64	53.56	+9.5
<i>(RMB Cents)</i>	As at 30 Sep 12	As at 31 Mar 12	Change (%)			
NAV per share ⁽¹⁾	195.46	188.21	+3.8			

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

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

Singapore, 06 November 2012 – Singapore Exchange Mainboard-listed Fabchem China Limited (“Fabchem”, “中国杰化有限公司” or “the Group”), announced today its financial results for the second quarter (“2Q2013”) and first half (“6M2013”) for the financial year ending 31 March 2013.

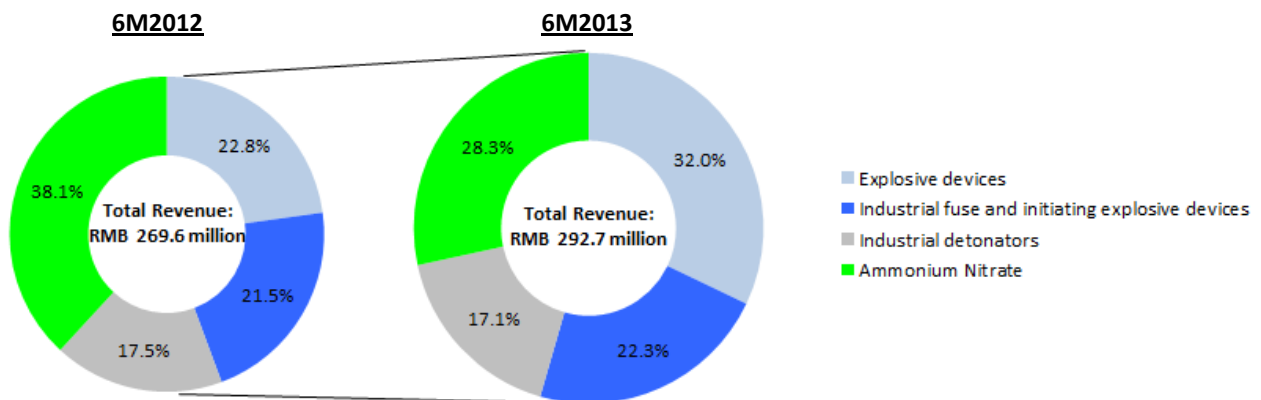
Based in China with a 32-year safety track record, Fabchem is a leading manufacturer of initiation systems and the largest boosters and detonating cords producer within a highly regulated industry in China, where foreign involvement are restricted. Incitec Pivot Limited, via its subsidiary Dyno Nobel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



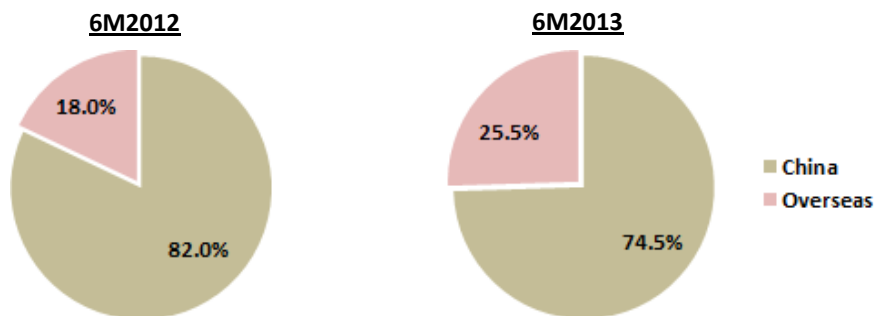
Overall Revenue Growth for 6M2013 Driven by Overseas Sales and Strong Demand for Boosters

Revenue increased 8.6% to RMB 292.7 million in 6M2013, 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 52.2%, 12.9% and 6.3% respectively in 6M2013.

Affected by lower market-driven selling prices of ammonium nitrate, revenue from this product segment contracted in 6M2013 even though sales volume of ammonium nitrate remained relatively stable.



With a growing international reputation as an established and reliable initiation systems producer, overseas markets continue to generate strong growth momentum in 6M2013. Notably, Fabchem's boosters, which are of international-standard quality, continue to be favoured by the world's top commercial explosives manufacturers (Orica Australia and Dyno Nobel Australia). Sales to Australia and sales through export distributors grew 70.2% and 112.8% respectively.



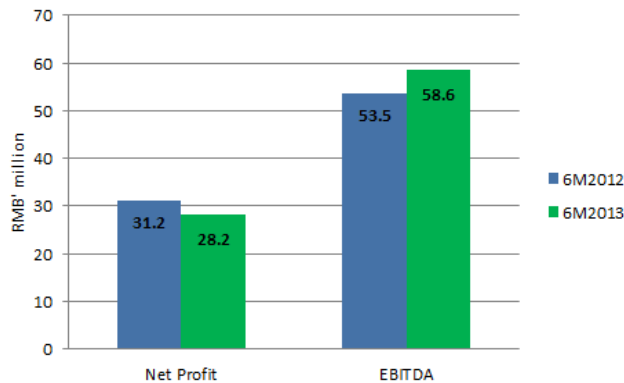
Driven by the strong demand for Fabchem's boosters, overseas sales accounted for a larger share of overall revenue.

The Group's gross profit margin dipped marginally by approximately 1.5 percentage points to 29.8% in 6M2013, which was mainly due to the lower market-driven selling price of ammonium nitrate during current period under review as compared to the previous corresponding period. **Despite this, gross profit inched up 3.3% to RMB 87.2 million for 6M2013.**

While higher operating expenses are generally associated with increased revenue, the Group's combined costs of distribution and administrative expenses decreased marginally to approximately RMB 40.0 million in 6M2013 with the management's continual focus on cost and operational improvements.

Additional Tax Expenses in 2Q2013

The Group's income tax expense in 2Q2013 increased by 73.9% to approximately RMB 11.6 million, which is mainly attributed to the additional tax expenses of RMB 4.7 million for under-provision of tax for prior years. As a result, the Group's income tax expenses in 6M2013 increased by 42.5% to approximately RMB 18.5 million.



On an EBITDA basis, the Group registered growth of 6.8% to RMB 29.2 million in 2Q2013 and 9.5% to RMB 58.6 million.

Overall, the Group's net profit attributable to shareholders contracted by 9.5% to RMB 28.2 million in 6M2013.

Commenting on the Group's financial performance for 6M2013, Mr Sun Bowen (“孙博文”), Fabchem's Managing Director, said, “Revenue growth from the overseas markets continues to gain traction with our high quality, cost-effective boosters that are utilised mainly in mining activities.

Augmenting our global track record in this highly regulated market, we have a significant opportunity to further grow our overseas footprint and create new value propositions in our business.

While we continue to see benefits in our focus on costs containment and production efficiency initiatives, our financial performance was weighed down by additional tax expenses recognized during this period.

We remain watchful of our operating costs and we are working on our strategic initiatives to make further progress on our overall financial performance.”

Healthy Financial Position

As at 30 September 2012, total assets stood at RMB 690.3 million. Guided by a prudent financial management policy, the Group's balance sheet remained healthy with a low gearing of 0.05x⁽³⁾ and a cash and cash equivalent position of RMB 83.3 million.

Shareholders' equity increased stood at RMB 457.4 million, up 3.8% or RMB 17.0 million higher than 31 March 2012. Net asset value per share stood at RMB 195.46 cents, up 3.8% or RMB 7.25 cents from 31 March 2012.

The Group also recorded RMB 233.0 million in total liabilities, of which the major portion was attributable to trade and other payables of RMB 183.2 million at the end of September 2012.

Mr Sun added, “Our financial position remains strong and it enables us to invest in our business and technology to enhance our competitive advantage.”

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

Organic Expansion Initiatives Progressing On Track

As part of Fabchem's organic growth strategy, construction of additional detonating cords production facilities and the upgrading of the Group's booster production facilities are progressing as planned.

Targeted to commence commercial operation of the new detonating cords production facilities by April 2013, the new production facilities will increase the Group's detonating cords annual production capacity from 50 million meters to 80 million meters. Currently, the Group's existing detonating cords facilities are operating at near-full production capacity.

Separately, the upgrading works of the boosters production facilities is expected to be completed by March 2014. Post-completion, it will significantly enhance the automation process, translating to an improvement in product quality, reduction in number of employees working on-site and enhance the safety standards of the boosters production facilities.

Mr Sun concluded, *"While aligning cost structures, we will continue to review initiatives to accelerate our future growth in this highly regulated market. As global rebalancing continues, we continue to adopt a prudent and cautious outlook for the year ahead."*

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 06 November 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

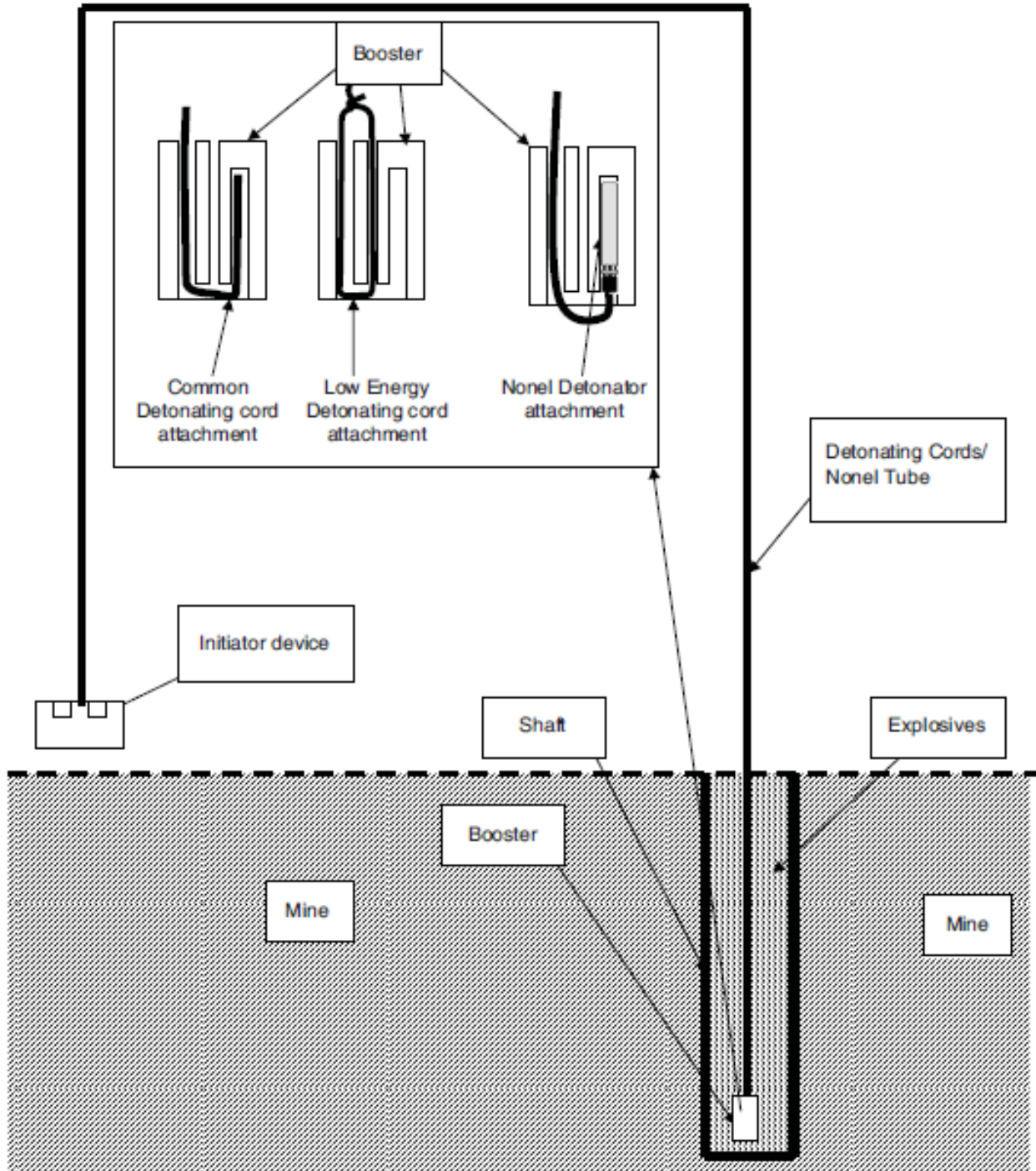
Detonating Cord	导爆索
Non-Electric Tube	导爆管

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