



Fabchem China Limited

FOR IMMEDIATE RELEASE

FABCHEM REPORTS DOUBLE DIGIT GROWTH FOR THE 3 MONTHS ENDED 30 JUNE 2011 (“1Q2012”)

- Revenue jumps 33.4% to RMB 137.78 million and net profit rises 21.5% to RMB 15.25 million
- Overseas sales increased 63.3% as momentum builds behind the Group’s marketing outreach activities
- Low gearing and healthy cash position of RMB 110.32 million
- Shareholders approved proposed acquisition of land and buildings to provide a permanent manufacturing base for the Group’s commercial explosive products

<i>(RMB'000)</i>	1Q2012	1Q2011	Change (%)
Revenue	137,780	103,300	+33.4
Gross Profit	42,072	33,315	+26.3
Profit Before Tax	21,573	17,560	+22.9
Net Profit	15,254	12,553	+21.5
EPS ⁽¹⁾ (RMB Cents)	6.52	5.36	+21.6
EBITDA ⁽²⁾	26,213	22,013	+19.1
<i>(RMB Cents)</i>	As at 30 Jun 11	As at 31 Mar 11	Change (%)
NAV per share ⁽¹⁾	171.91	165.31	+4.0%

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

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

Singapore, 11 August 2011 – Singapore Exchange Mainboard-listed **Fabchem China Limited** (“**Fabchem**” or “**the Group**”) announced today that it registered a net profit of RMB 15.25 million for 1Q2012 on revenue of RMB 137.78 million.

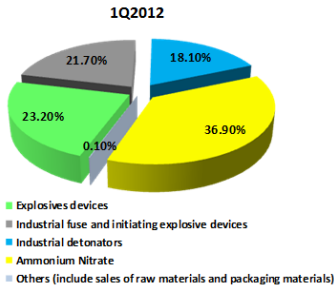
Based in China with a 30 year safety track record, Fabchem is a leading manufacturer of initiation systems and the largest boosters and detonating cords producer within a supply-regulated industry in China where foreign involvement is restricted.

In addition, Dyno Nobel, the world’s second largest commercial explosives manufacturer, is 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 Limited is an Australia-listed leading global manufacturer of nitrogen-based chemicals.



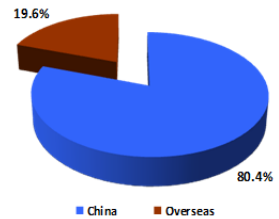
Revenue increased across most of the key product and market segments; Momentum builds behind the Group’s marketing outreach activities

Bolstered by strong demand from customers in the mining and infrastructure industries, the Group’s overall revenue increased 33.4% to RMB 137.78 million in 1Q2012 as explosive devices, industrial detonators and explosive-grade ammonium nitrate product segments registered growth of 23.6%, 22.8% and 102.1% respectively.



In comparison with the gross profit margin of 30.1% in FY2011, gross profit margin in 1Q2012 rose marginally to 30.5%, after taking into account a higher proportion of lower-margin products (ammonium nitrate) in its product sales-mix. While the Group experienced a gradual increase (of approximately 10%) in raw materials prices over the past year, gross profit margin has been relatively stable via a combination of costs containment and improved production efficiency.

China continued to be Fabchem’s main market with a revenue contribution of RMB 110.84 million in 1Q2012. However, the Group’s overseas revenue growth of 63.3% outpaced its domestic revenue growth of 27.7% with increased sales of boosters to Australia. Notably, overseas sales to Dyno Nobel in Australia increased 15-fold to RMB 12.4 million during 1Q2012.

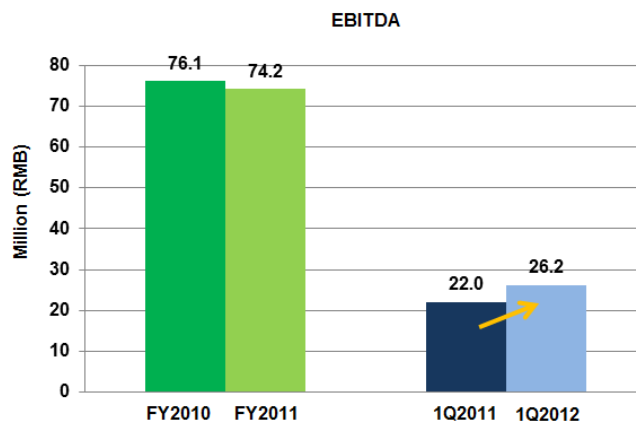


In line with the increase in revenue and marketing activities, distribution and administrative expenses increased correspondingly in 1Q2012. Notably, profit attributable to shareholders increased 21.5% to RMB 15.25 million as revenue increment outpaced higher operating expenses.

Commenting on the Group’s 1Q2012 results, Mr Sun Bowen (“孙伯文”), Fabchem’s Managing Director, highlighted, “The underlying performance of our business remained strong due to increased demand for mining, infrastructure and energy exploration activities from our operating markets in China and resource-rich countries.

With continuing signs of success in our marketing outreach activities, EBITDA grew 19.1% to RMB 26.21 million.

While we are encouraged by our 1Q2012 results, we remain conscious of rising raw material costs and operating expenses. Coupled together with streamlining initiatives, we reinforce the need to continue the improvements we have begun across our business and enhance our value propositions to accelerate our growth momentum.”



Low gearing and healthy cash position of RMB 110.32 million

Guided by a conservative financial management policy, the Group's balance sheet remained healthy with total assets of RMB 546.40 million and low gearing as at the end of June 2011. The Group's cash position remained stable with net cash balance of RMB 110.32 million.

As at 30 June 2011, shareholders' equity was RMB 402.27 million, up 4.0% or RMB 15.44 million higher than 31 March 2011. Net asset value per share stood at RMB 171.91 cents, up 4.0% or RMB 6.60 cents from 31 March 2011.

Mr Sun added, "Our consistent prudent financial approach is central to our business strategy as the accumulated financial resources provide the Group with the financial flexibility to effectively compete in our operating environment."

Shareholders approved acquisition of land and buildings to provide a permanent manufacturing base for the Group's commercial explosive products

In the recent extraordinary general meeting ("EGM") conducted on 28 July 2011, shareholders approved the proposed acquisition of the land and buildings ("the Property") at Fei County, Linyi City, Shandong Province in the PRC where the Group's manufacturing facilities and warehouses are located for a total consideration of RMB 108.7 million.

The Group has been leasing the Property since 2004 with a current annual rental of RMB 8 million. The acquisition will be funded using internally-generated funds of RMB 38.7 million and bank loans of RMB 70 million.

Mr Sun commented, "With shareholders' approval, the acquisition of the Property would allow us to secure adequate and permanent land space for our specialised manufacturing operations in Shandong. This is essential for the Group's future expansion and growth and we also safeguard ourselves from any unexpected rental increment and risk of relocation."

Moving Ahead

The Group will continue to align its product portfolio with market trends and expand its business presence in new and existing markets. Internally, the Group will also step up its focus on enhancing operational efficiency and reducing costs across the whole business.

Mr Sun concluded, "The increased dependency on energy resources and commodities from a growing global population continues to underscore the strong business fundamentals of our core operating markets.

However with prolonged concerns over the debt issues surrounding the western economies, the Group continues to adopt a prudent outlook for FY2012 and retains a cautious optimism about our longer term prospects."

– END –

This document is to be read in conjunction with Fabchem's exchange filings on 11 August 2011, which can be downloaded via www.sgx.com.

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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.

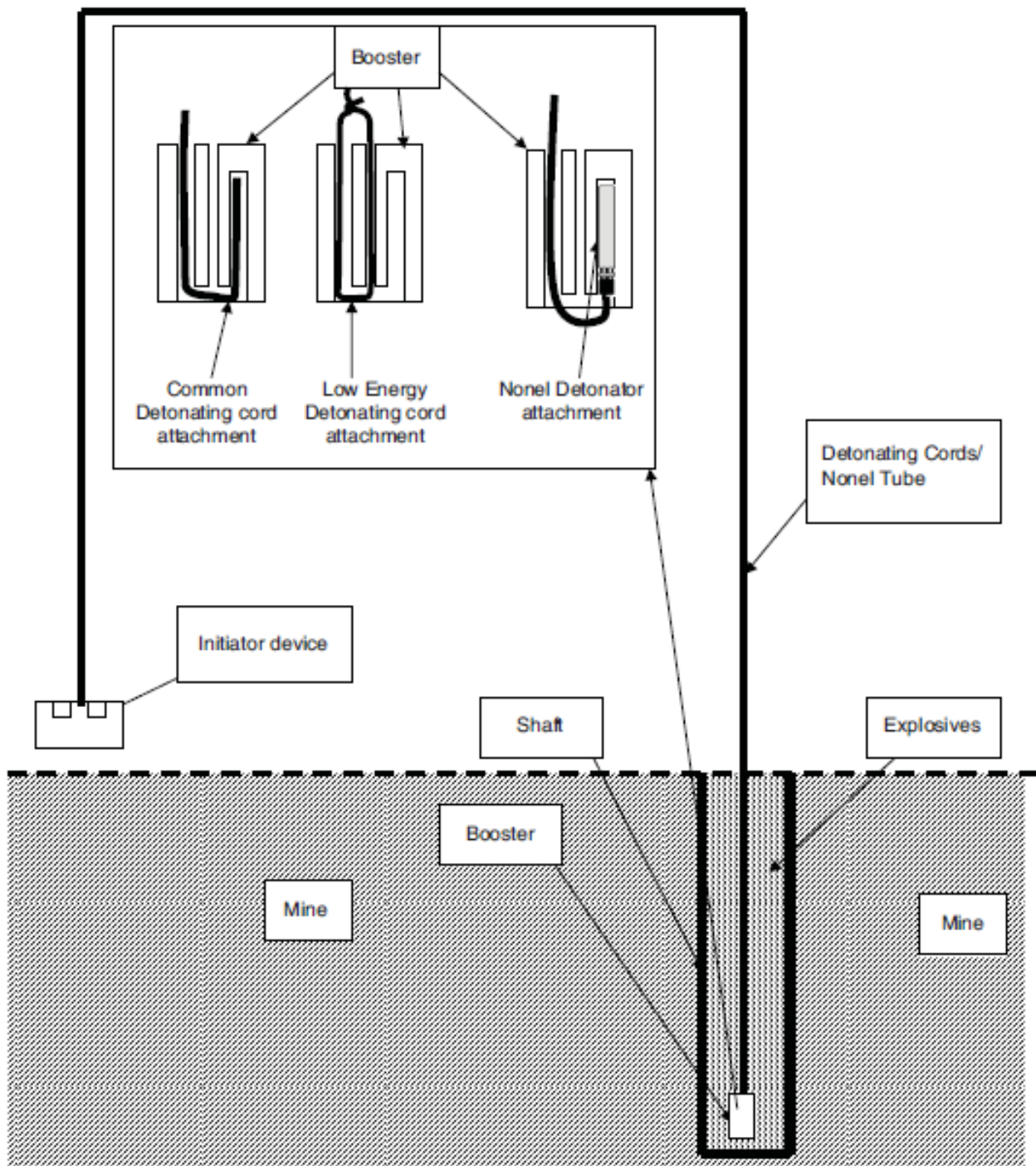
In addition, Dyno Nobel, the world’s second largest commercial explosives manufacturer, is a strategic partner of Fabchem. Through the acquisition of Dyno Nobel in 2008, Incitec Pivot Limited owns a 29.9% strategic stake in Fabchem. Incitec Pivot Limited is an Australia-listed leading global manufacturer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

English-Chinese Glossary

Fabchem China Limited	中国杰化有限公司
<i>Explosive Devices</i>	
Booster	起爆具
Seismic Charge	震源药柱
Tube Charge	爆裂管
<i>Industrial fuses and initiating explosive devices</i>	
Detonating Cord	导爆索
Non-Electric Tube	导爆管
<i>Industrial detonators</i>	
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