Fabchem China Limited

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FABCHEM RECORDS HIGHEST-EVER QUARTERLY REVENUE OF RMB 83.2 MILLION, A 73.1% SURGE FROM 1Q2009'S RMB 48.0 MILLION

- **Encouraging results is proof of management's prudence and efficiency**
- **New production facilities set to drive growth with capacity for 3,000 tonnes boosters and 60 million units piston non-electric detonators**
- **Healthy revenue contribution of RMB 15.8 million from new business segment**
- **Earnings Per Share (EPS) soars 69.6% to RMB 8.38 cents**
- **NAV per share increases to RMB 1.40**
- **New dividend policy of payout at a minimum of 10% of net earnings, starting in FY2010**

	1Q2010 (RMB'000)	*1Q2009 (RMB'000)*	*Change (%)*
Revenue	**83,164**	**48,036**	**73.1**
Gross Profit	**35,302**	**20,416**	**72.9**
Profit Before Tax	**23,035**	**13,569**	**69.8**
Net Profit	**19,606**	**11,568**	**69.5**
EPS (RMB Cents)	**8.38**	**4.94**	**69.6**
NAV (RMB Cents)	**140.44**	**131.82**	**6.54**

Singapore, 7 August 2009 – Singapore Exchange ("SGX") Mainboard-listed **Fabchem China Limited** ("**Fabchem**" or "**the Group**"), the largest non-electric detonators producer and one of the leading manufacturers of initiation systems in the People's Republic of China ("PRC"), began a new financial year on a high note today by reporting a strong set of results for the first quarter ended 30 June 2009 ("1Q2010").

Underpinned by the robust demand of its products in the PRC and improved revenue contribution from its 3 core business units, the Group's 1Q2010 net profit after tax soared 69.5% to RMB 19.6 million from RMB 11.6 million in the corresponding period in the previous year ("1Q2009"). This was achieved on the back of strong revenue of RMB 83.2 million in 1Q2010, which jumped 73.1% from RMB 48 million in 1Q2009.

Increase in revenue contributions is seen across all business units and market segments for this reporting period. Revenue contributions from both local PRC and export markets increased approximately by 65.9% and 154.5% respectively. Likewise, the revenue contributions from all 3 business segments (explosive devices, industrial fuse and initiating explosive devices, and industrial detonators) also increased by 35.3%, 36.4% and 58.2% respectively.

The main driving force for revenue in the PRC market was the sales for detonating cords and piston non-electronic detonators, which increased approximately RMB 7.3 million and RMB 6.7 million respectively. This is due to stronger marketing efforts made to focus on the domestic market, along with the completion of the Group's new 3,000-tonne boosters and 60-million-unit piston non-electric detonators facilities in FY2009.

The completion and consolidation of the acquisition of Hebei Yinguang Chemical Co., Ltd ("Hebei Yinguang") in late October 2008 resulted in the Group seeing a revenue contribution from Hebei Yinguang of approximately RMB 15.8 million to the Group's total revenue.

As a result, the Group's gross profit rose 72.9% to RMB 35.3 million in 1Q2010 from RMB 20.4 million in 1Q2009, while gross profit margin and net profit margin remained relatively stable at 42.4% and 23.6% respectively.

Earnings per share rose 69.6% to RMB 8.38 cents as at 30 June 2009, from RMB 4.94 cents as at 30 June 2008. Net asset value also increased to RMB 1.40 for the same period.

Managing Director of Fabchem, Mr Sun Bowen said, "After having to brave through a previous year of unprecedented events which saw a reduction in our top and bottomline contributions, we are indeed happy to see recovery with this set of results for this quarter. We believe that our efforts have indeed paid off and will continue to work harder to bring Fabchem to new heights."

Distribution costs increased approximately RMB 1.6 million or 70.6% to RMB 3.7 million in 1Q2010 from RMB 2.2 million in 1Q2009. This was mainly due to the increase in sales revenue during the current quarter and the inclusion of Hebei Yinguang's distribution costs for the current quarter.

Administrative expenses rose by approximately RMB 2.7 million or 53.1% to RMB 7.7 million in 1Q2010 from RMB 5.0 million in 1Q2009. The inclusion of Hebei Yinguang's administrative expenses and the increase in those expenses relating to the improvement of the Group's results, for example, executive directors' profit sharing and safety expenses, were the main factors that contributed to the rise.

With effect from 1 January 2008, Yinguang Technology is liable to pay 12.5 per cent tax, representing 50 per cent of the state income tax of 25.0 per cent, for two years from 1 January 2008 to 31 December 2009. Hebei Yinguang is liable for the full state income tax of 25 per cent.

"FY2009 had been a very tough year for us. Nonetheless, together with our strategic partners, Dyno Nobel and Incitec Pivot Limited, we have continued to work hard and exercised caution in carrying out our plans. The restrictions that we faced during the Beijing Olympic Games in 2008 would unlikely to recur again and hence we can expect our operations and performance to normalise. The recovery that we have seen for this quarter should not be something that can allow us to stop working prudently and carefully. While we have reported very good results this quarter, we will continue to assess the volatile market conditions carefully and make prudent steps to manage our costs well." said Mr Sun, Managing Director of Fabchem.

Separately, the Board of Directors of Fabchem has announced that the Group will be adopting a dividend policy starting in the financial year ending 31 March 2010 of paying out dividends of at least 10% of its net profits to shareholders.

On the new dividend policy, Mr Sun commented, "With a stronger than expected performance, the Board would like to adopt this new policy to reward our shareholders for their support over the years, especially over the last one year when conditions were tough. Though we would remain cautious of the volatile economic conditions, we hope to garner stronger shareholder support to grow with us when we hit a recovery phase."

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Issued on behalf of Fabchem China Limited by SPRG

Contact Information:

Fabchem China Limited
Kwek Wei Lee, wlkwek@fabchemchina.com

SPRG
T: 6325 8260
Eunice LUA eunice.lua@sprg.com.sg
Alex TAN alex.tan@sprg.com.sg

About Fabchem China Limited (FABC SP)

Headquartered in the Republic of Singapore, Fabchem is one of the leading manufacturers of initiation systems in the People's Republic of China ("PRC"). 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 detonators (non-electric detonators and 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 associated with safe, reliable and quality products. Fabchem's reputation as an established initiation systems producer of international quality standard has strengthened its competitive positioning in commodity booming economies including PRC, Australia and South Africa.

About Incitec Pivot Limited (IPL AU)

Incitec Pivot Limited ("IPL") is a multi-billion Australia-listed leading global chemicals company with nitrogen-based manufacturing at its core. With the acquisition of Dyno Nobel in 2008, IPL is well positioned to take advantage of the opportunities created through the anticipated growth in the agriculture and mining sectors, which is driving global demand for both fertilisers and explosives.