



Fabchem China Limited

FABCHEM POSTS FIRST-HALF NET PROFIT OF RMB 8.96 MILLION AMID CHALLENGING MARKET CONDITIONS

- Lower revenue registered in 6M2016 across the Group's product segments, of which ammonium nitrate sales decline significantly in 6M2016 as production was halted due to weakening market conditions in the ammonium nitrate industry
- Overseas sales in 2Q2016 were affected by the temporary closure of ports, namely the Port of Qingdao and Port of Weihai during September 2015, that was indirectly attributed to the explosions at the unrelated warehouses situated at the Port of Tianjin
- Cash flow generation from operating activities of RMB 21.8 million during 6M2016
- Cash and cash equivalents increased 17.5% to RMB 147.9 million with a gearing of 0.17x⁽¹⁾

<i>(RMB' million)</i>	2Q2016	2Q2015	Change (%)	6M2016	6M2015	Change (%)
Revenue	58.75	96.97	(39.4)	145.39	208.73	(30.3)
Gross Profit	19.90	33.21	(40.1)	49.17	65.47	(24.9)
Profit Before Tax	4.33	13.37	(67.6)	15.98	25.53	(37.4)
Net Profit	1.86	8.32	(77.6)	8.96	15.34	(41.6)
EPS (RMB Cents)	3.98⁽²⁾	17.78⁽²⁾	(77.6)	19.13⁽²⁾	32.78⁽²⁾	(41.6)
EBITDA⁽⁴⁾	10.86	21.15	(48.6)	29.21	40.37	(27.6)
<i>(RMB Cents)</i>	As at 30 Sep 15	As at 31 Mar 15	Change (%)			
NAV per share	876.41⁽²⁾	172.74⁽³⁾	N.M⁽⁵⁾			

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

(2) Based on weighted average number of 46.8 million shares (after completion of the Share Consolidation as at 9.00 am on 1 September 2015, where every five (5) Shares registered in the name of each Shareholder have been consolidated into one (1) Consolidated Share and the issued share capital of the Company will comprise 46,800,000 Consolidated Shares

(3) Based on 234 million shares as at 31 March 2015

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

(5) N.M – Not Meaningful

Singapore, 13 November 2015 – 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 (“2Q2016”) and first half (“6M2016”) for the financial year ending 31 March 2016.



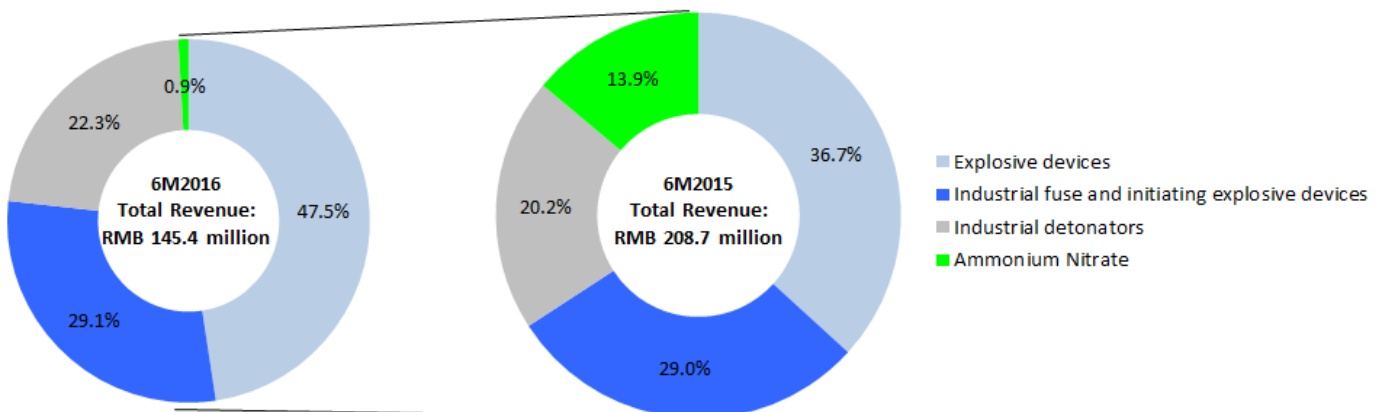
Based in China with a good safety track record of more than 35 years, Fabchem is a leading manufacturer of initiation systems and the largest booster and detonating cord producer in this supply-regulated commercial explosive industry within China, where foreign involvement is restricted.

Persistent Headwinds in the Marco Business Environment during 6M2016

China continues to experience a slowdown in its economic growth and the broad-based weakness in global commodity prices continues to impact mining activities in China. In addition, as pollution and environmental issues remain key issues in China, the Chinese authorities have increased their scrutiny and regulations on the industrial activities (such as refinery and power plant facilities) that are major causes of such issues. As a result, these factors have led to reduced mining activities in China and will continue to affect the Group's sales in China as most of its commercial explosive products are used in mining related activities. As such, the Group's revenue in China declined 37.4% to approximately RMB 86.5 million in 6M2016.

For the Group's overseas markets, revenue dipped 16.6% to approximately RMB 58.9 million in 6M2016 as overseas sales were affected by the temporary closure of ports, namely the Port of Qingdao and Port of Weihai during September 2015, which was indirectly attributed to the explosions at the unrelated warehouses situated at the Port of Tianjin.

With lower revenue registered among the Group's four product segments, the Group recorded overall revenue of approximately RMB 145.4 million in 6M2016. Notably, the Group's ammonium nitrate product segment declined 95.6% to approximately RMB 1.28 million in 6M2016 as the production of ammonium nitrate has been halted due to weakening market conditions.



With the significant reduction in ammonium nitrate sales (which accounted for the lowest gross margin product segment among the product mix), the Group's overall gross profit margin improved by approximately 2.4 percentage points to 33.8% in 6M2016.

Corresponding to lower revenue recorded during 6M2016, distribution expenses and administrative expenses decreased by 28.1% to approximately RMB 11.3 million and 8.2% to approximately RMB 19.7 million, respectively in 6M2016.

The Group's EBITDA in 6M2016 dipped 27.6% to approximately RMB 29.2 million from approximately RMB 40.4 million in 6M2015. Despite the challenging market conditions, the Group posted a net profit attributable to shareholders of approximately RMB 9.0 million in 6M2016.

Commenting on the Group's financial performance for 6M2016, Mr Sun Bowen (“孙博文”), Fabchem's Managing Director, said, “The macro business environment in China has remained subdued and there are continued weaknesses in the global mining industry, however we are actively working to mitigate these pressures by re-positioning our business model towards products and markets with higher growth potential.

Our operational priorities for the rest of the year remain unchanged and we remained focused on building a much more resilient business foundation in this highly specialised and regulated industry.”

Growing Balance Sheet with Healthy Liquidity Position

Adhering to a prudent financial management policy, the Group's cash and cash equivalent position improved to approximately RMB 147.9 million with a gearing of 0.17x. Reflecting the underlying strengths of the Group's business activities in this niche and highly regulated industry, the Group generated cash flow of approximately RMB 21.8 million from business operations during 6M2016.

Another major component of the Group's current assets, trade receivables stood at approximately RMB 88.9 million as at the end of September 2015. Overall, total assets grew to approximately RMB 635.8 million as at 30 September 2015.

As at 30 September 2015, shareholders' equity improved to approximately RMB 410.2 million, while net asset value per share stood at RMB 876.41 cents.

At the end of September 2015, the Group's total liabilities stood at approximately RMB 225.6 million, of which the major component was attributable to trade and other payables of approximately RMB 106.1 million and other financial liabilities of approximately RMB 105.6 million.

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This document is to be read in conjunction with Fabchem's exchange filings on 13 November 2015, 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 / SGX Code: BFT.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 commercial explosive industry in China.

ASX-listed Incitec Pivot Limited, via the world's second largest commercial explosives manufacturer, Dyno Nobel, owns a 29.9% strategic stake in Fabchem.

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

Industrial Fuses and Initiating Explosive Devices

Detonating Cord 导爆索

Non-Electric Tube 导爆管

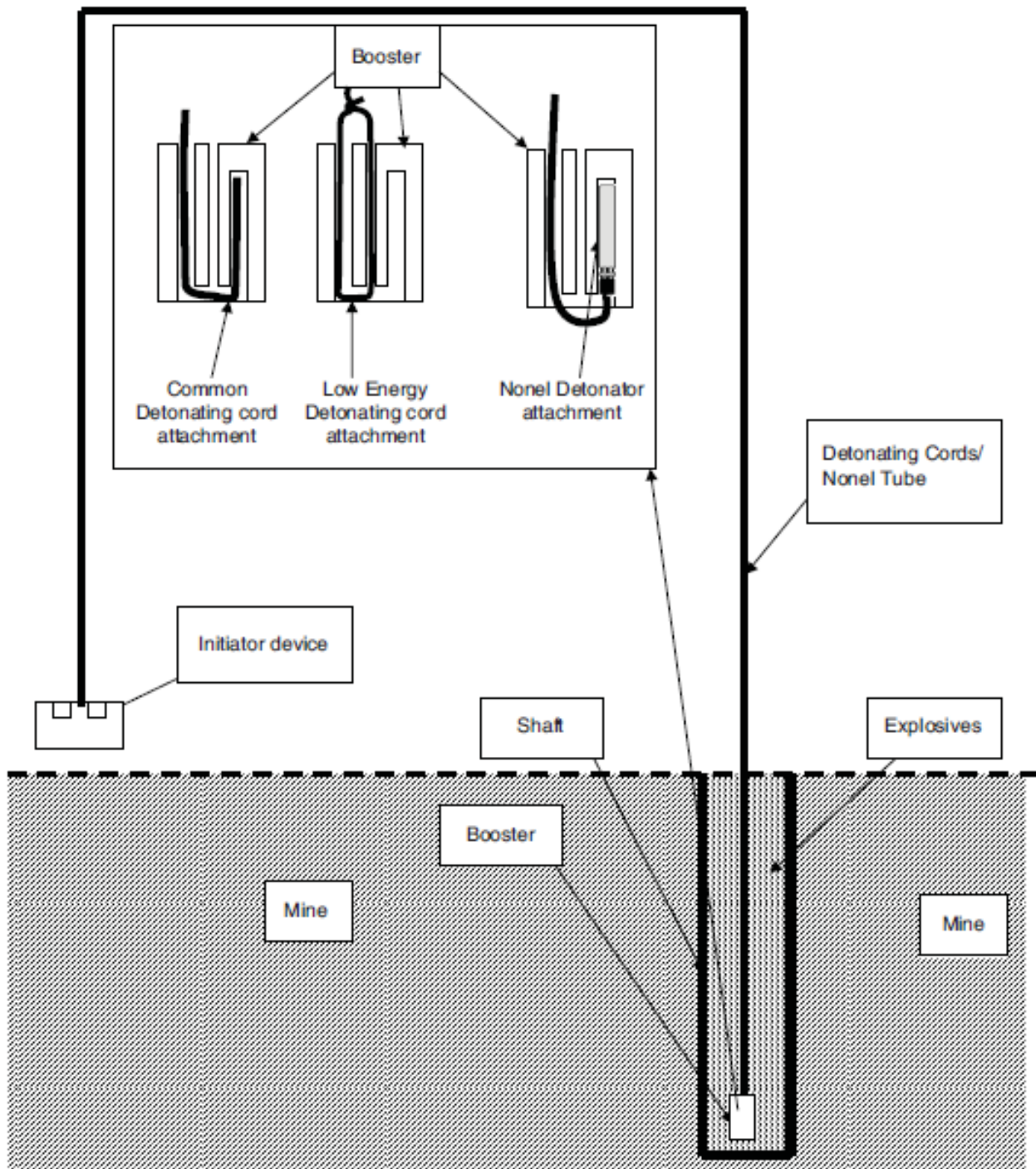
Industrial Detonators

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