



## Fabchem China Limited

Company registration number : 200413128G

Financial Statements for the Financial Year ended 31 March 2012 (“FY2012”)

### PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 &Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase/ (Decrease) %
	FY2012 RMB'000	FY2011 RMB'000	
<b>Revenue</b>	516,128	416,168	24.0
Cost of sales	(356,222)	(290,973)	22.4
<b>Gross profit</b>	159,906	125,195	27.7
<b><u>Other Items of Income</u></b>			
Interest income	704	453	55.4
Other credits – Note (i)	6,878	1,261	445.4
<b><u>Other Items of Expense</u></b>			
Distribution costs	(31,728)	(24,506)	29.5
Administrative expenses	(45,946)	(38,838)	18.3
Finance costs	(2,925)	(2,504)	16.8
Other charges– Note (ii)	(4,482)	(5,389)	(16.8)
<b>Profit before income tax</b>	82,407	55,672	48.0
Income tax expense	(22,392)	(20,348)	10.0
<b>Profit attributable to shareholders</b>	60,015	35,324	69.9
<b>Note (i) – Other Credits</b>			
Gain on disposal of property, plant and equipment	3,792	35	10734.3
Government grant	2,912	1,032	182.2
Allowance for impairment on trade receivables reversal	174	194	(10.3)
	6,878	1,261	445.4
<b>Note (ii) – Other Charges</b>			
Bad debts written-off	(5)	(135)	(96.3)
Foreign exchange adjustment loss	(278)	(1,320)	(78.9)
Allowance for impairment on inventories - loss	(311)	-	N.M.
Allowance for impairment on trade and other receivables - loss	(3,888)	(3,934)	(1.2)
	(4,482)	(5,389)	(16.8)

**1(a)(ii) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

Profit before income tax was stated after crediting / (charging) :-

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>FY2012 RMB'000</b>	<b>FY2011 RMB'000</b>	
Allowance for impairment on trade and other receivables – loss	(3,888)	(3,934)	(1.2)
Allowance for impairment on trade receivables reversal	174	194	(10.3)
Allowance for impairment of inventories - loss	(311)	-	N.M.
Amortisation expenses	(3,002)	(1,823)	64.7
Bad debts written-off	(5)	(135)	(96.3)
Depreciation expenses	(17,398)	(15,991)	8.8
Foreign exchange adjustment loss	(278)	(1,320)	(78.9)
Interest expense	(2,925)	(2,504)	16.8
Interest income from bank deposits	704	453	55.4
Gain on disposal of property, plant and equipment	3,792	35	10734.3

**Statement of Comprehensive Income**

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>FY2012 RMB'000</b>	<b>FY2011 RMB'000</b>	
<b>Profit attributable to shareholders</b>	60,015	35,324	69.9
Foreign currency translation difference	(258)	893	(128.9)
<b>Total comprehensive income for the period</b>	<u>59,757</u>	<u>36,217</u>	65.0

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 March 2012 RMB'000	31 March 2011 RMB'000	31 March 2012 RMB'000	31 March 2011 RMB'000
<b>ASSETS</b>				
<b>Non-current assets :</b>				
Property, plant and equipment	234,404	181,277	248	300
Intangible assets	5,678	6,541	-	-
Other assets, non-current	97,754	53,300	-	-
Deferred tax assets	4,495	4,110	-	-
Investment in subsidiary	-	-	113,298	117,175
<b>Total non-current assets</b>	<b>342,331</b>	<b>245,228</b>	<b>113,546</b>	<b>117,475</b>
<b>Current assets :</b>				
Inventories	62,404	46,534	-	-
Trade and other receivables (Note 1)	124,268	116,159	41,828	29,186
Other assets, current	43,965	30,302	68	73
Cash and cash equivalents	103,143	101,053	217	712
<b>Total current assets</b>	<b>333,780</b>	<b>294,048</b>	<b>42,113</b>	<b>29,971</b>
<b>Total assets</b>	<b>676,111</b>	<b>539,276</b>	<b>155,659</b>	<b>147,446</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves :</b>				
Share capital	116,849	116,849	116,849	116,849
Retained earnings	279,925	231,074	31,635	20,451
Other reserves	43,632	38,911	1,241	5,377
<b>Total equity</b>	<b>440,406</b>	<b>386,834</b>	<b>149,725</b>	<b>142,677</b>
<b>Non-Current liabilities :</b>				
Deferred tax liabilities	5,306	5,380	-	-
Other financial liabilities	7	97	7	97
<b>Total non-current liabilities</b>	<b>5,313</b>	<b>5,477</b>	<b>7</b>	<b>97</b>
<b>Current liabilities :</b>				
Income tax payable	981	3,068	-	-
Trade and other payables (Note 2)	183,078	102,143	5,840	4,587
Other financial liabilities, current	43,674	39,515	87	85
Other liabilities	2,659	2,239	-	-
<b>Total current liabilities</b>	<b>230,392</b>	<b>146,965</b>	<b>5,927</b>	<b>4,672</b>
<b>Total liabilities</b>	<b>235,705</b>	<b>152,442</b>	<b>5,934</b>	<b>4,769</b>
<b>Total liabilities and equity</b>	<b>676,111</b>	<b>539,276</b>	<b>155,659</b>	<b>147,446</b>
<b>Note 1</b>				
Trade receivables	119,508	114,936	-	-
Amount receivable from subsidiary	-	-	41,828	29,186
Tax recoverable	2,911	-	-	-
Other receivables	1,849	1,223	-	-
Trade and other receivables	124,268	116,159	41,828	29,186
<b>Note 2</b>				
Trade payables and accruals	67,605	72,779	5,692	4,469
Other payables	115,473	29,364	148	118
Trade and other payables	183,078	102,143	5,840	4,587

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

**(RMB'000)**

<b>31 March 2012</b>		<b>31 March 2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
14,087	29,587	10,085	29,430

**Amount repayable after one year**

**(RMB'000)**

<b>31 March 2012</b>		<b>31 March 2011</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
7	-	97	-

**Details of any collateral**

As at 31 March 2012, the Group has secured borrowings comprising a 7-year finance lease of approximately RMB 94,000 for the purchase of a motor vehicle and aggregate secured short-term loans from a financial institution of RMB 14.0 million. Unsecured borrowings relates to a loan from a third party of RMB 9.6 million and a short-term loan from a financial institution of RMB 20.0 million.

The finance lease is secured against the motor vehicle with net book value of approximately RMB 230,000, and bears effective interest rate of 6.61% per annum.

Secured short-term bank loans are secured using Hebei Yinguang Chemical Co., Ltd's ("Hebei Yinguang") land and buildings with net book value of approximately RMB 17.1 million and guaranteed by a corporate guarantee from Shandong Yinguang Chemical Group Co., Ltd ("Yinguang Group"), the former holding company of Hebei Yinguang. The secured short-term bank loans' interest rate is at 8.203% per annum.

Unsecured borrowing of RMB 9.6 million relates to a loan from Linxi County Nitrogenous Fertilizer Co., Ltd, of which a portion of this loan has an interest rate of 12% per annum. Unsecured short-term bank loan of RMB 20.0 million is guaranteed by a corporate guarantee from Yinguang Group and has an interest rate of 7.872% per annum.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY2012 RMB'000	FY2011 RMB'000
<b>Cash flows from operating activities</b>		
Profit before income tax	82,407	55,672
Adjustments for :		
Allowance for impairment on trade and other receivables - loss	3,888	3,934
Allowance for impairment on trade and other receivables – reversal	(174)	(194)
Allowance for impairment on inventories - loss	311	-
Amortisation expenses	3,002	1,823
Bad debts written-off	5	135
Depreciation expense	17,398	15,991
Gain on disposal of property, plant and equipment	(3,792)	(35)
Interest expenses	2,925	2,504
Interest income	(704)	(453)
Net effect of exchange rate changes in translation of financial statements of parent	(249)	873
Operating cash flows before changes in working capital	105,017	80,250
Inventories	(16,181)	1,229
Trade and other receivables	(8,917)	(21,170)
Other assets	(13,663)	(2,649)
Trade and other payables	(6,616)	(21,114)
Other liabilities	420	(1,157)
Net cash flows from operations before interest and tax	60,060	35,389
Income tax paid	(27,849)	(18,040)
<b>Net cash from operating activities</b>	<b>32,211</b>	<b>17,349</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	6,482	689
Purchase of property, plant and equipment (Note A)	(32,266)	(12,062)
Interest received	704	453
<b>Net cash used in investing activities</b>	<b>(25,080)</b>	<b>(10,920)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(6,185)	(5,887)
Repayment of finance lease obligation	(88)	(64)
Repayment of borrowings	(29,843)	(19,176)
Proceeds from bank borrowings	34,000	15,000
Interest paid	(2,925)	(2,504)
<b>Net cash used in financing activities</b>	<b>(5,041)</b>	<b>(12,631)</b>
Net increase/(decrease) in cash	2,090	(6,202)
Cash at beginning of the year	101,053	107,255
<b>Cash at end of the year</b>	<b>103,143</b>	<b>101,053</b>

Note A:

On 28 July 2011, the Group's shareholders approved the acquisition of land and properties of approximately RMB 108,698,000 from a related party, of which RMB 62,105,000 relates to properties and RMB 46,593,000 relates to land use rights.

As at 31 March 2012, the Group has paid approximately RMB 19,445,000 for the properties. The remaining aggregate balance of RMB 89,253,000 was unpaid and recorded under Other payables as at 31 March 2012.

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Issued capital	Statutory reserves	Foreign currency translation reserves	Retained earnings	Total
<b>Group (RMB'000)</b>					
Balance at 1 April 2011	116,849	37,567	1,344	231,074	386,834
Appropriation for the year	-	4,979	-	(4,979)	-
Dividend paid	-	-	-	(6,185)	(6,185)
Total comprehensive income for the year	-	-	(258)	60,015	59,757
Balance at 31 March 2012	116,849	42,546	1,086	279,925	440,406
Balance at 1 April 2010	116,849	33,360	451	205,844	356,504
Appropriation for the year	-	4,207	-	(4,207)	-
Dividend paid	-	-	-	(5,887)	(5,887)
Total comprehensive income for the year	-	-	893	35,324	36,217
Balance at 31 March 2011	116,849	37,567	1,344	231,074	386,834

	Issued capital	Foreign currency translation reserves	Retained earnings	Total
<b>Company (RMB'000)</b>				
Balance at 1 April 2011	116,849	5,377	20,451	142,677
Dividend paid	-	-	(6,185)	(6,185)
Total comprehensive income for the year	-	(4,136)	17,369	13,233
Balance at 31 March 2012	116,849	1,241	31,635	149,725
Balance at 1 April 2010	116,849	(2,506)	18,139	132,482
Dividend paid	-	-	(5,887)	(5,887)
Total comprehensive income for the year	-	7,883	8,199	16,082
Balance at 31 March 2011	116,849	5,377	20,451	142,677

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not Applicable.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Group	
	31 March 2012	31 March 2011
Total number of issued shares	234,000,000	234,000,000

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There is no sale, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

The figures have not been audited nor reviewed by the auditors.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

There are no material changes in the accounting policies and methods of computation.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>FY2012</b>	<b>FY2011</b>
	<b>RMB cents</b>	<b>RMB cents</b>
Earnings per ordinary share for the year based on net profit attributable to shareholders :		
Based on weighted average number of ordinary shares in issue	25.65	15.10
Weighted average number of ordinary shares in issue for basic earnings per share	234,000,000	234,000,000

There is no dilution of shares as there are no shares under option.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-**

- (a) **current financial period reported on; and**  
 (b) **immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2012</b>	<b>31 March 2011</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>	<b>RMB cents</b>
Net asset value per ordinary share based on the issued shares at the end of the financial year	188.21	165.31	63.99	60.97
Number of issued shares use in calculating net asset value	234,000,000	234,000,000	234,000,000	234,000,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

### Revenue

Our products can be categorised mainly into (a) explosive devices such as boosters, seismic charges and tube charges; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; (c) industrial detonators such as non-electric detonators and piston non-electric detonators; and (d) ammonium nitrate. The breakdown of our revenue by the above-mentioned product types and geographical segments during the financial year ended 31 March 2011 ("FY2011") and financial year ended 31 March 2012 ("FY2012") are as follows:

Product Types	Group				% change
	FY2012		FY2011		
	RMB'000	%	RMB'000	%	
Explosive devices	131,610	25.5	95,887	23.1	37.3
Industrial fuse and initiating explosive devices	95,392	18.5	101,648	24.4	(6.2)
Industrial detonators	87,406	16.9	73,749	17.7	18.5
Ammonium Nitrate	201,293	39.0	144,430	34.7	39.4
Others <sup>(1)</sup>	427	0.1	454	0.1	(5.9)
	<b>516,128</b>	<b>100.0</b>	<b>416,168</b>	<b>100.0</b>	<b>24.0</b>

Geographical Segments	Group				% change
	FY2012		FY2011		
	RMB'000	%	RMB'000	%	
Within PRC	417,596	80.9	348,649	83.8	19.8
<u>Outside PRC</u>					
Sales through export distributors <sup>(2)</sup>	13,943	2.7	14,499	3.5	(3.8)
Australia	67,124	13.0	39,279	9.4	70.9
Others	17,465	3.4	13,741	3.3	27.1
	<b>98,532</b>	<b>19.1</b>	<b>67,519</b>	<b>16.2</b>	<b>45.9</b>
	<b>516,128</b>	<b>100.0</b>	<b>416,168</b>	<b>100.0</b>	<b>24.0</b>

Note :

(1) Others include sales of raw materials and packaging materials.

(2) These were sales to export distributors in the PRC in which they export the products to their customers overseas.

### Revenue

Revenue for FY2012 increased by approximately RMB 100.0 million or 24.0% to RMB 516.1 million from FY2011's RMB 416.1 million. The increase in revenue was mainly due to the increase in sales of explosives devices and ammonium nitrate by approximately RMB 35.7 million and RMB 56.9 million respectively.

a) Sales within PRC

Sales within PRC increased by approximately RMB 68.9 million or 19.8% mainly due to the increase in sales of ammonium nitrate by RMB 56.9 million or 39.4%.

b) Sales through export distributors

Sales through export distributors decreased marginally by approximately RMB 0.6 million or 3.8% from RMB 14.5 million during FY2011 to RMB 13.9 million during FY2012.

The fluctuations in sales revenue were mainly due to the different shipping schedules determined by our customers.



8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**

- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on. (Cont'd)**

c) Sales to Australia

Sales to Australia increased by approximately RMB 27.8 million or 70.9% mainly due to the increase in sales to Dyno Nobel Australia during the current financial year. Sales to Dyno Nobel Australia increased by approximately RMB 18.9 million or 450.2% to RMB 23.1 million in FY2012 from FY2011's RMB 4.2 million.

d) Sales to other countries

Sales to other countries increased by approximately RMB 3.7 million or 27.1%.

The fluctuations in sales revenue were mainly due to the different shipping schedules determined by our customers.

All domestic PRC sales contracts and export applications sought by export agents have been approved by the Ministry of Industry and Information Technology, Department of Work Safety ("MIIT").

**Gross profit margin**

Gross profit margin improved slightly by approximately 0.9 percentage points to 31.0% in FY2012, as compared to 30.1% in FY2011. Despite higher raw materials prices and the higher proportion of lower-margin products (ammonium nitrate) in our product sales-mix, the Group's operational efficiency improved during FY2012. In addition, the Group also ceased to pay rental expenses, effective from 1 July 2011, with the acquisition of manufacturing facilities and warehouses. This has contributed positively to our overall gross profit margins. The gross profit margin for ammonium nitrate increased from approximately 17.5% during FY2011 to approximately 21.5% during FY2012 as a result of higher average selling prices of ammonium nitrate due to market-driven forces.

**Other credits / (Other charges)**

Other credits relate to gain on disposal of property, plant and equipment of approximately RMB 3.8 million, government grants of approximately RMB 2.9 million and reversal of allowance for impairment on trade receivables of approximately RMB 174,000. Gain on disposal of property, plant and equipment of RMB 3.8 million is mainly due to the disposal of certain Hebei Yinguang's plant and equipments that were not in use. RMB 2.9 million of government grants are mainly for our PRC subsidiaries from their respective local governments.

Other charges comprise of bad debts written-off of RMB 5,000, foreign exchange adjustment loss of approximately RMB 278,000, allowance for impairment on inventories of approximately RMB 311,000 and allowance for impairment on trade and other receivables of RMB 3.9 million.

Foreign exchange adjustment loss arose from foreign exchange rate changes between Renminbi (RMB), US Dollars and Singapore Dollars.

**Interest income / (Finance costs)**

Interest income increased by approximately RMB 251,000 mainly due to higher average bank deposits during the current financial year. Finance costs increased marginally by approximately RMB 421,000 during the current financial year due to the increase in bank loans of approximately RMB 9.0 million and higher bank borrowing rates in the PRC.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on. (Cont'd)**

#### **Operating expenses**

In line with the increase in revenue, distribution costs increased by approximately RMB 7.2 million or 29.5% to RMB 31.7 million in FY2012 from FY2011's RMB 24.5 million.

Administrative expenses also increased by approximately RMB 7.1 million or 18.3% to RMB 45.9 million in FY2012 from FY2011's RMB 38.8 million. The increase in administrative expenses was mainly due to the increase in provision for safety expenses and executive directors' profit sharing, which corresponds with the increase in sales revenue and profit before income tax, respectively. Amortisation expenses also increased due to the acquired land use rights during the current financial year.

#### **Income tax expenses**

The effective tax rate for FY2012 was 27.2% (FY2011: 36.5%). This is slightly higher than the PRC concessionary tax rate of 25.0% mainly due to the non-deductible expenses, partially offset by an overprovision of income tax for the previous financial year.

#### **Balance sheet**

Property, plant and equipment increased by approximately RMB 53.1 million, mainly due to the acquisition of land and buildings subsequent to the shareholders' approval obtained during the Extraordinary General Meeting ("EGM") held on 28 July 2011.

Intangible assets comprised of the Group's licences and customer relationships which arose during the purchase price allocation ("PPA") exercise for the acquisition of Hebei Yinguang during FY2010. Intangible assets decreased by approximately RMB 0.9 million mainly due to the amortisation charges during the financial year under review.

Other assets, non-current relate to the Group's land use rights, which increased by approximately RMB 44.5 million mainly due to the acquisition of land and buildings subsequent to the shareholders' approval obtained during the EGM held on 28 July 2011.

Deferred tax assets relate mainly to the deferred tax differences for the allowance for impairment and provision for safety expenses.

Inventories, trade and other receivables, other assets and cash and cash equivalents, represented approximately 18.7%, 37.2%, 13.2% and 30.9% respectively of our total current assets as at 31 March 2012.

Inventories increased by approximately RMB 15.9 million or 34.1% to RMB 62.4 million as at 31 March 2012, as compared to RMB 46.5 million as at 31 March 2011. The increment was mainly due to the increase in finished goods for delivery subsequent to the current financial year-end and the increase in raw materials purchased during the financial year under review.

Trade and other receivables increased by approximately RMB 8.1 million or 7.0%, mainly due to the increase in sales revenue during the financial year under review.

Other assets, current comprising the Group's prepayments, increased by approximately RMB 13.7 million or 45.1% to RMB 44.0 million as at 31 March 2012. The increase was mainly due to prepayment for the bulk purchase of raw materials during the current financial year under review.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-**
- **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on. (Cont'd)**

#### Balance sheet (cont'd)

As at 31 March 2012, our current liabilities comprised of income tax payable of RMB 1.0 million, trade and other payables of approximately RMB 183.1 million, other current financial liabilities of approximately RMB 43.7 million and other liabilities of RMB 2.7 million. Non-current liabilities comprised of deferred tax liabilities of RMB 5.3 million and non-current portion of the finance lease obligation of RMB 7,000.

Trade and other payables increased by approximately RMB 80.9 million mainly due to the increase in other payables for the acquisition of the land and buildings of approximately RMB 89.3 million subsequent to the shareholders' approval obtained during the EGM held on 28 July 2011.

As at 31 March 2012, other current financial liabilities comprised of bank loans of RMB 34.0 million, third party loan of RMB 9.6 million and current portion of finance lease obligation of approximately RMB 87,000. During the current financial year, the Group obtained a net additional RMB 9.0 million of bank loans for working capital purposes.

Other liabilities of RMB 2.7 million relate to the Group's advances from customers.

Deferred tax liabilities of RMB 5.3 million relate mainly to the deferred tax difference upon the finalisation of the PPA exercise in relation to the acquisition of Hebei Yinguang in 2008.

The current and non-current portions of the finance lease obligation of RMB 87,000 and RMB 7,000 respectively relate to a 7-year finance lease secured against a motor vehicle with net book value of approximately RMB 230,000 as at 31 March 2012, which bears effective interest rate of 6.61% per annum.

#### Cash flow

For the financial year ended 31 March 2012, the Group recorded net cash generated from operating activities of approximately RMB 32.2 million, net cash used in investing activities and financing activities of approximately RMB 25.1 million and RMB 5.0 million respectively.

The net cash generated from operating activities is mainly due to increased in sales and an improved management in trade and other receivables collection from customers.

The net cash used in investing activities of approximately RMB 25.1 million is mainly due to the partial payment for the purchase of property, plant and equipment subsequent to the shareholders' approval obtained during the EGM held on 28 July 2011, partially offset by the proceeds from the disposal of property, plant and equipment.

The net cash used in financing activities of approximately RMB 5.0 million is mainly due to the payment of dividends of approximately RMB 6.2 million, repayment of third party loan of approximately RMB 4.8 million and payment of interest expenses of approximately RMB 2.9 million respectively, partially offset by the increase in short-term bank loan of approximately RMB 9.0 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously issued.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

*Upgrading of existing boosters production facilities*

The Group is currently undertaking the upgrades of our existing boosters production facilities. The main purpose of this upgrading works is to significantly enhance the automation process, which will translate to an improvement in product quality, reduction in number of employees working on-site and further augment the safety standards of the facilities. The upgrading works will be undertaken progressively and the management expects to complete all upgrading works by end of FY2014, i.e. 31 March 2014.

Total capital expenditure for the upgrading works is estimated at approximately RMB 39.5 million and it will be funded using our internally generated funds.

*Update on the additional detonating cords production facilities*

Following our earlier announcements on the additional detonating cords production facilities to be set up, the related construction work is on track as originally planned. The management targets to commence commercial operation of the new production facilities by April 2013.

The new production facilities will increase our detonating cords annual production capacity from 50 million meters to 80 million meters. Currently, our existing detonating cords facilities are operating at near-full production capacity.

*Rising raw materials prices*

The Group has encountered a rise in raw materials prices (such as PETN and RDX) over the last few financial years, and it is expected that this trend may continue in the upcoming financial year.

Together with other industry participants, we are currently in discussion with MIIT with regard to passing through the raw materials cost increases to selling prices of our products. In the event the raw material costs cannot be passed through to our selling prices, it is likely to have a significant impact to our FY2013's profitability.

To mitigate the impact of rising raw materials costs and improve operating margins, the management will also continue to closely monitor the prices of raw materials and enhance the cost containment strategies in our operating activities.

**11. Dividend**

- (a) ***Current Financial Period Reported On***  
**Any dividend declared for the current financial period reported on?**

Yes.

Details of dividend

Name of dividend : First and final  
Dividend type : Cash  
Dividend rate : S\$0.010 per ordinary share (tax exempt one-tier)

- (b) ***Corresponding Period of the Immediately Preceding Financial Year***  
**Any dividend declared for the corresponding period of the immediately preceding financial year?**

Yes.

Details of dividend

Name of dividend : First and final  
Dividend type : Cash  
Dividend rate : S\$0.005 per ordinary share (tax exempt one-tier)

- (c) ***Date payable***

To be announced later.

- (d) ***Books closure date***

To be announced later.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

### 13. Interested Person Transaction

		Aggregate value of all interested person transaction (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
		FY2012	FY2011	FY2012	FY2011
Name of interested person	Nature	RMB'000	RMB'000	RMB'000	RMB'000
Shandong Yinguang Chemical Industry Co., Ltd	Rental of manufacturing facilities, offices and warehouses	2,000	8,000	-	-
Shandong Yinguang Chemical Industry Co., Ltd <sup>(1)</sup>	Acquisition of land and property	108,698	-	-	-
Feixian Yinguang Transport Co., Ltd	Payment of transportation charges	4,206	3,249	-	-
Linyi Yinguang Printing and Packaging Co., Ltd	Purchase of printing and packaging materials	-	1,290	-	-
Shandong Yinguang Commercial Explosives Sales and Services Co., Ltd	Sales of commercial explosives products	2,307	1,877	-	-
Shandong Yinguang Chemical Group Co., Ltd <sup>(2)</sup>	Sales of ammonium nitrate	-	-	5,359	7,254
Dyno Nobel <sup>(3)</sup>	Sales of commercial explosives	14,698	4,204	9,373	-

Footnotes:

<sup>(1)</sup> The acquisition of land and property was approved at the Extraordinary General Meeting held on 28 July 2011.

<sup>(2)</sup> The relevant general mandate was updated and approved at the Annual General Meeting held on 28 July 2011.

<sup>(3)</sup> The relevant general mandate was approved at the Extraordinary General Meeting held on 10 November 2011.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segments**

The Group has four major operating segments classified according to the usage of our products. The five segments are (a) explosive devices such as boosters, seismic charges and tube charges; (b) industrial fuse and initiating explosive devices such as detonating cords and non-electric tubes; (c) industrial detonators such as non-electric detonators and piston non-electric detonators and (d) ammonium nitrate.

**Profit or Loss from Continuing Operations and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
<b>FY2012</b>						
Revenue by segment	131,610	95,392	87,406	201,293	427	516,128
Recurring EBITDA <sup>1</sup>	34,567	41,598	39,164	39,944	(385)	154,888
Depreciation	(1,835)	(607)	(6,257)	(5,356)	(3,343)	(17,398)
Amortisation	(382)	–	(233)	(1,208)	(1,179)	(3,002)
ORBIT <sup>2</sup>	32,350	40,991	32,674	33,380	(4,907)	134,488
Interest income					704	704
Finance costs					(2,925)	(2,925)
Unallocated corporate expenses					(49,860)	(49,860)
Profit before income tax from continuing operations						82,407
Income tax expenses						(22,392)
Profit from continuing operations						60,015

<b>FY2011</b>						
Revenue by segment	95,887	101,648	73,749	144,430	454	416,168
Recurring EBITDA <sup>1</sup>	18,603	42,677	34,629	19,728	100	115,737
Depreciation	(2,042)	(320)	(7,168)	(5,431)	(1,030)	(15,991)
Amortisation	(382)	–	(233)	(1,208)	-	(1,823)
ORBIT <sup>2</sup>	16,179	42,357	27,228	13,089	(930)	97,923
Interest income					453	453
Finance costs					(2,504)	(2,504)
Unallocated corporate expenses					(40,200)	(40,200)
Profit before income tax from continuing operations						55,672
Income tax expenses						(20,348)
Profit from continuing operations						35,324

<sup>1</sup> EBITDA refers to earnings from operations before depreciation, amortization, interests and income taxes

<sup>2</sup> ORBIT refers to operating result before interests and income taxes and other unallocated items

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)

**Assets and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
<b>FY2012</b>						
Total assets for reporting segments	59,749	32,786	106,129	150,319	–	348,983
Unallocated:						
Property, plant & equipment					51,758	51,758
Other assets, non-current					45,414	45,414
Deferred tax assets					4,495	4,495
Inventories					26,921	26,921
Trade and other receivables					87,993	87,993
Other assets					32,816	32,816
Cash and cash equivalents					77,731	77,731
<b>Total group assets</b>	<b>59,749</b>	<b>32,786</b>	<b>106,129</b>	<b>150,319</b>	<b>327,128</b>	<b>676,111</b>

<b>FY2011</b>						
Total assets for reporting segments	49,503	3,911	104,146	130,301	–	287,861
Unallocated:						
Property, plant & equipment					24,482	24,482
Deferred tax assets					4,110	4,110
Inventories					21,492	21,492
Trade and other receivables					90,055	90,055
Other assets					27,140	27,140
Cash and cash equivalents					84,136	84,136
<b>Total group assets</b>	<b>49,503</b>	<b>3,911</b>	<b>104,146</b>	<b>130,301</b>	<b>251,415</b>	<b>539,276</b>



14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)**

**Liabilities and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
<b>FY2012</b>						
Total liabilities for reporting segments	1,780	641	1,691	76,091	–	80,203
Unallocated:						
Deferred tax liabilities					5,306	5,306
Income tax payable					981	981
Trade and other payables					146,554	146,554
Other liabilities					2,567	2,567
Other financial liabilities					94	94
<b>Total group liabilities</b>	<b>1,780</b>	<b>641</b>	<b>1,691</b>	<b>76,091</b>	<b>155,502</b>	<b>235,705</b>

<b>FY2011</b>						
Total liabilities for reporting segments	1,321	476	1,143	75,859	–	78,799
Unallocated:						
Deferred tax liabilities					5,380	5,380
Income tax payable					3,068	3,068
Trade and other payables					63,485	63,485
Other liabilities					1,528	1,528
Other financial liabilities					182	182
<b>Total group liabilities</b>	<b>1,321</b>	<b>476</b>	<b>1,143</b>	<b>75,859</b>	<b>73,643</b>	<b>152,442</b>

**Other Material Items and Reconciliations**

<b>RMB'000</b>	<b>Explosive devices</b>	<b>Industrial fuse and initiating devices</b>	<b>Industrial detonators</b>	<b>Ammonium Nitrate</b>	<b>Unallocated</b>	<b>Total</b>
Other non-cash expenses other than depreciation/amortisation						
FY2012	–	–	–	–	238	238
FY2011	–	–	–	–	3,840	3,840
Expenditures for non-current assets:						
FY2012	9,998	24,502	7,796	1,545	77,678	121,519
FY2011	242	60	2,846	4,385	4,529	12,062

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. (Cont'd)**

**Geographical information**

The following table provides an analysis of the group revenue by geographical market irrespective of the origin of the goods and services and non-current assets by geographical market:-

RMB'000	Revenue		Non-current assets	
	FY2012	FY2011	FY2012	FY2011
Within PRC	417,596	348,649	337,588	240,818
<u>Outside PRC</u>				
Sales through export distributors	13,943	14,499	–	–
Australia	67,124	39,279	–	–
Singapore	–	–	248	300
Others *	17,465	13,741	–	–
Subtotal for all foreign countries	98,532	67,519	248	300
Total continuing operations	<b>516,128</b>	<b>416,168</b>	<b>337,836</b>	<b>241,118</b>

\* Others include Kyrgyzstan, Mongolia, Indonesia

Revenue are attributed to countries on the basis of the customers' location. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

15. **In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments.**

**Business segments**

Revenue generated from our three business segments, namely explosive devices, industrial detonators and ammonium nitrate, increased by approximately 37.3%, 18.5% and 39.4% respectively. Revenue generated from industrial fuse and initiating explosive devices decreased marginally by 6.2%.

The increase in sales of explosives devices was mainly due to the increase in boosters by approximately RMB 30.3 million. Particularly, sales of boosters to Australia increased by approximately RMB 27.5 million in FY2012. The sales of ammonium nitrate also increased significantly, which was mainly attributed to our marketing activities to enhance our brand recognition by our existing and potential customers.

**Geographical segments**

PRC sales increased by approximately RMB 68.9 million or 19.8% and overseas sales increased by approximately RMB 31.0 million or 45.9% in FY2012. PRC and export revenue represents approximately 80.9% (FY2011: 83.8%) and 19.1% (FY2011: 16.2%) of the total revenue for FY2012. The increase in proportion of overseas sales over local PRC sales is mainly due to the increase in sales of boosters to Australia and Kyrgyzstan.

Please refer to section 8 for more discussions on the geographical segments.

16. A breakdown of sales.

	Group		Increase/
	FY2012	FY2011	(Decrease)
	RMB'000	RMB'000	%
Revenue reported for first half year	269,651	194,192	38.9
Operating profit after tax reported for first half	31,180	21,368	45.9
Revenue reported for second half year	246,477	221,976	11.0
Operating profit after tax reported for second half	28,835	13,956	106.6

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

**Total annual dividend**

	FY2012	FY2011
	RMB'000	RMB'000
Ordinary	6,185	5,887
Preference	-	-
Total	6,185	5,887

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Sun Qiang	40	Son of Sun Bowen, the Managing Director	Current Position: Sales and Marketing Manager. Duties: Responsible for the sales and marketing function of the Group. Year position first held: 2003	No changes in duties and position during the year.

**BY ORDER OF THE BOARD**  
**SUN BOWEN**  
**MANAGING DIRECTOR**  
**29 MAY 2012**