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Australian Stock Exchange Announcement

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The Manager
Companies Announcements Officer
Australian Securities Exchange Limited
PO Box H224
Australia Square
Sydney NSW 1215

Electronic Lodgement

Dear Sir/Madam

China Office

288 Kan Shan Road
Kan Shan Town
Xiaoshan District
Hangzhou City
Zhejiang Province
People's Republic of China

Tel: 0086 571 8258 9615
Fax: 0086 571 8258 7222

Australian Office

25 Peel Street
Adelaide
South Australia 5000

P.O. Box 15
Aldgate
South Australia 5154

Tel: +61 419 035 297
Fax: +61 8 8339 7909

MESBON RECOVERY HEADED THROUGH STRONG CHINESE MARKET

- Interim financial results for the year ended 31 December 2009 show strong rebound
- Revenues improve on the back of strong domestic demand by 24%
- Gross profit margins recover as Phase 3 production facility fully on stream
- Final dividend declared
- Outlook for 2010 positive

Mesbon China Nylon Limited (ASX: MES) today reported that profit after tax for the full year ended 31 December 2009 is expected to be \$2.7million (2009: 592,000) at the conclusion of audit which is still being finalized. EBITDA is expected to be \$9.57million (2008: 5.27million), an increase of 81%. Revenue is expected to increase to \$127million from \$103million.

Commentary on Results

2009 has seen a significant improvement in results for the company compared with 2008. The core business of the company is in China and the sales and profit results, when expressed in the currency in use for a high proportion of its operations, shows a strong rebound from the difficulties of 2008.

Using the functional currency basis, (Chinese Renmimbi (RMB)), sales improved from RMB 584,336,533 to RMB701,523,408, an increase of 20.05%.

Units of sales (kg) in 2009 increased by 42.15% relative to 2008, offset by a 16.20% decrease in average sales prices.

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Reduced sales prices and gross margins experienced in early 2009 improved as the year progressed through to September 2009. Increasing raw material costs in the second half of 2009 resulted in reduced November and December gross margins of approximately 4.90%.

Using the reporting currency basis, (Australian dollars (AUD)), sales revenue improved from AUD102,728,680 in 2008 to AUD127,415,868 in 2009, a 24.03% increase relative to 2008. Gross margin increased from 3.96% in 2008 to 8.17% in 2009 resulting in a gross profit of AUD10,404,234 (2008: AUD4,065,251).

General and administration costs increased from AUD2,840,706 in 2008 to AUD3,887,814 in 2009 reflecting the first time depreciation on the Phase 3 production facility of AUD1,581,003.

Short term loans of AUD46,401,022 (RMB282,416,448) at 31 December 2009 compared to AUD50,596,605 (RMB238,101,671) at 31 December 2008 has resulted in an increase in finance costs.

Net profit after income tax increased to AUD2,707,138 (2008: AUD591,608).

Dividends

The directors have declared a final dividend of one half of one cent (\$0.005) per share, (2008: nil). The dividend will be shown as conduit foreign income and is unfranked. The record date for the purpose of determining eligibility for the dividend will be 7 April 2010. The company's Dividend Reinvestment Plan (DRP) will be in place for this dividend. The election date for the DRP will be 7 April 2010 with a payment date of 12 May 2010. Shares issued under the DRP will be at a 5% discount to the volume weighted average sale price per share of all shares sold in the ordinary course of trading on the ASX in the five trading days up to and including the Record Date for the dividend.

Outlook for 2010

With the global economy showing signs of stability and recovery, Mesbon is expecting a positive year for the sale of its products. The move towards premium product will continue and should provide improved margins overall during the year than were achieved during the latter part of 2009.

By August 2009, the final production lines in the Phase 3 development were commissioned and all lines are operating at optimum capacity. The Phase 3 development has fulfilled the company's expectations and the resultant economies of scale have been a significant contributor to the increase in the gross margin during the year.

Demand both locally and in the export arena continue to strengthen since 2008 and is expected to continue. This will allow the company to move into new and premium product segments and to broaden its geographic markets to new markets such as Fujian and Guangzhou, with higher selling prices and gross profits.

China is emerging from the shadow of the global financial crisis and it is anticipated that the worst of this crisis is now over for Mesbon. The Company is confident to move forward through 2010. The Company continues to look for growth, including Merger & Acquisition opportunities.

On behalf of the board

A handwritten signature in black ink, appearing to read "Graham Seppelt". The signature is written in a cursive, flowing style.

Graham Seppelt
Company Secretary

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