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**CHG OVERSEAS LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 OCTOBER 2013**

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**CHG OVERSEAS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	S J Bowers S L Ellard M H Papworth
<b>Company Secretary</b>	S L Ellard
<b>Registered number</b>	2731691
<b>Registered office</b>	Roke Manor Old Salisbury Lane Romsey Hampshire United Kingdom SO51 0ZN
<b>Independent auditors</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Reading United Kingdom

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**CHG OVERSEAS LIMITED**

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## **CHG OVERSEAS LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013**

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The directors present their report and the audited financial statements for the period ended 31 October 2013.

#### **PRINCIPAL ACTIVITY**

The company's principal activity is to act as a holding company for overseas subsidiaries. CHG Overseas Limited is a wholly owned subsidiary undertaking of Chemring Group PLC.

#### **CHANGE OF ACCOUNTING REFERENCE DATE**

The company changed its accounting reference date to 31 October on 6 August 2013. The change in accounting reference date was to align the company with other companies in the Group.

#### **GOING CONCERN**

After making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has also obtained a letter of support from the parent company, Chemring Group PLC, confirming their continued financial support. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the consolidated financial statements of the parent company, Chemring Group PLC, which are publicly available.

#### **RESULTS AND DIVIDENDS**

The loss for the period, after tax, amounted to £211,544,000 (2012: profit £14,603,000).

An interim dividend of 23 pence per share was paid during the period under review (2012: 4.75p). The directors do not recommend the payment of a final dividend (2012: £nil).

#### **DIRECTORS**

The directors who served during the period and up to the date of signing were:

S J Bowers (appointed 26 February 2013)  
S L Ellard  
M H Papworth (appointed 5 November 2012)  
D J Price (resigned 5 November 2012)

#### **POST BALANCE SHEET EVENTS**

On 19 December 2013, Chemring Group PLC entered into a sale agreement to dispose of Chemring Energetics Devices' business located in Clear Lake, South Dakota ("the Clear Lake business"). Chemring Energetic Devices, Inc. is a subsidiary undertaking of the company. The initial cash proceeds were \$10.0 million (£5.9 million), and a further \$0.5 million (£0.3 million) was received in the period following finalisation of the completion accounts relating to the disposal.

On 10 April 2014, the Group agreed to sell Chemring Defence Germany GmbH for €2.8 million (£2.2 million). Chemring Defence Germany GmbH was a subsidiary undertaking of the company.

On 24 April 2014, the Group announced the sale of its European munitions business, comprising Mear and Simmel Difesa S.p.A., to Nexter Systems SA, subject to shareholder and regulatory approval. On 27 May 2014, the disposal of Simmel Difesa S.p.A. was completed. Total proceeds of £134.5 million (€165.3 million) were received for the sale of the European munitions business. Simmel Difesa S.p.A. was a subsidiary undertaking

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**CHG OVERSEAS LIMITED**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 OCTOBER 2013**

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of the company.

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

**AUDITORS**

The auditors, Deloitte LLP, will be proposed for reappointment at the forthcoming annual general meeting in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors on 24 July 2014.

Signed on behalf of the Board.



**S L Ellard  
Company Secretary**

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## CHG OVERSEAS LIMITED

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### STRATEGIC REPORT FOR THE PERIOD ENDED 31 OCTOBER 2013

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#### BUSINESS REVIEW

The loss for the period, after tax, amounted to £211,544,000 (2012: profit £14,603,000).

During the period an impairment of investments of £254,702,000 was recognised, giving rise to the loss generated for the period. This impairment was recognised after an impairment review of the investments of the company. Two of the subsidiary undertakings of the company, Chemring Defence Germany GmbH and Simmel Difesa S.p.A., have been sold since the period end and therefore these investments have been written down to their net realisable value.

#### PRINCIPAL RISKS AND UNCERTAINTIES

The company is a wholly owned subsidiary of Chemring Group PLC. The Group Board is responsible for the Group's systems of internal control and its risk management systems. The Group Board has constituted a Risk Management Committee, which meets quarterly, to review the key risks associated with the achievement of the annual budget and the three year plan for each business, the most significant health and safety risks identified at each site, and the risk control procedures implemented. Brief details of the principal risks and uncertainties currently facing the company are set out below. Further details can be found in the consolidated financial statements of Chemring Group PLC.

##### Compliance and corruption risks

All Group companies are required to comply with the Group's Global Code of Business Principles, which stipulates the standard of acceptable business conduct required by employees and third parties acting on the company's behalf. The Group has also adopted a Bribery Act Compliance Manual, incorporating anti-bribery policies and procedures which the company is required to adhere to.

##### Financial risks

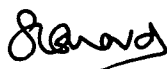
The company's financing arrangements are included within Chemring Group PLC's overall facilities. Details of the financial risks to which the Group, and therefore the company, is potentially exposed are set out in the consolidated financial statements of Chemring Group PLC.

#### FINANCIAL KEY PERFORMANCE INDICATORS

The company uses a number of financial key performance indicators (KPIs) to measure its performance. The principal KPI used is profit after tax as given above.

This report was approved by the Board of Directors on 24 July 2014.

Signed on behalf of the Board.



**S L Ellard**  
Company Secretary

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## **CHG OVERSEAS LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 OCTOBER 2013**

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## **CHG OVERSEAS LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHG OVERSEAS LIMITED**

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We have audited the financial statements of CHG Overseas Limited for the period ended 31 October 2013, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2013 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report and the strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements.



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**CHG OVERSEAS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHG OVERSEAS LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Bond ACA (Senior statutory auditor)  
for and on behalf of  
**Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Reading  
United Kingdom

Date: **25 July** 2014

**CHG OVERSEAS LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 OCTOBER 2013**

	Note	10 month period ended 31 Oct 2013 £000	14 month period ended 31 Dec 2012 £000
Administrative expenses		(34)	(21)
Exceptional administrative expenses	2	(254,702)	-
Total administrative expenses		(254,736)	(21)
Loss on foreign exchange		(6,964)	(2,578)
Other operating charges		3,166	-
<b>OPERATING LOSS</b>	2	<b>(258,534)</b>	<b>(2,599)</b>
<b>EXCEPTIONAL ITEMS</b>	8		
Profit on disposal of investments		-	1,443
<b>LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>(258,534)</b>	<b>(1,156)</b>
Income from other fixed asset investments		40,653	10,277
Interest receivable	6	11,655	16,303
Interest payable	7	(4,389)	(6,222)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<b>(210,615)</b>	<b>19,202</b>
Tax charge on (loss)/profit on ordinary activities	9	(929)	(4,599)
<b>(LOSS)/PROFIT FOR THE FINANCIAL PERIOD</b>	15	<b>(211,544)</b>	<b>14,603</b>

All amounts relate to continuing operations.

The notes on pages 9 to 16 form part of these financial statements.

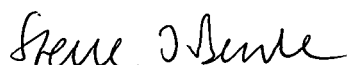
**CHG OVERSEAS LIMITED**  
**REGISTERED NUMBER: 2731691**

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2013**

			As at 31 Oct 2013		As at 31 Dec 2012
	Note	£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Investments	10		581,923		836,625
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	11	384,497		349,458	
Debtors: amounts falling due within one year	11	1,204		22,416	
Cash at bank		3,519		2,208	
			<u>389,220</u>	<u>374,082</u>	
<b>CREDITORS</b>					
Amounts falling due within one year	12	(60,932)		(9,904)	
<b>NET CURRENT ASSETS</b>			<u>328,288</u>		<u>364,178</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>910,211</u>		<u>1,200,803</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		(202,036)		(232,568)
<b>NET ASSETS</b>			<u>708,175</u>		<u>968,235</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		210,940		210,940
Share premium account	15		204,678		204,678
Profit and loss account	15		292,557		552,617
<b>SHAREHOLDERS' FUNDS</b>	16		<u>708,175</u>		<u>968,235</u>

The financial statements were approved and authorised for issue by the Board of Directors on 24 July 2014.

Signed on behalf of the Board.



**S J Bowers**  
**Director**

The notes on pages 9 to 16 form part of these financial statements.

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## CHG OVERSEAS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2013

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#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The company is itself a subsidiary company and is exempt from the requirement to prepare Group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.3 Going concern

After making due enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has also obtained a letter of support from the parent company, Chemring Group PLC, confirming their continued financial support. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements. For further information see the directors' report on page 1.

##### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for any impairment.

##### 1.5 Current tax

Current tax, including UK corporation tax and foreign tax, is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 1.6 Foreign currency

Transactions denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Translation differences are dealt with in the profit and loss account.

##### 1.7 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

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## CHG OVERSEAS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2013

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Derivative financial instruments

The company's activities expose it to the financial risks of interest rate transactions, and it uses derivative financial instruments to hedge its exposure to these transactional risks. The company uses interest rate swap contracts to reduce these exposures and does not use derivative financial instruments for speculative purposes.

##### 1.9 Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset or on unremitted earnings where there is no binding obligation to remit those earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### 1.10 Related party transactions

The company has taken advantage of the exemption from reporting related party transactions with other Group undertakings in accordance with the provisions of FRS 8.

#### 2. OPERATING LOSS

The operating loss is stated after charging:

	10 month period ended 31 Oct 2013 £000	14 month period ended 31 Dec 2012 £000
Loss on foreign exchange	6,964	2,578
Exceptional administrative expenses	254,702	-

During the period an impairment of investments of £254,702,000 was recognised within exceptional administrative expenses. This impairment was recognised after an impairment review of the investments of the company took place.

#### 3. AUDITORS' REMUNERATION

The auditors' remuneration for the audit of the company's annual financial statements of £1,000 (2012: £1,000) is borne by Chemring Group PLC, the ultimate parent company

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**CHG OVERSEAS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 OCTOBER 2013**

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**4. STAFF COSTS**

The company has no employees other than the directors, who did not receive any remuneration from the company (2012: £nil).

**5. DIRECTORS' REMUNERATION**

The emoluments of S J Bowers, S L Ellard and M H Papworth were borne by Chemring Group PLC. Their services as directors of the company were considered insignificant in the context of their overall services to the Group and therefore no allocation of remuneration to this subsidiary is made. Details of their total remuneration are publicly available in the financial statements of Chemring Group PLC.

**6. INTEREST RECEIVABLE**

	<b>10 month period ended 31 Oct 2013 £000</b>	<b>14 month period ended 31 Dec 2012 £000</b>
On amounts due from Group undertakings	<b>11,655</b>	<b>16,303</b>

**7. INTEREST PAYABLE**

	<b>10 month period ended 31 Oct 2013 £000</b>	<b>14 month period ended 31 Dec 2012 £000</b>
On amounts due to Group undertakings	<b>4,389</b>	<b>6,222</b>

**8. EXCEPTIONAL ITEMS**

	<b>10 month period ended 31 Oct 2013 £000</b>	<b>14 month period ended 31 Dec 2012 £000</b>
Profit on disposal of investments	<b>-</b>	<b>1,443</b>

**CHG OVERSEAS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 OCTOBER 2013**

**9. TAX**

	10 month period ended 31 Oct 2013 £000	14 month period ended 31 Dec 2012 £000
<b>Analysis of tax charge in the period</b>		
UK corporation tax charge on (loss)/profit for the period	2,168	4,417
Adjustments in respect of prior periods	(1,239)	182
<b>Tax charge on (loss)/profit on ordinary activities</b>	<u>929</u>	<u>4,599</u>

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2012: lower than) the standard rate of corporation tax in the UK of 23.4% (2012: 24.9%). The differences are explained below:

	10 month period ended 31 Oct 2013 £000	14 month period ended 31 Dec 2012 £000
(Loss)/profit on ordinary activities before tax	(210,615)	19,202
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.4% (2012: 24.9%)	(49,284)	4,781
<b>Effects of:</b>		
Non deductible impairment of investments	59,601	-
Expenses not deductible for tax purposes	96	-
Adjustments to tax charge in respect of prior periods	(1,239)	182
Non-taxable income	(7,154)	(356)
Group relief not paid for	(1,836)	-
CFC income	745	-
Other timing differences	-	(8)
<b>Current tax charge for the period (see above)</b>	<u>929</u>	<u>4,599</u>

**Finance Act 2013**

The Finance Act 2013, which was substantively enacted on 2 July 2013, provided for a reduction in the main rate of UK corporation tax from 23% to 21% on 1 April 2014 and a further reduction to 20% from 1 April 2015. These changes have been factored in to the calculation of the tax charge for the year.

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**CHG OVERSEAS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 OCTOBER 2013**

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**10. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2013	836,625
Amounts written off	(254,702)
At 31 October 2013	<u>581,923</u>
<b>Net book value</b>	
At 31 October 2013	<u>581,923</u>
At 31 December 2012	<u>836,625</u>

**Subsidiary undertakings**

The following were trading subsidiary undertakings of the company during the year:

Name	Class of shares	Holding
Alloy Surfaces Company, Inc.*	Countermeasures	100%
Chemring Detection Systems, Inc.*	Sensors & Electronics	100%
Chemring Energetic Devices, Inc.*	Energetic Sub-Systems	100%
Chemring Military Products, Inc.*	Pyrotechnics & Munitions	100%
Chemring Ordnance, Inc.*	Pyrotechnics & Munitions	100%
Hi-Shear Technology Corporation*	Energetic Sub-Systems	100%
Kilgore Flares Company LLC	Countermeasures	100%
Non-Intrusive Inspection Technology, Inc.*	Sensors & Electronics	100%
Technical Ordnance, Inc.*	Energetic Sub-Systems	100%
Chemring Australia Pty Ltd	Countermeasures	100%
Chemring Defence Germany GmbH*	Pyrotechnics & Munitions	100%
Chemring Nobel AS*	Energetic Sub-Systems	100%
Simmel Difesa S.p.A.*	Pyrotechnics & Munitions	100%

\* Investments held by a subsidiary company

In the opinion of the directors, the value of the company's interests in its subsidiary undertakings is not less than the amount at which they are stated in the balance sheet, following the impairment recognised in the year.

The company has a 100% holding in ordinary shares in each of the above investments.

Chemring Australia Pty Ltd was incorporated in Australia, Chemring Defence Germany GmbH was incorporated in Germany, Chemring Nobel AS was incorporated in Norway and Simmel Difesa S.p.A. was incorporated in Italy. All of the other above subsidiary undertakings were incorporated in the USA.



**CHG OVERSEAS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 OCTOBER 2013**

**11. DEBTORS**

	31 Oct 2013 £000	31 Dec 2012 £000
<b>Due after more than one year</b>		
Amounts owed by Group undertakings	384,497	349,458
	<u>384,497</u>	<u>349,458</u>
<b>Due within one year</b>		
Amounts owed by Group undertakings	-	22,414
Other debtors	-	2
Corporation tax debtor	1,204	-
	<u>1,204</u>	<u>22,416</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 Oct 2013 £000	31 Dec 2012 £000
Trade creditors	-	4,344
Amounts owed to Group undertakings	58,511	1,143
Group relief payable	2,416	4,417
Other creditors	5	-
	<u>60,932</u>	<u>9,904</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31 Oct 2013 £000	31 Dec 2012 £000
Amounts owed to Group undertakings	202,036	232,568

Amounts owed to Group undertakings are unsecured and repayable after more than one year. There are no applicable repayment terms. Interest is charged at a variable rate per annum.

All amounts are due after more than one year.

In January 2011, the Group refinanced its bank facilities with a syndicate of five banks. The new Group facilities, which are unsecured, extend the terms of the facilities from April 2012 to April 2015. The Group's revolving credit facility provides access to committed lending and bond line support. Further details are available in the financial statements of Chemring Group PLC, which are publicly available.

**CHG OVERSEAS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 OCTOBER 2013**

**14. SHARE CAPITAL**

	31 Oct 2013 £000	31 Dec 2012 £000
<b>Allotted, called up and fully paid</b>		
210,939,845 ordinary shares of £1 each	<b>210,940</b>	210,940

**15. RESERVES**

	Share premium account £000	Profit and loss account £000
At 1 January 2013	204,678	552,617
Loss for the financial period	-	(211,544)
Dividends	-	(48,516)
At 31 October 2013	<b>204,678</b>	<b>292,557</b>

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	31 Oct 2013 £000	31 Dec 2012 £000
Opening shareholders' funds	968,235	961,930
(Loss)/profit for the financial period	(211,544)	14,603
Dividends (see note 17)	(48,516)	(10,020)
Other movements in profit and loss reserve	-	1,722
Closing shareholders' funds	<b>708,175</b>	968,235

**17. DIVIDENDS**

	2013 £000	2012 £000
<b>Ordinary</b>		
Interim dividend of 23p per share paid on 31 October 2013 (2012: 4.75p per share)	<b>48,516</b>	10,020

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## CHG OVERSEAS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2013

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#### 18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the opinion of the directors, the company's ultimate parent company and controlling party is Chemring Group PLC, a company incorporated in England and Wales. Copies of the Group financial statements of Chemring Group PLC are available at the Group website ([www.chemring.co.uk](http://www.chemring.co.uk)) or by contacting the registered office, the address of which is listed on the Company Information page at the start of these financial statements. Chemring Group PLC is the largest and smallest group of which the company is a member and for which consolidated financial statements are prepared.

#### 19. POST BALANCE SHEET EVENTS

On 19 December 2013, Chemring Group PLC entered into a sale agreement to dispose of Chemring Energetics Devices' business located in Clear Lake, South Dakota ("the Clear Lake business"). Chemring Energetic Devices, Inc. is a subsidiary undertaking of the company. The initial cash proceeds were \$10.0 million (£5.9 million), and a further \$0.5 million (£0.3 million) was received in the period following finalisation of the completion accounts relating to the disposal.

On 10 April 2014, the Group agreed to sell Chemring Defence Germany GmbH for €2.8 million (£2.2 million). Chemring Defence Germany GmbH was a subsidiary undertaking of the company.

On 24 April 2014, the Group announced the sale of its European munitions business, comprising Mecar and Simmel Difesa S.p.A., to Nexter Systems SA, subject to shareholder and regulatory approval. On 27 May 2014, the disposal of Simmel Difesa S.p.A. was completed. Total proceeds of £134.5 million (€165.3 million) were received for the sale of the European munitions business. Simmel Difesa S.p.A. was a subsidiary undertaking of the company.