

---

**CHG OVERSEAS LIMITED**

---

**UNAUDITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2021**



---

**CHG OVERSEAS LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	S L Ellard A G Lewis M Ord
<b>Company Secretary</b>	S L Ellard
<b>Registered number</b>	2731691
<b>Registered office</b>	Roke Manor Old Salisbury Lane Romsey Hampshire SO51 0ZN

---

**CHG OVERSEAS LIMITED**

---

**CONTENTS**

---

	Page
<b>Income statement</b>	<b>1</b>
<b>Balance sheet</b>	<b>2</b>
<b>Statement of changes in equity</b>	<b>3</b>
<b>Notes to the financial statements</b>	<b>4 - 14</b>

---

CHG OVERSEAS LIMITED

---

INCOME STATEMENT  
FOR THE YEAR ENDED 31 OCTOBER 2021

---

	Note	2021 £000	2020 £000
Administrative expenses		(8)	(38)
Impairment of investments		(57,323)	(541,589)
Other operating expenses		-	306
<b>Operating loss</b>	2	<b>(57,331)</b>	<b>(541,321)</b>
Income from other fixed asset investments	6	79,381	600,726
Interest receivable and similar income	7	-	303
Interest payable and similar expenses	8	(342)	(23,812)
<b>Profit before tax</b>		<b>21,708</b>	<b>35,896</b>
Tax on profit	9	(2,487)	251
<b>Profit for the financial year</b>		<b>19,221</b>	<b>36,147</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.

The notes on pages 4 to 14 form part of these financial statements.

All results for the year derive from continuing operations.

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

**BALANCE SHEET**  
**AS AT 31 OCTOBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Fixed asset investments	11	472,163	426,834
<b>Current assets</b>			
Trade and other receivables	12	8	277,552
Cash and cash equivalents		244	-
Trade and other payables	13	(1,594)	(73,701)
<b>Net current (liabilities)/assets</b>		<u>(1,342)</u>	<u>203,851</u>
<b>Total assets less current liabilities</b>		<u>470,821</u>	<u>630,685</u>
Non-current liabilities	14	(59)	(503,571)
<b>Net assets</b>		<u><u>470,762</u></u>	<u><u>127,114</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	341,681	1,444
Retained earnings		129,081	125,670
<b>Shareholders' funds</b>		<u><u>470,762</u></u>	<u><u>127,114</u></u>

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

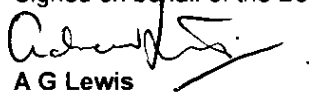
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board of Directors on *4 March* 2022.

Signed on behalf of the Board.

  
**A G Lewis**  
**Director**

---

**CHG OVERSEAS LIMITED**

---

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

	Share capital £000	Retained earnings £000	Total equity £000
At 1 November 2019	1,444	137,301	138,745
<b>Comprehensive income for the year</b>			
Profit for the year	-	36,147	36,147
<b>Total comprehensive income for the year</b>	-	36,147	36,147
Dividends	-	(47,778)	(47,778)
At 1 November 2020	1,444	125,670	127,114
<b>Comprehensive income for the year</b>			
Profit for the year	-	19,221	19,221
<b>Total comprehensive income for the year</b>	-	19,221	19,221
Dividends	-	(15,810)	(15,810)
Shares issued during the year	340,237	-	340,237
<b>At 31 October 2021</b>	<b>341,681</b>	<b>129,081</b>	<b>470,762</b>

The notes on pages 4 to 14 form part of these financial statements.

See note 16 for details on share capital.

---

## CHG OVERSEAS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

---

#### 1. Accounting policies

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

CHG Overseas Limited is a private company limited by shares incorporated and registered in England and Wales. Its registered office address is included on the company information page.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies.

The following principal accounting policies have been applied:

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

##### 1.3 Going concern

As part of a regular assessment of the company's financial performance and position, the directors have prepared a detailed bottom-up budget and cashflow forecast for the period through to October 2023 and five year forecast to October 2026, being at least 12 months after the date of approval of the financial statements.

The directors, having considered these forecasts, the risks and the associated mitigating actions, believe the company is well placed to manage its risks and have assessed that there is a reasonable expectation that adequate financial resources will continue to be available 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. Details regarding the adoption of the going concern basis for Chemring Group PLC can be found in the consolidated financial statements, which are publicly available. Thus, the directors continue to support the going concern basis in preparing the financial statements.

---

## CHG OVERSEAS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

---

#### 1. Accounting policies (continued)

##### 1.4 Investments

Investments held as non-current 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 Deferred tax

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

##### 1.7 Foreign currencies

The financial statements are presented in the company's functional currency, pounds sterling, being the currency of the primary economic environment in which it operates.

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 income statement.

##### 1.8 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.

##### 1.9 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.



---

## CHG OVERSEAS LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

---

#### 1. Accounting policies (continued)

##### 1.10 Judgements in applying accounting policies and key sources of estimation uncertainty

When applying the company's accounting policies, management must make assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date and the amounts of revenue and expenses recognised during the period. Such assumptions and estimates are based upon factors including historical experience, the observance of trends in the industries in which the company operates, and information available from the company's customers and other external sources.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

##### **Carrying value of investments in subsidiaries**

The carrying value of investments in subsidiaries (see note 11) is assessed annually for impairment in line with the provisions of IAS 36 *Impairment of Assets*.

Determining whether the investments are impaired requires an estimation of the value-in-use of the cash-generating units to which the investments have been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit, and to determine a suitable discount rate in order to calculate present value.

In reviewing the carrying value of the company's businesses, the Board has considered the separate plans and cash flows of these businesses consistent with the requirements of IAS 36 *Impairment of Assets*. The plans and cash flows of these businesses reflect current and anticipated conditions in the defence industry.

Details of the Group's impairment assessment are available in note 11 of Chemring Group PLC's financial statements which are available as set out in note 1.11.

##### 1.11 Exemption from preparing consolidated accounts

The company has taken advantage of the exemption under IAS 27 (8) to prepare consolidated financial statements.

Copies of the Group financial statements of Chemring Group PLC are available at the Group website ([www.chemring.com](http://www.chemring.com)) or by contacting the registered office, the address of which is listed on the company information page at the start of these financial statements.

##### 1.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

##### 1.13 Borrowing costs

All borrowing costs are recognised in the income statement in the year in which they are incurred.

---

**CHG OVERSEAS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

**2. Operating loss**

The operating loss is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Exchange gain	-	(306)

**3. Auditor's remuneration**

For the years ended 31 October 2021 and 31 October 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006.

**4. Staff costs**

The company has no employees other than the directors, who did not receive any remuneration (2020: £nil).

**5. Directors' remuneration**

The emoluments of A G Lewis, S L Ellard and M Ord 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.

---

**CHG OVERSEAS LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

**6. Income from fixed asset investments**

During the year CHG Overseas Limited received dividends from the following investments in subsidiaries:

	<b>2021 £000</b>	<b>2020 £000</b>
Chemring Australia Pty Limited	<b>14,906</b>	11,607
Chemring Finance Europe Limited	<b>57,665</b>	550,556
Chemring North America Group, Inc.	<b>6,810</b>	29,380
Parkway No 10 Limited	-	9,183
	<b>79,381</b>	<b>600,726</b>

During the year the Group undertook a number of transactions to simplify and reduce the balance sheets of some of its UK subsidiaries. As part of this exercise, the company received income of £57,665,000 from Chemring Finance Europe Limited as a distribution made and settled by payable being released by deed. Following receipt of the distribution the cost of investment in Chemring Finance Europe Limited was impaired down by £57,323,000.

Additionally, the company received income from dividends of £21,716,000 from its overseas subsidiaries.

**7. Interest receivable and similar income**

	<b>2021 £000</b>	<b>2020 £000</b>
On amounts due from owned subsidiaries	-	303
	-	303

**8. Interest payable and similar expenses**

	<b>2021 £000</b>	<b>2020 £000</b>
On amounts due to owned subsidiaries	<b>342</b>	1,366
On amounts due to parent company	-	22,446
	<b>342</b>	<b>23,812</b>

---

**CHG OVERSEAS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

**9. Taxation**

	<b>2021 £000</b>	2020 £000
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	11
<b>Total current tax charge</b>	<u>-</u>	<u>11</u>
<b>Deferred tax</b>		
Adjustment in respect of prior periods	<b>1,168</b>	(262)
Origination and reversal of timing differences	<b>1,319</b>	-
<b>Taxation charge/(credit) on profit on ordinary activities</b>	<u><b>2,487</b></u>	<u>(251)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%). The differences are explained below:

	<b>2021 £000</b>	2020 £000
Profit on ordinary activities before tax	<b>21,708</b>	35,896
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	<b>4,125</b>	6,820
<b>Effects of:</b>		
Non-deductible impairment of investments	<b>10,891</b>	102,902
Adjustments to tax charge in respect of prior periods	<b>1,168</b>	(251)
Non-taxable income	<b>(15,082)</b>	(114,138)
Group relief surrendered	<b>1,385</b>	4,416
<b>Total tax charge/(credit) for the year</b>	<u><b>2,487</b></u>	<u>(251)</u>

The UK Finance Bill 2021 was published on 11 March 2021 and substantively enacted on 24 May 2021. The bill provides for an increase in the rate of corporation tax from 19% to 25% with effect from 1 April 2023.

The closing UK deferred tax asset as at 31 October 2021 has been calculated at the rates which will be in force when the assets and liabilities are expected to reverse.

---

**CHG OVERSEAS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

**10. Dividends**

	<b>2021 £000</b>	<b>2020 £000</b>
Interim dividends	<b>15,810</b>	47,778
	<b>15,810</b>	47,778

**11. Investments in subsidiaries**

	<b>Investments in subsidiary companies £000</b>
<b>Cost or valuation</b>	
At 1 November 2020	970,780
Additions	102,652
At 31 October 2021	<b>1,073,432</b>
<b>Impairment</b>	
At 1 November 2020	543,946
Charge for the period	57,323
At 31 October 2021	<b>601,269</b>
<b>Net book value</b>	
At 31 October 2021	<b>472,163</b>
At 31 October 2020	426,834

---

**CHG OVERSEAS LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

**11. Investments in subsidiaries (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the company at the year end:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Alloy Surfaces Company, Inc.*	Ordinary	100 %	Countermeasures
ASC Realty LLC*	Ordinary	100 %	Non-trading
Chemring Australia Pty Ltd	Ordinary	100 %	Countermeasures
Chemring Energetic Devices, Inc.*	Ordinary	100 %	Energetics
Chemring Finance Europe Limited	Ordinary	100 %	Non-trading
Chemring Investments Limited*	Ordinary	100 %	Non-trading
Chemring Nobel AS	Ordinary	100 %	Energetics
Chemring North America Group, Inc.	Ordinary	100 %	Non-trading
Chemring North America Unlimited*	Ordinary	100 %	Non-trading
Chemring Sensors and Electronic Systems, Inc*	Ordinary	100 %	Sensors
Chemring UAE Limited	Ordinary	100 %	Consultancy services
CHG Flares, Inc.*	Ordinary	100 %	Non-trading
CHG Group, Inc.*	Ordinary	100 %	Non-trading
Kilgore Flares Company LLC*	Ordinary	100 %	Countermeasures
Parkway No 10 Limited	Ordinary	100 %	Non-trading
Roke USA, Inc.*	Ordinary	100 %	Sensors
Tactical Systems & Ordnance, Inc.*	Ordinary	100 %	Non-trading

---

CHG OVERSEAS LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021

---

11. Investments in subsidiaries (continued)

\*Investments held by a subsidiary company

The company tests investment values for impairment at least annually. The recoverable amounts of the investments are determined from value-in-use calculations.

In the year ended 31 October 2021, an impairment charge of £57,323,000 was recognised against the company's investment in Chemring Finance Europe Limited.

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.

12. Trade and other receivables

	2021 £000	2020 £000
<b>Due after more than one year</b>		
Amounts owed by parent company	-	275,065
Deferred tax asset	-	2,487
	<hr/>	<hr/>
	-	277,552
<b>Due within one year</b>		
Other debtors	8	-
	<hr/>	<hr/>
	8	277,552
	<hr/>	<hr/>

Amounts owed by Group undertakings have no fixed rate of repayment and are not subject to interest.

13. Trade and other payables

	2021 £000	2020 £000
Bank overdrafts	-	5,654
Amounts owed to parent company	-	63,721
Amounts owed to fellow subsidiaries	1,594	4,326
	<hr/>	<hr/>
	1,594	73,701
	<hr/>	<hr/>

Amounts owed to Group undertakings have no fixed rate of repayment and are not subject to interest.

---

**CHG OVERSEAS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

**14. Non-current liabilities**

	<b>2021</b>	2020
	<b>£000</b>	£000
Amounts owed to parent company	-	448,922
Amounts owed to fellow subsidiaries	<b>59</b>	54,649
	<u><b>59</b></u>	<u>503,571</u>

For balances as at 31 October 2021, amounts owed to Group undertakings have no fixed rate of repayment and are not subject to interest.

**15. Deferred taxation**

	<b>2021</b>	2020
	<b>£000</b>	£000
At beginning of year	<b>2,487</b>	2,225
Charged/(credited) to profit or loss	<b>(2,487)</b>	262
<b>At end of year</b>	<u><b>-</b></u>	<u>2,487</u>

The deferred tax asset is made up as follows:

	<b>2021</b>	2020
	<b>£000</b>	£000
Tax losses carried forward	-	2,487
	<u><b>-</b></u>	<u>2,487</u>

**16. Share capital**

	<b>2021</b>	2020
	<b>£000</b>	£000
<b>Allotted, called up and fully paid</b>		
144,352,360 (2020: 144,352,360) ordinary shares of £0.01 each	<b>1,444</b>	1,444
340,237,223 (2020 - nil ) ordinary shares of £1.00 each	<b>340,237</b>	-
	<u><b>341,681</b></u>	<u>1,444</u>



---

**CHG OVERSEAS LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2021**

---

**16. Share capital (continued)**

On 23 February 2021 CHG Overseas Limited issued 237,585,223 £1 ordinary shares to its parent company, Chemring Group PLC.

On 26 March 2021 CHG Overseas Limited issued 102,652,000 £1 ordinary shares to its parent company, Chemring Group PLC.

**17. 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.com](http://www.chemring.com)) 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.