

**Orica-GM Holdings Limited**

**Strategic report, Directors' report and  
financial statements**

**Registered number 3947610**

**30 September 2015**



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## Strategic report

### Principal activities

The principal activity of the company is that of an intermediate holding company. The company also participates in debt factoring arrangements.

### Business review

The company holds an investment in Orica de Venezuela C.A. a company registered in Venezuela with the principal activity of the manufacture and distribution of explosives.

During the year ending 30 September 2015 the company has received income from this subsidiary undertaking through dividend payments totalling \$6,000,000 (2014: \$nil). The company also participates in debt factoring arrangements to provide Orica de Venezuela C.A. with access to Venezuelan Bolivars in order to settle the liabilities owed to its creditors. The company has recognised an operating profit of \$3,250,000 in the year ending 30 September 2015 (2014: \$9,794,000) as a result of these debt factoring arrangements.

The results of the company are shown on page 6. Profit before tax for the year ended 30 September 2015 was \$10,538,000 (2014: \$7,030,000).

The balance sheet of the company as at 30 September 2015 can be found on page 7. At 30 September 2015 the company had net assets of \$28,874,000 (2014: \$23,394,000).

### Key performance indicators

The main financial key performance indicators monitored by the company include:

	2015	2014	
Gross Margin	98.4%	97.6%	Gross profit expressed as a percentage of turnover
EBIT	\$9,250,000	\$9,794,000	Earnings before interest and tax

There are no key non-financial performance indicators monitored and reviewed by management.

### Principal risks and uncertainties

The principal risks and uncertainties of the company are in relation to the investment in Orica de Venezuela C.A. and its ongoing trade and performance. Should the performance of this entity deteriorate it could indicate an impairment to the investment held by the entity.

### Future developments

The company will continue to participate in debt factoring transactions with Orica de Venezuela C.A.

By order of the board

  
Sebastián Felipe Pinto Fernández  
Director

Date:

August 4, 2016

3<sup>rd</sup> Floor  
1 Ashley Road  
Altrincham  
Cheshire  
WA14 2DT

## Directors' report

The directors present their directors' report and financial statements for the year ended 30 September 2015.

### Research and development

The company did not participate in any research and development activity in either the year ending 30 September 2015 or the year ending 30 September 2014.

### Dividends

Dividends paid during the year were \$8,000,000 in relation to the year ended 30 September 2014 (2014: final dividend of \$7,200,000 in respect of the year ended 30 September 2013).

### Directors

The directors who held office during the year and up to the date of signing these accounts were as follows:

A A F Angarita  
F Torres  
S F P Fernandez

### Political and charitable contributions

The company made no political or charitable contributions or incurred any political expenditure during the year (2014: nil).

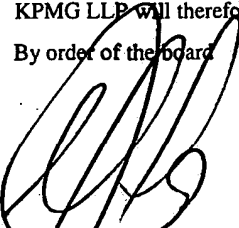
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Sebastian Felipe Pinto Fernández  
Director

Date:

AUGUST 4, 2016

3<sup>rd</sup> Floor  
1 Ashley Road  
Altrincham  
Cheshire  
WA14 2DT

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 of 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG LLP**

One St Peters Square  
Manchester  
M2 3AE  
United Kingdom

**Independent auditor's report to the members of Orica-GM Holdings Limited**

We have audited the financial statements of Orica-GM Holdings Limited for the year ended 30 September 2015 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 30 September 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

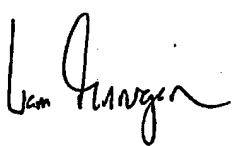
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Orica-GM Holdings Limited**  
(continued)

**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.



**Liam Finnigan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 St Peters Square  
Manchester  
M2 3AE  
United Kingdom

8<sup>th</sup> August 2016

**Profit and Loss Account**  
*for the year ended 30 September 2015*

	<i>Note</i>	<b>2015 \$000</b>	<b>2014 \$000</b>
<b>Turnover</b>	<b>2</b>	<b>3,653</b>	<b>10,265</b>
Cost of Sales		(56)	(242)
<b>Gross Profit</b>		<b>3,597</b>	<b>10,023</b>
Administration expenses		(347)	(229)
<b>Operating profit</b>	<b>3</b>	<b>3,250</b>	<b>9,794</b>
Interest payable and similar charges	4	1,272	(2,764)
Interest receivable and similar income	5	14	-
Income from shares in group undertakings	6	6,000	-
<b>Profit on ordinary activities before taxation</b>		<b>10,536</b>	<b>7,030</b>
Taxation	7	944	(2,211)
<b>Profit for the financial year</b>	<b>13</b>	<b>11,480</b>	<b>4,819</b>

All income arises from continuing operations

The notes on pages 10 to 16 form part of these financial statements.



**Balance Sheet**  
*at 30 September 2015*

	<i>Note</i>	<b>2015</b> <b>\$000</b>	<b>2014</b> <b>\$000</b>
<b>Fixed assets</b>			
Investments	8	23,592	23,592
<b>Current assets</b>			
Debtors	9	13,026	15,126
Cash		27	463
<b>Current liabilities</b>			
Creditors amounts falling due within one year	10	(6,528)	(12,655)
<b>Net current assets</b>		<b>6,525</b>	<b>2,934</b>
<b>Total assets less current liabilities</b>		<b>30,117</b>	<b>26,526</b>
<b>Provision for liabilities</b>	11	<b>(1,243)</b>	<b>(1,132)</b>
<b>Net assets</b>		<b>28,874</b>	<b>25,394</b>
<b>Capital and reserves</b>			
Called up share capital	12	14,676	15,716
Share premium account	13	3,564	3,564
Profit and loss account	13	5,308	1,828
Other reserves		5,326	4,286
<b>Equity shareholders' funds</b>		<b>28,874</b>	<b>25,394</b>

The notes on pages 10 to 18 form part of these financial statements.

These financial statements were approved by the board of directors on 4<sup>th</sup> August 2016 and were signed on its behalf by:

  
Sebastián Felipe Pinto Fernández  
Director

Registered number: 3947610

**Cash Flow Statement**  
*for the year ended 30 September 2015*

	<i>Note</i>	<b>2015</b> <b>\$000</b>	<b>2014</b> <b>\$000</b>
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating profit		3,250	9,794
Increase/(decrease) in debtors		4,100	(2,091)
(Decrease)/increase in creditors		(1,908)	2,071
<b>Net cash inflow from operating activities</b>		<b>5,442</b>	<b>9,774</b>
<b>Cash flow statement</b>			
Cash flow from operating activities		5,442	9,774
Dividends received from subsidiary undertakings		6,000	-
Returns on individual and servicing of finance			
Interest paid		266	-
Interest received		16	-
Taxation		(4,160)	(2,211)
Dividends paid on shares classified in shareholders' funds		(8,000)	(7,200)
<b>Cash (outflow)/ inflow before management of liquid resources and financing</b>		<b>(436)</b>	<b>363</b>
<b>(Decrease)/ increase in cash in the period</b>		<b>(436)</b>	<b>363</b>
<b>Reconciliation of net cash flow to movement in net cash</b>			
	<i>14</i>		
<b>(Decrease)/ increase in cash in the period</b>		<b>(436)</b>	<b>363</b>
<b>Change in net cash resulting from cash flows</b>		<b>(436)</b>	<b>363</b>
<b>Movement in net cash in the period</b>		<b>(436)</b>	<b>363</b>
<b>Net cash at the start of the period</b>		<b>463</b>	<b>100</b>
<b>Net cash at the end of the period</b>		<b>27</b>	<b>463</b>

**Reconciliation of Movements in Shareholders' Funds**  
*for the year ended 30 September 2015*

	<i>Note</i>	<b>2015</b> <b>\$000</b>	<b>2014</b> <b>\$000</b>
<b>Profit for the financial year</b>		<b>11,480</b>	<b>4,819</b>
Dividends on shares classified in shareholders' funds	<i>13, 14</i>	<b>(8,000)</b>	<b>(7,200)</b>
<b>Net movement in shareholders' funds</b>		<b>3,480</b>	<b>(2,381)</b>
Opening shareholders' funds		<b>25,394</b>	<b>27,775</b>
<b>Closing shareholders' funds</b>		<b>28,874</b>	<b>25,394</b>

## Notes (forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The activities of the Company are conducted in US dollars and hence it is considered appropriate to present the financial statements of the Company in US dollars.

#### *Going concern*

The directors have considered the future profitability of the Company and its ability to continue as a going concern and have prepared profit and cash flow forecasts into the future. Based on these projections the directors are satisfied that, for the foreseeable future, the Company can meet its projected working capital requirements. Consequently the financial statements have been prepared on a going concern basis.

#### *Investments*

Fixed asset investments are shown at cost less any provision for impairment in value.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Share capital, which is denominated in Sterling, is retranslated into US Dollars at the closing rate at each period end. Movements in share capital are taken to another reserves account within equity.

#### *Turnover*

Turnover represents income arising as a result of the sale of receivables to another Group company. The entity is expected to continue to enter into these transactions going forward.

#### *Dividend Income*

Dividend income is recognised at the point the dividend is approved by the subsidiary's board.

**Notes (continued)**

**2 Turnover**

	2015 \$000	2014 \$000
Turnover	3,653	10,265
	<u>3,653</u>	<u>10,265</u>

**3 Operating profit**

	2015 \$000	2014 \$000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Tax penalty	(111)	(221)
Sundry expenses	(223)	(8)
Legal and professional fees	(13)	-
	<u>(347)</u>	<u>(229)</u>

The audit fee of £7,200 (2014: £5,250) is borne by its subsidiary undertaking, Orica de Venezuela C.A, and these costs are not recharged to this company.

All directors are paid by Orica de Venezuela C.A. and their employment costs are not recharged to this company.

**4 Interest payable and similar charges**

	2015 \$000	2014 \$000
Interest on outstanding tax liabilities	(1,272)	236
Foreign exchange loss	-	2,528
	<u>(1,272)</u>	<u>2,764</u>

**5 Interest receivable and similar income**

	2015 \$000	2014 \$000
Interest income on amounts owed by group undertakings	14	-
	<u>14</u>	<u>-</u>

## Notes (continued)

### 6 Income from shares in group undertakings

	2015 \$000	2014 \$000
Dividends received from subsidiary companies	6,000	-
	<u>6,000</u>	<u>-</u>

During the year ending 30 September 2015 dividends totalling \$6,000,000 were received from Orica de Venezuela C.A. (2014: \$nil). Of this amount \$nil remains outstanding at 30 September 2015.

### 7 Taxation

#### Analysis of charge in period

	2015 \$000	2014 \$000
<i>UK corporation tax</i>		
Current tax on income for the period	(944)	2,211
	<u>2,637</u>	<u>2,211</u>
Current tax (credit)/charge	(1,693)	-
Adjustments in respect of prior periods		
	<u>(944)</u>	<u>2,211</u>
Tax on profit on ordinary activities		

#### Factors affecting the tax (credit)/charge for the current period

The current tax (credit)/charge for the period is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.5%, (2014: 22%). The differences are explained below.

	2015 \$000	2014 \$000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	10,536	7,030
	<u>2,162</u>	<u>1,546</u>
Current tax at 20.5% (2014: 22%)		
<i>Effects of:</i>		
Income not chargeable for tax purposes (primarily dividends received)	(1,413)	-
Expenses not deductible for tax purposes (primarily foreign exchange losses)	-	665
Adjustments to tax charge in respect of prior periods	(1,693)	-
	<u>(944)</u>	<u>2,211</u>
Total current tax (credit)/charge (see above)		

#### Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. These reductions will reduce the company's future current tax charge accordingly.

## Notes (continued)

### 8 Fixed asset investments

				Shares in subsidiary undertakings \$000
Cost and net book value at start and end of year				23,592
				Percentage of shares held by company
<i>Subsidiary undertakings</i>	Country of Incorporation	Principal activity	Class of shares held	
Orica de Venezuela C.A.	Venezuela	Explosive manufacture and distribution	Ordinary	100%

### 9 Debtors

Amounts falling due within one year

	2015 \$000	2014 \$000
Amounts owed by group undertakings	13,024	15,126
Other debtors	2	-
	<u>13,026</u>	<u>15,126</u>

### 10 Creditors: amounts falling due within one year

	2015 \$000	2014 \$000
Accrued interest	322	1,328
Corporation tax creditor	6,081	11,327
Other creditors	125	-
	<u>6,528</u>	<u>12,655</u>

The corporate tax creditor in 2015 includes \$5,332,000 of unpaid tax in relation to taxable dividends received in period 2001 to 2009. The accrued interest relates to interest due on overdue tax. The corporate tax creditor in 2015 is in relation to corporation tax in respect of the 2015 year end.

**Notes** *(continued)*

**11 Provision for liabilities**

	2015 \$000	2014 \$000
At the beginning of the year	1,132	911
Charge for the year	111	221
	<hr/>	<hr/>
At end of the year	1,243	1,132
	<hr/>	<hr/>

The provision relates to tax penalties payable on unpaid tax for the period 2001 to 2009. The provision represents the amount of penalties that has been agreed with HMRC post year end.

**12 Called up share capital**

	2015 £000	2014 £000
<i>Authorised</i>		
Equity: 12,001,700 ordinary shares of £1 each	12,002	12,002
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: 9,677,700 ordinary shares of £1 each	9,678	9,678
	<hr/>	<hr/>
Sterling value of issued share capital translated to US Dollars at the rate prevailing at the end of the year	14,676	15,716
	<hr/>	<hr/>



## Notes (continued)

### 13 Share premium and other reserves

	Share capital \$000	Share premium \$000	Profit and loss account \$000	Other Reserves \$000
At start of year	15,716	3,564	1,828	4,286
Retained profit for the year	-	-	11,482	-
Dividends on shares classified on shareholders' funds	-	-	(8,000)	-
Retranslation of share capital to closing rate	(1,040)	-	-	1,040
<b>At end of year</b>	<b>14,676</b>	<b>3,564</b>	<b>5,308</b>	<b>5,326</b>

### 14 Analysis of net debt

	At beginning of year \$000	Cash flow \$000	At end of year \$000
Cash in hand, at bank	463	(436)	27
<b>Total</b>	<b>463</b>	<b>(436)</b>	<b>27</b>

### 15 Related party disclosures

The Company is controlled by its immediate parent company and 51% owner, Orica Explosives Holdings Pty Ltd, incorporated in Australia. As at 30 September 2015 \$nil (2014: \$nil) was due from Orica Explosives Holdings Pty Limited in respect of unpaid share capital. Dividends of \$4,080,000 (2014: \$3,672,000) were paid to Orica Explosives Holdings Pty Limited during the year.

Havasan Investments B.V. has a 49% holding within the company. During the year Orica-GM Holdings Limited paid \$3,920,000 (2014: \$3,528,000) to Havasan Investments B.V. in respect of dividends.

Orica de Venezuela C.A is a 100% owned subsidiary of Orica GM Holdings Limited. The following related party transactions have been recognised in the profit and loss account in respect of trade with this subsidiary:

**Notes** *(continued)*

**16 Related party disclosures** *(continued)*

	2015 \$000	2014 \$000
Turnover	3,653	10,265
Cost of sales	(57)	(242)
Income from shares in group undertakings	6,000	-
FX loss	-	(2,528)
Interest receivable and similar income	14	-
	<hr/>	<hr/>
Total	9,610	7,495
	<hr/>	<hr/>

The following balances were outstanding at 30 September 2015 in respect of transactions with Orica de Venezuela C.A

	2015 \$000	2014 \$000
Trade debtors	13,024	15,126
Trade creditors	47	-
	<hr/>	<hr/>

**17 Ultimate parent company and parent undertaking of larger group**

The Company is a 51% subsidiary undertaking of Orica Explosives Holdings Pty Limited. The ultimate parent company of Orica Explosives Holdings Pty Limited is Orica Limited which is incorporated in Australia.

The only group in which the results of the Company are consolidated is that headed by Orica Limited, incorporated in Australia. The consolidated accounts of Orica Limited are available to the public and may be obtained from the Company Secretary, 1 Nicholson Street, Melbourne, Victoria 3000, Australia.