

**Company Registration No. 4530131**

**2M HOLDINGS LIMITED  
REPORT AND ACCOUNTS  
YEAR ENDED 30 APRIL 2012**



**COMPANIES HOUSE COPY**

## **2M HOLDINGS LIMITED**

### **CONTENTS**

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	<b>Page</b>
Directors, Company Secretary and Advisers	1
Directors' report	2-4
Independent auditors' report	5-6
Consolidated statement of comprehensive income	7
Consolidated statement of financial position	8-9
Consolidated cash flow statement	10
Notes to the financial statements	11-33
Financial Statements of 2M Holdings Limited	34-40

**2M HOLDINGS LIMITED**

**DIRECTORS, SECRETARY AND ADVISERS**

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<b>Directors</b>	M Kessler C R Boyle
<b>Company Secretary</b>	C R Boyle
<b>Registered Office</b>	Quadrant House Floor 6 4 Thomas More Square London E1W 1YW
<b>Business Address</b>	Hampton Court Manor Park Runcorn Cheshire WA7 1TU
<b>Company Number</b>	4530131
<b>Auditors</b>	UHY Hacker Young Chartered Accountants Quadrant House 4 Thomas More Square London E1W 1YW
<b>Principal Bankers</b>	Investec Bank plc 2 Gresham Street London EC2V 7QP
<b>Solicitors</b>	Squire Saunders (UK) LLP 2 Park Lane Leeds LS3 1ES

## **2M HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2012**

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The directors present their annual report and the audited financial statements of the Group and of the Company for the year ended 30 April 2012

#### **Activities and review of business**

The principal activity of the company is to act as a holding company. The principal activity of the Group is that of blending, formulation and distribution of solvents and chemical industry products.

The Group financial statements consolidate those of the company and its subsidiaries. The Group prepares its financial statements in accordance with International Financial Reporting Standards.

#### **Financial Key Performance Indicators**

During the year, reported turnover decreased to £98,934,014 (2011: £99,218,974), and Gross Profit, a key performance indicator within our business, decreased to £22,272,885 (2011: £24,355,951) – a decrease of 8.5%, whilst maintaining a margin rate of 22.4%. Despite the general levels of uncertainty the Directors believe that these results demonstrate the underlying strength of the business and its willingness to seek new areas of business as more traditional ones decline.

Distribution Costs have held steady in comparison to the prior year, and we have exercised rigorous control over our operating cost base.

Our Operating Profit has increased to £6,008,932 (2011: £5,954,444).

#### **Principal risks and uncertainties**

Global uncertainty – particularly the economic crises in the Euro zone, political unrest in the Middle East and the slow down in GDP growth in China has driven lower volumes and reduce margin opportunities. Chemical distribution markets remain as competitive as ever on the back of all of these.

We look to overcome these uncertainties by continuing to build robust relationships with our suppliers and customers, and this, coupled with our focus on value added transactions, enables us to consolidate an already successful base.

#### **The company's position at the end of the year**

Cash Generation from Operations remains strong, £3,464,452, despite phasing of activity levels over the year.

As a consequence of an equity restructuring, our Cash Used in Financing Activities saw a cash outflow of £13,284,878, with a net decrease in Cash of £12,042,303. Our Net Asset position improved by £2,735,167.

The Directors remain confident that, with the support of employees, suppliers and customers, the business is well placed to meet the challenges of the markets over the coming year.

#### **Results and dividends**

The consolidated results for the year are set out on page 7.

An interim ordinary dividend was paid amounting to £61,360 (2011: £140,000). The directors do not recommend the payment of a final dividend.

## **2M HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2012**

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#### **Directors**

The following directors held office during the period as set out below

M Kessler  
C R Boyle  
I J Thomas (resigned 22 February 2012)

#### **Creditor payment policy**

Terms and conditions are agreed with suppliers before business takes place and payment of agreed invoices is then made in a timely manner.

#### **Employment policy**

The Group actively encourages the development of employee involvement within the business. The Group holds regular meetings to update employees on pertinent matters, and to provide opportunities for employees to contribute to the success of the business.

The Group does not discriminate against existing or potential employees on the grounds of racial, religious, sexual, or political grounds, or physical disabilities.

#### **Research and development**

Market research and product development are seen as essential factors for the continuing success of business going forward.

#### **Use of financial instruments**

The group transacts in currencies other than sterling, primarily Euros and US Dollars, and therefore runs a level of exposure. The group seeks to minimise this by natural hedging of purchase and sale transactions.

A suite of funding arrangements with Investec Bank plc is now in place. The interest rate hedge previously held with Yorkshire Bank has been extinguished. The group currently makes no other use of financial instruments.

#### **Market value of land and buildings**

The Directors consider that the market value of the group's land and buildings is not materially different to the carrying value of £3,117,395 as shown in the consolidated statement of financial position.

#### **Auditors**

The auditors UHY Hacker Young are deemed to be reappointed under section 487 (2) of the Companies Act 2006.

## **2M HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2012**

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#### **Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and of the company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- i) select suitable accounting policies and then apply them consistently,
- ii) make judgements and estimates that are reasonable and prudent,
- iii) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business, and
- iv) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

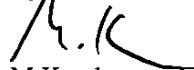
The directors confirm that the financial statements comply with the above requirements

The directors are responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and of the group and for taking steps for the prevention and detection of fraud and other irregularities

#### **Statement of disclosure to auditor**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board



M Kessler  
Director

4 September 2012

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF 2M HOLDINGS LIMITED**

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We have audited the group and parent company financial statements of 2M Holdings Limited for the year ended 30 April 2012 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position and company balance sheet, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements 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 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 auditors**

The directors' responsibilities for preparing the directors' report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), are explained more fully in the Statement of Directors' Responsibilities set out on page 4.

Our responsibility is to audit 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

**Opinion**

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2012 and of the group's profit and the parent company's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF 2M HOLDINGS LIMITED**

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

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

**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 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



**Howard Spencer (Senior Statutory Auditor)  
for and on behalf of UHY Hacker Young LLP**

Chartered Accountants  
Statutory Auditor  
4 September 2012



**2M HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 APRIL 2012**

	Notes	2012 £	2011 £
Revenue	2	98,935,014	99,218,974
Cost of sales		(76,662,129)	(74,863,023)
<b>Gross profit</b>		22,272,885	24,355,951
Distribution costs		(6,032,070)	(6,188,919)
Administrative expenses		(10,231,883)	(12,212,588)
<b>Operating profit</b>	3	6,008,932	5,954,444
Profit / (Loss) on disposal of property, plant and equipment		1,729	(17,651)
Finance costs	4	(1,224,677)	(1,145,039)
Finance income	5	653,736	565,845
<b>Profit before taxation</b>		5,439,770	5,357,599
Taxation	6	(1,488,803)	(1,479,466)
<b>Profit for the year</b>		3,950,967	3,878,133
<b>Other comprehensive income:</b>			
Actuarial gains / (losses) on defined benefit scheme		(1,519,000)	(945,000)
Deferred tax associated with defined benefit scheme		364,560	208,880
<b>Other comprehensive income for the year net of tax</b>		(1,154,440)	(736,120)
<b>Total comprehensive income for the year</b>	19	2,796,527	3,142,013

The profit for the year and the total comprehensive income are wholly attributable to the equity holders of the parent company

**2M HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2012**

	Notes	£	2012 £	£	2011 £
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	9		12,334,685		12,334,685
Property, plant and equipment	10		6,610,457		6,772,572
Deferred tax asset	15		565,791		526,739
			<hr/>		<hr/>
<b>Total non- current assets</b>			19,510,933		19,633,996
<b>Current assets</b>					
Inventories	11	9,867,262		8,630,722	
Trade and other receivables	12	20,341,589		22,378,076	
Other accrued income	12	1,463,717		1,201,743	
Amounts due from parent company	12	10,267,268		-	
Cash and cash equivalents	20	1,308,046		3,016,227	
			<hr/>	<hr/>	
<b>Total current assets</b>			43,247,882		35,226,768
			<hr/>		<hr/>
<b>Total assets</b>			62,758,815		54,860,764
			<hr/>		<hr/>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Bank borrowings and overdrafts	14	20,837,394		10,503,272	
Trade and other payables	13	16,889,198		19,785,190	
Current tax liabilities	13	626,531		938,117	
			<hr/>	<hr/>	
<b>Total current liabilities</b>			38,353,123		31,226,579
<b>Non- current liabilities</b>					
Bank borrowings	14	1,000,000		3,685,000	
Financial liabilities – derivative financial instruments	14	-		523,918	
Accruals and deferred income	16	53,245		141,987	
Employee benefit liability	17	3,859,000		2,525,000	
			<hr/>	<hr/>	
<b>Total non- current liabilities</b>			4,912,245		6,875,905
			<hr/>		<hr/>
<b>Total Liabilities</b>			43,265,368		38,102,484
			<hr/>		<hr/>
<b>Total Net Assets</b>			19,493,447		16,758,280
			<hr/> <hr/>		<hr/> <hr/>

**2M HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)  
AS AT 30 APRIL 2012**

	Notes	2012 £	2011 £
<b>Equity</b>			
Share capital	18	260,000	260,000
Revaluation reserve	19	355,000	355,000
Other reserves	19	69,767	69,767
Retained earnings	19	18,808,680	16,073,513
<b>Equity attributable to equity holders of the parent company</b>		<u>19,493,447</u>	<u>16,758,280</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 September 2012

  
**M Kessler**  
Director

  
**C Boyle**  
Director

**Company Registration No. 4530131**

## 2M HOLDINGS LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2012

	Notes	2012 £	2011 £
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>		5,439,770	5,357,599
<b>Add back non-operating items:</b>			
Financial income		(653,736)	(565,845)
Financial expense		1,224,677	1,145,039
(Loss) / profit on sale of property, plant and equipment		(1,729)	17,651
<b>Adjustments for:</b>			
Pension movement (cost less contributions)		(316,000)	(316,000)
Depreciation		470,056	493,189
Increase in inventories		(1,236,540)	(2,026,446)
Decrease / (increase) in receivables		1,774,513	(4,752,306)
(Decrease) / increase in payables		(3,236,559)	4,291,856
		<hr/>	<hr/>
<b>Cash generated from operations</b>		3,464,452	3,644,737
Financial expenses		(503,677)	(448,039)
Income taxes paid		(1,474,881)	(1,116,051)
		<hr/>	<hr/>
<b>Net cash generated by operating activities</b>		1,485,894	2,080,647
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Payments for property plant and equipment		(324,305)	(346,056)
Receipts from sale of non-current assets		17,250	-
Release of prior year dividends		-	93,521
Interest received		63,736	42,845
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		(243,319)	(209,690)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Repayments of long term loans		(3,956,250)	(500,000)
New long term bank loans		1,000,000	-
Amounts advanced to parent company		(10,267,268)	-
Dividends paid to company's shareholders		(61,360)	(140,000)
		<hr/>	<hr/>
<b>Net cash used in financing activities</b>		(13,284,878)	(640,000)
		<hr/>	<hr/>
<b>Net (decrease) / increase in cash and cash equivalents</b>		(12,042,303)	1,230,957
Cash and cash equivalents at the beginning of the financial year		(7,487,045)	(8,718,002)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	20	(19,529,348)	(7,487,045)
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## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 1 Accounting policies

2M Holdings Limited is a company incorporated in England and Wales

The group financial statements for the year ended 30 April 2012 consolidate those of the company and its subsidiaries (together referred to as the "group") The parent company financial statements present information about the company as a separate entity and not about its group

The group has adopted the accounting policies set out below in preparation of the financial information for the year ended 30 April 2012 All of these policies have been applied consistently throughout the year unless otherwise stated

##### 1.1 Basis of preparation

The group financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("Adopted IFRSs") and in accordance with the Companies Act 2006

The parent company's financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles, and in accordance with the Companies Act 2006 The directors have taken advantage of the exemption offered by section 408 of the Companies Act not to produce a separate income statement for the parent company

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets

##### 1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all of its subsidiary undertakings The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate

All business combinations are accounted for using the acquisition method of accounting

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group All intra-group transactions, balances, income and expenses are eliminated in full on consolidation

##### 1.3 Revenue recognition

Revenue represents amounts receivable for goods and services, net of VAT and trade discounts

Amounts received for the sublicencing of intangible assets is shown as deferred income, and is released to the statement of comprehensive income over the period of the sublicencing agreement

##### 1.4 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary companies represents the excess of the fair value of the consideration given over the fair value of the group's share of the net identifiable assets acquired

In accordance with IFRS 3 – Business Combinations, goodwill is not amortised but tested for impairment annually or when there are any indications that its carrying value is not recoverable As such it is stated at cost less any provision for impairment in value

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 1.5 Investments

Investments are stated at cost less any provision for impairment

#### 1.6 Property, plant and equipment

Buildings, property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, using the straight line method as follows:

Freehold buildings	50 years
Office equipment and computers	10-20 years
Fixtures and fittings	3-10 years
Motor vehicles	4-5 years

Land is not depreciated

#### 1.7 Inventories

Inventories are stated at the lower of cost and net realisable value

#### 1.8 Financial assets and liabilities

If significant, financial assets and financial liabilities that arise on derivatives that do not qualify for hedge accounting are held on the balance sheet at fair value, with the changes in value reflected through the income statement

#### 1.9 Employee benefits

Companies within the group operate a defined benefit pension scheme. The scheme is closed to new entrants and is also closed to future accruals.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in the statement of comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the Projected Unit Method. The actuarial valuations are obtained at least triennially and are updated at each financial reporting date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the statement of financial position.

The companies within the group also participate in a defined contribution pension scheme. Contributions are charged to the statement of comprehensive income as they become payable within the rules of the scheme.

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 1 10 Foreign currency translation

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Sterling, which is the functional currency of the group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

#### 1 11 Taxation

Tax on the profit or loss for the periods presented comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the financial reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

#### 1 12 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged against income on a straight line basis.

#### 1 13 New standards and interpretations

During the year under review the following accounting standards and amendments to standards were issued and adopted by the group:

- IAS 24 – Related Party Disclosures (2009)
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
- Annual improvements to IFRSs (2010)

The application of the new standards and amendments or improvements to existing standards in issue in the preparation of these consolidated financial statements has not had any material effect on the measurement of the groups assets or liabilities or the manner in which they are presented.

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 1 13 New standards and interpretations (continued)

The following standards and interpretations, issued by the IASB or the IFRIC, were in issue but not yet effective at the date of authorisation of these financial statements and have not yet been adopted by the group

	Effective date
IFRS 2 Annual improvements to IFRS 2 (2009 – 2011)	1 January 2013
IFRS 7 Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 9 Financial Instruments Classification and Measurement	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure on Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 1 Amendments to IAS 1 – Presentation of Financial Statements	1 July 2012
IAS 12 Amendments to IAS 12 – Deferred Tax Recovery of Underlying Assets	1 January 2012
IAS 19 Amendments to IAS 19 – Employee Benefits	1 January 2013
IAS 27 Reissued as IAS 27 – Separate Financial Statements	1 January 2013
IAS 28 Reissued as IAS 28 – Investments in Associates and Joint Ventures	1 January 2013
IAS 32 Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014

The group does not consider that any other standards or interpretations issued by the IASB or the IFRIC, either applicable in the current period or not yet applicable, have, or will have, a significant impact on the consolidated financial statements

#### 1 14 Critical accounting estimates, assumptions and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Judgements and estimates are continually evaluated and are based on historical experience and other factors which include expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates may differ from the related actual results.

The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

##### a) Goodwill

The group follows the requirements of IAS 36 – Impairment of Assets and tests goodwill annually to determine when goodwill is impaired (see accounting policy in note 1 4 above and goodwill in note 9 below). This determination requires significant judgment. In making this judgment, the group estimates the recoverable amount of the cash generating units to which goodwill has been allocated based on value-in-use calculations. The value-in-use calculations require the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. For the purpose of impairment testing, goodwill has been allocated to the company's subsidiaries.



## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 1 14 Critical accounting estimates, assumptions and judgments (continued)

**b) Depreciation, useful lives and residual values of property, plant & equipment**

The directors estimate the useful lives and residual values of property, plant & equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of comprehensive income and the carrying values of the property, plant & equipment in the statement of financial position.

**c) Fair value of derivatives**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group has included the derivative (interest rate hedge) in the statement of financial position at their bank's mark to market valuation.

**d) Pension benefits**

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate and current market conditions. Additional information is disclosed in note 17. Any changes in these assumptions will impact the carrying amount of pension obligations.

The group has taken external advice in relation to the impact of IFRIC 14 and has concluded that no additional provision is required in the financial statements in respect of the minimum funding requirement.

**e) Fair value of plant, property and equipment**

The directors have reviewed the carrying values of the group's plant, property and equipment, and conclude that no impairment is required.

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 2 Segmental reporting

The Board of Directors consider the reportable operating segment in accordance with IFRS 8 – Operating Segments, to be that of Storage, Blending and Distribution of Chemical Products on the basis that this represents the long term financial performance and economic characteristics of the group

The remaining activities of the group are considered by the Board to fulfil support and ancillary functions and have therefore been aggregated as “All other segments”

The group generates sales to customers across the globe and the geographical analysis of revenue is set out below. Despite its global sales, the group’s operations, assets and staff are all located in the United Kingdom and therefore no further segmental analysis has been presented on a geographical basis

<b>Revenue</b>		
<b>Geographical location</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
United Kingdom and EIRE	85,025,065	84,036,454
Europe	4,637,683	4,870,341
Americas	1,303,574	1,168,396
Australasia	35,441	24,320
Africa	1,231,166	1,616,614
Middle East	1,127,866	1,232,140
Asia	3,297,348	4,706,411
Other	2,276,871	1,564,298
	<hr/>	<hr/>
	98,935,014	99,218,974
	=====	=====

Revenues from 20 (2011: 20) customers of the group’s Storage, Blending and Distribution of Chemical Products segment represent approximately 19% (2011: 19%) of the group’s total revenues



**2M HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2012**

<b>3</b>	<b>Operating profit</b>	<b>2012</b>	<b>2011</b>
		£	£
	The operating profit for the year is stated after charging/(crediting)		
	Auditors' remuneration (see below)	83,500	76,000
	Depreciation on property, plant and equipment	470,056	493,189
	Amounts paid in respect of operating leases for plant and machinery	560,348	542,198
	Losses on foreign currency	8,103	72,736
		=====	=====
	<b>Audit services</b>		
	Fees payable to the company's auditors for the audit of the parent company and Consolidated accounts	9,500	8,500
	Fees payable to the company's auditors for the audit of the company's subsidiaries	74,000	67,500
	<b>Other services</b>		
	Other services relating to taxation	15,000	15,000
	Other	24,000	24,000
		=====	=====
<b>4</b>	<b>Finance costs</b>	<b>2012</b>	<b>2011</b>
		£	£
	Bank interest expense	503,677	448,039
	Interest on pension scheme liabilities	721,000	697,000
		-----	-----
		1,224,677	1,145,039
		=====	=====
<b>5</b>	<b>Finance income</b>	<b>2012</b>	<b>2011</b>
		£	£
	Bank interest income	63,736	42,845
	Expected returns on pension scheme assets	590,000	523,000
		-----	-----
		653,736	565,845
		=====	=====

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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6 Taxation	2012 £	2011 £
UK corporation tax on profits for the year at 26% (2011 28%)	1,163,295	1,587,351
Deferred tax (credit)/charge origination and reversal of temporary timing differences	325,508	(107,885)
Total tax expense in the income statement	<u>1,488,803</u>	<u>1,479,466</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	<u>5,439,770</u>	<u>5,357,599</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 26% (2011 28%)	<u>1,414,340</u>	<u>1,500,128</u>
Effects of		
Non-deductible expenses	34,403	37,738
Depreciation in excess of capital allowances previously unrecognised	50,225	(43,136)
Other tax adjustments	(10,165)	(15,264)
	<u>74,463</u>	<u>(20,662)</u>
Total tax charge	<u>1,488,803</u>	<u>1,479,466</u>

Deferred taxation balances are analysed in note 15

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 7 Staff numbers and costs

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
The average number of people employed by the group (including directors) during the year was as follows		
Average number of employees during the year	186	185
	=====	=====
Staff costs including directors		
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,676,868	7,348,350
Social security costs	610,066	648,727
Other pension costs		
Contributions to defined contribution schemes	247,797	288,504
Contributions to defined benefit schemes	315,600	315,600
	-----	-----
	6,850,331	8,601,181
	=====	=====

#### 8 Directors' emoluments

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services		
Aggregate directors' emoluments	288,734	667,010
Pension contributions	38,440	38,294
	-----	-----
	327,174	705,304
	=====	=====

The number of directors for whom retirement benefits were accruing under defined contribution schemes in the year was 2 (2011 2)

During the year, an amount of £23,994 (2011 £28,200) was paid to by a subsidiary company to a director of the company, for consultancy services

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 9 Intangible non-current assets

Group	Patents £	Goodwill £	Total £
At 1 May 2010	1,000	12,432,416	12,433,416
Acquisition during the year	-	(98,731)	(98,731)
	<hr/>	<hr/>	<hr/>
At 30 April 2011	1,000	12,333,685	12,334,685
	<hr/>	<hr/>	<hr/>
At 1 May 2011 and 30 April 2012	1,000	12,333,685	12,334,685
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Goodwill represents the goodwill arising on various acquisitions. In accordance with IFRS 3 – Business Combinations, goodwill is not amortised but rather tested for impairment on an annual basis.

Adjustments to goodwill in the prior year relate to pre-acquisition assets that have been brought back into the group.

The recoverable amount was determined based on value in use and was determined at the cash generating unit which is based on financial budgets approved by the directors using the following key assumptions:

- i) Cash flows are projected based on expected revenue to be generated from the existing business model,
- ii) Inflation rate of 3% per annum,
- iii) A pre-tax discount rate of 10%

The above key assumptions represent the directors' assessment of the future outlook based on their best estimates and they believe that it is unlikely that any significant variation in the above assumptions would significantly affect the recoverable amount of goodwill.

There has been no impairment in value during the year.

**2M HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2012**

**10 Property, plant and equipment**

	<b>Freehold land and buildings £</b>	<b>Plant and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 May 2010	3,872,286	9,860,346	81,132	13,813,764
Additions	74,625	271,431	-	346,056
Disposals	-	(67,902)	-	(67,902)
	-----	-----	-----	-----
At 30 April 2011	3,946,911	10,063,875	81,132	14,091,918
	=====	=====	=====	=====
At 1 May 2011	3,946,911	10,063,875	81,132	14,091,918
Additions	38,255	286,050	-	324,305
Disposals	-	(389,039)	(44,132)	(433,171)
	-----	-----	-----	-----
At 30 April 2012	3,985,166	9,960,886	37,000	13,983,052
	=====	=====	=====	=====
<b>Depreciation</b>				
At 1 May 2010	759,434	6,073,938	43,036	6,876,408
Charge for the year	52,267	423,786	17,136	493,189
Disposals	-	(50,251)	-	(50,251)
	-----	-----	-----	-----
At 30 April 2011	811,701	6,447,473	60,172	7,319,346
	=====	=====	=====	=====
At 1 May 2011	811,701	6,447,473	60,172	7,319,346
Charge for the year	56,070	405,566	8,420	470,056
Disposals	-	(376,794)	(40,013)	(416,807)
	-----	-----	-----	-----
At 30 April 2012	867,771	6,476,245	28,579	7,372,595
	=====	=====	=====	=====
<b>Net book value</b>				
At 30 April 2012	3,117,395	3,484,641	8,421	6,610,457
	=====	=====	=====	=====
At 30 April 2011	3,135,210	3,616,402	20,960	6,772,572
	=====	=====	=====	=====
At 30 April 2010	3,112,852	3,786,408	38,096	6,937,356
	=====	=====	=====	=====



## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 10 Property, plant and equipment (continued)

Freehold land and buildings include non-depreciable land with a value of £1,337,818 (2011 £1,337,818)

The freehold land and buildings have been revalued by the directors at 30 April 2012 on an open market basis

#### 11 Inventories

	2012 £	2011 £
Goods for resale	9,867,262 =====	8,630,722 =====

#### 12 Trade and other receivables

	2012 £	2011 £
Trade receivables	20,258,506	22,340,264
Amounts due from parent company	10,267,268	-
Other receivables	83,083	37,812
Prepayments and accrued income	1,463,717	1,201,743
	<hr/>	<hr/>
	32,072,574 =====	23,579,819 =====

#### 13 Trade and other payables

	2012 £	2011 £
Bank loans and overdrafts (secured)	20,837,394	10,503,272
Trade payables	11,000,043	12,682,746
Income tax	626,531	938,117
Taxation and social security	1,352,216	1,286,230
Other payables	794,588	512,924
Accruals and deferred income	3,742,351	5,303,290
	<hr/>	<hr/>
	38,353,123 =====	31,226,579 =====

The bank loans and overdrafts are secured by a legal charge over the assets of the group, a charge over its debts and inventories, and by a composite debenture and guarantee provided by all subsidiaries of 2M Group Limited, the ultimate parent company

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 14 Financial Instruments and Financial Risk Management

This note provides information about the contractual terms of the group's interest bearing loans and borrowings

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Current liabilities:</b>		
Bank facilities, loans and overdrafts (secured)	20,837,394	10,503,272
	=====	=====
<b>Non current:</b>		
Bank loans (secured)	1,000,000	3,685,000
	=====	=====
<b>The borrowings are repayable as follows:</b>		
<b>Bank loans</b>		
On demand or within one year	20,837,394	10,503,272
Between one and two years	-	500,000
Between two and five years	1,000,000	1,686,000
In five years or more	-	1,499,000
	-----	-----
	21,837,394	14,188,272
Less Amount due within 12 months (shown under current liabilities)	(20,837,394)	(10,503,272)
	-----	-----
	1,000,000	3,685,000
	=====	=====

Short term bank funding totalling £20,614,721 is repayable on demand, and is secured on certain of the group's debtors and inventory. The remainder of the short term funding – £222,673 – represents overdrafts.

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 14 Financial Instruments and Financial Risk Management (continued)

At 1 May 2011 the group had two long term loans totalling £4,185,000 which have been repaid in the year under review

At 30 April 2012, the group had a term loan totalling £3,000,000 secured on the group's assets which is due for repayment by 31 July 2013 Quarterly repayments of £500,000 have commenced and will continue until the loan is satisfied

All the group's funding is subject to a group guarantee (note 22)

	2012	2011
	£	£
Financial Liabilities – derivative financial instrument	-	523,918
	=====	=====

During the period ended 30 April 2008, the group entered into a 5 year interest rate swap of £7,000,000 on the bank loans and overdrafts at a fixed rate of 6.19% The fair value of this financial instrument is significant and is included in the financial statements The fair value of the derivative financial instrument is based on 'Mark to Market' prices as provided by the group's bankers The financial instrument was repaid in full in February 2012

#### Categories of financial assets and liabilities

Financial assets at fair value through the profit or loss	- None
Held-to-maturity assets	- None
Loans and receivables	- Trade and other receivables
Available-for-sale financial assets	- None
Financial liabilities at fair value through the profit or loss	- Interest rate swap
Financial liabilities measured at amortised cost	- Overdrafts and loans

The fair values of all financial assets and liabilities other than the interest rate swap are not materially different from their carrying amounts

#### Financial Risk Management

The group recognises that it has exposures to the following financial risks, and seeks to redress them as noted below

#### Financial risk factors

##### i) Foreign exchange risk

The group transacts in currencies other than sterling, primarily Euros and US Dollars, and therefore runs a level of exposure The group seeks to minimise this by natural hedging of purchase and sale transactions

##### ii) Credit risk

The group operates in standard business to business commercial markets As such, the majority of transactions are conducted on credit terms, with the details of such terms being determined by the relative transaction size and commercial risk of the specific transaction / entity The group seeks to restrict these levels of exposure further by covering such sales with commercially available credit insurance, through recognised underwriters

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

#### 14 Financial Instruments and Financial Risk Management (continued)

##### iii) Liquidity risk

The banking arrangements with Investec Bank and Yorkshire Bank, who provide term loan and overdraft facilities have been renewed and provide sufficient working capital for the 2M group of companies

##### iv) Interest rate risk

During the year under review the group negotiated new finance facilities with Investec Bank plc which provided additional working capital through invoice financing, inventory financing and cash flow loan facilities. Interest rates on these facilities vary between 3.25% and 4.75% over the bank's base rate.

The group has no financial assets, other than short term receivables and cash at bank. Short term overdrafts are held at a floating rate of interest based on the bank base rate.

#### 15 Deferred tax assets and liabilities

	Employee Benefits £	Excess capital allowances £	Other timing differences £	Total £
As at 1 May 2010	(482,520)	380,623	(108,077)	(209,974)
Charge/(credit) to income statement	34,900	25,485	(168,270)	(107,885)
Charge/(credit) to equity	(208,880)	-	-	(208,880)
As at 30 April 2011	(656,500)	406,108	(276,347)	(526,739)
As at 1 May 2011	(656,500)	406,108	(276,347)	(526,739)
Charge/(credit) to income statement	94,900	6,270	224,338	325,508
Charge/(credit) to equity	(364,560)	-	-	(364,560)
As at 30 April 2012	(926,160)	412,378	(52,009)	(565,791)
Deferred tax asset	(926,160)	-	(52,009)	(978,169)
Deferred tax liability	-	412,378	-	412,378
As at 30 April 2012	(926,160)	412,378	(52,009)	(565,791)

Deferred tax is provided for at the future tax rate applying at the reporting date. At 30 April 2012 the future tax rate applying was 24% (2011: 26%).

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 16 Accruals and deferred income

	2012 £	2011 £
Balance at 1 May 2011	248,477	354,967
Deferred income from patent licencing	-	-
Credit to income in the year	(106,490)	(106,490)
	<hr/>	<hr/>
Included under current liabilities	141,987 (88,742)	248,477 (106,490)
	<hr/>	<hr/>
Balance at 30 April 2012	53,245	141,987
	<hr/> <hr/>	<hr/> <hr/>

#### 17 Pension liability

##### Defined Contribution Scheme

The group operates a Defined Contribution Pension Scheme. During the year ended 30 April 2012 the pension cost charge to the income statement amounted to £247,797 (2011 £288,504). There were no outstanding or unpaid contributions at the beginning or end of the year.

##### Defined Benefit Scheme

Companies within the group operate a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately, being invested with a managed pension fund. The final Salary Scheme is closed to new entrants and is also closed to future accruals.

The most recent valuation was at 30 April 2012. The principal actuarial assumptions made were that investment returns would exceed salary increases by an average of 2% per annum and that present and future pensions would increase at the rate of 5.0% per annum in respect of pension accrued prior to 1 October 2000 by members joining before 1 April 1995, and 2.9% in respect of other accrued pension. The market value of assets of the scheme was £11.1 million and the actuarial valuation of these assets represented 74% of the value of benefits that had accrued to members. The companies are currently making contributions, as recommended by the scheme's actuaries on the basis of triennial valuations using the attained age method.

Contributions in the year totalled £315,600 (2011 £315,600). The estimated employer contributions to the scheme for the next financial year are £315,600.

The scheme's deficit shown below under the IAS 19 basis is £3,859,000 as at 30 April 2012 (2011 £2,525,000).

The directors have relied upon advice from P. Cormack, Fellow of the Institute & Faculty of Actuaries in determining the financial assumptions.

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 17 Pension liability (continued)

The main financial assumptions used at the balance sheet date to calculate scheme liabilities under IAS 19 are

	<b>2012</b>	<b>2011</b>
	Projected Unit	Projected Unit
Valuation method		
Discount rate	5.0%	5.5%
Inflation rate	2.9%	3.3%
Expected rate of salary increases	2.9%	3.3%
Increase to pensions and deferred pensions	2.9%	3.3%
Expected return on assets*	5.5%	5.2%

\*The expected rate of return on plan assets was determined, based on actuarial advice, on the long term expectation for each asset class as at 30 April 2012

**2M HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 APRIL 2012**

17

**Pension scheme (continued)**

The assets in the pension scheme and the expected rates of return were

	Rate of return expected at 2012	Value at 2012 £	Rate of return expected at 2011	Value at 2011 £	Rate of return expected at 2010	Value at 2010 £	Rate of return expected at 2009	Value at 2009 £	Rate of return expected at 2008	Value at 2008 £
Equities	7.75%	4,114,660	7.3%	4,200,300	7.0%	4,040,400	7.5%	3,187,060	7.5%	4,934,000
Bonds	3.5%/5.0%	6,670,800	3.3%/4.5%	5,600,400	3.5%/5.0%	5,180,000	3.5%/4.75%	4,193,500	4.5/5.5%	4,420,000
Others	3.5%/6.5%	332,540	3.3%/5.8%	969,300	3.5%/5.75%	1,139,600	3.5%/6%	1,006,440	5.0-6.5%	926,000
<b>Total market value of scheme assets</b>		<b>11,118,000</b>		<b>10,770,000</b>		<b>10,360,000</b>		<b>8,387,000</b>		<b>10,280,000</b>
Present value of the scheme's liabilities (provided by the actuary)		(14,977,000)		(13,295,000)		(12,082,000)		(10,932,000)		(12,730,000)
<b>Net pension liability (funded)</b>		<b>(3,859,000)</b>		<b>(2,525,000)</b>		<b>(1,722,000)</b>		<b>(2,545,000)</b>		<b>(2,450,000)</b>

The history of experience adjustments is as follows

**Experience gains/(losses)  
on scheme assets**

Amount (£)	(96,000)	492,000	1,618,000	(2,307,000)	(676,000)
Percentage of scheme assets	1%	5%	16%	28%	7%
<b>Experience gains/(losses) on scheme liabilities*</b>					
Amount (£)	(376,000)	(258,000)	185,000	971,000	(144,000)
Percentage of the present value of scheme liabilities	3%	2%	2%	9%	1%

\* These figures have been restated to exclude the effect of the change in the valuation assumptions from one year to the next

**2M HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 30 APRIL 2012**

**17 Pension scheme (Continued)**

The charge to the statement of comprehensive income comprises:

	2012 £	2011 £
<b>Analysis of the amount charged to operating profit</b>		
Current service cost	-	-
	<u>          </u>	<u>          </u>
Total operating charge	-	-
	<u>=====</u>	<u>=====</u>
<b>Analysis of amount reported in financial income and expense</b>		
Expected return on pension scheme assets	590,000	523,000
Interest cost	(721,000)	(697,000)
	<u>          </u>	<u>          </u>
Net cost	(131,000)	(174,000)
	<u>=====</u>	<u>=====</u>
<b>Analysis of amount recognised under other comprehensive income</b>		
Experience gains and losses arising on the scheme assets	(96,000)	492,000
Experience gains and losses arising on the scheme liabilities	(1,423,000)	(1,437,000)
	<u>          </u>	<u>          </u>
Net actuarial (losses) / gains recognised under other comprehensive income	(1,519,000)	(945,000)
	<u>=====</u>	<u>=====</u>
<b>Reconciliation of change in assets and liabilities</b>		
<b>Change in defined benefit obligation:</b>		
Defined benefit obligations at beginning of year	13,295,000	12,082,000
Movement in year		
Current service cost	-	-
Interest cost	721,000	697,000
Actual employee contributions	-	-
Actuarial loss on obligation	1,423,000	1,437,000
Actual benefits paid	(462,000)	(921,000)
	<u>          </u>	<u>          </u>
Defined benefit obligation at end of year	14,977,000	13,295,000
	<u>=====</u>	<u>=====</u>



**2M HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2012**

17	<b>Pension scheme (Continued)</b>	<b>2012</b> £	<b>2011</b> £
	<b>Change in plan assets:</b>		
	Fair value of plan assets at beginning of year	10,770,000	10,360,000
	Movement in year		
	Expected return on plan assets	590,000	523,000
	Actual employer contributions	316,000	316,000
	Actual employee contributions	-	-
	Actuarial gain on plan assets	(96,000)	492,000
	Actual benefits paid	(462,000)	(921,000)
		<hr/>	<hr/>
	Fair value of plan assets at end of year	11,118,000	10,770,000
		<hr/> <hr/>	<hr/> <hr/>
	<b>Funded status – Financial position</b>		
	Net pension liability	(3,859,000)	(2,525,000)
		<hr/> <hr/>	<hr/> <hr/>
18	<b>Share capital</b>	<b>2012</b> £	<b>2011</b> £
	<b>Authorised:</b>		
	500,000 Ordinary shares of £1 each	500,000	500,000
		<hr/>	<hr/>
		500,000	500,000
		<hr/> <hr/>	<hr/> <hr/>
	<b>Allotted, called up and fully paid:</b>		
	260,000 Ordinary shares of £1 each	260,000	260,000
		<hr/>	<hr/>
		260,000	260,000
		<hr/> <hr/>	<hr/> <hr/>
		<b>Number of shares</b>	<b>Share Capital</b>
			£
	As at 30 April 2011 and 30 April 2012	260,000	260,000
		<hr/> <hr/>	<hr/> <hr/>

The company has one class of ordinary shares which carry no right to fixed income

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

19	Statement of changes in equity	Attributable to equity shareholders			Total Equity £
		Retained Earnings £	Revaluation Reserve £	Capital Reserve £	
	At 1 May 2010	13,071,500	355,000	69,767	13,496,267
	Total comprehensive income for the year	3,142,013	-	-	3,142,013
	Dividends paid	(140,000)	-	-	(140,000)
	At 30 April 2011	16,073,513	355,000	69,767	16,498,280
	At 1 May 2011	16,073,513	355,000	69,767	16,498,280
	Total comprehensive income for the year	2,796,527	-	-	2,796,527
	Dividends paid	(61,360)	-	-	(61,360)
	At 30 April 2012	18,808,680	355,000	69,767	19,233,447

#### Capital reserve

This reserve relates to non-distributable reserves within the company

20	Cash and cash equivalents	2012	2011
		£	£
	Cash at bank and in hand	1,308,046	3,016,227
	Bank overdrafts/funding	(20,837,394)	(10,503,272)
	Cash and cash equivalents in the cash flow statement	(19,529,348)	(7,487,045)

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 21 Operating leases

The total future minimum lease payments under operating leases are as follows:

	2012 £	2011 £
Within one year	763,091	762,956
Between one and five years	1,108,430	1,279,393
After five years	11,000	44,000
	<hr/>	<hr/>
	1,871,521	2,042,349
	<hr/> <hr/>	<hr/> <hr/>

#### 22 Guarantees and other financial commitments

- a) At 30 April 2012 the group had no capital commitments (2011 £Nil)
- b) The group has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank by 2M Group Limited and its subsidiaries
- c) The group has granted a debenture to a former shareholder of 2M Holdings Limited in respect of amounts due to him from 2M Group Limited
- d) 2M Holdings Limited has issued guarantees to the Samuel Banner Pension Fund Limited as trustee of the Samuel Banner staff pension scheme. The guarantee states that 2M Holdings Limited is obliged to make payments to the Scheme up to a maximum amount of £2,900,000

#### 23 Control

2M Holdings Limited and its subsidiaries are wholly owned subsidiaries of 2M Group Limited, a company incorporated and registered in England and Wales. 2M Group Limited was incorporated on 10 January 2012. The director, M Kessler, retains ultimate control of the Group.

#### 24 Related party transactions

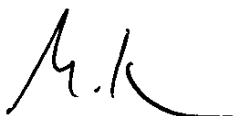
During the year under review subsidiary companies of the group advanced an amount of £10,267,268 to the parent company, 2M Group Limited. These loans are unsecured and have no fixed repayment terms. No interest is chargeable on these loans.

**2M HOLDINGS LIMITED**

**COMPANY BALANCE SHEET  
AS AT 30 APRIL 2012**

	Notes	30 April 2012 £	30 April 2011 £
<b>Fixed assets</b>			
Investments	4	601,238	601,238
<b>Current assets</b>			
Debtors	5	6,074,662	6,086,343
Cash at bank and in hand		405,178	18,458
		<u>6,479,840</u>	<u>6,104,801</u>
<b>Creditors: amounts falling due within one year</b>	6	<u>(5,021,275)</u>	<u>(1,207,897)</u>
<b>Net current assets/ (liabilities)</b>		<u>1,458,565</u>	<u>4,896,904</u>
<b>Total assets less current liabilities</b>		<u>2,059,803</u>	<u>5,498,142</u>
<b>Creditors:</b>			
Amounts falling due after one year	7	-	(3,685,000)
Provisions	8	-	(210,689)
		<u>-</u>	<u>(3,895,689)</u>
<b>Net Assets</b>		<u>2,059,803</u>	<u>1,602,453</u>
<b>Capital and reserves</b>			
Called up share capital	9	260,000	260,000
Profit and loss account	10	1,799,803	1,342,453
		<u>2,059,803</u>	<u>1,602,453</u>
<b>Shareholders' funds - equity</b>	11	<u>2,059,803</u>	<u>1,602,453</u>

The accounts were approved by the Board on 4 September 2012



M Kessler - Director



C Boyle - Director

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 1 Accounting policies

The significant accounting policies, which have been applied in preparing the accounts are as follows

##### 1.1 Basis of preparation

The separate financial statements of the company are presented as required by Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

##### 1.2 Turnover

Turnover represents management fees, intergroup interest and intercompany dividends.

##### 1.3 Investments

Investments are stated at cost less any provision for impairment.

##### 1.4 Deferred Tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 2 Profit attributable to members of the parent company

The company has taken advantage of the exemption under Section 480 of the Companies Act 2006 in not presenting its own profit and loss account. The profit after taxation and dividends amounted to £457,350 for the year ended 30 April 2012 (2011: £256,566).

**2M HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2012**

<b>3</b>	<b>Taxation</b>	<b>2012</b> £	<b>2011</b> £
	<b>UK corporation tax</b>		
	Current year tax (credit)	(35,759)	(36,275)
	Prior year adjustment	35,892	8,357
		<hr/>	<hr/>
	<b>Tax (credit) on profit on ordinary activities</b>	<b>133</b>	<b>(27,918)</b>
		<hr/> <hr/>	<hr/> <hr/>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	518,843	368,648
		<hr/> <hr/>	<hr/> <hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporate tax of 26% (2011 28%)	134,899	103,221
		<hr/>	<hr/>
	<b>Effects of:</b>		
	Non-deductible expenses	433	504
	Prior year adjustment	35,891	8,357
	Dividends and distributions received	(171,090)	(140,000)
		<hr/>	<hr/>
		134,766	(131,139)
		<hr/> <hr/>	<hr/> <hr/>
	Current tax (credit)	133	(27,918)
		<hr/> <hr/>	<hr/> <hr/>
<b>4</b>	<b>Fixed asset investments</b>		
		<b>Shares in subsidiary undertakings</b> £	<b>Other investments</b> £
	<b>Cost</b>		<b>Total</b> £
	At 1 May 2011	601,238	-
	Additions	-	-
	Adjustments	-	-
		<hr/>	<hr/>
	At 30 April 2012	601,238	-
		<hr/> <hr/>	<hr/> <hr/>

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 4 Fixed asset investments (continued)

The group's subsidiary undertakings (incorporated in England and Wales unless otherwise stated below) at 30 April 2012 were as follows

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)	
		2012	2011
<b>Held directly:</b>			
Banner Chemicals Holdings Limited	Holding company	100%	100%
Surfachem Holdings Limited	Holding company	100%	100%
<b>Held indirectly</b>			
Banner Chemicals Limited	Holding company	100%	100%
Samuel Banner & Co Limited	Formulation and distribution of solvents and performance cleaning product	100%	100%
Prism Chemicals Limited	Blending and formulation of solvents and chemical products	100%	100%
M P Storage and Blending Limited	Storage, drumming and blending of solvents and chemical products	100%	100%
Surfachem Group Limited	Holding Company	100%	100%
Surfachem Limited	Distribution of chemical industry products	100%	100%
Samplerite Limited	Distribution of chemical industry samples	100%	100%
Samplerite Qingdao Limited	Distribution of chemical industry samples	100%	100%
FilRite Limited	Decanting and packaging of chemical industry products	100%	100%

The subsidiary company, Samplerite Qingdao Limited, is incorporated in the People's Republic of China and has a reporting date of 31 December. The subsidiary prepares separate accounts for inclusion in the group consolidated financial statements which have been reviewed and agreed by the directors who do not consider that they are material within the context or value of the group as a whole.

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

#### 4 Fixed asset investments (continued)

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)	
		2012	2011
<b>Dormant subsidiaries held indirectly</b>			
Worsall Limited	Dormant	100%	100%
Surfachem International Limited	Dormant	100%	100%
Gel-Chem Limited	Dormant	100%	100%
Speciality Food Ingredients Limited	Dormant	100%	100%
Netscore Limited	Dormant	100%	100%
Samuel Banner Polymers Limited	Dormant	100%	100%
SB Dormantco One Limited	Dormant	100%	100%
SB Dormantco Three Limited	Dormant	100%	100%
2M London Limited	Dormant	100%	100%

#### 5 Debtors

	30 April 2012 £	30 April 2011 £
Due from subsidiary undertakings	6,038,903	6,050,068
Corporation tax repayable	35,759	36,275
	<u>6,074,662</u>	<u>6,086,343</u>
	=====	=====

#### 6 Creditors: Amounts falling due within one year

	30 April 2012 £	30 April 2011 £
Other creditors	22,319	195,600
Accruals	10,700	3,500
Due to subsidiary undertakings	4,988,256	508,797
Bank loans (secured)	-	500,000
	<u>5,021,275</u>	<u>1,207,897</u>
	=====	=====



**2M HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 2012**

**7 Creditors: Amounts due after one year**

	<b>30 April 2012 £</b>	<b>30 April 2011 £</b>
<b>Bank loans (secured)</b>		
Bank loans	-	4,185,000
Due within 1 year	-	(500,000)
	-----	-----
	-	3,685,000
	=====	=====
Due between 1 and 2 years	-	500,000
Due between 2 and 5 years	-	1,686,000
Due after 5 years	-	1,499,000
	-----	-----
	-	3,685,000
	=====	=====

**8 Provisions**

	<b>Provision for onerous contract £</b>
At 1 May 2011	210,689
Interest charged to the profit and loss account	60,561
Repayments	(271,250)
	-----
At 30 April 2012	-
	=====

During 2008 the company entered into a 5 year interest rate swap of £7,000,000 on bank loans and overdrafts at a fixed rate of 6.19%. The directors considered this financial contract as onerous. The element of the interest rate swap which is onerous has been recognised in the financial statements in accordance with FRS 12. In February 2012 this interest rate swap was settled in full.

**9 Share capital**

	<b>£</b>
<b>Authorised</b>	
500,000 ordinary shares of £1 each (2011 - 500,000 ordinary shares of £1 each)	500,000
	=====
<b>Issued and fully paid</b>	
260,000 ordinary shares of £1 each (2011 - 260,000 ordinary shares of £1 each)	260,000
	=====

## 2M HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2012

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#### 10 Statement of movement on reserves

**Profit and loss  
Account**

£

Retained profit at 1 May 2011	1,342,453
Retained profit for the year	518,710
Dividends paid	(61,360)
	<hr/>
At 30 April 2012	1,799,803
	<hr/> <hr/>

#### 11 Reconciliation of movement of shareholders funds

£

Profit for the year	518,710
Dividends	(61,360)
	<hr/>
Net addition to shareholders fund	457,350
Opening shareholders funds	1,602,453
	<hr/>
At 30 April 2012	2,059,803
	<hr/> <hr/>

#### 12 Control

2M Holdings Limited is a wholly owned subsidiary of 2M Group Limited, a company incorporated and registered in England and Wales. This company was incorporated on 10 January 2012.

The director, M Kessler, retains ultimate control of the group.

#### 13 Guarantees and other financial commitments

- a) The company has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank from 2M Group Limited and its subsidiaries.
- b) The company has granted a debenture to a former shareholder in respect of amounts due to him from 2M Group Limited.
- c) 2M Holdings Limited has issued guarantees to the Samuel Banner Pension Fund Limited as trustee of the Samuel Banner staff pension scheme. The guarantee states that 2M Holdings Limited is obliged to make payments to the Scheme up to a maximum amount of £2,900,000.