

Company Registration No. 4530131

2M HOLDINGS LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 30 APRIL 2013



COMPANIES HOUSE COPY

2M HOLDINGS LIMITED

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2M HOLDINGS LIMITED

DIRECTORS, SECRETARY AND ADVISERS

Directors	M Kessler C R Boyle
Company Secretary	C R Boyle
Registered Office	Quadrant House Floor 6 4 Thomas More Square London E1W 1YW
Business Address	Hampton Court Manor Park Runcorn Cheshire WA7 1TU
Company Number	4530131
Auditors	UHY Hacker Young Chartered Accountants Quadrant House 4 Thomas More Square London E1W 1YW
Principal Bankers	Investec Bank plc 2 Gresham Street London EC2V 7QP HSBC Bank plc 4 th Floor City Point 29 King Street Leeds LS1 2HL
Solicitors	Squire Sanders (UK) LLP 2 Park Lane Leeds LS3 1ES

2M HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2013

The directors present their annual report and the audited financial statements of the Group and of the Company for the year ended 30 April 2013

Activities and review of business

The principal activity of the company is to act as a holding company. The principal activities of the Group reflect those of the subsidiary companies and in headline cover supply of products to the personal care and home care industries, solvent blending, formulation and distribution of specialty chemicals products to the paint and coatings industry, supply of precision cleaning products to the aviation, electronics and medical industries, supply of chlorinated solvents for refinery applications, and an increasing presence in vehicle emission reduction solutions. Additionally, the business provides third party chemical blending and storage facilities, and operates a highly specialised global chemical sampling management service.

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.

During the year under review, the group acquired 100% of the issued ordinary share capital of K M Z Chemicals Limited, a company incorporated and registered in England and Wales. K M Z Chemicals Limited principal activity is the distribution of chemical industry products and was acquired by the group in order to enhance its portfolio of products available to the market.

During the year the group also acquired a 65% interest in the ordinary share capital of Banner Chemicals Benelux NV, a company incorporated and registered in Belgium. The acquisition of the interest in Banner Chemicals Benelux NV will enable the group to better service its European markets for the distribution of chemical industry products.

Subsequent events

Subsequent to the period end, the group acquired the business and assets to distribute packed chlorine from Ineos Chlor Vinyls. This acquisition introduces the group to the industrial gas sector and enables it to expand its product portfolio currently available to the market as well as introducing new customers to the wider business. The acquisition has been settled through an initial cash consideration together with further deferred consideration payable over a maximum period of four years.

The group has also acquired an interest of 66.6% in a new subsidiary – Surfachem Nordic AS – based in Norway which will enable the group to better access Scandinavian markets for the distribution of chemical industry products.

Financial Key Performance Indicators

During the year, reported turnover increased to £102,768,977 (2012 £98,935,014), and Gross Profit, a key performance indicator within our business, increased to £22,440,879 (2012 £22,272,885) – an increase of 0.8%, whilst achieving a margin rate of 21.8%. Despite continuing challenging trading conditions the Directors believe that these results demonstrate the underlying strength of the business and its willingness to seek out new areas of business.

Distribution Costs have risen in line with inflation.

Administrative Expenses have increased over prior year by 6.0%, reflecting our willingness to invest in both people and infrastructure for future benefit to the business.

Our Operating Profit has decreased to £5,338,698 (2012 £6,008,982).

2M HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2013

Principal risks and uncertainties

Global uncertainty – during the period the global economy saw only a minor return to previous levels of stability and growth. China continues to exhibit a slow down in growth from its previous heights, the Euro Zone has been flat at best, and continued political unrest in the Middle East affects global trade patterns. 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, will allow us to deliver solid performance during uncertain times.

The group's position at the end of the year

Cash Generation from Operations remains strong at £8,304,249, with both profitable trading and tight control of working capital playing a part.

The overall movement in Cash & Cash Equivalents was £3,878,186 to leave us with a closing position of (£15,651.162).

Our Net Asset position declined by £8,060,269 as a consequence of dividends paid to the ultimate holding company, 2M Group Limited, to enable it to eliminate intercompany balances.

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 8.

An interim ordinary dividend was paid to the parent company amounting to £10,750,000. The directors do not recommend the payment of a final dividend.

Directors

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

M Kessler
C R Boyle

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.

2M HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2013

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

The group has a variety of financing arrangements in place with Investec Bank plc which provide adequate funding support for the pursuit of its day-to-day activities. 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 freehold land and buildings is not materially different to the carrying value of £3,069,589 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

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

2M HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2013**

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



24 September 2013

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

We have audited the group and parent company financial statements of 2M Holdings Limited for the year ended 30 April 2013 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

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 2013 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**

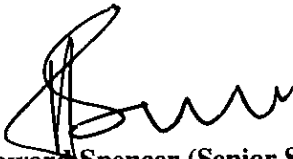
Opinion on other matter prescribed by the Companies Act 2006

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
24 September 2013

2M HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2013

	Notes	2013 £	2012 £
Revenue	2	102,768,977	98,935,014
Cost of sales		(80,328,098)	(76,662,129)
Gross profit		22,440,879	22,272,885
Distribution costs		(6,258,779)	(6,032,070)
Administrative expenses		(10,843,402)	(10,231,833)
Operating profit	3	5,338,698	6,008,982
(Loss) / profit on disposal of property, plant and equipment		(2,881)	1,729
Finance costs	4	(1,527,367)	(1,224,677)
Finance income	5	605,105	653,736
Profit before taxation		4,413,555	5,439,770
Taxation	6	(1,187,888)	(1,488,803)
Profit for the year		3,225,667	3,950,967
Other comprehensive income:			
Actuarial losses on defined benefit scheme		(732,000)	(1,519,000)
Deferred tax associated with defined benefit scheme		168,360	364,560
Currency translation differences		29	-
Other comprehensive income for the year net of tax		(563,611)	(1,154,440)
Total comprehensive income for the year	19	2,662,056	2,796,527

2M HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued) FOR THE YEAR ENDED 30 APRIL 2013

Notes	2013 £	2012 £
Profit attributable to:		
Equity holders of the parent company	3,300,830	3,950,967
Non-controlling interests	(75,163)	-
	<u>3,225,667</u>	<u>3,950,967</u>
	<u><u>3,225,667</u></u>	<u><u>3,950,967</u></u>
Total comprehensive income attributable to:		
Equity holders of the parent company	2,738,114	2,796,527
Non-controlling interests	(76,058)	-
	<u>2,662,056</u>	<u>2,796,527</u>
	<u><u>2,662,056</u></u>	<u><u>2,796,527</u></u>

2M HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2013

	Notes	£	2013 £	£	2012 £
Assets					
Non-current assets					
Intangible assets	9		12,331,487		12,334,685
Property, plant and equipment	10		6,488,907		6,610,457
Deferred tax asset	15		702,640		565,791
			<hr/>		<hr/>
Total non- current assets			19,523,034		19,510,933
Current assets					
Inventories	11	8,304,757		9,867,262	
Trade and other receivables	12	19,242,010		20,341,589	
Other accrued income	12	1,297,857		1,463,717	
Amounts due from parent company	12	601,560		10,267,268	
Cash and cash equivalents	22	2,181,920		1,308,046	
			<hr/>	<hr/>	
Total current assets			31,628,104		43,247,882
			<hr/>		<hr/>
Total assets			51,151,138		62,758,815
			<hr/>		<hr/>
Liabilities					
Current liabilities					
Bank borrowings and overdrafts	14	17,833,082		20,837,394	
Trade and other payables	13	16,764,234		16,889,198	
Current tax liabilities	13	686,584		626,531	
			<hr/>	<hr/>	
Total current liabilities			35 283 900		38,353,123
Non- current liabilities					
Bank borrowings	14	-		1,000,000	
Accruals and deferred income	16	31,060		53,245	
Employee benefit liability	17	4,403,000		3,859,000	
			<hr/>	<hr/>	
Total non- current liabilities			4,434,060		4,912,245
			<hr/>		<hr/>
Total Liabilities			39,717,960		43,265,368
			<hr/>		<hr/>
Total Net Assets			11,433,178		19,493,447
			=====		=====

2M HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued) AS AT 30 APRIL 2013

	Notes	2013 £	2012 £
Equity			
Share capital	18	260,000	260,000
Revaluation reserve	19	355,000	355,000
Other reserves	19	69,767	69,767
Currency reserve	19	924	-
Retained earnings	19	10,795,870	18,808,680
		<hr/>	<hr/>
Equity attributable to equity holders of the parent company		11,481,561	19,493,447
Minority interest in equity	19	(48,383)	-
		<hr/>	<hr/>
		11,433,178	19,493,447
		=====	=====

The financial statements were approved by the Board of Directors and authorised for issue on 24 September 2013



M Kessler
Director



C Boyle
Director

Company Registration No. 4530131

2M HOLDINGS LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2013**

	Notes	2013 £	2012 £
Cash flows from operating activities			
Cash generated from operations	20	8,304,249	3,464,452
Financial expenses		(792,367)	(503,677)
Income taxes paid		(1,052,254)	(1,474,881)
		<hr/>	<hr/>
Net cash generated by operating activities		6,459,628	1,485,894
		<hr/>	<hr/>
Cash flows from investing activities			
Payments for property, plant and equipment		(357,727)	(324,305)
Receipts from sale of non-current assets		-	17,250
Interest received		105	63,736
Acquisitions of subsidiaries net of cash	21	(139,528)	-
		<hr/>	<hr/>
Net cash used in investing activities		(497,150)	(243,319)
		<hr/>	<hr/>
Cash flows from financing activities			
Repayments of long term loans		(1,000,000)	(3,956,250)
New long term bank loans		-	1,000,000
Amounts received from / (advanced to) parent company		9,665,708	(10,267,268)
Dividends paid to company's shareholders		(10,750,000)	(61,360)
		<hr/>	<hr/>
Net cash used in financing activities		(2,084,292)	(13,284,878)
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		3,878,186	(12,042,303)
Cash and cash equivalents at the beginning of the financial year		(19,529,348)	(7,487,045)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	22	(15,651,162)	(19,529,348)
		<hr/> <hr/>	<hr/> <hr/>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1 Accounting policies

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

The group financial statements for the year ended 30 April 2013 consolidate those of the company and its subsidiaries (together referred to as the "group") The company's 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 2013 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 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 holding 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

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

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.

Patents

Patents are valued at cost

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 or valuation 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. Cost represents all expenses incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less all further costs to completion.

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 statement of comprehensive income.

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 statement of comprehensive income 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.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1 9 Employee benefits (continued)

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.

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.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1 13 Share-based payment transactions

The group made share-based payments by way of issue of options for shares in the parent company. The fair value of these payments is calculated by the group using the Black-Scholes option pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the group's best estimate of shares that will eventually vest.

1 14 New standards and interpretations

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

- Amendments to IFRS 7 – Financial Instruments Disclosures
- Amendments to IAS 12 – Deferred Tax Recovery of Underlying Assets

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 group's assets or liabilities or the manner in which they are presented.

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 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.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

1 15 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.

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.

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 2013

2 Segmental reporting

The Board of Directors consider the reportable operating segments 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’s operations, assets and staff are principally located in the United Kingdom. The Directors have concluded that the operations and assets located outside of the United Kingdom do not meet the quantitative thresholds as set out in IFRS 8 and therefore no segmental analysis of assets or profits is presented on a geographical basis

The group generates sales to customers across the world and the geographical analysis of revenue is set out below based on customer location

Revenue		
Geographical location	2013	2012
	£	£
United Kingdom and EIRE	84,844,285	85,025,065
Europe	10,561,376	4,637,683
Americas	1,201,012	1,303,574
Australasia	50,468	35,441
Africa	1,111,531	1,231,166
Middle East	1,925,685	1,127,866
Asia	2,901,339	3,297,348
Other	173,281	2,276,871
	<hr/>	<hr/>
	102,768,977	98,935,014
	<hr/> <hr/>	<hr/> <hr/>

Revenues from 20 (2012: 20) customers of the group’s Storage, Blending and Distribution of Chemical Products segment represent approximately 17% (2012: 19%) of the group’s total revenues

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

2	Segmental reporting (continued)	2013	2012
		Total	Total
		£	£
	Revenue		
	Total revenue	104,732,404	101,493,688
	Inter segment sales	(1,963,427)	(2,558,674)
		=====	=====
	Sales to external customers	102,768,977	98,935,014
		=====	=====
	Profit / (loss)		
	Depreciation on property, plant and equipment	479,036	470,057
		=====	=====
	Segment operating profit / (loss)	5,338,698	6,008,982
	(Loss) / profit on disposal of property, plant and equipment	(2,881)	1,729
	Finance costs	(1,527,367)	(1,224,677)
	Finance income	605,105	653,736
		=====	=====
	Profit / (loss) before taxation	4,413,555	5,439,770
	Taxation	(1,187,888)	(1,488,803)
		=====	=====
	Profit / (loss) for the year	3,225,667	3,950,967
		=====	=====
	Assets and liabilities		
	Capital expenditures	357,727	324,305
		=====	=====
	Segment assets	51,151,138	62,758,815
	Segment liabilities	(39,717,960)	(43,265,368)
		=====	=====
	Total net assets	11,433,178	19,493,447
		=====	=====

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

3 Operating profit

	2013 £	2012 £
The operating profit for the year is stated after charging/(crediting)		
Auditors' remuneration (see below)	85,500	83,500
Depreciation on property, plant and equipment	479,035	470,056
Amounts paid in respect of operating leases for plant and machinery	542,142	560,348
Losses on foreign currency	46,637	8,103
	=====	=====
Audit services		
Fees payable to the company's auditors for the audit of the parent company and Consolidated accounts	9,500	9,500
Fees payable to the company's auditors for the audit of the company's subsidiaries	76,000	74,000
	=====	=====
Other services		
Other services relating to taxation	15,000	15,000
Other	24,000	24,000
	=====	=====

4 Finance costs

	2013 £	2012 £
Bank interest expense	792,367	503,677
Interest on pension scheme liabilities	735,000	721,000
	-----	-----
	1,527,367	1,224,677
	=====	=====

5 Finance income

	2013 £	2012 £
Bank interest income	105	63,736
Expected returns on pension scheme assets	605,000	590,000
	-----	-----
	605,105	653,736
	=====	=====

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

6 Taxation

	2013 £	2012 £
UK corporation tax on profits for the year at 24% (2012 26%)	1,112,307	1,163,295
Deferred tax (credit)/charge origination and reversal of temporary timing differences	75,581	325,508
	<hr/>	<hr/>
Total tax expense in the income statement	1,187,888	1,488,803
	<hr/> <hr/>	<hr/> <hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	4,413,555	5,439,770
	<hr/> <hr/>	<hr/> <hr/>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 24% (2012 26%)	1,059,253	1,414,340
	<hr/>	<hr/>
Effects of		
Non-deductible expenses	34,160	34,403
Depreciation in excess of capital allowances previously unrecognised	102,090	50,225
Other tax adjustments	(7,615)	(10,165)
	<hr/>	<hr/>
	128,634	74,463
	<hr/>	<hr/>
Total tax charge	1,187,888	1,488,803
	<hr/> <hr/>	<hr/> <hr/>

Deferred taxation balances are analysed in note 15

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

7 Staff numbers and costs

	2013 Number	2012 Number
The average number of people employed by the group (including directors) during the year was as follows		
Average number of employees during the year	181 =====	186 =====
Staff costs including directors	2013 £	2012 £
Wages and salaries	6,069,203	5,676,868
Social security costs	662,110	610,066
Other pension costs		
Contributions to defined contribution schemes	270,503	247,797
Contributions to defined benefit schemes	318,000	315,600
Costs of share option scheme	8,386	-
	-----	-----
	7,328,202 =====	6,850,331 =====

During the year under review, the group recognised share-based payments amounting to £8,386 relating to the issue of options for shares in the parent company, 2M Group Limited. The options were issued to director and employee of the group and have not vested at the year-end. Full disclosure of the option scheme is included in the consolidated financial statements of 2M Group Limited.

8 Directors' emoluments

	2013 £	2012 £
Emoluments for qualifying services		
Aggregate directors' emoluments	309,059	288,734
Pension contributions	38,507	38,440
	-----	-----
	347,566 =====	327,174 =====

The number of directors for whom retirement benefits were accruing under defined contribution schemes in the period was 2.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

9 Intangible non-current assets

Group	Patents £	Goodwill £	Total £
At 1 May 2011	1,000	12,333,685	12,334,685
At 1 May 2012	1,000	12,333,685	12,334,685
Acquisition of subsidiary during the year	-	(3,198)	(3,198)
At 30 April 2013	1,000	12,330,487	12,331,487

Goodwill represents the goodwill arising on various acquisitions

On 18 May 2012, the group acquired the issued ordinary share capital of K M Z Chemicals Limited. Full details of the acquisition are set out in note 21 below

In accordance with IFRS 3 – Business Combinations, goodwill is not amortised but rather tested for impairment on an annual basis

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 2013

10 Property, plant and equipment

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
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
	=====	=====	=====	=====
At 1 May 2012	3,985,166	9,960,886	37,000	13,983,052
Acquired with subsidiary	-	15,338	-	15,338
Additions	8,880	348,847	-	357,727
Disposals	-	(21,174)	-	(21,174)
	-----	-----	-----	-----
At 30 April 2013	3,994,046	10,303,897	37,000	14,334,943
	=====	=====	=====	=====
Depreciation				
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
	=====	=====	=====	=====
At 1 May 2012	867,771	6,476,245	28,579	7,372,595
Acquired with subsidiary	-	12,699	-	12,699
Charge for the year	56,686	413,929	8,420	479,035
Disposals	-	(18,293)	-	(18,293)
	-----	-----	-----	-----
At 30 April 2013	924,457	6,884,580	36,999	7,846,036
	=====	=====	=====	=====
Net book value				
At 30 April 2013	3,069,589	3,419,317	1	6,488,907
	=====	=====	=====	=====
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
	=====	=====	=====	=====

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

10 Property, plant and equipment (continued)

Freehold land and buildings include non-depreciable land with a value of £1,337,818 (2012 £1,337,818)

The freehold land and buildings have been revalued by the directors at 30 April 2013 on an open market basis

11 Inventories

	2013 £	2012 £
Goods for resale	8,304,757	9,867,262
	=====	=====

12 Trade and other receivables

	2013 £	2012 £
Trade receivables	19,176,917	20,258,506
Amounts due from parent company	601,560	10,267,268
Other receivables	65,093	83,083
Prepayments and accrued income	1,297,857	1,463,717
	-----	-----
	21,141,427	32,072,574
	=====	=====

13 Trade and other payables

	2013 £	2012 £
Bank loans and overdrafts (secured)	17,833,082	20,837,394
Trade payables	11,423,192	11,000,043
Corporation tax	686,584	626,531
Taxation and social security	1,365,984	1,352,216
Other payables	580,373	794,588
Accruals and deferred income	3,394,685	3,742,351
	-----	-----
	35,283,900	38,353,123
	=====	=====

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 2013

14 Financial Instruments and Financial Risk Management

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

	2013 £	2012 £
Current liabilities:		
Bank facilities, loans and overdrafts (secured)	17,833,082	20,837,394
	=====	=====
Non current:		
Bank loans (secured)	-	1,000,000
	=====	=====
The borrowings are repayable as follows:		
Bank loans		
On demand or within one year	17,833,082	20,837,394
Between one and two years	-	1,000,000
	-----	-----
	17,833,082	21,837,394
Less Amount due within 12 months (shown under current liabilities)	(17,833,082)	(20,837,394)
	-----	-----
	-	1,000,000
	=====	=====

Short term bank funding totalling £17,794,124 is secured on certain of the group's debtors and inventory. The remainder of the short term funding – £38,958 – represents overdrafts.

At 30 April 2013, the group had a term loan totalling £1,000,000 secured on the group's assets which is due for repayment by 31 July 2013.

All of the group's funding is subject to a group guarantee (note 24).

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	- None
Financial liabilities measured at amortised cost	- Overdrafts and loans

The fair values of all financial assets and liabilities are not materially different from their carrying amounts.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

14 Financial Instruments and Financial Risk Management (continued)

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

iii) Liquidity risk

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

iv) Interest rate risk

During the year to 30 April 2012 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

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

15 Deferred tax assets and liabilities

	Employee Benefits £	Excess capital allowances £	Other timing differences £	Total £
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	<u>(926,160)</u> =====	<u>412,378</u> =====	<u>(52,009)</u> =====	<u>(565,791)</u> =====
As at 1 May 2012	(926,160)	412,378	(52,009)	(565,791)
Acquired with subsidiary	-	418	(44,488)	(44,070)
Charge/(credit) to income statement	81,830	(9,708)	3,459	75,581
Charge/(credit) to equity	(168,360)	-	-	(168,360)
As at 30 April 2013	<u>(1,012,690)</u> =====	<u>403,088</u> =====	<u>(93,038)</u> =====	<u>(702,640)</u> =====
Deferred tax asset	(1,012,690)	-	(93,038)	(1,105,728)
Deferred tax liability	-	403,088	-	403,088
As at 30 April 2013	<u>(1,012,690)</u> =====	<u>403,088</u> =====	<u>(93,038)</u> =====	<u>(702,640)</u> =====

Deferred tax is provided for at the future tax rate applying at the reporting date. At 30 April 2013 the future tax rate applying was 23% (2012 24%)

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

16 Accruals and deferred income

	2013 £	2012 £
Balance at 1 May 2012	141,987	248,477
Credit to income in the year	(88,742)	(106,490)
	<hr/>	<hr/>
Included under current liabilities	53,245 (22,185)	141,987 (88,742)
	<hr/>	<hr/>
Balance at 30 April 2012	31,060	53,245
	<hr/> <hr/>	<hr/> <hr/>

17 Pension liability

Defined Contribution Scheme

The group operates a Defined Contribution Pension Scheme. During the year ended 30 April 2013 the pension cost charge to the statement of comprehensive income amounted to £270,503 (2012 £247,797). 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 2013. 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 £12 million and the actuarial valuation of these assets represented 73% 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 £318,000 (2012 £316,000). The estimated employer contributions to the scheme for the next financial year are £346,000.

The scheme's deficit shown below under the IAS 19 basis is £4,403,000 as at 30 April 2013 (2012 £3,859,000).

The directors have relied upon advice from H. Dalton, 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 2013

17 Pension liability (continued)

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

	2013	2012
	Projected Unit	Projected Unit
Valuation method		
Discount rate	4.3%	5.0%
Inflation rate	3.0%	2.9%
Expected rate of salary increases	2.3%	2.9%
Increase to pensions and deferred pensions	3.0%	2.9%
Expected return on assets*	5.5%	5.5%

*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 2013

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2013

17 Pension scheme (continued)
The assets in the pension scheme and the expected rates of return were

	Rate of return expected at 2013	Value at 2013 £	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 £
Equities	7.75%	4,674,000	7.75%	4,113,660	7.3%	4,200,300	7.0%	4,040,400	7.5%	3,187,060
Bonds	3.5%/5.0%	6,839,000	3.5%/5.0%	6,337,260	3.3%/4.5%	5,600,400	3.5%/5.0%	5,180,000	3.5%/4.75%	4,193,500
Others	3.5%/6.5%	501,000	3.5%/6.5%	667,080	3.3%/5.8%	969,300	3.5%/5.75%	1,139,600	3.5%/6%	1,006,440
Total market value of scheme assets		12,014,000		11,118,000		10,770,000		10,360,000		8,387,000
Present value of the scheme's liabilities (provided by the actuary)		(16,417,000)		(14,977,000)		(13,295,000)		(12,082,000)		(10,932,000)
Net pension liability (funded)		(4,403,000)		(3,859,000)		(2,525,000)		(1,722,000)		(2,545,000)

The history of experience adjustments is as follows

Experience gains/(losses) on scheme assets	Amount (£)	Percentage of scheme assets
Experience gains/(losses) on scheme liabilities	48,000	1%
Experience gains/(losses) on scheme assets	(96,000)	1%
Experience gains/(losses) on scheme liabilities	(258,000)	2%
Experience gains/(losses) on scheme assets	492,000	5%
Experience gains/(losses) on scheme liabilities	(2,307,000)	28%
Experience gains/(losses) on scheme assets	1,618,000	16%
Experience gains/(losses) on scheme liabilities	185,000	2%
Experience gains/(losses) on scheme assets	(2,545,000)	25%
Experience gains/(losses) on scheme liabilities	971,000	9%

2M HOLDINGS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2013**

17 Pension scheme (Continued)

The charge to the statement of comprehensive income comprises:

	2013	2012
	£	£
Analysis of the amount charged to operating profit		
Current service cost	-	-
	<u> </u>	<u> </u>
Total operating charge	-	-
	<u> </u>	<u> </u>
Analysis of amount reported in financial income and expense		
Expected return on pension scheme assets	605,000	590,000
Interest cost	(735,000)	(721,000)
	<u> </u>	<u> </u>
Net cost	(130,000)	(131,000)
	<u> </u>	<u> </u>
Analysis of amount recognised under other comprehensive income		
Experience gains and losses arising on the scheme assets	531,000	(96,000)
Experience gains and losses arising on the scheme liabilities	(1,263,000)	(1,423,000)
	<u> </u>	<u> </u>
Net actuarial losses gains recognised under other comprehensive income	(732,000)	(1,519,000)
	<u> </u>	<u> </u>
Reconciliation of change in assets and liabilities		
Change in defined benefit obligation:		
Defined benefit obligations at beginning of year	14,977,000	13,295,000
Movement in year		
Current service cost	-	-
Interest cost	735,000	721,000
Actual employee contributions	-	-
Actuarial loss on obligation	1,263,000	1,423,000
Actual benefits paid	(558,000)	(462,000)
	<u> </u>	<u> </u>
Defined benefit obligation at end of year	16,417,000	14,977,000
	<u> </u>	<u> </u>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

17	Pension scheme (Continued)	2013 £	2012 £
	Change in plan assets:		
	Fair value of plan assets at beginning of year	11,118,000	10,770,000
	Movement in year		
	Expected return on plan assets	605,000	590,000
	Actual employer contributions	318,000	316,000
	Actual employee contributions	-	-
	Actuarial gain on plan assets	531,000	(96,000)
	Actual benefits paid	(558,000)	(462,000)
		<hr/>	<hr/>
	Fair value of plan assets at end of year	12,014,000	11,118,000
		<u>=====</u>	<u>=====</u>
	Funded status – Financial position		
	Net pension liability	(4,403,000)	(3,859,000)
		<u>=====</u>	<u>=====</u>
18	Share capital	2013 £	2012 £
	Authorised:		
	500,000 Ordinary shares of £1 each	500,000	500,000
		<hr/>	<hr/>
		500,000	500,000
		<u>=====</u>	<u>=====</u>
	Allotted, called up and fully paid:		
	260,000 Ordinary shares of £1 each	260,000	260,000
		<hr/>	<hr/>
		260,000	260,000
		<u>=====</u>	<u>=====</u>
		Number of shares	Share Capital
			£
	As at 30 April 2012 and 30 April 2013	260,000	260,000
		<u>=====</u>	<u>=====</u>

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 2013**

19 Statement of changes in equity	Retained Earnings	Attributable to equity shareholders				Total	Non-Controlling Interests	Total Equity
		£	Revaluation Reserve	Capital Reserve	Currency Reserve			
At 1 May 2011	16,073,513	355,000	69,767	-	16,498,280	-	16,498,280	
Total comprehensive income for the year	2,796,527	-	-	-	2,796,527	-	2,796,527	
Dividends paid	(61,360)	-	-	-	(61,360)	-	(61,360)	
At 30 April 2012	18,808,680	355,000	69,767	-	19,233,447	-	19,233,447	
At 1 May 2012	18,808,680	355,000	69,767	-	19,233,447	-	19,233,447	
Total comprehensive income for the year	2,737,190	-	-	924	2,738,114	(76,058)	2,662,056	
Non-controlling interest in equity	-	-	-	-	-	27,675	27,675	
Dividends paid	(10,750,000)	-	-	-	(10,750,000)	-	(10,750,000)	
At 30 April 2013	10,795,870	355,000	69,767	924	11,221,561	(48,383)	11,173,178	

Capital reserve

This reserve relates to non-distributable reserves within the company

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

20	Cash generated from operations	2013 £	2012 £
	Profit before taxation	4,413,555	5,439,770
	Add back non-operating items		
	Financial income	(605,105)	(653,736)
	Financial expense	1,527,367	1,224,677
	Loss / (profit) on sale of property, plant and equipment	2,881	(1,729)
	Adjustments for		
	Pension movement (cost less contributions)	(318,000)	(316,000)
	Depreciation	479,036	470,056
	Other non-cash items	79,248	-
	Decrease / (increase) in inventories	1,712,643	(1,236,540)
	Decrease in receivables	1,518,457	1,774,513
	Decrease in payables	(505,833)	(3,236,559)
		8,304,249	3,464,452
	Cash generated from operations	8,304,249	3,464,452

21 Business combinations

Acquisition of K M Z Chemicals Limited

On 18 May 2012, the group acquired 100% of the issued ordinary share capital of KMZ Chemicals Limited, a company registered and incorporated in England and Wales. The acquisition was settled by a cash consideration of £49,435.

Recognised amounts of identifiable assets acquired and liabilities assumed	£
Cash and cash equivalents	(38,548)
Property, plant and equipment	2,640
Deferred tax asset	44,070
Inventories	150,138
Trade and other receivables	253,018
Trade and other payables	(358,685)
	52,633
Total identifiable net assets	52,633
Goodwill	(3,198)
	49,435
Total	49,435

Acquisition of Banner Chemicals Benelux NV

Banner Chemicals Benelux NV was incorporated on 18 August 2012 and is registered in Belgium. The group subscribed to acquire 65% of the ordinary share capital of the company at par value at incorporation. The acquisition was settled by a cash consideration of £51,545. There were no identifiable assets or liabilities at acquisition.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

21 Business combinations (continued)

Reconciliation of amounts paid to acquire subsidiaries net of cash		£
Amounts paid on acquisition		
KMZ Chemicals Limited		49,435
Banner Chemicals Benelux NV		51,545
		<hr/>
Total paid		100,980
Cash and cash equivalents		38,548
		<hr/>
		139,528
		<u>=====</u>

22 Cash and cash equivalents

	2013	2012
	£	£
Cash at bank and in hand	2,181,920	1,308,046
Bank overdrafts/funding	(17,833,082)	(20,837,394)
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	(15,651,162)	(19,529,348)
	<u>=====</u>	<u>=====</u>

23 Operating leases

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

	2013	2012
	£	£
Within one year	721,254	763,091
Between one and five years	1,036,697	1,108,430
After five years	-	11,000
	<hr/>	<hr/>
	1,757,951	1,882,521
	<u>=====</u>	<u>=====</u>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

24 Guarantees and other financial commitments

- a) At 30 April 2013 the group had no capital commitments (2012 £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

25 Control

The ultimate parent company is 2M Group Limited, a company incorporated and registered in England and Wales

The director, M Kessler, retains ultimate control of the Group

26 Related party transactions

At 1 May 2012 there was an amount due to the group of £10,267,268 from the parent company, 2M Group Limited. During the year an amount of £9,665,708 was repaid and at 30 April 2013 a balance of £601,560 remains outstanding and is included under current assets. The loan to the parent company is unsecured and has no fixed repayment terms. No interest is chargeable on the loan.

During the year the group advanced amounts totalling £5,635 to a director of a subsidiary company who is also a director of the parent company. This amount remains outstanding at the year-end and is included within Other Accrued Income under current assets. The advance is interest free, unsecured and repayable on demand.

Trade and other payables include an amount of £70,314 due to Arpadis Suisse AG. Arpadis Suisse AG is the non-controlling interest holder in the subsidiary company Banner Chemicals Benelux NV. The loan is interest free, unsecured and has no fixed repayment terms.

27 Subsequent events

Subsequent to the period end, the group acquired the business and assets to distribute packed chlorine from Ineos Chlor Vinyls. This acquisition introduces the group to the industrial gas sector and enables it to expand its product portfolio currently available to the market as well as introducing new customers to the wider business. The acquisition has been settled through an initial cash consideration together with further deferred consideration payable over a maximum period of four years.

The group has also acquired an interest of 66.6% in a new subsidiary – Surfachem Nordic AS – based in Norway which will enable the group to better access Scandinavian markets for the distribution of chemical industry products.

2M HOLDINGS LIMITED

**COMPANY BALANCE SHEET
AS AT 30 APRIL 2013**

	Notes		30 April 2013		30 April 2012
		£	£	£	£
Fixed assets					
Investments	4		601,238		601,238
Current assets					
Debtors	5	6,051,295		6,074,662	
Cash at bank and in hand		25,220		405,178	
		6,076,515		6,479,840	
Creditors: amounts falling due within one year	6	(4,788,108)		(5,021,275)	
Net current assets/ (liabilities)			1,288,407		1,458,565
Total assets less current liabilities			1,889,645		2,059,803
Net Assets			1,889,645		2,059,803
Capital and reserves					
Called up share capital	7		260,000		260,000
Profit and loss account	8		1,629,645		1,799,803
Shareholders' funds - equity	9		1,889,645		2,059,803

The accounts were approved by the Board on 24 September 2013

M Kessler - Director




C Boyle - Director

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

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 £10,579,842 for the year ended 30 April 2013 (2012: £457,350).

2M HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2013**

3	Taxation	2013 £	2012 £
	UK corporation tax		
	Current year tax credit	(5,869)	(35,759)
	Prior year adjustment	-	35,892
		<hr/>	<hr/>
	Tax (credit) / charge on profit on ordinary activities	(5,869)	133
		=====	=====
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	10,573,973	518,843
		<hr/>	<hr/>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporate tax of 24% (2012 26%)	2,537,754	134,899
		<hr/>	<hr/>
	Effects of:		
	Non-deductible expenses	377	433
	Prior year adjustment	-	35,891
	Dividends and distributions received	(2,544,000)	(171,090)
		<hr/>	<hr/>
		(2,543,623)	(134,766)
		=====	=====
	Current tax (credit) / charge	(5,869)	133
		=====	=====
4	Fixed asset investments		Shares in subsidiary undertakings £
	Cost		
	At 1 May 2012		601,238
	Additions		-
	Adjustments		-
			<hr/>
	At 30 April 2013		601,238
			=====

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

4 Fixed asset investments (continued)

The group's subsidiary undertakings (incorporated in England and Wales unless otherwise stated below) at 30 April 2013 were as follows

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)	
		2013	2012
Held directly:			
Banner Chemicals Holdings Limited	Holding company	100%	100%
Surfachem Holdings Limited	Holding company	100%	100%
Packed Chlorine Limited	Dormant	100%	-
Held indirectly			
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%
K M Z Chemicals Limited	Distribution of chemical industry products	100%	-
Banner Chemicals Benelux NV	Distribution of chemical industry products	65%	-
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%

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

4 Fixed asset investments (continued)

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.

The subsidiary company, Banner Chemicals Benelux NV is incorporated in Belgium.

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)	
		2013	2012
Dormant subsidiaries held indirectly			
2M London Limited	Dormant	100%	100%
Gel-Chem Limited	Dormant	100%	100%
Integrated Chemicals Specialties UK Limited	Dormant	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%
Speciality Food Ingredients Limited	Dormant	100%	100%
Surfachem International Limited	Dormant	100%	100%
Worsall Limited	Dormant	100%	100%

5 Debtors

	30 April 2013 £	30 April 2012 £
Due from subsidiary undertakings	6,045,426	6,038,903
Corporation tax repayable	5,869	35,759
	<u>6,051,295</u>	<u>6,074,662</u>
	=====	=====

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

6	Creditors: Amounts falling due within one year	30 April 2013 £	30 April 2012 £
	Other creditors	9,196	22,319
	Accruals	13,680	10,700
	Due to parent and subsidiary undertakings	4,765,232	4,988,256
		<hr/>	<hr/>
		4,788,108	5,021,275
		<hr/> <hr/>	<hr/> <hr/>
7	Share capital		
	Authorised		£
	500,000 ordinary shares of £1 each (2012 - 500,000 ordinary shares of £1 each)		500,000
			<hr/> <hr/>
	Issued and fully paid		
	260,000 ordinary shares of £1 each (2012 - 260,000 ordinary shares of £1 each)		260,000
			<hr/> <hr/>
8	Statement of movement on reserves		Profit and loss Account
			£
	Retained profit at 1 May 2012		1,799,803
	Retained profit for the year		10,579,842
	Dividends paid		(10,750,000)
			<hr/>
	At 30 April 2013		1,629,645
			<hr/> <hr/>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2013

9 Reconciliation of movement of shareholders funds

	£
Profit for the year	10,579,842
Dividends	(10,750,000)
	<hr/>
Net reduction in shareholders fund	(170,158)
Opening shareholders' funds	2,059,803
	<hr/>
At 30 April 2013	1,889,645
	<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

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

14 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party transactions' not to disclose transactions entered with wholly owned group companies on the ground that consolidated financial statements are prepared for the group

At 30 April 2013 there was an amount due to the parent company, 2M Group Limited, of £150,000. The loan from the parent company is unsecured and has no fixed repayment terms. No interest is chargeable on the loan.