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COMPANIES HOUSE COPY

2M HOLDINGS LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006



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2M HOLDINGS LIMITED

COMPANY FORMATION

Company number: 4530131

Directors: M Kessler
I J Thomas

Secretary: I J Thomas

Registered office: St Alphage House
2 Fore Street
London
EC2Y 5DH

Business address: Hampton Court
Manor Park
Runcorn
Cheshire
WA7 1TU

Auditors: UHY Hacker Young LLP
St Alphage House
2 Fore Street
London EC2Y 5DH

Bankers: Royal Bank of Scotland
1 Dale Street
Liverpool
L2 2PP

2M HOLDINGS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and accounts for the year ended 31 December 2006

Principal activities and review of the business

The principal activity of the company is to act as a holding company

Results for the year and dividends

The consolidated results for the year are set out on page 5 Dividends of £2,064,675 (2005 nil) were paid during the year Retained profits of £8,787,284 have been transferred to reserves

The Group's performance and developments

Group turnover increased by 6.0% to £36,728,649 (2005 £34,658,135) Gross profit improved to £7,414,181 (2005 £7,331,888), reflecting the fact that much of our business is commodity driven, where revenues and costs move in unison

Operating costs increased by £752,756 – driven, in part, by the Group's investment in resources to enter new, value-added product areas, and in part by expenditure relating to the disposal of the major operating site of a key subsidiary business

Following the announcement on 6 July 2005 that the 2012 Olympic Games had been awarded to London, a Group company concluded an agreement with the London Development Agency (LDA) for the sale of its London property on 28 July 2006. The Group company continues to operate from the Marshgate Lane, Stratford property under a lease agreement with the LDA, and will vacate the premises on 2 July 2007

In order to secure the future of the business, the Group sought alternative locations, and on 2 October 2006 Banner Chemicals Limited, a subsidiary company, acquired M P Storage & Blending Limited, a highly successful toll blending and storage business in its own right, yet with the added advantage of a 5.5 acre freehold site, situated on the south bank of the River Tees

A number of key employees will transfer with the business to Teesside For those Stratford employees choosing not to relocate, the Directors wish to express their gratitude for the efforts and commitments these employees have made over many years, and wishes each every success for the future

The Group continues to operate from its freehold property in Liverpool

The Group's position at the end of the year

Following the sale of the London site to the LDA, the business has been able to reduce its levels of debt – combined bank loans and overdrafts reduced to nil (2005 £5,847,725) The impact changed Net Current Liabilities at 2005 (£633,320) to net current assets 2006 £6,345,534

2M HOLDINGS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Group acquired M P Storage & Blending Limited during the year for £2,318,378 in cash. This transaction has increased the level of intangible asset by £42,544.

Companies with the Group operate a defined benefit pension scheme. The Scheme has been closed to new entrants for some years. During 2006 the Scheme was closed to future entrants. The Group continues to make payments to the Scheme in line with agreements reached with the Trustees. The deficit has reduced to £2,045,000 (2005: £2,636,000) calculated using the basis set out in FRS17.

Directors interests

According to the register kept by the company the directors had interests in the shares of the Company at the beginning and end of the year as follows:

	Ordinary shares of £1 each	
	31 December 2006	31 December 2005
M Kessler	130,000	130,000
I J Thomas	130,000	130,000

There have been no further changes in the interests of the directors in the share capital of the company between 31 December 2006 and 22 June 2007 the date on which these accounts were approved.

Interests in contracts

In the year under review, no director had a material interest in any contracts of significance with the company or with any other member of the Group.

Employment policy

During the year the Group has maintained close consultation with its employees in matters likely to affect their interests and is committed to involving them in the performance and development of the Group.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons. Where existing employees become disabled it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development.

Creditor payment policy

It is the Group's policy to establish payment terms with suppliers and to adhere to those terms, provided that the goods and services received are in accordance with the agreed terms and conditions.

2M HOLDINGS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

Auditors

On 30 April 2007 the Company's auditors, UHY Hacker Young, transferred their business to a limited liability partnership, UHY Hacker Young LLP ("the LLP") and the office of auditor has passed to the LLP. In accordance with Section 385 of the Companies Act 1985, a resolution that UHY Hacker Young LLP be reappointed as auditors of the Company will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is not relevant audit information of which the company's auditors are unaware, and

(b) they 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.

On behalf of the board



N. Thomas

Secretary

22 June 2007

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

We have audited the financial statements of 2M Holdings Limited on pages 5 to 29 for the year ended 31 December 2006. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

As described in the directors' report on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2006 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements.



UHY Hacker Young LLP
Chartered Accountants
Registered Auditors

20 June 2007

2M HOLDINGS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Turnover	2	36,728,649	34,658,135
Cost of sales		(29,314,468)	(27,326,247)
Gross profit		7,414,181	7,331,888
Distribution costs		(2,998,885)	(2,628,300)
Administration costs		(4,238,286)	(3,868,537)
Amortisation of goodwill		(78,211)	(80,090)
Other income		5,092	19,393
Operating profit	3	103,891	774,354
Profit on disposal of fixed assets		9,291,748	-
Interest received	4	90,018	20,740
Interest payable and similar charges	5	(452,093)	(627,521)
Profit on ordinary activities before taxation		9,033,564	167,573
Taxation	8	75,890	(1,029)
Profit on ordinary activities after taxation		9,109,454	166,544
Minority interests – equity	22	(322,170)	(5,164)
Retained profit for the year	20	8,787,284	161,380

The Group's operations in the year continued unchanged

2M HOLDINGS LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006	2005
	£	£
Profit for the year	8,787,284	161,380
Unrealised surplus on revaluation of properties	355,000	-
Actuarial gain relating to the pension scheme	898,000	66,000
Deferred tax charge relating to the pension scheme	(254,000)	(2,000)
	<hr/>	<hr/>
Total recognised gains and losses for the year	9,786,284	225,380
	=====	=====

2M HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

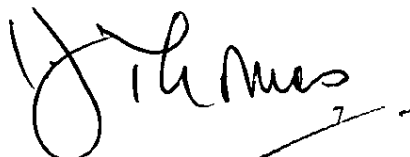
	Notes	£	2006 £	£	2005 £
Fixed assets					
Intangible assets	10		1,418,007		1,453,674
Tangible assets	11		3,099,246		3,759,042
Investments	12		300		-
			<hr/>		<hr/>
			4,517,553		5,212,716
Current assets					
Debtors and prepayments	13	7,550,567		7,278,329	
Stocks	14	2,287,147		1,666,512	
Cash at bank and in hand		1,585,382		604,054	
		<hr/>		<hr/>	
		11,423,096		9,548,895	
Creditors: amounts falling due within one year	15	(5,077,562)		(10,182,215)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			6,345,534		(633,320)
			<hr/>		<hr/>
Total assets less current liabilities			10,863,087		4,579,396
Creditors: Amounts falling due after one year	16		(1,351)		(1,212,739)
Provision for liabilities and charges	17		(98,500)		(56,200)
			<hr/>		<hr/>
Net assets excluding pension liabilities			10,763,236		3,310,457
Pension liability	18		(2,045,000)		(2,636,000)
			<hr/>		<hr/>
Net assets including pension liability			8,718,236		674,457
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	19		260,000		260,000
Capital reserve	20		69,767		69,767
Revaluation reserve	20		355,000		-
Profit and loss account	20		7,688,584		321,975
			<hr/>		<hr/>
Shareholders' funds - equity	21		8,373,351		651,742
Minority interests - equity	22		344,885		22,715
			<hr/>		<hr/>
Total capital employed			8,718,236		674,457
			<hr/>		<hr/>

The accounts were approved by the Board on 22 June 2007

M Kessler – Director



I J Thomas – Director



2M HOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Fixed assets			
Investments	12	250,300	250,000
Current assets			
Debtors	13	6,712	6,957
Cash at bank and in hand		32,270	563
		<u>38,982</u>	<u>7,520</u>
Creditors: amounts falling due within one year	15	<u>(27,077)</u>	<u>(16,077)</u>
Net current assets/ (liabilities)		<u>11,905</u>	<u>(8,577)</u>
Total assets less current liabilities		<u><u>262,205</u></u>	<u><u>241,443</u></u>
Capital and reserves			
Called up share capital	19	260,000	260,000
Profit and loss account	20	2,205	(18,557)
Shareholders funds - equity		<u><u>262,205</u></u>	<u><u>241,443</u></u>

The accounts were approved by the Board on 22 June 2007

M Kessler – Director



I J Thomas – Director



2M HOLDINGS LIMITED

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

		2006		2005	
	Notes	£	£	£	£
Net cash inflow from operating activities	23		(79,867)		1,251,694
Returns on investment and servicing of finance					
Interest and similar charges paid		(363,847)		(606,781)	
Dividends paid		(2,064,675)		-	
Net cash outflow for returns on investments and servicing of finance			(2,428,522)		(606,781)
Taxation paid			(75,765)		(63,796)
Capital expenditure and financial investment					
Payment to acquire tangible fixed assets		(136,071)		(327,761)	
Payment to acquire investments		(300)		-	
Receipts from sales of tangible assets		12,425,767		-	
Net cash inflow/(outflow) for capital expenditure			12,289,396		(327,761)
Acquisition					
Purchase of subsidiary undertaking	12	(2,318,378)		-	
Net cash outflow from acquisition			(2,318,378)		-
Net cash inflow before financing			7,386,864		253,356
Financing					
Proceeds from issue of shares in subsidiary		-		80,000	
Bank loan repaid		(1,167,173)		(291,305)	
Finance lease payments		(49,137)		(49,815)	
Cash outflow from financing			(1,216,310)		(261,120)
Cash inflow/(outflow) in the year	24		6,170,554		(7,764)

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

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

1.1 Basis of preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of freehold properties and in accordance with applicable accounting standards

1.2 Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all its subsidiary undertakings drawn up to 31 December 2006 using the principle of acquisition accounting. Intra-group sales, transactions and profits are eliminated on consolidation.

1.3 Goodwill

Goodwill is the difference between the amount paid on the acquisition of a company and the aggregate fair value of its separable net assets. Goodwill is capitalised as an intangible fixed asset and is amortised over the directors' estimate of its useful life of 20 years. If a subsidiary undertaking is subsequently sold, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale.

1.4 Impairment of value

The group undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

1.5 Turnover

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

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

Freehold buildings	-	50 years
Plant and machinery	-	10-20 years
Fixtures, fittings and equipment	-	3-10 years
Motor vehicles	-	4-5 years

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 7 Investments

Investments are stated at cost less any provision for impairment

1 8 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.

1 9 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1 10 Stocks

Stocks are valued at the lower of cost and net realisable value.

1 11 Foreign currencies

Trading results are translated into sterling using the rate of exchange as at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

1 12 Pensions

Companies within the Group operate a defined benefit pension scheme for all eligible employees. 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 the statement of total recognised gains and losses.

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 attained age method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies (cont/d)

1 12 Pensions (cont/d)

The companies within the group also participate in a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable within the rules of the scheme.

2 Turnover

Group turnover arises from the principal activity and arises predominately in the United Kingdom.

	The Group 2006 £	The Group 2005 £
3 Operating profit		
Operating profit is stated after charging		
Depreciation of tangible fixed assets	273,135	203,301
Auditors remuneration - audit services	31,500	25,000
- tax services	7,500	6,500
- other	56,750	20,170
Amortisation of goodwill	78,211	80,090
Operating lease rentals	204,609	184,867
	=====	=====
4 Interest received		
Bank interest received	90,018	20,740
	=====	=====
5 Interest payable and similar charges		
Bank interest	246,604	419,032
Hire purchase interest	7,489	7,489
Expected return on pension scheme assets	(465,000)	(445,000)
Interest on pension scheme liabilities	663,000	646,000
	=====	=====
	452,093	627,521
	=====	=====

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

6 Staff numbers and costs

	The Group 2006	The Group 2005
The average number of people employed by the Group (including directors) during the year was as follows:		
	Number	Number
Average number of employees during the year	70 ==	61 ==
Staff costs, including directors		
	£	£
Wages and salaries	1,891,296	1,666,293
Social security	201,882	188,441
Other pension costs	277,316	117,642
	<hr/>	<hr/>
	2,370,494 =====	1,972,376 =====

7 Directors emoluments

The emoluments of the directors of the Company for qualifying purposes during the year was £170,668 (2005 £158,004).

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

8 Taxation

	2006 £	2005 £
The tax (credit) comprises - UK corporate tax		
Current year tax charge	16,500	39,633
Adjustment to prior period charge	-	(27,609)
	<hr/>	<hr/>
Current tax charge	16,500	12,024
Deferred tax		
Current year tax credit/charge	(92,390)	(10,995)
	<hr/>	<hr/>
Tax (credit) on profit on ordinary activities	<u>(75,890)</u>	<u>1,029</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>9,033,564</u>	<u>167,573</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporate tax of 30% (2005: 30%)	<u>2,710,069</u>	<u>50,272</u>
Effects of:		
Non-deductible expenses	10,143	7,324
Depreciation	101,092	85,017
Capital allowances	(53,762)	(74,524)
Adjustment to prior periods	-	(27,609)
Tax losses utilised	(2,747,222)	(29,353)
Other tax adjustment	(3,820)	897
	<hr/>	<hr/>
	<u>(2,693,569)</u>	<u>(38,248)</u>
Current tax charge	<u>16,500</u>	<u>12,024</u>

Capital losses brought forward have been utilised against the gain arising on the disposal of a subsidiary company's freehold property

9 Profit attributable to members of the parent company

The company has taken advantage of the exemption under Section 230 of the Companies Act 1985 in not presenting its own profit and loss account. The profit after taxation and dividends amounted to £20,762 for the year ended 31 December 2006 (2005: £28 loss) has been dealt with in the accounts of the company.

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

10	Intangible fixed assets	Goodwill
		£
	Cost	
	At 1 January 2006	1,553,591
	Acquisition of subsidiary (note 12(b))	42,544
		<hr/>
	At 31 December 2006	1,596,135
		<hr/> <hr/>
	Amortisation	
	At 1 January 2006	99,917
	Charge for the year	78,211
		<hr/>
	At 31 December 2006	178,128
		<hr/> <hr/>
	Net book value	
	At 31 December 2006	1,418,007
		<hr/> <hr/>
	At 31 December 2005	1,453,674
		<hr/> <hr/>

Goodwill is amortised over the period which the directors' estimate will represent its useful economic life, being 20 years

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

11 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2006	3,049,913	3,692,062	-	6,741,975
Additions	33,484	102,587	-	136,071
Revaluation	355,000	-	-	355,000
Acquired with subsidiary	1,550,518	2,092,066	16,345	3,658,929
Disposals	(2,299,610)	(1,265,026)	(13,275)	(3,577,911)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2006	<u>2,689,305</u>	<u>4,621,689</u>	<u>3,070</u>	<u>7,314,064</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1 January 2006	340,537	2,642,396	-	2,982,933
Acquired with subsidiary	129,352	1,607,676	7,243	1,744,271
Charge for the year	40,613	232,415	107	273,135
Disposals	(179,630)	(600,913)	(4,978)	(785,521)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2006	<u>330,872</u>	<u>3,881,574</u>	<u>2,372</u>	<u>4,214,818</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 December 2006	<u>2,358,433</u>	<u>740,115</u>	<u>698</u>	<u>3,099,246</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2005	<u>2,709,376</u>	<u>1,049,666</u>	<u>-</u>	<u>3,759,042</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The freehold land and buildings have been revalued at open market value, existing use by the directors and the surplus of £355,000 has been transferred to the revaluation reserve

Freehold land and buildings include non-depreciable land with a value of £900,000 (2005 £2,175,000)

The net book value of tangible fixed assets, includes £nil (2005: £198,396) in respect of assets held under lease and hire purchase contracts. Depreciation charged in the year on these assets amounted to £16,508 (2005 £16,508)

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

12 Fixed asset investment

a) Investment	Shares in subsidiary undertakings £	Other investments £
Cost		
At 1 January 2006	250,000	-
Additions	-	300
	<hr/>	<hr/>
At 31 December 2006	250,000	300
	<hr/>	<hr/>

The Group's subsidiary undertakings (all of which are incorporated in the UK) at 31 December 2006 were as follows

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)
Held directly:		
Banner Chemicals Holdings Limited	Holding company	97%
Held indirectly		
Banner Chemicals Limited	Holding company	100%
Samuel Banner & Co Limited	Formulation and distribution of Solvents and performance cleaning product	100%
Prism Chemicals Limited	Blending and formulation of solvents and chemical products	100%
M P Storage and Blending Limited (Acquired 2 October 2006)	Storage, drumming and blending of solvents and chemical products	100%

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

12 Fixed asset investment (continued)

b) Acquisition during the year

The Groups share of net assets in respect of the acquisition of M P Storage and Blending Limited and the goodwill arising are set out below.-

	Book Value £	Adjustment £	Fair Value £
Tangible fixed assets	967,658	947,000	1,914,658
Current assets	713,941	-	713,941
Creditors and provisions	(236,075)	-	(236,075)
Deferred taxation	(116,690)	-	(116,690)
	<u>1,328,834</u>	<u>947,000</u>	<u>2,275,834</u>
Goodwill arising (Note 10)			<u>42,544</u>
			<u>2,318,378</u>
Consideration			
Cash			<u>2,318,378</u>

13 Debtors	31 December 2006		31 December 2005	
	Group £	Company £	Group £	Company £
Trade debtors	7,105,758	-	6,939,981	-
Other debtors	68,049	108	69,465	53
Prepayments	376,760	-	268,883	300
Due from subsidiary undertakings	-	6,604	-	6,604
	<u>7,550,567</u>	<u>6,712</u>	<u>7,278,329</u>	<u>6,957</u>

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

14 Stocks	31 December 2006		31 December 2005	
	Group £	Company £	Group £	Company £
Finished goods and goods for resale	2,287,147	-	1,666,512	-
	<u>2,287,147</u>	<u>-</u>	<u>1,666,512</u>	<u>-</u>
	<u><u>2,287,147</u></u>	<u><u>-</u></u>	<u><u>1,666,512</u></u>	<u><u>-</u></u>

15 Creditors: Amounts falling due within one year

	31 December 2006		31 December 2005	
	Group £	Company £	Group £	Company £
Bank loans and overdrafts (secured)	-	-	5,189,226	-
Trade creditors	2,783,915	-	2,341,481	-
Corporation tax	74,093	-	73,113	-
Other taxes and social security	432,526	-	557,451	-
Other creditors	199,659	11,000	221,666	-
Accruals	1,542,477	3,500	1,749,464	3,500
Hire purchase liability	44,892	-	49,814	-
Due to subsidiary undertakings	-	12,577	-	12,577
	<u>5,077,562</u>	<u>27,077</u>	<u>10,182,215</u>	<u>16,077</u>
	<u><u>5,077,562</u></u>	<u><u>27,077</u></u>	<u><u>10,182,215</u></u>	<u><u>16,077</u></u>

The group has entered into a three year interest rate swap on £1,000,000 of the bank loans and overdrafts at a fixed rate of 5 10% plus margin. The swap expires on 4 November 2007.

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

16 Creditors: Amounts due after one year

	31 December 2006		31 December 2005	
	Group £	Company £	Group £	Company £
Bank loans (secured)	-	-	1,167,173	-
Hire purchase liabilities	1,351	-	45,566	-
	<u>1,351</u>	<u>-</u>	<u>1,212,739</u>	<u>-</u>
Bank loan maturity analysis				
Within one year	-	-	233,044	-
Between one and two years	-	-	772,441	-
In five years or more	-	-	394,732	-
	<u>-</u>	<u>-</u>	<u>1,400,217</u>	<u>-</u>
Less				
Falling due within one year	-	-	(233,044)	-
	<u>-</u>	<u>-</u>	<u>1,167,173</u>	<u>-</u>
	<u><u>1,351</u></u>	<u><u>-</u></u>	<u><u>1,167,173</u></u>	<u><u>-</u></u>
	31 December 2006		31 December 2005	
	Group £	Company £	Group £	Company £
Net obligations under finance				
Leases and hire purchase contracts				
Repayable within one year	51,649	-	57,304	-
Repayable between one and five years	1,609	-	52,581	-
	<u>53,258</u>	<u>-</u>	<u>109,885</u>	<u>-</u>
Finance charges and interest				
Allocated to future periods	(7,015)	-	(14,505)	-
	<u>46,243</u>	<u>-</u>	<u>95,380</u>	<u>-</u>
Included within one year	<u>(44,892)</u>	<u>-</u>	<u>(49,814)</u>	<u>-</u>
	<u><u>1,351</u></u>	<u><u>-</u></u>	<u><u>45,566</u></u>	<u><u>-</u></u>

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

16 Creditors: Amounts due after one year (cont/d)

The bank loans are secured by a debenture and unlimited guarantees of the parent company and its subsidiary undertakings and by a first charge on the freehold land and buildings and associated assets of subsidiary undertakings

17 Provision for liabilities and charges

The Group
31 December
2006
£

Deferred taxation

Balance at 1 January 2006	56,200
Prior year pension scheme adjustment	18,000
Profit and loss account	(92,390)
Acquired with subsidiary company	116,690
	<hr/>
	98,500
	<hr/> <hr/>

Deferred taxation provided in these accounts as follows:

	2006 £	2005 £
Accelerated capital allowance	113,500	81,900
Other timing differences	(15,000)	31,000
Tax losses	-	(56,700)
	<hr/>	<hr/>
	98,500	56,200
	<hr/> <hr/>	<hr/> <hr/>

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

18 Pension liability

Banner Chemicals Limited, Samuel Banner & Co Limited and Prism Chemicals Limited and M P Storage and Blending Limited, together "The Banner Chemicals Group" operates a Defined Contribution Scheme. The pension cost charge for the year to 31 December 2006 was £20,729 (2005 - £12,383). There were no outstanding or unpaid contributions at the beginning or end of the year.

Samuel Banner & Co Limited, Banner Chemicals Limited and Prism Chemicals Limited, 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 most recent valuation was at 31 December 2006. The principle actuarial assumptions made were that investment returns would exceed salary increases by an average of 2.1% 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 2.8% in respect of other accrued pension. The market value of assets of the scheme was £10.43 million and the actuarial valuation of these assets represented 78% 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.

The final Salary Scheme is closed to new entrants.

The total pension credit for the scheme for the year ended 31 December 2006 was £523,000 (2005 - £315,000 cost).

Contributions in the year totalling £150,000 (2005 - £225,000).

FRS 17 requires the actuary to use a particular set of assumptions which produce a significantly different result from the conventional actuarial method. For the revaluation at 31 December 2006 the basis for FRS17 was more conservative than the basis used for the triennial valuation used by the scheme trustees and the employer to set the pace of scheme funding. The trustees invest predominantly in equities and expect extra investment returns from this. The FRS does not allow this expectation of extra returns to be taken into financial reporting of the deficit. Nor does the FRS allow for the surplus or deficit to be spread over the period when recovery would normally take place. This means that the total surplus or deficit must be declared at the balance sheet date.

The scheme's deficit shown below under the FRS 17 basis is £2,921,000 as at 31 December 2006 (2005 - £3,766,000).

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

The main financial assumptions used at the balance sheet date to calculate scheme liabilities under FRS 17 are

Valuation method	2006 Projected unit	2005 Projected unit	2004 Projected unit
Discount rate	5.1%	4.9%	5.2%
Inflation rate	2.9%	2.8%	2.9%
Increase to pensions and deferred pensions	2.9%	2.8%	2.9%
Salary increases	2.9%	2.8%	3.9%

The directors have relied upon advice from A. Mackenzie, Fellow of the Faculty & Actuaries in determining the financial assumptions. The salary increase assumption includes an allowance of 1.5% (1.5% for 2005 and 1.5% for 2004) above inflation to cover promotional increases and any special awards.

2M HOLDINGS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

18 Pension scheme (continued)

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

	Rate of return Expected at 2006	Value at 2006 £	Rate of return expected at 2005	Value at 2005 £	Rate of return expected at 2004	Value at 2004 £
Equities	7.5%	5,296,000	7.0%	4,854,000	7.5%	3,768,000
Bonds	4.8%	4,325,000	4.41%	4,226,000	5.25%	3,938,000
Others	4.6%	812,000	4.52%	867,000	4.75%	1,107,000
Total market value of scheme assets		10,433,000		9,947,000		8,813,000
Present value of the scheme's liabilities (provided by the actuary)		(13,354,000)		(13,713,000)		(12,585,000)
Deficit in the scheme at 31 December 2006		(2,921,000)		(3,766,000)		(3,772,000)
Related deferred tax asset		876,000		1,130,000		1,132,000
Net pension liability		(2,045,000)		(2,636,000)		(2,640,000)

2M HOLDINGS LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

18 Pension scheme (Continued)

	2006 £	2005 £	2004 £
Analysis of the amount charged to operating profit			
Current service cost	(5,000)	(114,000)	(93,000)
	<u> </u>	<u> </u>	<u> </u>
Total operating charge	<u>(5,000)</u>	<u>(114,000)</u>	<u>(93,000)</u>
	<u> </u>	<u> </u>	<u> </u>
Analysis of amount credited to other finance income			
Expected return on pension scheme assets	465,000	445,000	474,000
Interest cost	(663,000)	(646,000)	(635,000)
	<u> </u>	<u> </u>	<u> </u>
Net return	<u>(198,000)</u>	<u>(201,000)</u>	<u>(161,000)</u>
	<u> </u>	<u> </u>	<u> </u>
Analysis of amount recognised in statement of total recognised gains and losses (STRGL)			
Actual return less expected return on pension scheme assets	265,000	865,000	406,000
Experience gains and losses arising on the scheme liabilities	110,000	(484,000)	181,000
Changes in assumptions underlying the scheme liabilities	523,000	(315,000)	(631,000)
	<u> </u>	<u> </u>	<u> </u>
Actuarial gain/(loss) recognised in STRGL	<u>898,000</u>	<u>66,000</u>	<u>(44,000)</u>
	<u> </u>	<u> </u>	<u> </u>
Movements in deficit during the year			
Deficit in scheme at beginning of the year	(3,766,000)	(3,772,000)	(3,752,000)
Movement in year			
Current service cost	(5,000)	(114,000)	(93,000)
Contributions	150,000	255,000	278,000
Net interest/return on assets	(198,000)	(201,000)	(161,000)
Actuarial gain/(loss)	898,000	66,000	(44,000)
	<u> </u>	<u> </u>	<u> </u>
Deficit in scheme at the end of the year	<u>(2,921,000)</u>	<u>(3,766,000)</u>	<u>(3,772,000)</u>
	<u> </u>	<u> </u>	<u> </u>

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

19 Share capital

Authorised	£
500,000 ordinary shares of £1 each (2005 - 500,000 ordinary shares of £1 each)	<u>500,000</u>
Issued and fully paid	
260,000 ordinary shares of £1 each (2005 - 260,000 ordinary shares of £1 each)	<u>260,000</u>

20 Statement of movement on reserves

The Group	Profit and loss Account £	Revaluation reserve £	Capital reserve £
At 1 January 2006	321,975	-	69,767
Retained profit for the year	8,787,284	-	-
Other recognised gains and losses	644,000	-	-
Dividends paid - parent company	(2,000,000)	-	-
- minority interest	(64,675)	-	-
Revaluation during the year	-	355,000	-
	<u>7,688,584</u>	<u>355,000</u>	<u>69,767</u>
At 31 December 2006	<u>7,688,584</u>	<u>355,000</u>	<u>69,767</u>
The Company	£		
Retained loss at 1 January 2006	(18,557)		
Retained profit for the year	20,762		
	<u>2,205</u>		
At 31 December 2006	<u>2,205</u>		

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

21	Reconciliation of movement of shareholders funds	£	
	Profit for the year	8,787,284	
	Other recognised gains and losses	644,000	
	Dividends paid (see note 20)	(2,064,675)	
	Revaluation of freehold property	355,000	
		<hr/>	
	Net addition to shareholders fund	7,721,609	
	Opening shareholders funds	651,742	
		<hr/>	
	At 31 December 2006	8,373,351	
		=====	
22	Equity minority interests	£	
	At 1 January 2006	22,715	
	Minorities' share of profit after taxation of subsidiary undertakings	322,170	
		<hr/>	
	At 31 December 2006	344,885	
		=====	
23	Reconciliation of operating profit to net cash inflow from operating activities		
		2006	2005
		Group	Group
		£	£
	Operating profit	103,891	774,354
	Depreciation	273,135	203,301
	Amortisation of goodwill	78,211	80,090
	Increase in debtors	(272,238)	(347,442)
	(Increase)/decrease in stocks	(620,635)	1,263,314
	Increase/(decrease) in creditors	357,769	(749,682)
	Profit on deemed disposal of interest in subsidiary	-	(14,241)
	Adjustment for pension funding	-	42,000
		<hr/>	<hr/>
	Net cash (outflow)/inflow from operating activities	(79,867)	1,251,694

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

24 Analysis of net debt

	At 1 January 2006 £	Cash flow £	At 31 December 2006 £
Cash at bank	604,054	981,328	1,585,382
Bank overdraft	(5,189,226)	5,189,226	-
	<u>(4,585,172)</u>	<u>6,170,554</u>	<u>1,585,382</u>
Bank loan	(1,167,173)	1,167,173	-
Hire purchase liability	(95,380)	49,137	(46,243)
	<u></u>	<u></u>	<u></u>
Net debt	<u>(5,847,725)</u>	<u>7,386,864</u>	<u>1,539,139</u>

25 Reconciliation of net cashflow movement in net debt

	2006 £	2005 £
Decrease/(Increase) in bank loans and overdrafts	6,170,554	(7,764)
Cash inflow from decrease in debt	1,216,310	341,120
	<u>7,386,864</u>	<u>333,356</u>

26 Financial commitments

At 31 December 2006 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006 £	2005 £	2006 £	2005 £
Expiry date				
Within one year	-	-	2,686	8,994
Between two and five years	65,000	65,000	-	26,373
	<u>65,000</u>	<u>65,000</u>	<u>2,686</u>	<u>35,367</u>

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2006

27 Capital Commitments

At 31 December 2006 the group had capital commitments as follows

Approved but not provided in the financial statements	<u>£300,000</u> <u>=====</u>
Authorised but not contracted for	<u>£2,700,000</u> <u>=====</u>

28 Control

2M Holdings Limited is controlled by M Kessler