

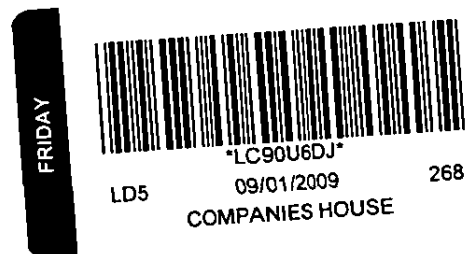
Company Registration No. 4530131

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2M HOLDINGS LIMITED

REPORT AND ACCOUNTS

16 MONTHS ENDED 30 APRIL 2008



2M HOLDINGS LIMITED

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2M HOLDINGS LIMITED

DIRECTORS, SECRETARY AND ADVISERS

Directors	M Kessler I J Thomas C Boyle (appointed 24 September 2007)
Company Secretary	I J Thomas
Registered Office	Quadrant House Floor 6 17 Thomas More Street Thomas More Square London E1W 1YW
Business Address	Hampton Court Manor Park Runcorn Cheshire WA7 1TU
Company Number	4530131
Auditors	UHY Hacker Young LLP Chartered Accountants Quadrant House 17 Thomas More Street Thomas More Square London E1W 1YW
Principal Bankers	Yorkshire Bank The Chancery 58 Spring Gardens Manchester M2 1YB

2M HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2008

The directors present their annual report and the audited financial statements of the group and of the Company for the 16 month period ended 30 April 2008.

Activities and review of business

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

The company has changed its accounting reference date from 31 December to 30 April, and is currently reporting a sixteen month period.

The group financial statements consolidate those of the company and its subsidiaries. The Group has prepared financial statements for the first time in accordance with International Financial Reporting Standards – the transition date being 1st January 2006.

On 26th July 2007 the company acquired the entire share capital of Surfachem Group Limited – a distributor of chemical industry products. As a consequence of this acquisition, the company and its subsidiary companies entered into banking arrangements with Yorkshire Bank, whereby bank loans and overdrafts are secured by a legal charge over the assets of the group, a charge over its debts, and a composite debenture and guarantee provided by all members of the 2M Holdings Limited Group.

During the reporting period, as a consequence of the 2012 Olympic Games being awarded to London, the major operational site of a subsidiary company, Samuel Banner & Co Limited, was closed. Following the prior year acquisition of M P Storage & Blending Limited, the operation has been relocated to Teesside. The directors are delighted to state that the upgraded Teesside facility has been fully operational since the required relocation date, and that this element of the business now possesses state of the art storage and blending facilities.

Financial Key Performance Indicators

During the period, reported turnover increased to £76,208,215 (£2006: £36,728,649), and Gross Profit, a key performance indicator within our business, increased to £16,458,154 (2006: £7,414,181). The Directors are pleased to note that, additionally, we have seen an improvement in the percentage gross profit to 21.6% (2006: 20.2%), thus supporting the strategy to increase the proportion of specialty products within our ranges, and to drive the business towards value added transactions.

Ever increasing haulage rates and the cost of packaging, plus the costs of regulatory compliance have increased Distribution and Administrative Costs to £4,955,162 (2006: £2,998,885) and £9,043,782 (2006: £4,238,286) respectively, yet the overall impact is to return an Operating Profit of £2,459,210 (2006: £182,102).

Principal risks and uncertainties

Competitive pressure in the chemical distribution market is a continuing risk for the company. The continuing relocation of UK manufacturing to Eastern Europe and the Far East leaves a reducing manufacturing base within which we operate. We seek to mitigate these pressures by forming and maintaining strong partnerships with our suppliers and customers, thus justifying the value added service we provide.

The current economic climate is a further factor adding weight to tough trading conditions.

2M HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2008

The company's position at the end of the period

As a consequence of the acquisition of the Surfachem Group, there have been significant movements within the balance sheet. A significant increase in Non-Current Assets has been offset by corresponding movements in Current Assets, Current Liabilities, and Non-Current Liabilities. However, Total Net Assets of the company have increased to £10,190,654 (2006:£8,796,447).

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 period are set out on page 7.

The directors do not recommend the payment of a dividend. (2006: £2,064,675).

Directors

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

M Kessler
I J Thomas
C R Boyle (appointed 25 September 2007)

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

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

Research and development

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

Use of financial instruments

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

The funding arrangements with Yorkshire Bank are part linked to base rate and part to LIBOR. The company has entered a LIBOR based interest rate hedge to negate any exposure on the latter. The group currently makes no other use of financial instruments.

2M HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2008

Auditors

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

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 1985. The directors are also responsible for safeguarding the assets of the company and of the group and for taking steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

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

By order of the Board



M Kessler

Director

24 October 2008

**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 16 months ended 30 April 2008 which comprise the consolidated income statement, the statement of recognised income and expense, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under 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

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 set out in the Statement of Directors' Responsibilities.

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, and, as regards the group financial statements, Article 4 of IAS regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 group's and company's circumstances, consistently applied and adequately disclosed.

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

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 group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 April 2008 and of its profit for the period then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the parent company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 April 2008;
- the financial statements 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

24 October 2008

2M HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 APRIL 2008

		Period ended 30 April 2008 £	Year ended 31 December 2006 £
	Notes		
Revenue	2	76,208,215	36,728,649
Cost of sales		(59,750,061)	(29,314,468)
Gross profit		16,458,154	7,414,181
Other operating income		-	5,092
Distribution costs		(4,955,162)	(2,998,885)
Administrative expenses		(9,043,782)	(4,238,286)
Operating profit	3	2,459,210	182,102
Profit on disposal of property, plant and equipment		35,039	9,291,748
Finance costs	4	(1,730,871)	(917,093)
Finance income	5	772,812	555,018
Profit before taxation		1,536,190	9,111,775
Taxation	6	(338,983)	75,890
Profit for the period/year		<u>1,197,207</u>	<u>9,187,665</u>
Attributable to:			
Equity holders of the parent company	19	1,180,661	8,865,495
Minority interest	19	16,546	322,170
		<u>1,197,207</u>	<u>9,187,665</u>

2M HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE PERIOD ENDED 30 APRIL 2008**

	2008	2006
	£	£
Net income recognised directly in equity:		
Property revaluation	-	355,000
Actuarial gains on defined benefit schemes	274,000	898,000
Deferred tax associated with defined benefit schemes	(77,000)	(254,000)
Net income recognised directly in equity	197,000	999,000
Profit for the period	1,180,661	8,865,495
Total recognised income and expense	1,377,661	9,864,495
Attributable to:		
-Equity holders of the company	1,361,115	9,542,325
-Minority interest	16,546	322,170
Total recognised income and expense	1,377,661	9,864,495

2M HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2008

			30 April 2008	31 December 2006
	Notes	£	£	£
Assets				
Non-current assets				
Intangible assets	9		12,429,389	1,496,218
Property, plant and equipment	10		7,121,158	3,099,246
Investments	11		100	300
Deferred tax asset	16		599,822	777,500
Total non- current assets			<u>20,150,469</u>	<u>5,373,264</u>
Current assets				
Inventories	12	5,707,288		2,287,147
Trade and other receivables	13	16,228,025		7,173,807
Other accrued income	13	811,809		376,760
Cash and cash equivalents	20	770,340		1,585,382
Total current assets			<u>23,517,462</u>	<u>11,423,096</u>
Total assets			<u>43,667,931</u>	<u>16,796,360</u>
Liabilities				
Current liabilities				
Bank borrowings and overdrafts	14	11,543,117		-
Trade and other payables	14	14,227,538		4,958,577
Current tax liabilities	14	71,622		74,093
Hire purchase liability	14	-		44,892
Total current liabilities			<u>25,842,277</u>	<u>5,077,562</u>
Non- current liabilities				
Bank borrowings	15	5,185,000		-
Employee benefit liability	17	2,450,000		2,921,000
Other liabilities		-		1,351
Total non- current liabilities			<u>7,635,000</u>	<u>2,922,351</u>
Total Liabilities			<u>33,477,277</u>	<u>7,999,913</u>
Total Net Assets			<u>10,190,654</u>	<u>8,796,447</u>

2M HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET (Continued) AS AT 30 APRIL 2008

		30 April 2008	31 December 2006
Equity			
Share capital	18	260,000	260,000
Revaluation reserve	19	355,000	355,000
Other reserves	19	69,767	69,767
Retained earnings	19	9,144,456	7,766,795
Equity attributable to equity holders of the parent		9,829,223	8,451,562
Minority interest in equity	19	361,431	344,885
Total equity		<u>10,190,654</u>	<u>8,796,447</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 October 2008.



M Kessler
Director



C Boyle
Director

2M HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 APRIL 2008

		2008 £	2006 £
Cash flows from operating activities			
Profit before taxation		1,536,190	9,111,775
Adjustments for			
Add back non-operating items:			
Financial income		(772,812)	(555,018)
Financial expense		1,730,871	917,093
Profits on sale of property, plant and equipment		(35,039)	(9,291,748)
Adjustments for:			
Pension movement (cost less contributions)		(369,000)	(145,000)
Depreciation		497,939	273,135
Increase in inventories		(976,859)	(620,635)
Increase in receivables		(1,532,251)	441,703
(Increase) in payables		1,817,485	(410,944)
		<hr/>	<hr/>
Cash generated from operations		1,896,524	(279,639)
Financial expenses		(841,871)	(254,093)
Income taxes paid		(490,049)	(75,765)
		<hr/>	<hr/>
Net cash generated by operating activities		564,604	(609,497)
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	9	(14,961,288)	(2,318,378)
Payments for property plant and equipment		(3,429,745)	(136,071)
Payments to acquire investments		-	(300)
Receipts from sale of non-current assets		273,700	12,425,767
Interest received		55,813	90,018
		<hr/>	<hr/>
Net cash (used in)/generated by investing activities		(18,061,520)	10,061,036
Cash flows from financing activities			
Payment of finance lease		(46,243)	(49,137)
Proceeds from long term borrowings		5,185,000	(1,167,173)
Dividends paid		-	(2,064,675)
		<hr/>	<hr/>
Net cash used in financing activities		5,138,757	(3,280,985)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		(12,358,159)	6,170,554
Cash and cash equivalents at the beginning of the financial period	20	1,585,382	(4,585,172)
Cash and cash equivalents at the end of the financial period	20	(10,772,777)	1,585,382

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

1. Accounting policies

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

The group financial statements for the 16 months ended 30 April 2008 consolidate those of the company and its subsidiaries (together referred to as the "group"). The parent company financial statements present information about the company as a separate entity and not about its group.

The group has adopted the accounting policies set out below in preparation of the financial information for the 16 months to 30 April 2008. All of these policies have been applied consistently throughout the period 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"). These are the group's first consolidated financial statements prepared under Adopted IFRS and IFRS 1 has been applied. The transition date for 2M Holdings Limited was 1 January 2006.

An explanation of how the transition to Adopted IFRS has affected the reported financial position, financial performance and cash flows of the group is provided in note 25.

The parent company's financial statements have been prepared in accordance with UK Generally Accepted Accounting Principles, and in accordance with the Companies Act 1985. The directors have taken advantage of the exemption offered by section 230 of the Companies Act not to produce a separate income statement for the parent company.

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

The rules for first time adoption of IFRS are set out in IFRS1 ("First-time adoption of International Financial Reporting Standards"). In preparing the transition from UK GAAP to IFRS, the group has utilised 2 exemptions available on first time adoption of IFRS, namely:

Business Combinations - 2M Holdings Limited has elected not to apply retrospectively the provisions of IFRS 3, to acquisitions that occurred prior to the group's transition date of 1 January 2006. The net carrying value of goodwill at 31 December 2005 has been deemed to be the cost at 1 January 2006.

Financial instruments – the group has adopted the exemption granted by IFRS 1 that IAS 32 and IAS 39 need not be applied to the comparatives period.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

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.

1.4 Intangible fixed assets – goodwill

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

In accordance with IFRS 3 with effect from 1 January 2006, 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.

1.5 Investments

Investments are stated at cost less any provision for impairment.

1.6 Property, plant and equipment

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

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

The freehold property is carried at its revalued amount. An impairment review is carried out each year to ensure the value being carried forward is appropriate. Depreciation is charged on the revalued amount so as to write off the asset over its expected useful life, being 50 years. Any surplus/deficits arising from movements in valuation will be credited/debited to the income statement.

Land is not depreciated.

1.7 Inventories

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

1.8 Financial assets and liabilities

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

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

1.9 Employee benefits

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 full in the period in which they occur. They are recognised outside the income statement and presented in the statement of recognised income and expense.

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 balance sheet date. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

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.

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 company 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 income statement 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 balance sheet 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 is accounted for using the balance sheet 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.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

1.11 Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

1.12 Leasing

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

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

1.13 New standards and interpretations not yet applied

The following standards and interpretations, issued by the IASB or the IFRIC, have not been endorsed by the European Union and have not yet been adopted by the group.

IFRS 8 – Operating segments (effective for annual periods beginning on or after 1 January 2009).

This standard contains requirements for the disclosure of information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The standard is concerned only with disclosure and replaces IAS 14 – *Segment reporting*.

Amendment to IAS 23 – *Borrowing costs* (effective for annual periods beginning 1 January 2009).

The amendment to IAS 23 generally eliminates the option to expense borrowing costs attributable to the acquisition, construction or production of a qualifying asset as incurred, and instead requires the capitalisation of such borrowing costs as part of the cost of specific assets.

IFRIC 14 – IAS 18: *The limit on a defined benefit asset, minimum funding requirements and their interaction* (effective for annual periods beginning on or after 1 January 2008).

The IFRIC makes it generally more difficult to recognise defined benefit pension surpluses (and the related deferred tax liabilities) on the balance sheet.

The group does not consider that any other standards or interpretations issued by the IASB, 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 PERIOD ENDED 30 APRIL 2008

2. Revenue

Group revenue arises predominantly from the sale of goods within the United Kingdom.

3. Profit before taxation

	2008 £	2006 £
The profit for the period/year is stated after charging/(crediting):		
Auditors' remuneration (see below)	69,000	31,500
Depreciation on property, plant and equipment	497,939	273,135
Amounts paid in respect of operating leases for plant and machinery	465,840	204,609
Losses/(Gains) on foreign currency	65,238	3,869
Audit services		
Fees payable to the company's auditors for the audit of the parent company and Consolidated accounts	15,000	10,000
Fees payable to the company's auditors for the audit of the company's subsidiaries	54,000	21,500
Other services		
Other services relating to taxation	15,000	7,500
Other	24,300	56,750

4. Finance costs

	2008 £	2006 £
Bank Interest expense	841,871	246,604
Hire purchase interest	-	7,489
Interest on pension scheme liabilities	889,000	663,000
	<u>1,730,871</u>	<u>917,093</u>

5. Finance income

	2008 £	2006 £
Bank interest income	55,812	90,018
Expected returns on pension scheme assets	717,000	465,000
	<u>772,812</u>	<u>555,018</u>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

6. Taxation

	2008 £	2006 £
UK corporation tax on profits for the period/year at 30% (2006: 30%)	199,733	16,500
Deferred tax charge: origination and reversal of temporary timing differences	139,250	(92,390)
Total tax expense in the income statement	<u>338,983</u>	<u>(75,890)</u>
Factors affecting the tax charge for the period:		
Profit on ordinary activities before tax	<u>1,536,190</u>	<u>9,111,775</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2006: 30%)	460,856	2,733,533
Effects of:		
Non-deductible expenses	41,437	10,143
Depreciation in excess of capital allowances previously unrecognised	(132,616)	(68,524)
Utilisation of previously unrecognised losses	(29,879)	(2,747,222)
Other tax adjustments	(815)	(3,820)
	<u>(121,873)</u>	<u>(2,809,423)</u>
Total tax charge	<u>338,983</u>	<u>(75,890)</u>

Deferred taxation balances are analysed in note 16.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

7. Staff numbers and costs	2008	2006
	Number	Number
The average number of people employed by the group (including directors) during the period was as follows:		
Average number of employees during the period	173	70
Staff costs including directors:		
	2008	2006
	£	£
Wages and salaries	5,280,436	1,891,296
Social security costs	482,257	201,882
Other pension costs:		
Contributions to defined contribution schemes	344,426	277,316
Contributions to defined benefit	369,100	150,000
	<u>6,476,219</u>	<u>2,520,494</u>
8. Directors' emoluments	2008	2006
	£	£
Emoluments for qualifying services:		
Aggregate directors' emoluments	310,567	170,668
	<u>310,567</u>	<u>170,668</u>
Pension contributions	59,520	-
	<u>370,087</u>	<u>170,668</u>

The number of directors for whom retirement benefits were accruing under defined contribution schemes in the period was 2 (2006: 1).

During the period, amounts totalling £21,150 were paid to I J Thomas, who is a director of 2M Holdings Limited. The amounts were paid for consultancy services to the Surfachem Group. The amounts paid to I J Thomas were paid through Oakwood Consulting Limited.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

9. Intangible non-current assets

Group	Patents £	Goodwill £	Total £
At 1 January 2006	-	1,453,674	1,453,674
Acquisition during the period	-	42,544	42,544
At 31 December 2006	-	1,496,218	1,496,218
At 1 January 2007	-	1,496,218	1,496,218
Acquisitions during the period	1,000	10,932,171	10,933,171
At 30 April 2008	1,000	12,428,389	12,429,389

Goodwill represents the goodwill arising on various acquisitions. The group has adopted IFRS 3 'Business Combinations' with effect from the date of transition to IFRS. In accordance with IFRS 3, goodwill is no longer amortised but rather tested for impairment on an annual basis. There had been no impairment in value during the period.

Acquisition of Surfachem Group

On 26 July 2007 the Group acquired 100% of the issued share capital of Surfachem Group Limited, for cash consideration of £18m. Surfachem Group Limited is the parent company of a group of companies involved in the distribution of chemical industry products. This transaction has been accounted for by the acquisition method of accounting.

The group's share of net assets in respect of the acquisition of the Surfachem group and the goodwill arising are set out below:-

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

9. Intangible non-current assets (continued)

	Book Value £	Adjustments £	Fair Value £
Intangible assets	1,000	-	1,000
Property plant and equipment	1,321,397	-	1,321,397
Inventories	2,443,282	-	2,443,282
Trade and other receivables	7,957,015	-	7,957,015
Cash and cash equivalents	2,455,299	-	2,455,299
Trade and other payables	(6,417,894)	-	(6,417,894)
Current tax liabilities	(249,273)	-	(249,273)
	<u> </u>	<u> </u>	<u> </u>
Net identifiable assets and liabilities	7,510,826	-	7,510,826
	<u> </u>	<u> </u>	<u> </u>
Goodwill arising			10,932,171
Total consideration			<u> </u>
			18,442,997
			<u> </u>
Satisfied by:			
Cash			16,968,646
Directly attributable costs			448,141
Deferred consideration			1,026,210
			<u> </u>
			18,442,997
			<u> </u>
Net cash:			
Cash consideration			16,968,646
Cash acquired			(2,455,299)
			<u> </u>

There were no material differences between pre-acquisition carrying amounts and amounts recognised on acquisition.

The Surfachem Group contributed £27,365,598 revenue and £1,638,286 to the Group's profit before tax for the period between the date of acquisition and the balance sheet date.

The contribution to group revenue and net profit, had the acquisition occurred at the beginning of the financial period, has not been disclosed as these financial statements are for 16 months, and it would be impractical to determine the amounts to use. The accounting reference date of the 2M group has been changed from 31 December to 30 April, as 30 April is the accounting reference date of the Surfachem group.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

10. Property, plant and equipment

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
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>
At 1 January 2007	2,689,305	4,621,689	3,070	7,314,064
Additions	62,362	3,310,245	57,138	3,429,745
Acquired with subsidiary	1,094,845	1,282,063	425,392	2,802,300
Disposals	-	(2,343)	(421,440)	(423,783)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 2008	<u>3,846,512</u>	<u>9,211,654</u>	<u>64,160</u>	<u>13,122,326</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>
At 1 January 2007	330,872	3,881,574	2,372	4,214,818
Acquired with subsidiary	205,854	1,070,401	204,647	1,480,902
Charge for the year	116,362	361,483	20,094	497,939
Disposals	-	(2,191)	(190,300)	(192,491)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 2008	<u>653,088</u>	<u>5,311,267</u>	<u>36,813</u>	<u>6,001,168</u>
Net book value				
At 30 April 2008	<u>3,193,424</u>	<u>3,900,387</u>	<u>27,347</u>	<u>7,121,158</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

10. Property, plant and equipment (continued)

Freehold land and buildings include non-depreciable land with a value of £1,337,818 (2006: £900,000).

The net book value of tangible fixed assets, includes £nil (2006: £nil) in respect of assets held under lease and hire purchase contracts. Depreciation charged in the year on these assets amounted to £nil (2006: £16,508).

11. Investments

	Other investments
At 1 January 2006	-
Additions	300
	<u>300</u>
At 31 December 2006	<u>300</u>
At 1 January 2007	300
Disposals	(200)
	<u>100</u>
At 30 April 2008	<u>100</u>

12. Inventories

	2008	2006
	£	£
Goods for resale	<u>5,707,288</u>	<u>2,287,147</u>

13. Trade and other receivables

	2008	2006
	£	£
Trade receivables	16,167,559	7,105,758
Other receivables	60,465	68,049
Prepayments and accrued income	811,809	376,760
	<u>17,039,833</u>	<u>7,550,567</u>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

14. Trade and other payables

	2008	Group 2006
	£	£
Bank loans and overdrafts (secured)	11,543,117	-
Trade payables	9,287,680	2,783,915
Income tax	71,622	74,093
Taxation and social security	676,096	432,526
Other payables	1,233,072	199,659
Accruals and deferred income	3,030,690	1,542,477
Hire purchase liability	-	44,892
	<u>25,842,277</u>	<u>5,077,562</u>

15. Financial Instruments and Financial Risk Management

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

	2008	2006
	£	£
Current liabilities:		
Bank overdrafts (secured)	11,543,117	-
Hire purchase liabilities	-	44,892
Non current:		
Bank loans (secured)	5,185,000	-
Hire purchase liabilities	-	1,351
	<u>5,185,000</u>	<u>1,351</u>

The borrowings are repayable as follows:

Bank loans		
On demand or within one year	11,543,117	-
Between one and two years	1,000,000	-
Between two and five years	2,349,000	-
In five years or more	1,836,000	-
	<u>16,728,117</u>	
Less: Amount due for settlement within 12 months (shown under current liabilities)	(11,543,117)	-
	<u>5,185,000</u>	<u>-</u>

Short term bank funding totalling £10,758,333 is repayable on demand, and is secured on certain of the group's debtors. £500,000 represents the current liability element of the long term loans. The remainder of the short term funding £284,284 represents overdrafts.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

15. Financial Instruments and Financial Risk Management (continued)

The group has two long term loans totalling £5,685,000. Repayments have commenced and will continue until 2022.

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

The group has entered into a 5 year interest rate swap on £7,000,000 of the bank loans and overdrafts at a fixed rate of 6.19%. The fair value of this financial instrument is not significant, and the directors have not included this balance in the accounts. The group is not party to any other financial instruments.

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.

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

ii) Credit risk

The company 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 company seeks to restrict these levels of exposure further by covering such sales with commercially available credit insurance, through recognised underwriters.

iii) Liquidity risk

During the period the company entered into revised banking arrangements with Yorkshire Bank, whereby bank loans and overdraft facilities were made available for the acquisition of the entire share capital of Surfachem Group Limited, plus the provision of adequate working capital facilities for the enlarged group.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

15. Financial Instruments and Financial Risk Management (continued)

iv) Interest rate risk

The company has entered into a five year interest rate swap of £7,000,000 at a fixed rate of 6.19%. This substantially negates interest rate fluctuations on the outstanding bank loan and overdraft facilities

The group has no financial assets, other than short term receivables and cash at bank. All financial liabilities (as above) are held at a floating rate of interest (based on the bank base rate LIBOR).

16. Deferred tax assets and liabilities

	Employee Benefits £	Excess capital allowances £	Other timing differences £	Total £
As at 1 January 2006	(1,130,000)	81,900	(25,700)	(1,073,800)
Acquisitions	-	116,690	18,000	134,690
Charge/credit to income statement		(85,090)	(7,300)	(92,390)
Charge/credit to equity	254,000	-	-	254,000
As at 1 January 2007	(876,000)	113,500	(15,000)	(777,500)
Acquisitions	-	(34,662)	(3,910)	(38,572)
Charge/credit to income statement	113,000	97,535	(71,285)	139,250
Charge/credit to equity	77,000	-	-	77,000
As at 30 April 2008	(686,000)	176,373	(90,195)	(599,822)
Deferred tax (asset)	(686,000)	-	(90,195)	(776,195)
Deferred tax liability	-	176,373	-	176,373
As at 30 April 2008	(686,000)	176,373	(90,195)	(599,822)

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

17. Pension liability

Defined Contribution Scheme

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 16 months to 30 April 2008 was £210,639 (2006: £20,729). There were no outstanding or unpaid contributions at the beginning or end of the year.

Surfachem Group Limited, Surfachem Limited, Samplerite Limited, and Filrite Limited, together "The Surfachem Group", also operate a defined contribution scheme. The pension cost charge for the period from the date of acquisition of this group (26 July 2007) is £133,787.

Defined Benefit Scheme

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 30 April 2008. The principle actuarial assumptions made were that investment returns would exceed salary increases by an average of 1.8% 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 3.4% in respect of other accrued pension. The market value of assets of the scheme was £10.26 million and the actuarial valuation of these assets represented 81% 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.

Contributions in the year totalled £369,100 (2006 - £150,000). The estimated employer contributions to the scheme for the next financial year is £300,000.

The scheme's deficit shown below under the IAS 19 basis is £2,450,000 as at 30 April 2008 (2006: £2,921,000).

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

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

	2008	2006
Valuation method	Projected Unit	Projected Unit
Discount rate	6.1%	5.1%
Inflation rate	3.4%	2.9%
Expected rate of salary increases	3.4%	2.9%
Increase to pensions and deferred pensions	3.4%	2.9%
Expected return on assets*	5.2%	5.2%

*The expected rate of return on plan assets was determined, based on actuarial advice, on the long term expectation for each asset class as at 30 April 2008.

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 APRIL 2008

17. Pension scheme (continued)

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

	Rate of return Expected at 2008	Value at 2008 £	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%	4,934,000	7.5%	5,296,000	7.0%	4,854,000	7.5%	3,768,000
Bonds	4.5/5.5%	4,420,000	4.8%	4,325,000	4.41%	4,226,000	5.25%	3,938,000
Others	5.0-6.5%	926,000	4.6%	812,000	4.52%	867,000	4.75%	1,107,000
Total market value of scheme assets		10,280,000		10,433,000		9,947,000		8,813,000
Present value of the scheme's liabilities (provided by the actuary)		(12,730,000)		(13,354,000)		(13,713,000)		(12,585,000)
Deficit in the scheme		(2,450,000)		(2,921,000)		(3,766,000)		(3,772,000)
Net pension liability (funded)		(2,450,000)		(2,921,000)		(3,766,000)		(3,772,000)

The history of experience adjustments is as follows:

Experience gains/(losses) on scheme assets Amount (£)	(676,000)
Percentage of scheme assets	7%

Experience gains/(losses) on scheme liabilities Amount (£)	950,000
Percentage of the present value of scheme liabilities	7%

2M HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 APRIL 2008

17. Pension scheme (Continued)

The charge to the income statement comprises:

	2008 £	2006 £
Analysis of the amount charged to operating profit		
Current service cost	-	(5,000)
	<hr/>	<hr/>
Total operating charge	-	(5,000)
	<hr/>	<hr/>
Analysis of amount reported in financial income and expense		
Expected return on pension scheme assets	717,000	465,000
Interest cost	(889,000)	(663,000)
	<hr/>	<hr/>
Net return	(172,000)	(198,000)
	<hr/>	<hr/>
Analysis of amount recognised in statement of recognised income and expenses		
Experience gains and losses arising on the scheme assets	(676,000)	263,000
Experience gains and losses arising on the scheme liabilities	950,000	635,000
	<hr/>	<hr/>
Actuarial gain/(loss) recognised in the statement of recognised income and expense (before tax)	274,000	898,000
	<hr/>	<hr/>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

17. Pension scheme (Continued)

	2008 £	2006 £
Reconciliation of change in assets and liabilities		
Change in defined benefit obligation:		
Defined benefit obligations at beginning of period	13,354,000	13,713,000
Movement in year:		
Current service cost	-	5,000
Interest cost	889,000	663,000
Actual employee contributions	-	2,000
Actuarial (gain)/loss on obligation	(950,000)	(635,000)
Actual benefits paid	(563,000)	(394,000)
Defined benefit obligation at end of period	<u>12,730,000</u>	<u>13,354,000</u>
Change in plan assets:		
Fair value of plan assets at beginning of period	10,433,000	9,947,000
Movement in year:		
Expected return on plan assets	717,000	465,000
Actual employer contributions	369,000	150,000
Actual employee contributions	-	2,000
Actuarial gain/(loss) on plan assets	(676,000)	263,000
Actual benefits paid	(563,000)	(394,000)
Fair value of plan assets at end of period	<u>10,280,000</u>	<u>10,433,000</u>

18. Share capital

	2008 £	2006 £
Authorised:		
500,000 Ordinary shares of £1 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid:		
260,000 Ordinary shares of £1 each	260,000	260,000
	<u>260,000</u>	<u>260,000</u>

	Number of shares	Share Capital £
As at 1 January 2007 and 30 April 2008	260,000	260,000

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 PERIOD ENDED 30 APRIL 2008

19. Statement of changes in equity	Attributable to equity shareholders			Minority Interests £	Total Equity £
	Retained Earnings £	Revaluation reserve £	Capital reserve £		
At 1 January 2006	321,975	-	69,767	22,715	414,457
Actuarial gains on net pension assets	898,000	-	-	-	898,000
Deferred tax associated with net pension assets	(254,000)	-	-	-	(254,000)
Retained profit for the year	8,787,284	-	-	322,170	9,109,454
Dividends paid - parent company	(2,000,000)	-	-	-	(2,000,000)
- minority interest	(64,675)	-	-	-	(64,675)
Revaluation during the year	-	355,000	-	-	355,000
IFRS restatement (note 25)	78,211	-	-	-	78,211
At 31 December 2006	7,766,795	355,000	69,767	344,885	8,536,447
At 1 January 2007	7,766,795	355,000	69,767	344,885	8,536,447
Actuarial gains on net pension assets	274,000	-	-	-	274,000
Deferred tax associated with net pension assets	(77,000)	-	-	-	(77,000)
Retained profit for the year	1,180,661	-	-	16,546	1,197,207
Revaluation during the year	-	-	-	-	-
At 30 April 2008	9,144,456	355,000	69,767	361,431	9,930,654

Capital reserve

This reserve relates to non-distributable reserves within the company.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

20. Cash and cash equivalents

	2008 £	2006 £
Cash at bank and in hand	770,340	1,585,382
Bank overdrafts/funding	(11,543,117)	-
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	(10,772,777)	1,585,382
	<hr/> <hr/>	<hr/> <hr/>

21. Operating leases

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

	2008 £	2006 £
Within one year	235,570	2,686
Between one and five years	612,527	113,750
After five years	-	-
	<hr/>	<hr/>
	848,097	116,436
	<hr/> <hr/>	<hr/> <hr/>

After the balance sheet date the lease over the land and building within Samuel Banner & Co. Limited was renewed. The new annual commitment is £68,500, and the renewed lease will expire after 10 years (with a break clause after 5 years). The minimum lease payments due on this lease will be £342,500. This figure is not included in the above disclosure.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

22. Finance leases

	2008 £	2006 £
Gross finance lease liabilities – minimum lease payments:		
No later than one year	-	51,649
Later than one year and no later than five years	-	1,609
Later than five years	-	-
	-	53,258
 Future finance charges on finance leases	-	(7,015)
 Present value of finance lease liabilities	-	46,243
 The present value of finance lease liabilities is as follows:		
No later than one year	-	44,892
Later than one year and no later than five years	-	1,351
Later than five years	-	-
	-	46,243

23. Guarantees and other financial commitments

- a) At 30 April 2008, the group had no capital commitments (2006: £300,000)
- b) The group has issued a debenture and composite guarantee to Clydesdale Bank plc t/a Yorkshire Bank in respect of amounts due to the Bank from 2M Holdings Limited and its subsidiaries.
- 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.

24. Control

2M Holdings Limited and its subsidiaries are controlled by M Kessler, a director of the company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2008**

25. Transition from UK GAAP to IFRS

As stated in the accounting policies on page 13, these are the group's first consolidated financial statements prepared in accordance with IFRS. The last financial statements under UK GAAP were for the year ended 31 December 2006, and the date of transition is therefore 1 January 2006.

The accounting policies have been applied in preparing the financial statements for the 16 months ended 30 April 2008, the comparative information presented in these financial statements for the year ended 31 December 2006 and in the preparation of an opening IFRS balance sheet at 1 January 2006 (the group's date of transition to IFRS).

In preparing its opening IFRS balance sheet, the group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to IFRS has affected the group's financial position, financial performance and cash flows is set out below.

The major changes for the group resulting from the introduction of IFRS relate to:

- The cessation of amortisation of goodwill (IAS 36);
- Pension liabilities no longer shown net of deferred tax (IAS 19).
- Reclassification of balances in line with IAS 1.

25.1 Income statement

The adoption of IFRS has little impact on the group reported performance.

The adjustments that do arise at this level relate principally to the following:

- Goodwill is no longer amortised (adjustment (a))

25.2 Balance sheet

The group's net assets at 31 December 2006 are impacted by the following:

- Goodwill is no longer amortised but tested for impairment annually (adjustment (a));
- Due to the group having previously adopted FRS 17 under UK GAAP, there are no significant differences arising upon transition to IAS 19 (adjustment (b));

25.3 Cash flow

There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP, save for classification and disclosure requirements.

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

Reconciliation of equity at 1 January 2006 (Date of transition to IFRS)

	UK GAAP	(a) IAS 19	IFRS
	£	£	£
ASSETS			
Non-current assets			
Property, plant and equipment	3,759,042	–	3,759,042
Goodwill	1,453,674	–	1,453,674
Investments	–	–	–
	5,212,716	–	5,212,716
Current assets			
Inventories	1,666,512	–	1,666,512
Trade and other receivables	7,278,329	–	7,278,329
Cash and cash equivalents	604,054	–	604,054
	9,548,895	–	9,548,895
Total assets	14,761,611	–	14,761,611
LIABILITIES			
Current liabilities			
Trade and other payables	4,870,062	–	4,870,062
Current income tax liabilities	73,113	–	73,113
Borrowings	5,189,226	–	5,189,226
Hire purchase liability	49,814	–	49,814
	10,182,215	–	10,182,215
Non-current liabilities			
Borrowings	1,167,173	–	1,167,173
Deferred income tax liabilities/(assets)	56,200	(1,130,000)	(1,073,800)
Retirement benefit obligations	2,636,000	1,130,000	3,766,000
Other liabilities	45,566	–	45,566
	3,904,939	–	3,904,939
Total liabilities	14,087,154	–	14,087,154
Net assets	674,457	–	674,457
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	260,000	–	260,000
Fair value and other reserves	69,767	–	69,767
Retained earnings and other reserves	321,975	–	321,975
	651,742	–	651,742
Minority interest	22,715	–	22,715
Total equity	674,457	–	674,457

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

Reconciliation of profit for the year ended 31 December 2006

	UK GAAP £	(b) IAS 36 £	IFRS £
Revenue	36,728,649	–	36,728,649
Cost of sales	(29,314,468)	–	(29,314,468)
Gross profit	7,414,181	–	7,414,181
Distribution costs	(2,998,885)	–	(2,998,885)
Administrative expenses	(4,238,286)	–	(4,238,286)
Amortisation of goodwill	(78,211)	78,211	–
Other operating income	5,092	–	5,092
Profit/(loss) from operations	103,891	78,211	182,102
Profit on disposal of non current assets	9,291,748	–	9,291,748
Interest income	90,018	–	90,018
Interest cost	(452,093)	–	(452,093)
Profit before tax	9,033,564	78,211	9,111,775
Income tax expense	75,890	–	75,890
Profit from ordinary activities after tax	9,109,454	78,211	9,187,665
Attributable to:			
Minority interest	322,170	–	322,170
Group equity holders	8,787,284	78,211	8,865,495
	9,109,454	78,211	9,187,665

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

Reconciliation of equity at 31 December 2006

	UK GAAP £	(b) IAS 36 £	(a) IAS 19 £	IFRS £
Non-current assets				
Property, plant and equipment	3,099,246	–	–	3,099,246
Goodwill	1,418,007	78,211	–	1,496,218
Investments	300	–	–	300
	4,517,553	78,211	–	4,595,764
Current assets				
Inventories	2,287,147	–	–	2,287,147
Trade and other receivables	7,173,807	–	–	7,173,807
Other accrued income and prepaid expenses	376,760	–	–	376,760
Cash and cash equivalents	1,585,382	–	–	1,585,382
	11,423,096	–	–	11,423,096
Total assets	15,940,649	78,211	–	16,018,860
LIABILITIES				
Current liabilities				
Trade and other payables	4,958,577	–	–	4,958,577
Current income tax liabilities	74,093	–	–	74,093
Borrowings	–	–	–	–
Hire purchase liability	44,892	–	–	44,892
	5,077,562	–	–	5,077,562
Non-current liabilities				
Borrowings	–	–	–	–
Deferred income tax liabilities/(assets)	98,500	–	(876,000)	(777,500)
Retirement benefit obligations	2,045,000	–	876,000	2,921,000
Other liabilities	1,351	–	–	1,351
	2,144,851	–	–	2,144,851
Total liabilities	7,222,413	–	–	7,222,413
Net assets	8,718,236	78,211	–	8,796,447
EQUITY				
Capital and reserves attributable to equity holders				
Share capital	260,000	–	–	260,000
Fair value and other reserves	69,767	–	–	69,767
Revaluation reserve	355,000	–	–	355,000
Retained earnings and other reserves	7,688,584	78,211	–	7,766,795
	8,373,351	78,211	–	8,451,562
Minority interest	344,885	–	–	344,885
Total equity	8,718,236	78,211	–	8,796,447

2M HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 30 APRIL 2008

			30 April 2008 £	31 December 2006 £
	Notes			
Fixed assets				
Investments	3		253,056	250,300
Current assets				
Debtors	4	6,043,762	6,712	
Cash at bank and in hand		100,905	32,270	
		6,144,667	38,982	
Creditors: amounts falling due within one year	5	(542,003)	(27,077)	
Net current assets/ (liabilities)			5,602,664	11,905
Total assets less current liabilities			5,855,720	262,205
Creditors: Amounts falling due after one year	6		(5,185,000)	-
Net Assets			670,720	262,205
Capital and reserves				
Called up share capital	7		260,000	260,000
Profit and loss account	8		410,720	2,205
Shareholders funds - equity			670,720	262,205

The accounts were approved by the Board on 24 October 2008



M Kessler – Director



C Boyle – Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2008**

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 1985. 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 period and the preceding 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 230 of the Companies Act 1985 in not presenting its own profit and loss account. The profit after taxation and dividends amounted to £408,515 for the period ended 30 April 2008 (2006: £20,762).

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

3. Fixed asset investment

a) Investment	Shares in subsidiary undertakings £	Other investments £
Cost		
At 1 January 2007	250,000	300
Additions*	2,956	-
Disposals	-	(200)
	<hr/>	<hr/>
At 30 April 2008	<u>252,956</u>	<u>100</u>

*The acquisition of the Surfachem Group has been disclosed fully in note 9 of the group financial statements.

The group's subsidiary undertakings (all of which are incorporated in the UK) at 30 April 2008 were as follows:

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)
Held directly:		
Banner Chemicals Holdings Limited	Holding company	97%
Surfachem Holdings Limited	Holding company	100%
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	Storage, drumming and blending of solvents and chemical products	100%
Surfachem Group Limited	Holding Company	100%
Surfachem Limited	Distribution of chemical industry products	100%
Samplerite Limited	Distribution of chemical industry samples	100%
FilRite Limited	Decanting and packaging of chemical industry Products	100%
Worsall Limited	Dormant	100%
Surfachem International Limited	Dormant	100%

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

3. Fixed asset investment (continued)

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights)
Held indirectly:		
Gel-Chem Limited	Dormant	100%
Speciality Food Ingredients Limited	Dormant	100%
Netscore Limited	Dormant	100%
Samuel Banner Polymers Limited	Dormant	100%
SB Dormantco One Limited	Dormant	100%
SB Dormantco Three Limited	Dormant	100%
2M London Limited	Dormant	100%

4. Debtors

	30 April 2008 £	31 December 2006 £
Other debtors	-	108
Prepayments	876	-
Due from subsidiary undertakings	6,042,886	6,604
	<u>6,043,762</u>	<u>6,712</u>

5. Creditors: Amounts falling due within one year

	30 April 2008 £	31 December 2006 £
Other creditors	2,463	11,000
Accruals	3,500	3,500
Due to subsidiary undertakings	36,040	12,577
Bank loans (secured)	500,000	-
	<u>542,003</u>	<u>27,077</u>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

6. Creditors: Amounts due after one year

	30 April 2008 £	31 December 2006 £
Bank loans		
Bank loans (secured)	5,685,000	-
Due within 1 year	(500,000)	-
	<u>5,185,000</u>	<u>-</u>
Due between 1 and 2 years	1,000,000	-
Due between 2 and 5 years	2,349,000	-
Due after 5 years	1,836,000	-
	<u>5,185,000</u>	<u>-</u>

7. Share capital

Authorised	£
500,000 ordinary shares of £1 each (2006 - 500,000 ordinary shares of £1 each)	<u>500,000</u>
Issued and fully paid	
260,000 ordinary shares of £1 each (2006 - 260,000 ordinary shares of £1 each)	<u>260,000</u>

8. Statement of movement on reserves

	Profit and loss Account
	£
Retained profit at 1 January 2007	2,205
Retained profit for the year	408,515
At 30 April 2008	<u>410,720</u>

2M HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2008

9.	Reconciliation of movement of shareholders funds	£
	Profit for the year	408,515
		<hr/>
	Net addition to shareholders fund	408,515
	Opening shareholders funds	262,205
		<hr/>
	At 30 April 2008	670,720
		<hr/> <hr/>

10. **Control**

2M Holdings Limited is controlled by M Kessler, a director of the company.

11. **Guarantees and other financial commitments**

- a) The group has issued a debenture and composite guarantee to Clydesdale Bank plc t/a Yorkshire Bank in respect of amounts due to the Bank from 2M Holdings Limited and its subsidiaries.
- b) 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.