

Company Registration No. 07904022

2M GROUP LIMITED
REPORT AND ACCOUNTS
YEAR ENDED 30 APRIL 2014



COMPANIES HOUSE COPY

2M GROUP LIMITED

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2M GROUP LIMITED

DIRECTORS, SECRETARY AND ADVISERS

Directors	M Kessler C R Boyle R J A Smith D R J Dalton
Company Secretary	C R Boyle
Registered Office	Quadrant House Floor 6 4 Thomas More Square London E1W 1YW
Business Address	Hampton Court Manor Park Runcorn Cheshire WA7 1TU
Company Number	07904022
Auditors	UHY Hacker Young Chartered Accountants Quadrant House 4 Thomas More Square London E1W 1YW
Principal Bankers	Investec Bank plc 2 Gresham Street London EC2V 7QP HSBC Bank plc 4 th Floor City Point 29 King Street Leeds LS1 2HL
Solicitors	DWF LLP 2nd Floor Bridgewater Place Water Lane Leeds LS11 5DY

2M GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2014

The directors present their report and the audited financial statements of the Group and of the Company for the year ended 30 April 2014.

Activities and review of business

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

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

During the year under review, the group acquired the business interests of packed chlorine distribution from Ineos Chlor Vinyls, and established the business within Packed Chlorine Limited. This acquisition expands further the product offering of the Group, and provides an entry into the industrial gas sector.

During the year the group also acquired a 67% interest in the ordinary share capital of Surfachem Nordic AS. This marks our continued determination to offer high quality distribution services throughout Europe and beyond.

Principal risks and uncertainties

Global uncertainty – during the period the global economy saw only a minor return to previous levels of stability and growth. China continues to exhibit a slowdown in growth from its previous heights, the Euro Zone has been flat at best, and continued political unrest in the Middle East and Eastern Europe affects global trade patterns. Chemical distribution markets remain as competitive as ever on the back of all of these.

The group's position at the end of the year

The business continues to convert profitable trading to healthy cash inflows. Cash Generation from Operations returned £6,006k with the working capital lines remaining stable despite the major uplift in business.

The overall movement in Cash & Cash Equivalents was £2,398k to leave us with a closing position of (£13,247k).

The transfer of annual profits to Retained Earnings, saw our Net Assets increase to £20,416k (2013: £17,385k).

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, and to deliver continued growth.

2M GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2014

Financial Key Performance Indicators

The following financial statements are comparing a twelve month period ended 30th April 2014 against a sixteen month period ended 30th April 2013.

During the year, the reported turnover was £102,971k (2013 (16 months): £123,343k), and Gross Profit, a key performance indicator within our business, is reported at £25,244k (2013 (16 months): £26,317k) – a proforma increase of 28%. The Group's focus on value added products and services lifted the Gross Profit percentage to 24.5% (2013 (16 months): 21.3%). Despite continuing challenging trading conditions the Directors believe that these results demonstrate the underlying strength of the business and its willingness to seek out new, profitable areas of business.

Distribution Costs, on a proforma basis, have increased over prior year – primarily reflecting the increased levels of activity within the business.

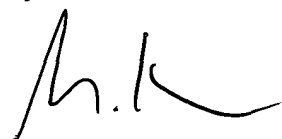
Similarly, Administrative Expenses have increased over prior year, continuing to demonstrate our ability and willingness to invest in both people and infrastructure for future benefit to the business.

Operating Profit, on a proforma basis, has increased by 25% to £5,830k (2013 (16 months): £6,209k).

The Board considers Operating EBITDA as a key measure of the financial performance of the business. This metric provides a good indication of the Group's ability to convert profit to cash. The following table highlights the current position, including adjustments related to transactional activity, which is eliminated for the purpose of giving a more accurate reflection of operational performance.

	Year ended 30 April 2014 £'000	Period ended 30 April 2013 £'000
Operating EBITDA	6,369	6,776
Adjustments	300	200
Revised operating EBITDA	6,669	6,976
	=====	=====

By order of the Board



M Kessler
Director
22 September 2014

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

Results and dividends

The consolidated results for the year are set out on page 8.

An interim ordinary dividend was paid amounting to £100k (2013: £47k). The directors do not recommend the payment of a final dividend.

Directors

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

M Kessler
C R Boyle
R J A Smith
D R J Dalton (appointed 28 April 2014)

Use of financial instruments

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

Subsequent events

On 18 June 2014, the group acquired a controlling interest in Xinlong Banner (Shouguang) Chemicals Co., Ltd, a company incorporated in the People's Republic of China. The acquisition will allow the group to expand its geographical markets through new customer relationships and provide access to new suppliers and products. The group acquired ordinary shares in the business which were settled for cash.

On 4 July 2014, the group acquired a controlling interest in Surfachem Brasil Ltda, a company incorporated in Brazil. The acquisition will enable the group to distribute and supply speciality chemicals to the personal care, household care, institutional and industrial care markets within South America. The group acquired ordinary shares in, and has also provided working capital loans to, Surfachem Brasil Ltda.

Research and development

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

Employment policy

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

The Group adheres to a policy of equality in terms of racial, religious, sexual, and political grounds, and physical disabilities in all its dealings with existing or potential employees.

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

Auditors

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

Directors' Responsibilities

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

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

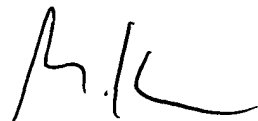
The directors confirm that the financial statements comply with the above requirements.

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

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
22 September 2014

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 2M GROUP LIMITED

We have audited the group and parent company financial statements of 2M Group Limited for the year ended 30 April 2014 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2014 and of the group's profit and the parent company's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

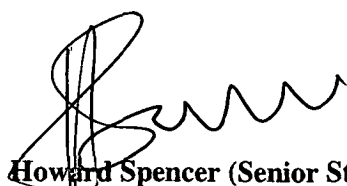
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

Chartered Accountants
Statutory Auditor
22 September 2014

2M GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2014

		Year ended 30 April 2014 £'000	16 Months ended 30 April 2013 £'000
	Notes		
Revenue	3	102,858	123,343
Cost of sales		(77,617)	(97,026)
Gross profit		25,241	26,317
Distribution costs		(7,252)	(8,254)
Administrative expenses		(12,159)	(11,854)
Operating profit	4	5,830	6,209
Loss on disposal of property, plant and equipment		-	(3)
Finance costs	5	(2,033)	(2,054)
Finance income	6	515	729
Profit before taxation		4,312	4,881
Taxation	7	(1,117)	(1,449)
Profit for the year		3,195	3,432
Other comprehensive income:			
Actuarial losses on defined benefit scheme		(101)	(917)
Deferred tax associated with defined benefit scheme		21	213
Currency translation differences		1	-
Other comprehensive income for the year net of tax		(79)	(704)
Total comprehensive income for the year		3,116	2,728

2M GROUP LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)**
FOR THE YEAR ENDED 30 APRIL 2014

	Notes	Year ended 30 April 2014 £'000	16 Months ended 30 April 2013 £'000
Profit attributable to:			
Equity holders of the parent company		3,280	3,507
Non-controlling interests		(85)	(75)
		<hr/>	<hr/>
		3,195	3,432
		=====	=====
Total comprehensive income attributable to:			
Equity holders of the parent company		3,198	2,804
Non-controlling interests		(82)	(76)
		<hr/>	<hr/>
		3,116	2,728
		=====	=====

2M GROUP LIMITED

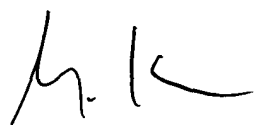
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2014

	Notes	2014 £'000	2013 £'000
Assets			
Non-current assets			
Intangible assets	10	31,270	22,346
Property, plant and equipment	11	7,174	6,489
Deferred tax asset	16	485	703
Total non- current assets		38,929	29,538
Current assets			
Inventories	12	7,749	8,305
Trade and other receivables	13	21,095	19,242
Prepayments and accrued income	13	1,355	1,298
Cash and cash equivalents	23	1,853	2,189
Total current assets		32,052	31,034
Total assets		70,981	60,572
Liabilities			
Current liabilities			
Bank borrowings and overdrafts	15	16,775	17,833
4.5% Secured loan notes	15	1,000	1,000
Deferred consideration	15	1,000	-
Trade and other payables	14	17,947	16,788
Current tax liabilities	14	422	631
Total current liabilities		37,144	36,252
Non- current liabilities			
Bank borrowings and overdrafts	15	3,569	-
4.5% Secured loan notes	15	1,500	2,500
Deferred consideration	15	4,000	-
Accruals and deferred income	17	13	31
Employee benefit liability	18	4,339	4,403
Total non- current liabilities		13,421	6,934
Total Liabilities		50,565	43,186
Total Net Assets		20,416	17,386

2M GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**
AS AT 30 APRIL 2014

	Notes	2014 £'000	2013 £'000
Equity			
Share capital	19	133	133
Share premium	19	165	165
Capital restructuring reserve		14,370	14,370
Options reserves		23	8
Currency translation reserve		(1)	1
Retained earnings		5,855	2,757
Equity attributable to equity holders of the parent company		20,545	17,434
Minority interest in equity		(129)	(48)
		20,416	17,386
		=====	=====

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2014.



M Kessler
Director



C Boyle
Director

Company Registration No. 07904022

2M GROUP LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

		Year ended 30 April 2014 £'000	16 Months ended 30 April 2013 £'000
Cash flows from operating activities	Notes		
Cash generated from operations	21	6,006	8,996
Financial expenses		(1,337)	(1,175)
Income taxes paid		(1,088)	(701)
Net cash generated by operating activities		3,581	7,120
Cash flows from investing activities			
Payments for property, plant and equipment		(224)	(392)
Interest received		-	14
Business combinations net of cash	22	(5,103)	(21,507)
Net cash used in investing activities		(5,327)	(21,885)
Cash flows from financing activities			
Repayments of loan notes		(2,000)	(1,000)
Proceeds from new loans		6,244	-
Proceeds from issues of shares		-	167
Dividends paid to company's shareholders		(100)	(47)
Net cash used in financing activities		4,144	(880)
Net increase / (decrease) in cash and cash equivalents		2,398	(15,645)
Cash and cash equivalents at the beginning of the financial year		(15,645)	-
Cash and cash equivalents at the end of the financial year	23	(13,247)	(15,645)
		=====	=====

2M GROUP LIMITED
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2014**

	Share Capital	Share Premium	Restruc- turing Reserve	Options Reserve	Currency Reserve	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 10 January 2012	-	-	-	-	-	-	-	-	-
Shares issued in the period	133	165	14,370	-	-	-	14,668	-	14,668
Share based payments	-	-	-	8	-	-	8	-	8
Total comprehensive income for the period	-	-	-	-	1	2,804	2,805	(76)	2,729
Dividend paid	-	-	-	-	-	(47)	(47)	-	(47)
Non-controlling interest in subsidiary equity	-	-	-	-	-	-	-	28	28
At 30 April 2013	133	165	14,370	8	1	2,757	17,434	(48)	17,386
At 1 May 2013	133	165	14,370	8	1	2,757	17,434	(48)	17,386
Share based payments	-	-	-	15	-	-	15	-	15
Total comprehensive income for the year	-	-	-	-	(2)	3,198	3,196	(82)	3,114
Dividend paid	-	-	-	-	-	(100)	(100)	-	(100)
Non-controlling interest in subsidiary equity	-	-	-	-	-	-	-	1	1
At 30 April 2014	133	165	14,370	23	(1)	5,855	20,545	(129)	20,416

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

1. Accounting policies

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

The group financial statements for the year ended 30 April 2014 consolidate those of the company and its subsidiaries (together referred to as the "group"). The parent company financial statements present information about the company as a separate entity and not about its group.

The group has adopted the accounting policies set out below in preparation of the financial information for the year ended 30 April 2014. All of these policies have been applied consistently throughout the year unless otherwise stated.

1.1 Basis of preparation

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

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

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

1.2 Basis of consolidation

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

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

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

1.3 Revenue recognition

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

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

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

1.4 Intangible fixed assets

Goodwill

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

Goodwill arising on the acquisition of other business undertakings represents the excess of the fair value of the consideration given over the fair value of the net identifiable assets acquired.

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

Patents

Patents are valued at cost.

1.5 Investments

Investments are stated at cost less any provision for impairment.

1.6 Property, plant and equipment

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

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

Land is not depreciated.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents all expenses incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less all further costs to completion.

1.8 Financial assets and liabilities

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

1.9 Employee benefits

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

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

1.9 Employee benefits (continued)

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 in other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in the statement of comprehensive income.

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

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

1.10 Foreign currency translation

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

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

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the year-end date. Income and expenses are translated at average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income or charged directly through equity as applicable.

1.11 Taxation

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

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

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

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

1.11 Taxation (continued)

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

1.12 Leasing

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

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

1.13 Share based payments

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

1.14 New standards and interpretations

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

	Effective date
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2014
IFRS 11 Joint Arrangements	1 January 2014
IFRS 12 Disclosure on Interests in Other Entities	1 January 2014
IFRS 13 Fair Value Measurement	1 January 2014
IAS 27 Reissued as IAS 27 – Separate Financial Statements	1 January 2014
IAS 28 Reissued as IAS 28 – Investments in Associates and Joint Ventures	1 January 2014
IAS 32 Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 Amendments to IAS 36 – Impairment of Assets	1 January 2014

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

2. Critical accounting estimates, assumptions and judgments

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

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

2. Critical accounting estimates, assumptions and judgments (continued)

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

a) **Goodwill**

The group follows the requirements of IAS 36 – Impairment of Assets and tests goodwill annually to determine when goodwill is impaired (see accounting policy in note 1.4 above and goodwill in note 10 below). This determination requires significant judgment. In making this judgment, the group estimates the recoverable amount of the cash generating units to which goodwill has been allocated based on value-in-use calculations. The value-in-use calculations require the entity to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. For the purpose of impairment testing, goodwill has been allocated to the company's subsidiaries.

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

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

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

c) **Pension benefits**

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate and current market conditions. Additional information is disclosed in note 18. Any changes in these assumptions will impact on the carrying amount of pension obligations.

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

d) **Share based payments**

The group records charges for share based payments. For option based share based payments management estimate certain factors used in the option pricing model, including volatility, vesting date of options and the number of options likely to vest. If these estimates vary from actual events, this will impact on the value of the equity carried in the reserves. Further details of the group's estimation of share based payments are disclosed in note 20.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

3. Segmental reporting

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

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

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

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

Revenue

Geographical location	2014 £’000	2013 £’000
United Kingdom and EIRE	88,875	102,835
Europe	6,356	11,423
Americas	1,208	1,443
Australasia	73	57
Africa	1,096	1,340
Middle East	2,907	2,135
Asia	2,017	3,514
Other	326	596
	<hr/>	<hr/>
	102,858	123,343
	=====	=====

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

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

3. Segmental reporting (continued)

	Storage, blending & distribution £'000	All other segments £'000	Total 2014 £'000	Total 2013 £'000
Revenue				
Total revenue	104,034	865	104,899	125,775
Inter segment sales	(1,198)	(843)	(2,041)	(2,432)
	=====	=====	=====	=====
Sales to external customers	102,836	22	102,858	123,343
	=====	=====	=====	=====
Profit / (loss)				
Depreciation on property, plant and equipment	531	8	539	567
	=====	=====	=====	=====
Segment operating profit / (loss)	6,933	(1,103)	5,830	6,209
Profit / (loss) on disposal of property, plant and equipment	-	-	-	(3)
Finance costs	(1,875)	(158)	(2,033)	(2,054)
Finance income	515	-	515	729
	=====	=====	=====	=====
Profit / (loss) before taxation	5,573	(1,261)	4,312	4,881
Taxation	(1,136)	19	(1,117)	(1,449)
	=====	=====	=====	=====
Profit / (loss) for the year	4,437	(1,242)	3,195	3,432
	=====	=====	=====	=====
Assets and liabilities				
Capital expenditures	1,219	5	1,224	392
	=====	=====	=====	=====
Segment assets	48,569	22,412	70,981	60,572
Segment liabilities	(47,790)	(2,775)	(50,565)	(43,186)
	=====	=====	=====	=====
Total net assets	779	19,637	20,416	17,386
	=====	=====	=====	=====

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

4. Operating profit

	2014 £'000	2013 £'000
The operating profit for the year is stated after charging/(crediting):		
Depreciation on property, plant and equipment	539	567
Amounts paid in respect of operating leases for plant and machinery	769	648
Losses on foreign currency	73	48
Auditors' remuneration (see below)	100	92
	=====	=====
Audit services		
Fees payable to the company's auditors for the audit of the parent company and Consolidated accounts	12	7
Fees payable to the company's auditors for the audit of the company's subsidiaries	88	85
Other services		
Other services relating to taxation	15	15
Other	28	24
	=====	=====

5. Finance costs

	2014 £'000	2013 £'000
Bank interest expense	935	973
Other interest	244	-
Interest on loan notes	158	226
Interest on pension scheme liabilities	696	855
	-----	-----
	2,033	2,054
	=====	=====

6. Finance income

	2014 £'000	2013 £'000
Bank interest income	-	14
Expected returns on pension scheme assets	515	715
	-----	-----
	515	729
	=====	=====

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

7. Taxation

	2014 £'000	2013 £'000
UK corporation tax on profits for the year at 23% (2013: 24%)	878	1,330
Deferred tax charge: origination and reversal of temporary timing differences	239	119
Total tax expense in the income statement	1,117	1,449
Factors affecting the tax charge for the year:		
Profit on ordinary activities before tax	4,312	4,881
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 23% (2013: 24%)	992	1,172
Effects of:		
Non-deductible expenses	33	104
Depreciation in excess of capital allowances previously unrecognised	25	162
Other tax adjustments	67	11
	125	277
Total tax charge	1,117	1,449

Deferred taxation balances are analysed in note 16.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

8. Staff numbers and costs

	2014 Number	2013 Number
The average number of people employed by the group (including directors) during the year was as follows:		
Average number of employees during the year	196	183
	=====	=====
Staff costs including directors:	2014	2013
	£'000	£'000
Wages and salaries	6,399	7,015
Social security costs	708	764
Other pension costs:		
Contributions to defined contribution schemes	253	312
Contributions to defined benefit schemes	346	371
Costs of share option scheme	15	8
	-----	-----
	7,721	8,470
	=====	=====

9. Directors' emoluments

	2014 £'000	2013 £'000
Emoluments for qualifying services:		
Aggregate directors' emoluments	527	436
Pension contributions	55	53
	-----	-----
	582	489
	=====	=====

Directors' remuneration is paid through subsidiary companies within the group. The number of directors for whom retirement benefits were accruing under defined contribution schemes in the year was 4 (2013: 3).

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

10. Intangible non-current assets

Group	Patents £'000	Goodwill £'000	Total £'000
Acquired with subsidiary	1	12,334	12,335
Acquisition in the period	-	10,011	10,011
At 30 April 2013	1	22,345	22,346
	=====	=====	=====
At 1 May 2013	1	22,345	22,346
Acquisition in the year	-	8,924	8,924
At 30 April 2014	1	31,269	31,270
	=====	=====	=====

Goodwill represents the goodwill arising on various acquisitions.

On 22 February 2012, the company acquired the issued ordinary share capital of 2M Holdings Limited and its subsidiaries. Goodwill arising from this acquisition amounted to £10,014k. Full details of the acquisition are set out in note 22 below.

On 18 May 2012, the group acquired the issued ordinary share capital of K M Z Chemicals Limited. Negative goodwill arising from this acquisition amounted to £3k. Full details of the acquisition are set out in note 22 below.

On 1 August 2013, the group acquired the business of packed chlorine from Ineos Chlorvinyls Limited. Goodwill arising from this acquisition amounted to £8,924k. Full details of the acquisition are set out in note 22 below.

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

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

- i) Cash flows are projected based on expected revenue to be generated from the existing business model;
- ii) Inflation rate of 3% per annum;
- iii) A pre-tax discount rate of 14%

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

There has been no impairment in value during the year.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

11. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
Acquired with subsidiaries	3,985	9,942	37	13,964
Additions	9	383	-	392
Disposals	-	(21)	-	(21)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2013	3,994	10,304	37	14,335
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 May 2013	3,994	10,304	37	14,335
Additions	5	1,219	-	1,224
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2014	3,999	11,523	37	15,559
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Acquired with subsidiaries	857	6,413	27	7,297
Charge for the period	67	490	10	567
Disposals	-	(18)	-	(18)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2013	924	6,885	37	7,846
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 May 2013	924	6,885	37	7,846
Charge for the year	52	487	-	539
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2014	976	7,372	37	8,385
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 April 2014	3,023	4,151	-	7,174
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2013	3,070	3,419	-	6,489
	<hr/>	<hr/>	<hr/>	<hr/>

Freehold land and buildings include non-depreciable land with a value of £1,338k (2013: £1,338k).

The freehold land and buildings have been valued by the directors at 30 April 2014 on an open market basis.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

12. Inventories

	2014 £'000	2013 £'000
Goods for resale	7,749	8,305
	<u>7,749</u>	<u>8,305</u>
	=====	=====

13. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	20,866	19,177
Other receivables	229	65
Prepayments and accrued income	1,355	1,298
	<u>22,450</u>	<u>20,540</u>
	=====	=====

14. Trade and other payables

	2014 £'000	2013 £'000
Bank loans and overdrafts (secured)	16,775	17,833
4.5% Secured loan notes	1,000	1,000
Deferred consideration	1,000	-
Trade payables	12,046	11,423
Corporation tax	422	631
Taxation and social security	1,449	1,366
Other payables	720	580
Accruals and deferred income	3,732	3,419
	<u>37,144</u>	<u>36,252</u>
	=====	=====

The bank loans and overdrafts are secured by a legal charge over the assets of the group, a charge over its debts and inventories, and by a composite debenture and guarantee.

The loan notes are secured by way of a debenture over the assets of 2M Group Limited and certain of its subsidiaries.

The deferred consideration is secured by a legal charge over the share capital of the subsidiary, Packed Chlorine Limited and will be discharged when the deferred consideration is fully paid. No interest is payable on the deferred consideration.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

15. Financial Instruments and Financial Risk Management

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

	2014 £'000	2013 £'000
Current liabilities:		
Bank facilities, loans and overdrafts (secured)	16,775	17,833
4.5% Secured loan notes	1,000	1,000
Deferred consideration	1,000	-
	<u>18,775</u>	<u>18,833</u>
	=====	=====
Non current:		
Bank facilities, loans and overdrafts (secured)	3,569	-
4.5% secured loan notes	1,500	2,500
Deferred consideration	4,000	-
	<u>9,069</u>	<u>2,500</u>
	=====	=====
The borrowings are repayable as follows:		
On demand or within one year	18,775	18,833
Between one and two years	4,425	1,000
Between two and five years	4,644	1,500
	<u>27,844</u>	<u>21,333</u>
Less: Amount due within 12 months (shown under current liabilities)	(18,775)	(18,833)
	<u>9,069</u>	<u>2,500</u>
	=====	=====

Short term bank funding totalling £16,308k is secured on certain of the group's debtors and inventory. The remainder of the short term funding – £467k – represents overdrafts.

As part of the acquisition of 2M Holdings Limited and its subsidiaries, the company issued loan notes amounting to £4,500k to a former shareholder. Interest is payable quarterly and is charged on the loan notes at 4.5% per annum. The loan notes are secured by way of a debenture over the assets of 2M Group Limited and certain of its subsidiaries. At 30 April 2014 an amount of £2,500k remains outstanding on these loan notes.

As part of the acquisition of the Packed Chlorine business from Ineos Chlorvinyls Limited the group recognised a deferred consideration payment of £5,000k which is payable between 1 and 4 years from completion.

All the group's funding is subject to a group guarantee (note 25).

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

15. Financial Instruments and Financial Risk Management (continued)

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

ii) Credit risk

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

iii) Liquidity risk

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

iv) Interest rate risk

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

During the prior period the group issued loan notes to a former shareholder and interest is charged at a fixed rate of 4.5% per annum.

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

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

16. Deferred tax assets and liabilities

	Employee Benefits £'000	Excess capital allowances £'000	Other timing differences £'000	Total £'000
At 10 January 2012	-	-	-	-
Acquired with subsidiaries	(898)	412	(123)	(609)
Charge / (credit) to income statement	98	(9)	30	119
Charge / (credit) to equity	(213)	-	-	(213)
As at 30 April 2013	(1,013)	403	(93)	(703)
As at 1 May 2013	(1,013)	403	(93)	(703)
Charge / (credit) to income statement	123	(13)	129	239
Charge / (credit) to equity	(21)	-	-	(21)
As at 30 April 2014	(911)	390	36	(485)
Deferred tax asset	(911)	-	-	(911)
Deferred tax liability	-	390	36	426
As at 30 April 2014	(911)	390	36	(485)

Deferred tax is provided for at the future tax rate applying at the reporting date. At 30 April 2014 the future tax rate applying was 21%.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

17. Accruals and deferred income

	2014 £'000	2013 £'000
Balance at 1 May 2013	53	-
Acquired with subsidiary	-	177
Credit to income in the year	(22)	(124)
	<hr/>	<hr/>
Included under current liabilities	31 (18)	53 (22)
	<hr/>	<hr/>
Balance at 30 April 2014	13	31
	<hr/> <hr/>	<hr/> <hr/>

18. Pension liability

Defined Contribution Scheme

The group operates a Defined Contribution Pension Scheme. During the year ended 30 April 2014 the pension cost charge to the income statement amounted to £253k (2013: £312k). There were no outstanding or unpaid contributions at the beginning or end of the year.

Defined Benefit Scheme

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

The most recent valuation was at 30 April 2014. The principal actuarial assumptions made were that investment returns would exceed salary increases by an average of 1.2% per annum and that present and future pensions would increase at the rate of 3.2% per annum in respect of pension accrued prior to 1 October 2000 by members joining before 1 April 1995, and 2.9% in respect of other accrued pension. The market value of assets of the scheme was £12.1 million and the actuarial valuation of these assets represented 73% of the value of benefits that had accrued to members. The companies are currently making contributions, as recommended by the scheme's actuaries on the basis of triennial valuations using the attained age method.

Contributions in the year totalled £346k (2013: £371k). The estimated employer contributions to the scheme for the next financial year are £356k (2013: £346k).

The scheme's deficit shown below under the IAS 19 basis is £4,339k as at 30 April 2014 (2013: £4,403k).

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

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

18. Pension liability (continued)

The main financial assumptions used at the year-end date to calculate scheme liabilities under IAS 19 are:

	2014	2013
	Projected Unit	Projected Unit
Valuation method		
Discount rate	4.4%	4.3%
Inflation rate	3.2%	3.0%
Expected rate of salary increases	2.3%	2.3%
Increase to pensions and deferred pensions	3.2%	3.0%
Expected return on assets*	4.3%	5.5%

*The expected rate of return on plan assets was determined, based on the discount rate for the year ended 30 April 2014, in line with IAS 19.

Analysis of amounts charged to the statement of comprehensive income

	2014 £'000	2013 £'000
Analysis of amount reported in financial income and expense		
Expected return on pension scheme assets	515	715
Interest cost	(696)	(855)
	<hr/>	<hr/>
Net cost	(181)	(140)
	<hr/>	<hr/>

Analysis of amount recognised under other comprehensive income

Experience gains arising on the scheme assets	(320)	584
Experience losses arising on the scheme liabilities	219	(1,501)
	<hr/>	<hr/>
Net actuarial losses recognised under other comprehensive income	(101)	(917)
	<hr/>	<hr/>

Reconciliation of change in assets and liabilities

Change in defined benefit obligation:

Defined benefit obligation brought forward	16,417	-
Defined benefit obligations acquired with subsidiary	-	14,696
Movement in the year:		
Interest cost	696	855
Actuarial loss on obligation	(193)	1,501
Actual benefits paid	(444)	(635)
	<hr/>	<hr/>
Defined benefit obligation at end of year	16,476	16,417
	<hr/>	<hr/>

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

18. Pension scheme (continued)

	2014 £'000	2013 £'000
Change in plan assets:		
Fair value of plan assets brought forward	12,014	-
Fair value of plan assets acquired with subsidiary	-	10,979
Movement in year:		
Expected return on plan assets	515	715
Actual employer contributions	346	371
Actuarial gain on plan assets	(294)	584
Actual benefits paid	(444)	(635)
	<hr/>	<hr/>
Fair value of plan assets at end of year	12,137	12,014
	<hr/>	<hr/>
Funded status – Financial position		
Net pension liability	(4,339)	(4,403)
	<hr/>	<hr/>

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

	Rate of return expected at 30 April 2014	Value at 30 April 2014 £'000	Rate of return expected at 30 April 2013	Value at 30 April 2013 £'000
Equities	4.3%	5,977	7.75%	4,674
Bonds	4.3%	6,021	3.5%/5.0%	6,839
Others	4.3%	139	3.5%/6.5%	501
		<hr/>		<hr/>
Total market value of scheme assets		12,137		12,014
Present value of the scheme's liabilities (provided by the actuary)		(16,476)		(16,417)
		<hr/>		<hr/>
Net pension liability (funded)		(4,339)		(4,403)
		<hr/>		<hr/>

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

18. Pension scheme (continued)

The history of experience adjustments is as follows:

	Value at 30 April 2014 £'000	Value at 30 April 2013 £'000
Experience gains/(losses) on scheme assets		
Amount (£)	(294)	531
Percentage of scheme assets	2%	4%
Experience gains/(losses) on scheme liabilities*		
Amount (£)	(26)	48
Percentage of the present value of scheme liabilities	1%	1%

* These figures exclude the effect of the change in the valuation assumptions from one year to the next.

19. Share capital

	Number of shares	Share Capital £'000	Share premium £'000	Total £'000
Ordinary A shares	130,000	130	-	130
Ordinary B shares	1,490	2	165	167
Ordinary C shares	130,000	1	-	1
At 30 April 2013 and 30 April 2014	261,490	133	165	298

Ordinary A shareholders are entitled to vote at meetings of the company and each share in issue carries one vote. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary B shares. Ordinary A shares are not redeemable.

Ordinary B shares rank pari passu in all respects with Ordinary A shares save that they carry no entitlement to vote at meetings of the company. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary A shares. Ordinary B shares are not redeemable.

Ordinary C shares carry no entitlement to vote at meetings of the company, are not entitled to participate in dividend distributions, have only limited rights to participate in a distribution as respects to capital and are not redeemable.

20. Cost of issuing share options

Included within administration expenses is a charge of £15k for issuing share options. The share based payment charge represents the current year's allocation of the expense for relevant share options issued in 2012. The company has granted share options under an Unapproved Share Option Plan (the 'Unapproved Plan').

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

20. Cost of issuing share options (continued)

Under the Unapproved Plan, options are granted to employees and directors to acquire Ordinary B shares at a price of £110.59 per share. In general, options vest after ten years and are exercisable if the group is sold or becomes listed on a recognised stock exchange.

The Company granted 2,600 share options under the Unapproved Plan during the prior period with total fair values estimated using the Black-Scholes option-pricing model of £288k. A discount rate of 50% has been applied to reflect the medium term possibility of the exercisable events occurring resulting in a cost of £144 being amortised over ten years. In 2014 this has been time apportioned and £15 is included in the charge to administration expenses as noted above.

The following assumptions were used for the Black-Scholes valuation of share options granted in the prior period:

	Unapproved plan Issued 2012 Employees
Options granted	2,600
Risk-free interest rate	0.5%
Expected life of the options	10 years
Annualised volatility	23.39%

The options outstanding at 30 April 2014 have an exercise price of £110.59 per share and a weighted average remaining contractual life of 8.42 years.

21. Cash generated from operations	2014 £'000	2013 £'000
Profit before taxation	4,312	4,881
Add back non-operating items:		
Financial income	(515)	(729)
Financial expense	2,033	2,054
Loss on sale of property, plant and equipment	-	3
Adjustments for:		
Pension movement (cost, less contributions)	(346)	(371)
Depreciation	539	567
Other non-cash items	120	88
Decrease in inventories	632	1,491
(Increase) / decrease in receivables	(1,910)	212
Increase in payables	1,141	800
Cash generated from operations	6,006	8,996

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

22. Business combinations

Acquisition of Packed Chlorine business

On 1 August 2013, a subsidiary company, Packed Chlorine Limited, acquired the business of packaging, distribution and sale of packed chlorine from Ineos Chlorvinyls Limited, for a total consideration of £10million. The acquisition was settled by a combination of cash and a deferred consideration as follows:

	£'000
Cash paid	5,000
Deferred consideration	5,000
	<hr/>
Total consideration	10,000
	<hr/> <hr/>

Recognised amounts of identifiable assets acquired and liabilities assumed:

	£'000
Plant and machinery	1,000
Stock	76
	<hr/>
Total identifiable net assets	1,076
Goodwill	8,924
	<hr/>
Total	10,000
	<hr/> <hr/>

Acquisition of Surfachem Nordic AS

On 7 August 2013, the group acquired 66.67% of the share capital of Surfachem Nordic AS, a company registered in Norway. The acquisition was settled by cash consideration of £103k. There were no identifiable assets or liabilities at acquisition.

Acquisition of 2M Holdings Limited and its subsidiaries

On 22 February 2012, the company acquired 100% of the issued ordinary share capital of 2M Holdings Limited and its subsidiaries. The acquisition was settled by a combination of cash, loan notes and a share for share issue as follows:

	£'000
Cash paid	10,000
4.5% loan notes issued	4,500
Shares issued	14,500
	<hr/>
Total consideration	29,000
	<hr/> <hr/>

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

22. Business combinations (continued)

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Cash and cash equivalents	(11,367)
Goodwill	12,334
Intangible assets	1
Property, plant and equipment	6,664
Deferred tax asset	565
Inventories	9,646
Trade and other receivables	20,499
Trade and other payables	(15,639)
Defined benefit pension scheme	(3,717)
	<hr/>
Total identifiable net assets	18,986
Goodwill	10,014
	<hr/>
Total	29,000
	=====

Acquisition of K M Z Chemicals Limited

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

Recognised amounts of identifiable assets acquired and liabilities assumed	£'000
Cash and cash equivalents	(39)
Property, plant and equipment	3
Deferred tax asset	44
Inventories	150
Trade and other receivables	253
Trade and other payables	(359)
	<hr/>
Total identifiable net assets	52
Goodwill	(3)
	<hr/>
Total	49
	=====

Acquisition of Banner Chemicals Benelux NV

Banner Chemicals Benelux NV was incorporated on 18 August 2012 and is registered in Belgium. The group subscribed to acquire 65% of the ordinary share capital of the company at incorporation. The acquisition was settled by a cash consideration of £52k. There were no identifiable assets or liabilities at acquisition.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

22. Business combinations (continued)

Reconciliation of amounts paid in business combinations net of cash

	2014 £'000	2013 £'000
Amounts paid on acquisition:		
2M Holdings Limited and its subsidiaries	-	10,000
KMZ Chemicals Limited	-	49
Banner Chemicals Benelux NV	-	52
Surfachem Nordic AS	103	-
Packed Chlorine business	5,000	-
	<hr/>	<hr/>
Total paid	5,103	10,101
Cash and cash equivalents	-	11,406
	<hr/>	<hr/>
	5,103	21,507
	=====	=====

23. Cash and cash equivalents

	2014 £'000	2013 £'000
Cash at bank and in hand	1,853	2,189
Bank overdrafts/funding	(15,100)	(17,834)
	<hr/>	<hr/>
Cash and cash equivalents in the cash flow statement	(13,247)	(15,645)
	=====	=====

24. Operating leases

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

	2014 £'000	2013 £'000
Within one year	749	721
Between one and five years	767	1,037
	<hr/>	<hr/>
	1,516	1,758
	=====	=====

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

25. Guarantees and other financial commitments

- a) At 30 April 2014 the group had no capital commitments.
- b) The group has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank by 2M Group Limited and its subsidiaries.
- c) The group has granted a debenture to a former shareholder of 2M Holdings Limited in respect of amounts due to him from 2M Group Limited.
- d) A subsidiary company, 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 £2,900k.

26. Control

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

27. Related party transactions

During the year the group advanced amounts totalling £Nil (2013: £6k) to a director of a subsidiary company who is also a director of the company.

Trade and other payables include an amount of £180k (2013: £70k) due to Arpadis Suisse AG. Arpadis Suisse AG is the non-controlling interest holder in the subsidiary company Banner Chemicals Benelux NV. The loan is interest free, unsecured and has no fixed repayment terms.

28. Subsequent events

On 18 June 2014, the group acquired a controlling interest in Xinlong Banner (Shouguang) Chemicals Co., Ltd, a company incorporated in the People's Republic of China. The acquisition will allow the group to expand its geographical markets through new customer relationships and provide access to new suppliers and products. The group acquired ordinary shares in the business which were settled for cash.

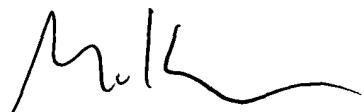
On 4 July 2014, the group acquired a controlling interest in Surfachem Brasil Ltda, a company incorporated in Brazil. The acquisition will enable the group to distribute and supply speciality chemicals to the personal care, household care, institutional and industrial care markets within South America. The group acquired ordinary shares in, and has also provided working capital loans to, Surfachem Brasil Ltda.

2M GROUP LIMITED

COMPANY BALANCE SHEET AS AT 30 APRIL 2014

	Notes	30 April 2014 £'000	30 April 2013 £'000
Fixed assets			
Investments	4	29,267	29,267
Current assets			
Debtors	5	314	266
Cash at bank and in hand		-	7
		<u>314</u>	<u>273</u>
Creditors: amounts falling due within one year	6	(3,120)	(1,836)
		<u></u>	<u></u>
Net current liabilities		(2,806)	(1,563)
		<u></u>	<u></u>
Total assets less current liabilities		26,461	27,704
Creditors:			
Amounts falling due after one year	7	(1,500)	(2,500)
		<u></u>	<u></u>
Net Assets		24,961	25,204
		<u><u></u></u>	<u><u></u></u>
Capital and reserves			
Called up share capital	8	133	133
Share premium	8	164	164
Option reserve	10	23	8
Merger reserve	10	14,370	14,370
Profit and loss account	10	10,271	10,529
		<u></u>	<u></u>
Shareholders' funds - equity	11	24,961	25,204
		<u><u></u></u>	<u><u></u></u>

The accounts were approved by the Board on 22 September 2014.



M Kessler - Director



C Boyle - Director

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

1. Accounting policies

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

1.1. Basis of preparation

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

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

1.2 Turnover

Turnover represents management fees, intergroup interest and intercompany dividends.

1.3 Investments

Investments are stated at cost less any provision for impairment.

1.4 Deferred Tax

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

1.5 Share based payment transactions

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

2. Profit attributable to members of the parent company

The company has taken advantage of the exemption under Section 480 of the Companies Act 2006 in not presenting its own profit and loss account. The loss after taxation amounted to £158k (2013: £10,576k profit) for the year ended 30 April 2014.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

3. Taxation

	2014 £'000	2013 £'000
UK corporation tax		
Current year tax (credit)	(45)	(55)
	=====	=====
Tax (credit) on profit on ordinary activities	(45)	(55)
	=====	=====
Factors affecting the tax charge for the year		
(Loss) / profit on ordinary activities before taxation	(202)	10,520
	=====	=====
Profit on ordinary activities before taxation multiplied by standard rate of UK corporate tax of 23% (2013: 24%)	(46)	2,525
Effects of:		
Non-deductible items	1	-
Dividends and distributions received	-	(2,580)
	=====	=====
Current tax (credit)	(45)	(55)
	=====	=====

4. Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 30 April 2013	29,267
Additions	-
	=====
At 30 April 2014	29,267
	=====

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

4. Fixed asset investments (continued)

The group's principal subsidiary undertakings (incorporated in England and Wales unless otherwise stated below) at 30 April 2014 were as follows:

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights) 2014
Held directly:		
2M Holdings Limited	Holding company	100%
Held indirectly:		
Banner Chemicals Holdings Limited	Holding company	100%
Surfachem Holdings Limited	Holding company	100%
Packed Chlorine Limited	Distribution of chemical industry products	100%
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 solvent and chemical products	100%
M P Storage and Blending Limited	Storage, drumming and blending of solvents and chemical products	100%
K M Z Chemicals Limited	Distribution of chemical industry products	100%
Banner Chemicals Benelux NV	Distribution of chemical industry products	65%
Surfachem Group Limited	Holding Company	100%
Surfachem Limited	Distribution of chemical industry products	100%
FilRite Limited	Decanting and packaging of chemical industry products	100%
Samplerite Limited	Distribution of chemical industry samples	100%
Samplerite Qingdao Limited	Distribution of chemical industry samples	100%
Surfachem Nordic AS	Distribution of chemical industry products	67%

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

4. Fixed asset investments (continued)

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

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

The subsidiary company, Surfachem Nordic AS is incorporated in Norway.

5. Debtors

	30 April 2014 £'000	30 April 2013 £'000
Due from subsidiary undertakings	261	211
Corporation tax repayable	53	55
	<hr/>	<hr/>
	314	266
	=====	=====

6. Creditors: Amounts falling due within one year

	30 April 2014 £'000	30 April 2013 £'000
Accruals	26	24
Due to subsidiary undertakings	2,094	812
4.5% secured loan notes	1,000	1,000
	<hr/>	<hr/>
	3,120	1,836
	=====	=====

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

7. Creditors: Amounts due after one year

	30 April 2014 £'000	30 April 2013 £'000
Loan notes (secured)		
4.5% secured loan notes	2,500	3,500
Due within 1 year	(1,000)	(1,000)
	<hr/>	<hr/>
	1,500	2,500
	=====	=====
Due between 1 and 2 years	1,000	1,000
Due between 2 and 5 years	500	1,500
	<hr/>	<hr/>
	1,500	2,500
	=====	=====

As part of the acquisition of 2M Holdings Limited and its subsidiaries, the company issued loan notes amounting to £4,500k to a former shareholder. Interest is payable quarterly and is charged on the loan notes at 4.5% per annum. The loan notes are secured by way of a debenture over the assets of 2M Group Limited and certain of its subsidiaries. At 30 April 2014 an amount of £2,500k (2013: £3,500k) remains outstanding on these loan notes.

8. Share capital

	Number of shares	Share Capital £'000	Share premium £'000	Total £'000
Ordinary A shares	130,000	130	-	130
Ordinary B shares	1,490	2	164	166
Ordinary C shares	130,000	1	-	1
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2014	261,490	133	164	297
	=====	=====	=====	=====

Ordinary A shareholders are entitled to vote at meetings of the company and each share in issue carries one vote. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary B shares. Ordinary A shares are not redeemable.

Ordinary B shares rank pari passu in all respects with Ordinary A shares save that they carry no entitlement to vote at meetings of the company. The shares have rights to dividends and capital to participate in any distribution pro-rata with the Ordinary A shares. Ordinary B shares are not redeemable.

Ordinary C shares carry no entitlement to vote at meetings of the company, are not entitled to participate in dividend distributions, have only limited rights to participate in a distribution as respects to capital and are not redeemable.

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

9. Share based payment transactions

The company has granted share options under an Unapproved Share Option Plan (the 'Unapproved Plan').

Under the Unapproved Plan, options are granted to employees and directors to acquire Ordinary B shares at a price of £110.59 per share. In general, options vest after ten years and are exercisable if the group is sold or becomes listed on a recognised stock exchange.

The Company granted 2,600 share options under the Unapproved Plan during the prior period with total fair values estimated using the Black-Scholes option-pricing model of £287k. A discount rate of 50% has been applied to reflect the medium term possibility of the exercisable events occurring resulting in a cost of £144k being amortised over ten years.

A total expense of £15k has been charged in the subsidiary companies under which the employees are remunerated.

The following assumptions were used for the Black-Scholes valuation of share options granted in the prior period:

	Unapproved plan Issued 2012 Employees
Options granted	2,600
Risk-free interest rate	0.5%
Expected life of the options	10 years
Annualised volatility	23.39%

The options outstanding at 30 April 2014 have an exercise price of £110.59 per share and a weighted average remaining contractual life of 8.42 years.

10. Statement of movement on reserves

	Merger Reserve £'000	Options Reserve £'000	Profit and loss Account £'000
At 30 April 2013	14,370	8	10,527
Issue of shares	-	-	-
Options granted in the year	-	15	-
Retained loss for the year	-	-	(156)
Dividends paid	-	-	(100)
At 30 April 2014	14,370	23	10,271

2M GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2014

11. Reconciliation of movement of shareholders' funds

	2014 £'000	2013 £'000
Issue of shares in the period	-	14,667
Options granted in the year	15	8
(Loss) / Profit for the year	(158)	10,576
Dividends	(100)	(47)
	<hr/>	<hr/>
Net addition to shareholders' fund	(243)	25,204
Opening shareholders' funds	25,204	-
	<hr/>	<hr/>
At 30 April 2014	24,961	25,204
	=====	=====

12. Control

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

13. Guarantees and other financial commitments

- a) The company has granted a composite guarantee and debenture to Investec Bank plc in respect of amounts due to the bank.
- b) The company and its subsidiaries have granted a debenture to a former shareholder of 2M Holdings Limited in respect of amounts due to him from 2M Group Limited.
- c) A subsidiary company, 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 £2,900k.

14. Related party transactions

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