

Company Registration No. 07904022

**2M GROUP LIMITED
REPORT AND ACCOUNTS
PERIOD ENDED 30 APRIL 2013**



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
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	Squire Sanders (UK) LLP 2 Park Lane Leeds LS3 1ES

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2013

The directors present their report and the audited financial statements of the Group and of the Company from incorporation on 10 January 2012 to 30 April 2013

Activities and review of business

The company was incorporated on 10 January 2012 and its principal activity was established as that of a holding company

On 22 February 2012 the company acquired 100% of the issued ordinary share capital in 2M Holdings Limited and its subsidiaries

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

During the period under review, the group also acquired 100% of the issued ordinary share capital of KMZ Chemicals Limited. The principal activity of the subsidiary is the distribution of chemical industry products and was acquired by the group in order to enhance its portfolio of products available to the market

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

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

Subsequent events

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

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

Financial Key Performance Indicators

During the period, reported turnover amounted to £123,343,376, and Gross Profit, a key performance indicator within our business, amounted to £26,316,992, whilst achieving a margin rate of 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 areas of business

Operating Profit amounted to £6,209,142

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2013

Principal risks and uncertainties

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

We look to overcome these uncertainties by continuing to build robust relationships with our suppliers and customers, and this, coupled with our focus on value added transactions, will allow us to deliver solid performance during uncertain times.

The group's position at the end of the year

Cash Generation from Operations amounted to £8,995,425, with both profitable trading and tight control of working capital playing a part.

The overall movement in Cash & Cash Equivalents was (£15,644,550).

Our Net Asset position amounted to £17,384,604.

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

Results and dividends

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

An interim ordinary dividend was paid amounting to £47,000. The directors do not recommend the payment of a final dividend.

Directors

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

M Kessler	(appointed 16 January 2012)
C R Boyle	(appointed 22 February 2012)
R J A Smith	(appointed 10 September 2012)
P Crossley	(appointed 10 January 2012, resigned 16 January 2012)
Squire Sanders Directors Limited	(appointed 10 January 2012, resigned 16 January 2012)

Creditor payment policy

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

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2013

Employment policy

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

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

Research and development

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

Use of financial instruments

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

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

Market value of land and buildings

The Directors consider that the market value of the group's land and buildings is not materially different to the carrying value of £3,069,589 as shown in the consolidated statement of financial position.

Auditors

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

Directors' Responsibilities

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

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

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

2M GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 APRIL 2013

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
24 September 2013

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 period ended 30 April 2013 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 2013 and of the group's profit and the parent company's profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



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

Chartered Accountants
Statutory Auditor
24 September 2013

2M GROUP LIMITED

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

	Notes	16 Months ended 30 April 2013 £
Revenue	3	123,343,376
Cost of sales		(97,026,384)
Gross profit		26,316,992
Distribution costs		(8,254,436)
Administrative expenses		(11,853,414)
Operating profit	4	6,209,142
Loss on disposal of property, plant and equipment		(2,881)
Finance costs	5	(2,053,678)
Finance income	6	729,118
Profit before taxation		4,881,701
Taxation	7	(1,449,443)
Profit for the year		3,432,258
Other comprehensive income:		
Actuarial losses on defined benefit scheme		(917,000)
Deferred tax associated with defined benefit scheme		212,760
Currency translation differences		29
Other comprehensive income for the year net of tax		(704,211)
Total comprehensive income for the year		2,728,047

2M GROUP LIMITED

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

	Notes	16 Months ended 30 April 2013 £
Profit attributable to:		
Equity holders of the parent company		3,507,421
Non-controlling interests		(75,163)
		<hr/>
		3,432,258
		<hr/> <hr/>
Total comprehensive income attributable to:		
Equity holders of the parent company		2,804,105
Non-controlling interests		(76,058)
		<hr/>
		2,728,047
		<hr/> <hr/>

2M GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2013**

	Notes	2013 £
Assets		
Non-current assets		
Intangible assets	10	22,346,289
Property, plant and equipment	11	6,488,907
Deferred tax asset	16	702,640
		<hr/>
Total non- current assets		29,537,836
		<hr/>
Current assets		
Inventories	12	8,304,757
Trade and other receivables	13	19,242,010
Prepayments and accrued income	13	1,297,857
Cash and cash equivalents	23	2,188,532
		<hr/>
Total current assets		31,033,156
		<hr/>
Total assets		60,570,992
		<hr/>
Liabilities		
Current liabilities		
Bank borrowings and overdrafts	15	17,833,082
4.5% Secured loan notes	15	1,000,000
Trade and other payables	14	16,787,922
Current tax liabilities	14	631,324
		<hr/>
Total current liabilities		36,252,328
		<hr/>
Non- current liabilities		
4.5% Secured loan notes	15	2,500,000
Accruals and deferred income	17	31,060
Employee benefit liability	18	4,403,000
		<hr/>
Total non- current liabilities		6,934,060
		<hr/>
Total Liabilities		43,186,388
		<hr/>
Total Net Assets		17,384,604
		<hr/> <hr/>

2M GROUP LIMITED

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

	Notes	2013 £
Equity		
Share capital	19	132,790
Share premium	19	164,706
Capital restructuring reserve		14,370,000
Options reserves		8,386
Currency translation reserve		924
Retained earnings		2,756,181
Equity attributable to equity holders of the parent company		17,432,987
Minority interest in equity		(48,383)
		17,384,604

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



M Kessler
Director



C Boyle
Director

Company Registration No. 07904022

2M GROUP LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 APRIL 2013**

		2013
	Notes	£
Cash flows from operating activities		
Cash generated from operations	21	8,995,425
Financial expenses		(1,174,959)
Income taxes paid		(700,794)
		<hr/>
Net cash generated by operating activities		7,119,672
		<hr/>
Cash flows from investing activities		
Payments for property, plant and equipment		(392,092)
Interest received		14,118
Acquisitions of subsidiaries net of cash	22	(21,506,744)
		<hr/>
Net cash used in investing activities		(21,884,718)
		<hr/>
Cash flows from financing activities		
Repayments of loan notes		(1,000,000)
Proceeds from issues of shares		167,496
Dividends paid to company's shareholders		(47,000)
		<hr/>
Net cash used in financing activities		(879,504)
		<hr/>
Net decrease in cash and cash equivalents		(15,644,550)
Cash and cash equivalents at the beginning of the financial period		-
		<hr/>
Cash and cash equivalents at the end of the financial period	23	(15,644,550)
		=====

2M GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 APRIL 2013

	Share Capital	Share Premium	Restruc- turing Reserve	Options Reserve	Currency Reserve	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	£	£	£	£	£	£	£	£	£
Shares issued in the period	132,790	164,706	14,370,000	-	-	-	14,667,496	-	14,667,496
Share based payments	-	-	-	8,386	-	-	8,386	-	8,386
Total comprehensive income	-	-	-	-	924	2,803,181	2,804,105	(76,058)	2,728,047
Dividend paid	-	-	-	-	-	(47,000)	(47,000)	-	(47,000)
Non-controlling interest in subsidiary equity	-	-	-	-	-	-	-	27,675	27,675
At 30 April 2013	132,790	164,706	14,370,000	8,386	924	2,756,181	17,432,987	(48,383)	17,384,604

2M GROUP LIMITED

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

1 Accounting policies

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

The group financial statements for the period ended 30 April 2013 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 period ended 30 April 2013. All of these policies have been applied consistently throughout the year unless otherwise stated.

1.1 Basis of preparation

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

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

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

1.2 Basis of consolidation

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

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

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

1.3 Revenue recognition

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

Amounts received for the 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 PERIOD ENDED 30 APRIL 2013

1 4 Intangible fixed assets - goodwill

Goodwill

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

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

Patents

Patents are valued at cost

1 5 Investments

Investments are stated at cost less any provision for impairment

1 6 Property, plant and equipment

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

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

Land is not depreciated

1 7 Inventories

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

1 8 Financial assets and liabilities

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

1 9 Employee benefits

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

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

2M GROUP LIMITED

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

1 9 Employee benefits (continued)

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

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

1 10 Foreign currency translation

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

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

The assets and liabilities of foreign operations are translated into sterling at the rate of exchange ruling at the period end date. Income and expenses are translated at average exchange rates for the period. 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 period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

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

2M GROUP LIMITED

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

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 (continued)

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

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

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

2M GROUP LIMITED

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

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.

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 PERIOD ENDED 30 APRIL 2013

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	2013 £
United Kingdom and EIRE	102,834,322
Europe	11,423,022
Americas	1,443,206
Australasia	57,053
Africa	1,340,272
Middle East	2,135,234
Asia	3,513,961
Other	596,306
	<hr/>
	123,343,376
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Revenues from 20 customers of the group’s Storage, Blending and Distribution of Chemical Products segment represent approximately 17% of the group’s total revenues

2M GROUP LIMITED

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

3 Segmental reporting (continued)

	Storage, blending & distribution £	All other segments £	2013 Total £
Revenue			
Total revenue	124,269,140	1,506,538	125,775,678
Inter segment sales	(1,034,292)	(1,398,010)	(2,432,302)
	=====	=====	=====
Sales to external customers	123,234,848	108,528	123,343,376
	=====	=====	=====
Profit / (loss)			
Depreciation on property, plant and equipment	551,217	15,355	566,572
	=====	=====	=====
Segment operating profit / (loss)	7,533,350	(1,324,208)	6,209,142
Profit / (loss) on disposal of property, plant and equipment	(2,881)	-	(2,881)
Finance costs	(1,798,116)	(255,562)	(2,053,678)
Finance income	729,118	-	729,118
	=====	=====	=====
Profit / (loss) before taxation	6,461,471	(1,579,770)	4,881,701
Taxation	(1,446,609)	(2,834)	(1,449,443)
	=====	=====	=====
Profit / (loss) for the period	5,014,862	(1,582,604)	3,432,258
	=====	=====	=====
Assets and liabilities			
Capital expenditures	392,092	-	392,092
	=====	=====	=====
Segment assets	38,431,770	22,139,222	60,570,992
Segment liabilities	(39,357,355)	(3,829,033)	(43,186,388)
	=====	=====	=====
Total net assets	(925,585)	18,310,189	17,384,604
	=====	=====	=====

2M GROUP LIMITED

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

4 Operating profit

2013

£

The operating profit for the year is stated after charging/(crediting)

Auditors' remuneration (see below)	92,000
Depreciation on property, plant and equipment	566,572
Amounts paid in respect of operating leases for plant and machinery	647,781
Losses on foreign currency	48,165

=====

Audit services

Fees payable to the company's auditors for the audit of the parent company and Consolidated accounts	6,500
Fees payable to the company's auditors for the audit of the company's subsidiaries	85,500

Other services

Other services relating to taxation	15,000
Other	24,000

=====

5 Finance costs

2013

£

Bank interest expense	972,462
Interest on loan notes	226,216
Interest on pension scheme liabilities	855,000

2,053,678

=====

6 Finance income

2013

£

Bank interest income	14,118
Expected returns on pension scheme assets	715,000

729,118

=====

2M GROUP LIMITED

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

7 Taxation

	2013 £
UK corporation tax on profits for the year at 24% (2012 26%)	1,330,331
Deferred tax charge origination and reversal of temporary timing differences	119,112
	<hr/>
Total tax expense in the income statement	1,449,443
	<hr/> <hr/>
Factors affecting the tax charge for the year Profit on ordinary activities before tax	4,881,701
	<hr/> <hr/>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 24% (2012 26%)	1,171,608
	<hr/>
Effects of Non-deductible expenses	104,594
Depreciation in excess of capital allowances previously unrecognised	161,869
Other tax adjustments	11,372
	<hr/>
	277,835
	<hr/>
Total tax charge	1,449,443
	<hr/> <hr/>

Deferred taxation balances are analysed in note 16

2M GROUP LIMITED

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

8 Staff numbers and costs

	2013 Number
The average number of people employed by the group (including directors) during the period was as follows	
Average number of employees during the year	183 =====
Staff costs including directors	2013 £
Wages and salaries	7,015,348
Social security costs	763,788
Other pension costs	
Contributions to defined contribution schemes	311,803
Contributions to defined benefit schemes	371,000
Costs of share option scheme	8,386

	8,470,325 =====

9 Directors' emoluments

	2013 £
Emoluments for qualifying services	
Aggregate directors' emoluments	436,261
Pension contributions	52,914

	489,175 =====

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 period was 3.

2M GROUP LIMITED

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

10 Intangible non-current assets

Group	Patents £	Goodwill £	Total £
Acquired with subsidiary	1,000	12,333,685	12,334,685
Acquisition in the period	-	10,011,604	10,011,604
	<hr/>	<hr/>	<hr/>
At 30 April 2013	1,000	22,345,289	22,346,289
	<hr/>	<hr/>	<hr/>

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 £10,014,802. 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 £3,198. 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 10%.

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

There has been no impairment in value during the period.

2M GROUP LIMITED

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

11 Property, plant and equipment

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
Acquired with subsidiaries	3,985,166	9,941,859	37,000	13,964,025
Additions	8,880	383,212	-	392,092
Disposals	-	(21,174)	-	(21,174)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2013	3,994,046	10,303,897	37,000	14,334,943
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
Acquired with subsidiaries	857,352	6,413,390	27,015	7,297,757
Charge for the period	67,105	489,483	9,984	566,572
Disposals	-	(18,293)	-	(18,293)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2013	924,457	6,884,580	36,999	7,846,036
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 30 April 2013	3,069,589	3,419,317	1	6,488,907
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

12 Inventories

	2013 £
Goods for resale	8,304,757
	<hr/> <hr/>

2M GROUP LIMITED

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

13 Trade and other receivables

	2013 £
Trade receivables	19,176,917
Other receivables	65,093
Prepayments and accrued income	1,297,857
	<hr/>
	20,539,867
	<hr/> <hr/>

14 Trade and other payables

	2013 £
Bank loans and overdrafts (secured)	17,833,082
4 5% Secured loan notes	1,000,000
Trade payables	11,423,192
Corporation tax	631,324
Taxation and social security	1,365,984
Other payables	580,373
Accruals and deferred income	3,418,373
	<hr/>
	36,252,328
	<hr/> <hr/>

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

2M GROUP LIMITED

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

15 Financial Instruments and Financial Risk Management

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

	2013 £
Current liabilities:	
Bank facilities, loans and overdrafts (secured)	17,833,082
4 5% Secured loan notes	1,000,000
	<hr/>
	18,833,082
	=====
Non current:	
4 5% secured loan notes	2,500,000
	=====
The borrowings are repayable as follows:	
Bank loans	
On demand or within one year	18,833,082
Between one and two years	1,000,000
Between two and five years	1,500,000
	<hr/>
	21,333,082
Less Amount due within 12 months (shown under current liabilities)	(18,833,082)
	<hr/>
	2,500,000
	=====

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

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

As part of the acquisition of 2M Holdings Limited and its subsidiaries, the company issued loan notes amounting to £4,500,000 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 2013 an amount of £3,500,000 remains outstanding on these loan notes.

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

2M GROUP LIMITED

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

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 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 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 PERIOD ENDED 30 APRIL 2013

16 Deferred tax assets and liabilities

	Employee Benefits £	Excess capital allowances £	Other timing differences £	Total £
Acquired with subsidiaries	(897,577)	411,631	(123,046)	(608,992)
Charge / (credit) to income statement	97,647	(8,543)	30,008	119,112
Charge / (credit) to equity	(212,760)	-	-	(212,760)
As at 30 April 2013	(1,012,690) =====	403,088 =====	(93,038) =====	(702,640) =====
Deferred tax asset	(1,012,690)	-	(93,038)	(1,105,728)
Deferred tax liability	-	403,088	-	403,088
As at 30 April 2013	(1,012,690) =====	403,088 =====	(93,038) =====	(702,640) =====

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

17 Accruals and deferred income

	2013 £
Acquired with subsidiary	177,483
Credit to income in the year	(124,238)
	=====
Included under current liabilities	53,245 (22,185)
	=====
Balance at 30 April 2012	31,060 =====

2M GROUP LIMITED

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

18 Pension liability

Defined Contribution Scheme

The group operates a Defined Contribution Pension Scheme. During the period ended 30 April 2013 the pension cost charge to the income statement amounted to £311,803. There were no outstanding or unpaid contributions at the beginning or end of the year.

Defined Benefit Scheme

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

The most recent valuation was at 30 April 2013. The principal actuarial assumptions made were that investment returns would exceed salary increases by an average of 2% per annum and that present and future pensions would increase at the rate of 5.0% per annum in respect of pension accrued prior to 1 October 2000 by members joining before 1 April 1995, and 2.9% in respect of other accrued pension. The market value of assets of the scheme was £12 million and the actuarial valuation of these assets represented 73% of the value of benefits that had accrued to members. The companies are currently making contributions, as recommended by the scheme's actuaries on the basis of triennial valuations using the attained age method.

Contributions in the period totalled £371,000. The estimated employer contributions to the scheme for the next financial year are £346,000.

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

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

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

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

*The expected rate of return on plan assets was determined, based on actuarial advice, on the long term expectation for each asset class as at 30 April 2013.

2M GROUP LIMITED

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

18 Pension liability (continued)

<i>Analysis of amounts charged to the statement of comprehensive income</i>	2013 £
Analysis of amount reported in financial income and expense	
Expected return on pension scheme assets	715,000
Interest cost	(855,000)
	<hr/>
Net cost	(140,000)
	<hr/> <hr/>
Analysis of amount recognised under other comprehensive income	
Experience gains arising on the scheme assets	584,000
Experience losses arising on the scheme liabilities	(1,501,000)
	<hr/>
Net actuarial losses recognised under other comprehensive income	(917,000)
	<hr/> <hr/>
Reconciliation of change in assets and liabilities	
Change in defined benefit obligation:	
Defined benefit obligations acquired with subsidiary	14,696,000
Movement in the period:	
Interest cost	855,000
Actuarial loss on obligation	1,501,000
Actual benefits paid	(635,000)
	<hr/>
Defined benefit obligation at end of period	16,417,000
	<hr/> <hr/>
Change in plan assets:	
Fair value of plan assets acquired with subsidiary	10,979,000
Movement in period:	
Expected return on plan assets	715,000
Actual employer contributions	371,000
Actuarial gain on plan assets	584,000
Actual benefits paid	(635,000)
	<hr/>
Fair value of plan assets at end of period	12,014,000
	<hr/> <hr/>
Funded status – Financial position	
Net pension liability	(4,403,000)
	<hr/> <hr/>

2M GROUP LIMITED

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

18 Pension scheme (continued)

The assets in the pension scheme and the expected rates of return over the past five years were

	Rate of return expected at 30 April 2013	Value at 30 April 2013 £	Rate of return expected at 22 February 2012	Value at 22 February 2012 £
Equities	7.75%	4,674,000	7.75%	4,057,300
Bonds	3.5%/5.0%	6,839,000	3.5%/5.0%	6,232,300
Others	3.5%/6.5%	501,000	3.5%/6.5%	689,400
Total market value of scheme assets		12,014,000		10,979,000
Present value of the scheme's liabilities (provided by the actuary)		(16,417,000)		(14,696,000)
Net pension liability (funded)		(4,403,000)		(3,717,000)

The history of experience adjustments is as follows

Experience gains/(losses)

on scheme assets

Amount (£)	531,000	(149,000)
Percentage of scheme assets	4%	1%

Experience gains/(losses)

on scheme liabilities*

Amount (£)	48,000	(313,000)
Percentage of the present value of scheme liabilities	1%	2%

Amounts included at 22 February 2012 have been estimated by the Directors based on the fair value of the plan assets

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

2M GROUP LIMITED

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

19 Share capital

	Number of shares	Share Capital £	Share premium £	Total £
Ordinary A shares	130,000	130,000	-	130,000
Ordinary B shares	1,490	1,490	164,706	166,196
Ordinary C shares	130,000	1,300	-	1,300
At 30 April 2013	261,490	132,790	164,706	297,496

The company was incorporated on 10 January 2012 when 1 Ordinary share of £1 each was issued and fully paid

On 22 February 2012 the company acquired the issued ordinary share capital of 2M Holdings Limited and issued a further 129,999 Ordinary shares of £1 each in a share for share exchange with the remaining shareholders of 2M Holdings Limited

The fair value of the shares acquired amounted to £14.5m. The premium arising on the issue of the ordinary shares was designated as a Capital Restructuring Reserve as shown in the Statement of Financial Position as it qualified for merger relief under section 612 of the Companies Act 2006

On 29 September 2012, the company completed a capital reorganisation and the issued Ordinary shares were re-designated as Ordinary A shares of £1 each

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.

On 29 September 2012, the company issued for cash 1,490 Ordinary B shares of £1 each to two directors of the company at a price of £111.54 per share.

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.

On 29 September 2012, the company issued 130,000 Ordinary C shares of £0.01 each to directors and employees of the group at par value.

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 PERIOD ENDED 30 APRIL 2013

20 Cost of issuing share options

Included within administration expenses is a charge of £8,386 for issuing share options. The share based payment charge represents the current period'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').

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 period with total fair values estimated using the Black-Scholes option-pricing model of £287,531. A discount rate of 50% has been applied to reflect the medium term possibility of the exercisable events occurring resulting in a cost of £143,765 being amortised over ten years. In 2013 this has been time apportioned and £8,386 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 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 2013 have an exercise price of £110.59 per share and a weighted average remaining contractual life of 9.42 years.

21 Cash generated from operations

	2013 £
Profit before taxation	4,881,701
Add back non-operating items	
Financial income	(729,118)
Financial expense	2,053,678
Loss on sale of property, plant and equipment	2881
Adjustments for	
Pension movement (cost less contributions)	(371,000)
Depreciation	566,572
Other non-cash items	87,634
Decrease in inventories	1,491,480
Decrease in receivables	211,808
Increase in payables	799,789
Cash generated from operations	<u>8,995,425</u> =====

2M GROUP LIMITED

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

22 Business combinations

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:

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

Recognised amounts of identifiable assets acquired and liabilities assumed

	£
Cash and cash equivalents	(11,367,216)
Goodwill	12,333,685
Intangible assets	1,000
Property, plant and equipment	6,663,629
Deferred tax asset	564,922
Inventories	9,646,099
Trade and other receivables	20,498,657
Trade and other payables	(15,638,578)
Defined benefit pension scheme	(3,717,000)
	<hr/>
Total identifiable net assets	18,985,198
Goodwill	10,014,802
	<hr/>
Total	29,000,000
	<hr/> <hr/>

Acquisition of K M Z Chemicals Limited

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

2M GROUP LIMITED

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

22 Business combinations (continued)

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

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 £51,545. There were no identifiable assets or liabilities at acquisition.

Reconciliation of amounts paid to acquire subsidiaries net of cash	£
Amounts paid on acquisition	
2M Holdings Limited and its subsidiaries	10,000,000
KMZ Chemicals Limited	49,435
Banner Chemicals Benelux NV	51,545
	<hr/>
Total paid	10,100,980
Cash and cash equivalents	11,405,764
	<hr/>
	21,506,744
	<hr/> <hr/>

23 Cash and cash equivalents

	2013 £
Cash at bank and in hand	2,188,532
Bank overdrafts/funding	(17,833,082)
	<hr/>
Cash and cash equivalents in the cash flow statement	(15,644,550)
	<hr/> <hr/>

2M GROUP LIMITED

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

24 Operating leases

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

	2013 £
Within one year	721,254
Between one and five years	1,036,697
	<hr/>
	1,757,951
	=====

25 Guarantees and other financial commitments

- a) At 30 April 2013 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 £2,900,000

26 Control

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

27 Related party transactions

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

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

28 Subsequent events

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

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

2M GROUP LIMITED

COMPANY BALANCE SHEET AS AT 30 APRIL 2013

	Notes	30 April 2013 £
Fixed assets		
Investments	4	29,267,269
Current assets		
Debtors	5	265,658
Cash at bank and in hand		6,612
		<hr/>
		272,270
Creditors: amounts falling due within one year	6	(1,835,646)
		<hr/>
Net current liabilities		(1,563,376)
		<hr/>
Total assets less current liabilities		27,703,893
Creditors:		
Amounts falling due after one year	7	(2,500,000)
		<hr/>
Net Assets		25,203,893
		=====
Capital and reserves		
Called up share capital	8	132,790
Share premium	8	164,706
Option reserve	10	8,386
Merger reserve	10	14,370,000
Profit and loss account	10	10,528,011
		<hr/>
Shareholders' funds - equity	11	25,203,893
		=====

The accounts were approved by the Board on 24 September 2013


M Kessler - Director


C Boyle - Director

2M GROUP LIMITED

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

1 Accounting policies

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

1.1 Basis of preparation

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

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

1.2 Turnover

Turnover represents management fees, intergroup interest and intercompany dividends.

1.3 Investments

Investments are stated at cost less any provision for impairment.

1.4 Deferred Tax

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

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 profit after taxation and dividends amounted to £10,528,011 for the period ended 30 April 2013.

2M GROUP LIMITED

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

3 Taxation

	2013 £
UK corporation tax	
Current year tax (credit)	(55,260)
	<hr/>
Tax (credit) on profit on ordinary activities	(55,260)
	=====
Factors affecting the tax charge for the year	
Profit on ordinary activities before taxation	10,519,751
	=====
Profit on ordinary activities before taxation multiplied by standard rate of UK corporate tax of 24%	2,524,740
Effects of:	
Dividends and distributions received	(2,580,000)
	<hr/>
Current tax (credit)	(55,260)
	=====

4 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
Additions	29,267,269
	<hr/>
At 30 April 2013	29,267,269
	=====

2M GROUP LIMITED

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

4 Fixed asset investments (continued)

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

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights) 2013
Held directly:		
2M Holdings Limited	Holding company	100%
Held indirectly		
Banner Chemicals Holdings Limited	Holding company	100%
Surfachem Holdings Limited	Holding company	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 solvents 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%
Samplerite Limited	Distribution of chemical industry samples	100%
Samplerite Qingdao Limited	Distribution of chemical industry samples	100%
FilRite Limited	Decanting and packaging of chemical industry products	100%

2M GROUP LIMITED

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

4 Fixed asset investments (continued)

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

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

Subsidiary undertakings	Activities	Ownership (ordinary shares & voting rights) 2013
-------------------------	------------	---

Dormant subsidiaries held indirectly

2M London Limited	Dormant	100%
Gel-Chem Limited	Dormant	100%
Integrated Chemicals Specialties UK Limited	Dormant	100%
Netscore Limited	Dormant	100%
Packed Chlorine Limited	Dormant	100%
Samuel Banner Polymers Limited	Dormant	100%
SB Dormantco One Limited	Dormant	100%
SB Dormantco Three Limited	Dormant	100%
Specialty Food Ingredients Limited	Dormant	100%
Surfachem International Limited	Dormant	100%
Worsall Limited	Dormant	100%

5 Debtors

	30 April 2013 £
Due from subsidiary undertakings	210,398
Corporation tax repayable	55,260
	<hr/>
	265,658
	=====

2M GROUP LIMITED

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

6 Creditors: Amounts falling due within one year

	30 April 2013 £
Accruals	23,713
Due to subsidiary undertakings	811,933
4 5% secured loan notes	1,000,000
	<hr/>
	1,835,646
	=====

7 Creditors: Amounts due after one year

	30 April 2013 £
Loan notes (secured)	
4 5% secured loan notes	3,500,000
Due within 1 year	(1,000,000)
	<hr/>
	2,500,000
	=====
 Due between 1 and 2 years	 1,000 000
Due between 2 and 5 years	1,500,000
	<hr/>
	2,500,000
	=====

As part of the acquisition of 2M Holdings Limited and its subsidiaries, the company issued loan notes amounting to £4,500,000 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 2013 an amount of £3,500,000 remains outstanding on these loan notes.

2M GROUP LIMITED

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

8 Share capital

	Number of shares	Share Capital £	Share premium £	Total £
Ordinary A shares	130,000	130,000	-	130,000
Ordinary B shares	1,490	1,490	164,706	166,196
Ordinary C shares	130,000	1,300	-	1,300
At 30 April 2013	261,490	132,790	164,706	297,496
	=====	=====	=====	=====

The company was incorporated on 10 January 2012 when 1 Ordinary share of £1 each was issued and fully paid

On 22 February 2012 the company acquired the issued ordinary share capital of 2M Holdings Limited and issued a further 129,999 Ordinary shares of £1 each in a share for share exchange with the remaining shareholder of 2M Holdings Limited

The fair value of the shares acquired amounted to £14,500,000. The premium arising on the issue of the ordinary shares was designated as a Merger Reserve as shown in the Balance Sheet as it qualified for merger relief under section 612 of the Companies Act 2006

On 29 September 2012, the company completed a capital reorganisation and the issued Ordinary shares were re-designated as Ordinary A shares of £1 each

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.

On 29 September 2012, the company issued for cash 1,490 Ordinary B shares of £1 each to two directors of the company at a price of £111.54 per share.

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.

On 29 September 2012, the company issued 130,000 Ordinary C shares of £0.01 each to directors and employees of the group at par value.

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 PERIOD ENDED 30 APRIL 2013

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 period with total fair values estimated using the Black-Scholes option-pricing model of £287,531. A discount rate of 50% has been applied to reflect the medium term possibility of the exercisable events occurring resulting in a cost of £143,765 being amortised over ten years.

A total expense of £8,386 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 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 2013 have an exercise price of £110.59 per share and a weighted average remaining contractual life of 9.42 years.

10 Statement of movement on reserves

	Merger Reserve £	Options Reserve £	Profit and loss Account £
Issue of shares	14,370,000	-	-
Options granted in the period	-	8,386	-
Retained profit for the year	-	-	10,575,011
Dividends paid	-	-	(47,000)
At 30 April 2013	<u>14,370,000</u>	<u>8,386</u>	<u>10,528,011</u>

2M GROUP LIMITED

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

11 Reconciliation of movement of shareholders funds

	£
Issue of shares in the period	14,667,496
Options granted in the period	8,386
Profit for the year	10,575,011
Dividends	(47,000)
	<hr/>
Net addition to shareholders' fund	25,203,893
Opening shareholders' funds	-
	<hr/>
At 30 April 2013	25,203,893
	<hr/> <hr/>

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 £2,900,000

14 Related party transactions

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