

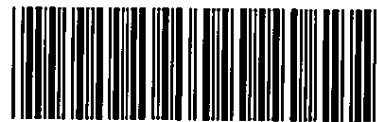
Registered Number: 3669263

FALMER JEANS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007

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FALMER JEANS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD
ENDED 24 FEBRUARY 2007**

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FALMER JEANS LIMITED

DIRECTORS AND ADVISORS

EXECUTIVE DIRECTORS

J Hargreaves (Chairman)
J King (resigned 31 November 2006)
P Dutton (resigned 09 January 2007)
P Gilbert (appointed 01 February 2007)
A McGeorge (appointed 01 February 2007)

SECRETARY AND REGISTERED OFFICE

S Waite (resigned 31 October 2006)
T Broadhurst (appointed 01 November 2006, resigned 31 January 2007)
P Gilbert (appointed 01 February 2007)

Falmer Jeans Limited
Gillibrands Road
Skelmersdale
West Lancashire
WN8 9TB

REGISTERED AUDITORS

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

BANKERS

Barclays Bank Plc
City Office
Water Street
Liverpool
L69 2DM

SOLICITORS

Cobbetts
Ship Canal House
King Street
Manchester
M2 4WB

FALMER JEANS LIMITED

DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007

The directors present their report and the audited financial statements for the 52 week period ended 24 February 2007

PRINCIPAL ACTIVITIES

The company did not trade during the year. The company is expected to be dormant in the future.

DIVIDENDS AND TRANSFERS FROM RESERVES

The directors do not recommend the payment of a dividend (2006: £nil).

DIRECTORS

The directors of the company are listed on page 1.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State that the financial statements comply with IFRSs as adopted by the European Union and IFRSs issued by IASB
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

TAXATION STATUS

In the opinion of the directors, the company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

FALMER JEANS LIMITED

**DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007
(CONTINUED)**

AUDITORS

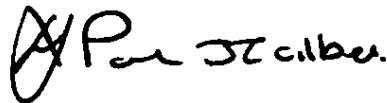
A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next annual general meeting

For all persons who are directors at the time of the approval of the annual report

a) so far as each director is aware, there is no relevant audit information of which the companies auditors are unaware, and

b) each director has taken all the steps necessary as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

A handwritten signature in black ink, appearing to read 'P Gilbert', with a stylized initial 'P'.

P Gilbert
Company Secretary
4 July 2007

FALMER JEANS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALMER JEANS LIMITED FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007

We have audited the financial statements of Falmer Jeans Limited for the 52 weeks ended 24 February 2007 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

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

Basis of audit opinion

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

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

FALMER JEANS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FALMER JEANS LIMITED FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007 (CONTINUED)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 24 February 2007 and of its result for the 52 weeks then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', with a stylized flourish at the end.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
4 July 2007

FALMER JEANS LIMITED**INCOME STATEMENT FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007**

	Notes	2007 £'000	2006 £'000
REVENUE		-	-
Cost of Sales		-	-
GROSS PROFIT		-	-
Administrative expenses		-	-
PROFIT BEFORE TAXATION		-	-
Taxation	3	-	(54)
LOSS FOR THE FINANCIAL PERIOD		-	(54)

All results for the period were derived from discontinued operations

The notes on pages 9 to 11 form part of these financial statements

FALMER JEANS LIMITED

BALANCE SHEET AS AT 25 FEBRUARY 2006

	Notes	2007 £'000	2006 £'000
CURRENT LIABILITIES			
Trade and other payables	4	(278)	(278)
NET CURRENT LIABILITIES		<u>(278)</u>	<u>(278)</u>
NET LIABILITIES		<u>(278)</u>	<u>(278)</u>
SHAREHOLDERS' EQUITY			
Ordinary shares	5	-	-
Retained earnings		(278)	(278)
EQUITY SHAREHOLDERS' DEFICIT		<u>(278)</u>	<u>(278)</u>

The notes on pages 9 to 11 form part of these financial statements

Approved by the Board of directors on 4 July 2007 and signed on its behalf by



A McGeorge
Director

FALMER JEANS LIMITED

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE 52 WEEK
PERIOD ENDED 24 FEBRUARY 2007**

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 27 February 2005	-	(224)	(224)
Total recognised income and expense	-	(54)	(54)
	<hr/>	<hr/>	<hr/>
As at 25 February 2006	-	(278)	(278)
	<hr/>	<hr/>	<hr/>
As at 26 February 2006	-	(278)	(278)
Total recognised income and expense	-	-	-
	<hr/>	<hr/>	<hr/>
As at 24 February 2007	-	(278)	(278)
	<hr/>	<hr/>	<hr/>

FALMER JEANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union issued by the International Accounting Standards Board (IASB), with the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are effective as at the balance sheet date and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS

The accounts have been prepared on a going concern basis as Matalan Limited, the ultimate parent undertaking, has confirmed that it intends to continue to provide financial support for the foreseeable future to enable the Company to meet its liabilities as they fall due

No cash flow statement or reconciliation of net funds have been presented as there were no cash flows during the year. The company did not trade during the year and as such no reconciliation of operating profit to net cash flow from operating activities has been presented

Current taxation

Current taxation is expected taxation payable on the taxable income for the year, using taxation rates enacted or substantially enacted at the balance sheet date, and any adjustment to taxation payable in respect of previous years

Deferred taxation

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date and that are expected to apply when the related deferred tax liability is settled or asset is realised

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realised

Deferred tax is charged or credited to the income statement when the liability is settled or the asset is realised. Deferred tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity

2 PROFIT BEFORE TAXATION

The company did not trade during the 52 week period. The company had no employees during the period (2006 nil)

The directors received no remuneration for their services to the company (2006 £nil)

Auditors remuneration is borne by a fellow group company

FALMER JEANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 25 FEBRUARY 2006 (CONTINUED)

3 TAXATION

Analysis of the tax credit/(charge) in the period

	2007 £'000	2006 £'000
Current taxation		
UK corporation tax – prior year	-	(54)
Total taxation (charge) for the period	<u>-</u>	<u>(54)</u>

The taxation charge for the period is the same as (2006 higher than) the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	<u>-</u>	<u>-</u>
Effects of Adjustments to tax in respect of prior periods	-	(54)
Total taxation charge for the period	<u>-</u>	<u>(54)</u>

4 TRADE AND OTHER PAYABLES - CURRENT

	2007 £'000	2006 £'000
Amounts owed to group undertakings	278	278
	<u>278</u>	<u>278</u>

5 SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted, called up and fully paid 2 (2006 2) ordinary shares of £1 each	2	2

FALMER JEANS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 24 FEBRUARY 2007 (CONTINUED)

6 RELATED PARTY TRANSACTIONS

During the period the company made no adjustment or payment in respect of group relief (2006 release £54,000)

7 CONTINGENT LIABILITIES

An unlimited guarantee under a composite accounting agreement operates for all group company bank accounts. Group bank loans and overdrafts are secured by fixed and floating charges on all the assets of the group.

8 ULTIMATE PARENT COMPANY

Matalan PLC delisted from the London Stock Exchange on 22nd December 2006, was acquired by Missouri Bid Co Limited and became Matalan Limited. The directors regard Matalan Limited, a company registered in England and Wales, as the ultimate parent company. According to the register kept by the company, Matalan Limited has a 100% interest in the equity capital of Falmer Jeans Limited at 24th February 2007. Copies of the financial statements of Matalan Limited may be obtained from Companies House. The directors regard Missouri Top Co Limited, a company registered in Guernsey, as the ultimate parent company. The company regards the Hargreaves family as the ultimate controlling party throughout the period.