

REGISTERED NO: 4250527

MATALAN INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 1 MARCH 2008

TUESDAY



AHZBE11H
A11 01/07/2008 60
COMPANIES HOUSE

MATALAN INVESTMENTS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE 53 WEEKS ENDED
1 MARCH 2008**

	Pages
Directors and advisers	1
Directors' report	2
Independent auditors' report	5
Income statement	7
Balance sheet	8
Statement of changes in shareholders' equity	9
Notes to the financial statements	10

MATALAN INVESTMENTS LIMITED

DIRECTORS AND ADVISERS

EXECUTIVE DIRECTORS

J Hargreaves (resigned 1 November 2007)
P Gilbert
A McGeorge

SECRETARY

P Gilbert

REGISTERED OFFICE

Matalan Investments Limited
Gillibrands Road
Skelmersdale
West Lancashire
WN8 9TB

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
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

MATALAN INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2008

The directors present their report and the audited financial statements for the 53 weeks ended 1 March 2008

PRINCIPAL ACTIVITIES

The principal activity of the company is as a holding company

REVIEW OF THE BUSINESS

The income statement for the period is set out on page 6. Both the level of business and the year end financial position were considered satisfactory and the directors expect the present level of activity to be sustained for the foreseeable future.

DONATIONS

During the period the company made no political donations and no charitable donations.

DIVIDENDS

The directors do not recommend the payment of a dividend (2007 £nil).

DIRECTORS

The directors of the company are listed on page 1.

DIRECTORS' INDEMNITIES

During the year, the group maintained insurance for its directors and officers.

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.

GOING CONCERN

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Missouri Topco Limited. The directors have received confirmation that Missouri Topco Limited intend to support the company for at least one year after these financial statements are signed.

MATALAN INVESTMENTS LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2008
(CONTINUED)

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 with the exception of the changes arising on the adoption of new accounting standards during the period as explained on page 10,
- Make judgements and estimates that are reasonable and prudent, and
- 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 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.

MATALAN INVESTMENTS LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2008
(CONTINUED)

AUDITORS

Disclosure of information to auditors

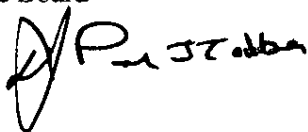
For all persons who are directors at the time of the approval of the annual report

- a) so far as each director is aware, there is no relevant audit information of which the group's 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 group's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolution concerning their reappointment will be proposed at the next annual general meeting

By order of the Board

P Gilbert
Secretary
28 May 2008

A handwritten signature in black ink, appearing to read 'P. Gilbert', is written over the printed name and title of the Secretary.

MATALAN INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MATALAN INVESTMENTS LIMITED FOR THE 53 WEEKS ENDED 1 MARCH 2008

We have audited the financial statements of Matalan Investments Limited for the 53 weeks ended 1 March 2008 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read 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.

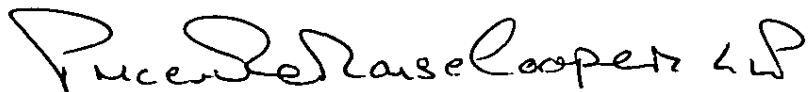
MATALAN INVESTMENTS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MATALAN INVESTMENTS
LIMITED FOR THE 53 WEEKS ENDED 1 MARCH 2008
(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 1 March 2008 and of its profit for the 53 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
28 May 2008

MATALAN INVESTMENTS LIMITED**INCOME STATEMENT FOR THE 53 WEEKS ENDED 1 MARCH 2008**

	Notes	2008 £	2007 £
Administrative expenses		(15)	(15)
OPERATING LOSS BEFORE FINANCING INCOME		(15)	(15)
Finance income	9	18,090	28,823
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,075	28,808
Taxation	3	4	-
PROFIT FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		18,079	28,808

All results arose from continuing operations

The notes on pages 10 to 13 form part of these financial statements

MATALAN INVESTMENTS LIMITED**BALANCE SHEET AT 1 MARCH 2008**

	Notes	2008 £	2007 £
NON-CURRENT ASSETS			
Investments	4	150,000	150,000
Trade and other receivables	5	45,407	37,106
		195,407	187,106
CURRENT ASSETS			
Trade and other receivables	6	57,024	47,235
CURRENT LIABILITIES			
Trade and other payables	7	(150,054)	(150,043)
NET CURRENT LIABILITIES		(93,030)	(102,808)
NET ASSETS		102,377	84,298
CAPITAL AND RESERVES			
Ordinary shares	8	2	2
Retained earnings		102,375	84,296
TOTAL SHAREHOLDERS' FUNDS		102,377	84,298

The notes on pages 10 to 13 form part of these financial statements

Approved by the Board of directors on 28 May 2008 and signed on its behalf by

A McGeorge
Director



MATALAN INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE 53 WEEKS ENDED
1 MARCH 2008**

	Share capital £	Retained earnings £	Total equity £
As at 26 February 2006	2	55,488	55,490
Total recognised income and expense	-	28,808	28,808
As at 24 February 2007	2	84,296	84,298
As at 25 February 2007	2	84,296	84,298
Total recognised income and expense	-	18,079	18,079
At 1 March 2008	2	102,375	102,377

MATALAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 53 WEEKS ENDED 1 MARCH 2008

1 PRINCIPAL ACCOUNTING POLICIES

Matalan Investments Limited is a limited liability company incorporated and domiciled in the UK

The accounts have been prepared on a going concern basis under the historical cost convention as Missouri Topco 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

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 company has considered the impacts of the new standards that came into effect in the period and has adopted IFRS 7, 'Financial instruments Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures' in the period. Both standards introduce new disclosures relating to financial instruments and do not have any impact on the classification and valuation of the group or company's financial instruments, or the disclosures relating to taxation and trade and other payables

No cash flow statement has been presented as there have been no cash flows in the year

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

Income from investments

Amounts receivable from fixed income investments are recognised as income over the period the income arises

Investments

All investments are carried at historical cost less a provision for permanent diminution in value if appropriate

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company had no employees during the period (2007: none)

The directors received no remuneration for the services to the company (2007: £nil)

Auditors' remuneration is borne by the fellow group company. The total fee for group is £0.1m (2007: £0.4m)

MATALAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 53 WEEKS ENDED 1 MARCH 2008 (CONTINUED)

3 TAXATION

Analysis of credit in period	2008 £	2007 £
Current taxation		
UK corporation tax – prior year	-	-
Deferred taxation		
Origination / reversal of timing differences	(4)	-
Total taxation credit for the period	(4)	-

The taxation charge for the period is lower (2007 lower) than the standard rate of corporation tax in the UK of 30% (2007 30%) The differences are explained below

	2008 £	2007 £
Profit before taxation	18,075	28,808
Profit multiplied by the standard rate of corporation tax in the UK of 30% (2007 30%)	5,423	8,642
Effects of Expenses not deductible for tax purposes	-	(8,647)
Group relief surrendered/(claimed) not paid	-	5
Non taxable income	(5,427)	-
	(4)	-

4 INVESTMENTS

The company subscribed in cash on 17 July 2001 for 50,000 ordinary shares of £1 each and 100,000 preference shares of £1 each for a total value of £150,000 in Matalan Holding Company Limited, a company incorporated in England and Wales Matalan Holding Company Limited issued 3,000,000 ordinary shares of £1 each to Matalan Limited Matalan Investments Limited did not take part in this share issue, therefore the holding of ordinary shares at the end of the period represents 1.25% of the issued ordinary share capital of Matalan Holding Company Limited In the period of trading to 1 March 2008, Matalan Holding Company Limited recorded a loss after taxation of £15,000 (2007 £11,000 loss) and had capital and reserves at that date of £349,000 (2007 £364,000)

The directors believe that the book value of investments is supported by their underlying net assets

MATALAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 53 WEEKS ENDED 1 MARCH 2008 (CONTINUED)

5 TRADE AND OTHER RECEIVABLES – NON-CURRENT

	2008 £	2007 £
Amounts owed by group undertakings	45,407	37,106

This is in respect of the premium receivable on redemption of the preference shares held in Matalan Holding Company Limited. The shares are redeemable by Matalan Holding Company Limited on 17 July 2016 at £1.35 per share increased by changes in the Retail Price Index between the issue and redemption date.

6 TRADE AND OTHER RECEIVABLES – CURRENT

	2008 £	2007 £
Amounts owed by group undertakings	57,024	47,235

Amounts owed by group undertakings are secured, interest free and repayable on demand.

7 TRADE AND OTHER PAYABLES – CURRENT

	2008 £	2007 £
Amounts owed to group undertakings	150,054	150,043

Amounts owed to group undertakings are secured, interest free and repayable on demand.

8 SHARE CAPITAL

	2008 £	2007 £
Authorised, allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

MATALAN INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR 53 WEEKS ENDED 1 MARCH 2008 (CONTINUED)

9 RELATED PARTY TRANSACTIONS

During the period the following transactions were carried out with other group undertakings

	2008	2007
	£	£
Preference dividend receivable	18,090	28,823
Balance outstanding in respect of dividends and associated redemption premium	102,431	84,341

Of this £45,407 (2007: £37,106) is due after one year

The company has entered into a cash pooling arrangement with other group companies

	2008	2007
	£	£
Liabilities settled by other group companies under the cash pooling arrangement		
Administrative expenses	15	15

10 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.

11 POST BALANCE SHEET EVENT

The UK corporation tax rate changed to 28% with effect from 1 April 2008 and therefore deferred taxation for the period ended 1 March 2008 is measured using the announced rate.

12 ULTIMATE PARENT COMPANY

The directors regard Matalan Limited, a company registered in England and Wales, as the immediate parent company. According to the register kept by the company, Matalan Limited has a 100% interest in the equity capital of Matalan Investments Limited at 1 March 2008. The directors regard Missouri Topco 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.

The parent of the largest and smallest group to consolidate these financial statements at 1 March 2008 is the ultimate parent company Missouri Topco Limited. The consolidated financial statements of Missouri Topco Limited are available from Matalan, Gilibrands Road, Skelmersdale, West Lancashire, WN8 9TB.