

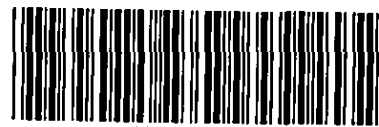
**REGISTERED NO: 04250527**

**MATALAN INVESTMENTS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEKS ENDED 28 FEBRUARY 2009**

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**MATALAN INVESTMENTS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED  
28 FEBRUARY 2009**

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## **DIRECTORS AND ADVISERS**

### **EXECUTIVE DIRECTORS**

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**

Lloyds TSB Bank PLC  
King Street  
Manchester  
M2 4LQ

### **SOLICITORS**

Cobbetts  
Ship Canal House  
King Street  
Manchester  
M2 4WB

## **MATALAN INVESTMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2009**

The directors present their report and the audited financial statements for the 52 weeks ended 28 February 2009. The report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is a holding company.

#### **DIVIDENDS**

A dividend of £nil (2008: £nil) was paid in the period.

#### **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.

#### **DIRECTORS**

The directors of the company who served during the period and up to the date of signing the financial statements are listed on page 1.

#### **DIRECTORS' INDEMNITIES**

During the period, the company maintained insurance for its directors and officers.

#### **DONATIONS**

During the period the company made no political donations and no charitable donations (2008: £nil).

#### **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 intends to support the company for at least one year after these financial statements are signed.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare 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.

## **MATALAN INVESTMENTS LIMITED**

### **DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2009 (CONTINUED)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

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; 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.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

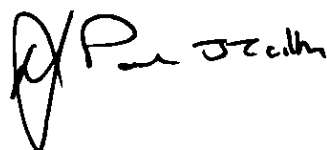
For all persons who are directors at the time of the approval of the directors' report and financial statements:

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

#### **INDEPENDENT AUDITORS**

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

By order of the board



P Gilbert  
Secretary  
20 May 2009

## **MATALAN INVESTMENTS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MATALAN INVESTMENTS LIMITED FOR THE 52 WEEKS ENDED 28 FEBRUARY 2009**

We have audited the financial statements of Matalan Investments Limited for the 52 weeks ended 28 February 2009 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity and the 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 Directors' 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 other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **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 52 WEEKS ENDED 28 FEBRUARY 2009 (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 28 February 2009 and of its profit for the 52 weeks then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Manchester  
20 May 2009

**MATALAN INVESTMENTS LIMITED**

**INCOME STATEMENT**

	Notes	<b>52 Weeks ended 28 February 2009</b>	<b>53 Weeks ended 1 March 2008</b>
		£	£
Administrative expenses		-	(15)
<b>OPERATING LOSS BEFORE FINANCING INCOME</b>		-	(15)
Finance income	3	<b>19,185</b>	18,090
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<b>19,185</b>	18,075
Taxation	4	(4)	4
<b>PROFIT FOR THE PERIOD</b>		<b>19,181</b>	18,079

All results arose from continuing operations.

The notes on pages 9 to 15 form part of these financial statements.



# MATALAN INVESTMENTS LIMITED

## BALANCE SHEET

	Notes	2009 £	2008 £
<b>NON-CURRENT ASSETS</b>			
Investments	5	50,000	50,000
Trade and other receivables	6	154,393	145,407
<b>Total non current assets</b>		<b>204,393</b>	<b>195,407</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	7	67,226	57,024
<b>Total assets</b>		<b>271,619</b>	<b>252,431</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	(150,061)	(150,054)
<b>Total liabilities</b>		<b>(150,061)</b>	<b>(150,054)</b>
<b>NET ASSETS</b>		<b>121,558</b>	<b>102,377</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	9	2	2
Retained earnings		121,556	102,375
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>121,558</b>	<b>102,377</b>

The notes on pages 9 to 15 form part of these financial statements.

The financial statements on pages 6 to 15 were approved by the Board of directors on 20 May 2009 and signed on its behalf by:

A McGeorge  
Director



**MATALAN INVESTMENTS LIMITED****STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital £	Retained earnings £	Total equity £
As at 25 February 2007	2	84,296	84,298
Total recognised income and expense	-	18,079	18,079
<b>As at 1 March 2008</b>	<b>2</b>	<b>102,375</b>	<b>102,377</b>
As at 2 March 2008	2	102,375	102,377
Total recognised income and expense	-	19,181	19,181
<b>At 28 February 2009</b>	<b>2</b>	<b>121,556</b>	<b>121,558</b>

## **MATALAN INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1 PRINCIPAL ACCOUNTING POLICIES**

The Company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Gillibrands Road, Skelmersdale, West Lancashire, WN8 9TB.

These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis under the historical cost convention.

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 at least twelve months from the report signing date to enable the company to meet its liabilities as they fall due.

There have been no cash flows in the Company in the current or the prior year and hence no cash flow statements have been prepared.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

#### **New standards, amendments to standards or interpretations**

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ended 28 February 2009 but have not had any impact on the Company:

IFRIC 11, 'IFRS 2 – Group and treasury share transactions', effective for annual periods beginning on or after 1 March 2007.

IFRIC 12, 'Service concession arrangements', effective for annual periods beginning on or after 1 January 2008.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year ended 28 February 2009, and are not currently relevant to the Company:

IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009.

IFRS 2 (amendment), 'Share-based payment', effective for annual periods beginning on or after 1 January 2009.

IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009.

## **MATALAN INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

##### **New standards, amendments to standards or interpretations (continued)**

IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements'.

IFRIC 13, 'Customer loyalty programmes'.

IFRIC 14, IAS 19 – 'The limit on a defined benefit asset, minimum funding requirements and their interaction', effective for annual periods beginning on or after 1 January 2009.

IAS 1 (amendment), 'Presentation of financial statements'.

IAS 39 (amendment), 'Financial instruments: recognition and measurement'.

IFRIC 15, 'Construction of real estate'.

IFRIC 16, 'Hedges of a net investment in foreign operations'.

##### **Current income tax**

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected.

##### **Income from investments**

Amounts receivable from non-current investments are recognised as finance 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.

##### **Share capital policy**

Ordinary shares are classified as equity.

##### **Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### **Trade and other payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## **MATALAN INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

##### **Impairment of assets**

The carrying amount of the company's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and the carrying value of the asset reassessed. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

##### **Financial and capital risk management**

The financial and capital risk management of the Company are managed by the group. Details of the financial and risk management policies are included on page 22-25 of Missouri Topco Limited financial statements.

#### **2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The company had no employees during the period (2008: none).

The directors received no remuneration for the services to the company (2008: £nil).

Auditors' remuneration is borne by a fellow group company. The total fee for group is £0.1m (2008: £0.1m).

#### **3 FINANCE INCOME**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Finance income:		
Preference dividend receivable	<b>8,985</b>	<b>8,302</b>
Appropriated dividends and related unwinding of discount	<b>10,200</b>	<b>9,788</b>
	<b>19,185</b>	<b>18,090</b>

## MATALAN INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4 TAXATION

Analysis of charge / (credit) in period:	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax – prior year	-	-
<b>Deferred taxation</b>		
Origination / reversal of timing differences	4	(4)
<b>Total taxation charge / (credit) for the period</b>	<b>4</b>	<b>(4)</b>

The taxation charge for the period is lower than the standard rate of corporation tax at 28.17% (2008: 30%)

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for the accounting period are taxed at an effective rate of 28.17% and will be taxed at 28% in the future

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<b>19,185</b>	<b>18,075</b>
Profit multiplied by a rate of corporation tax of 28.17% (2008: 30%)	<b>5,404</b>	<b>5,423</b>
Effects of:		
Non taxable income	<b>(5,404)</b>	<b>(5,423)</b>
<b>Total taxation credit</b>	<b>-</b>	<b>-</b>

There are no recognised deferred tax assets in the current year (2008: £4)

#### 5 NON-CURRENT INVESTMENTS

	<b>£</b>
At 25 February 2007 & 1 March 2008	50,000
At 28 February 2009	50,000

The company holds 1.25% of the issued ordinary share capital of Matalan Holding Company Limited, a company incorporated in England and Wales. In the period of trading to 28 February 2009, Matalan Holding Company Limited recorded a profit after taxation of £1,595,000 (2008: £3,487,000) and had capital and reserves at that date of £5,446,000 (2008: £3,851,000).

The directors believe that the book value of its investment is supported by the discounted future cash flows of Matalan Holding Company Limited.

## MATALAN INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6 TRADE AND OTHER RECEIVABLES – NON-CURRENT

	2009 £	2008 £
Financial asset	100,000	100,000
Amounts owed by group undertakings	54,393	45,407
	<b>154,393</b>	<b>145,407</b>

The company holds 100,000 preference shares of £1 each in Matalan Holding Company Limited. The preference shares are redeemable by the company on 17 July 2016 at £1.35 per share increased by changes in the Retail Price Index between the issue and the redemption date. In the event the company does not redeem in full the preference share at that time, the outstanding amounts shall carry interest at 2% above base rate until the date of payment.

The preference shares do not carry any voting rights, other than to vote on resolutions affecting any rights or privileges of preference shareholders.

Shareholders are entitled to receive dividends each year on 17 July at a gilt rate plus 2.49%, increased by changes in the Retail Price Index.

£54,393 (2008: £45,407) 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.

#### 7 TRADE AND OTHER RECEIVABLES – CURRENT

	2009 £	2008 £
Amounts owed by group undertakings	67,226	57,024

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

#### 8 TRADE AND OTHER PAYABLES – CURRENT

	2009 £	2008 £
Amounts owed to group undertakings	(150,061)	(150,054)

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

# MATALAN INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 9 SHARE CAPITAL

	2009 £	2008 £
<b>Authorised, allotted, called up and fully paid</b>		
2 (2008: 2) ordinary shares of £1 each	2	2

### 10 RELATED PARTY TRANSACTIONS

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

	2009 £	2008 £
Transactions with other group undertakings:		
Preference dividend received from Matalan Holding Company Limited	19,185	18,090
Operating expenses paid for by other group undertakings	(4)	(11)
	<b>19,181</b>	<b>18,079</b>
Amounts due to parent company	(150,061)	(150,054)
Amounts due from other group undertakings	121,619	102,431
Balance outstanding in respect of dividends and associated redemption premium and preference shares.	121,619	102,431

Of this £54,393 (2008: £45,407) is receivable after more than one year.

The company has entered into a cash pooling arrangement with other group companies. The company does not settle transactions in cash, instead amounts are settled by other group companies on its behalf with a corresponding adjustment to intercompany receivables / payables.

	2009 £	2008 £
Liabilities settled by other group companies under the cash pooling arrangement:		
Administrative expenses	4	11



**MATALAN INVESTMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**11 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.

**12 CASH GENERATED FROM OPERATIONS**

There have been no cash flows in the company in the current or prior year and hence no cash flow statement has been prepared.

	2009	2008
	£	£
Profit for the year	19,181	18,079
Adjustments for:		
(Increase) in trade and other receivables	(19,188)	(18,090)
Increase in trade and other payables	7	11
<b>Net Cash Flows</b>	<b>-</b>	<b>-</b>

**13 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 28 February 2009. 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 28 February 2009 is the ultimate parent company Missouri Topco Limited. The consolidated financial statements of Missouri Topco Limited are available from Matalan, Gillibrands Road, Skelmersdale, West Lancashire, WN8 9TB.