

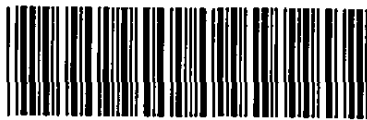
REGISTERED NUMBER: 05974909

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

52 WEEKS ENDED 27 FEBRUARY 2010

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MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 27
FEBRUARY 2010**

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MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

DIRECTORS AND ADVISERS

DIRECTORS

J Mills (Chairman)

A K McGeorge

P J T Gilbert

D H Davies (appointed 30 March 2010 and resigned 6 April 2010)

COMPANY SECRETARY

P J T Gilbert

REGISTERED OFFICE

Gillibrands Road

Skelmersdale

West Lancashire

WN8 9TB

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

SOLICITORS

DLA Piper LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3DL

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010

The directors present their report and the audited financial statements of the company for the 52 weeks ended 27 February 2010

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company of Matalan Finance plc (formerly Missouri Bidco Limited) and its subsidiary companies

REVIEW OF BUSINESS

The company holds external loans and recharges the cost of the loans to a subsidiary company. During the financial period a subsidiary company funded the prepayment of loans to the value of £13.4m (2009 £27.7m)

RESULTS AND DIVIDENDS

The profit for the period was £nil (2009 £0.1m). A dividend of £nil has been paid in the period (2009 £nil)

FINANCIAL RISK MANAGEMENT

The company has both short term and long term interest bearing debt liabilities. All of the company's bank borrowings incur interest at a floating rate of interest based on LIBOR. The company uses interest rate swaps held elsewhere in the group in order to manage its exposure to changes in interest rates.

DIRECTORS

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

DIRECTORS' INDEMNITIES

During the period and up to the date of signing the financial statements, the company maintained third party indemnity insurance for its directors and officers.

POST BALANCE SHEET EVENTS

Subsequent to the period end the company has repaid all debt. Further information relating to this is included in note 15.

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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)
DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010 (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,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

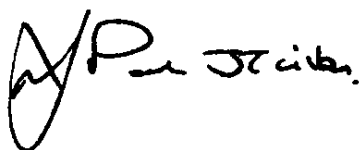
DISCLOSURE OF INFORMATION TO AUDITORS

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

On behalf of the Board

P J T Gilbert
Director
19 May 2010



MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

We have audited the financial statements of Matalan Group Limited (formerly Missouri Pikco Limited) for the 52 weeks ended 27 February 2010 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Shareholders' Equity, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 27 February 2010 and of its result for the 52 weeks then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED) (CONTINUED)

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 adequate 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

A handwritten signature in black ink, appearing to read 'John Cowling', with a horizontal line underneath.

John Cowling (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
19 May 2010

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)**INCOME STATEMENT FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010**

	Notes	52 weeks ended 27 February 2010 £'m	52 weeks ended 28 February 2009 £'m
Operating result		-	-
Finance costs	1	(1.9)	(5.0)
Finance income	1	1.9	5.0
Net finance costs		-	-
Result before taxation	4	-	-
Taxation	5	-	0.1
Result for the period		-	0.1

The company has no other comprehensive income other than profit for the period

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)**BALANCE SHEET AS AT 27 FEBRUARY 2010**

	Note	2010 £'m	2009 £'m
Assets			
Investments	6	437.4	437.4
Total non-current assets		437.4	437.4
Receivables	7	46.1	46.1
Current tax asset		0.5	0.5
Total current assets		46.6	46.6
Total assets		484.0	484.0
Liabilities			
Payables	9	(37.7)	(26.2)
Total current liabilities		(37.7)	(26.2)
Financial liabilities – borrowings	8	(5.8)	(17.3)
Total non-current liabilities		(5.8)	(17.3)
Total liabilities		(43.5)	(43.5)
Net assets		440.5	440.5
Capital and reserves			
Share capital	11	21.9	21.9
Share premium		415.5	415.5
Warrant reserve		3.1	3.1
Retained earnings		-	-
Total shareholders equity		440.5	440.5

The financial statements on pages 6 to 19 were approved by the board of directors on 19 May 2010 and signed on its behalf by

A K McGeorge
Director



Matalan Group Limited (formerly Missouri Pikco Limited)
Registered number 05974909

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE 52 WEEKS ENDED 27 FEBRUARY 2010

	Share capital £'m	Share premium £'m	Warrant reserve £'m	Retained earnings £'m	Total equity £'m
As at 2 March 2008	21.9	415.5	3.1	(0.1)	440.4
Comprehensive income					
Profit for the period	-	-	-	0.1	0.1
As at 28 February 2009	21.9	415.5	3.1	-	440.5
As at 1 March 2009	21.9	415.5	3.1	-	440.5
Comprehensive income					
Profit for the period	-	-	-	-	-
As at 27 February 2010	21.9	415.5	3.1	-	440.5

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

STATEMENT OF ACCOUNTING POLICIES

The company is a private limited liability 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 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the going concern basis under the historical cost convention.

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

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.

The financial statements contain information about Matalan Group Limited (formerly Missouri Pikco Limited) as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Missouri Topco Limited, a company incorporated in Guernsey.

New standards, amendments to standards or interpretations

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 March 2009.

- IAS 1 (revised) - 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard.
- IFRS 7 (amendment) - 'Financial instruments - Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial period beginning 1 March 2009, but are not currently relevant for the company.

- IFRIC 13 - Customer loyalty programmes
- IFRS 2 (amendment) - 'Share-based payment'
- IAS 23 (revised) - Borrowing costs
- IFRS 8 - 'Operating segments'

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

New standards, amendments to standards or interpretations (continued)

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 March 2010 or later periods, but the company has not early adopted them

- IAS 1 (amendment) - 'Presentation of financial statements'
- IAS 27 (revised) – 'Consolidated and separate financial statements'
- IAS 32 and IAS 1 (amendments) - Presentation of puttable financial instruments and obligations arising on liquidation
- IAS 38 (amendment) - 'Intangible Assets'
- IAS 39 (amendment) - Financial instruments: Recognition and measurement of reclassification of financial assets
- IFRS 2 (amendments) – 'Group cash-settled share-based payment transaction'
- IFRS 3 (revised) – 'Business combinations'
- IFRS 5 (amendment) - 'Non-current assets held for sale and discontinued operations'
- IFRIC 14 - Defined benefit assets
- IFRIC 17 - 'Distribution of non-cash assets to owners'

Investments

Investments in subsidiaries are stated at cost, where cost is the aggregate nominal value of the relevant number of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings

Current taxation

Current income tax charge is calculated on the basis of the tax laws 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.

Deferred taxation

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. Temporary differences not provided include 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.

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Financial assets and liabilities

Payment In Kind (PIK) notes are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. The fair values of other receivables, loans and other payables with a maturity of less than one year are assumed to approximate to their book values due to the cash based nature of the items.

Financial assets and liabilities are deemed to be current unless the financial instrument is due to mature more than 12 months after the balance sheet date, then they are deemed to be non current.

Impairment of assets

Non financial assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Dividends

Final dividends payable to the company's shareholders are recognised in the company's financial statements in the period in which the dividends are approved by the company's shareholders. Interim dividends payable are recognised in the period in which the dividends are paid.

Share capital

Ordinary shares are classified as equity.

Interest income

Interest income is recognised on a time-proportioned basis using the effective method.

Other receivables

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

Other payables

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

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Warrants

Warrants issued to subscribe for 'A' ordinary shares in the company are valued at fair value at the date of grant. Fair value is calculated using a Black Scholes model. Where warrants are issued in conjunction with debt financing, they are treated as an attributable transaction cost of the related debt, accordingly their cost is treated as a deduction in borrowings and is amortised in the income statement as a finance cost over the term of the borrowings.

Financial and capital risk management

The financial and capital risk management of the company is managed by group. Details of the financial and risk management policies are included on pages 26-29 of the Missouri Topco Limited financial statements.

Cash flow and fair value interest rate risk - The company's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk. The company manages its cash flow interest rate risk at a group level by using floating-to-fixed interest rate swaps and an interest rate cap. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

1 Finance income and costs

	52 weeks ended 27 February 2010 £'m	52 weeks ended 28 February 2009 £'m
Finance income		
Loan interest and other finance costs recharged to group companies	1.9	5.0
Finance costs		
Interest PIK notes	(1.1)	(4.2)
Warrant costs	(0.6)	(0.6)
Amortisation of debt costs	(0.2)	(0.2)
	(1.9)	(5.0)
Net finance costs	-	-

2 Directors' emoluments

The directors' remuneration for their services to the company has been borne by another group company

3 Employee information

There were no employees during the period (2009: none)

4 Result before taxation

The audit fee for the company amounting to £9,000 (2009: £9,000) is borne by a fellow group company
The total fee for the group is £0.1m (2009: £0.1m)

5 Taxation

Analysis of credit in the period

	2010 £'m	2009 £'m
Current taxation		
UK corporation taxation – current period	-	-
Prior year adjustment	-	1.8
	-	1.8
Deferred taxation		
Origination and reversal of temporary differences	-	-
Prior year adjustment	-	(1.7)
	-	(1.7)
Total taxation credit	-	0.1

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation (continued)

The taxation charge for the period is the same as (2009 lower than) the rate of corporation taxation at 28% (2009 28 17%) The differences are explained below

	2010 £'m	2009 £'m
Result before taxation	-	-
Result before tax multiplied by a rate of corporation taxation of 28% (2009 28 17%)	-	-
Effects of		
Permanent differences	0.5	1.4
Group relief surrendered	(0.5)	(1.4)
Prior year adjustment	-	0.1
Total taxation credit in the period	-	0.1

Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 28% (2009 28%)

The movement in deferred tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows

Deferred tax assets

	Unpaid interest
At 2 March 2008	1.7
Charged to the income statement	(1.7)
At 28 February 2009	-
At 1 March 2009	-
Charged to the income statement	-
At 27 February 2010	-

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6 Investments**

	Investment in subsidiary £'m
Cost and net book value	
At 2 March 2008	437.4
Investment in subsidiary undertaking	-
At 28 February 2009	437.4
At 1 March 2009	437.4
Investment in subsidiary undertaking	-
At 27 February 2010	437.4

The company holds 100% of the ordinary share capital of Matalan Finance plc (formerly Missouri Bidco Limited). The principal activity of Matalan Finance plc (formerly Missouri Bidco Limited) is to act as a holding company and it is incorporated in England and Wales.

The company also has an indirect interest in the following subsidiary companies

Name	Country of incorporation	% interest held
Matalan Limited	England and Wales	100
Matalan Retail Limited	England and Wales	100
Jonmar Limited	England and Wales	100
Matalan Travel Limited	England and Wales	100
Matalan Investments Limited	England and Wales	100
HP01 Nominees Limited (formerly Jaymax Limited)	England and Wales	100
Matalan Holding Company Limited	England and Wales	100
Matalan Quest Trustee Limited	England and Wales	100
Wolsey Limited	England and Wales	100

7 Receivables - current

	2010 £'m	2009 £'m
Amounts owed by group undertakings	46.1	46.1

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Financial liabilities – borrowings

	2010 £'m	2009 £'m
Non current		
PIK notes (net of £2.5m (2009: £3.3m) of issue costs)	(5.8)	(17.3)

PIK notes of £8.3m (2009: £20.6m) are repayable on 31 August 2016, any appropriate rolled up interest costs and borrowing costs are included in the carrying amount. The PIK notes accrue interest at a rate based on LIBOR. The PIK notes are secured by fixed and floating charges on group assets.

The issue costs include £1.1m (2009: £1.7m) of warrants that are amortised over the expected term of five years. The remaining issue costs are amortised over the loan term.

9 Payables – current

	2010 £'m	2009 £'m
Amounts owed to group undertakings	(37.7)	(26.2)

10 Financial instruments

Fair values

The fair values of the company's financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2010 £'m	Fair value 2010 £'m	Carrying amount 2009 £'m	Fair value 2009 £'m
PIK notes	8	(5.8)	(5.8)	(17.3)	(17.3)

Maturity of financial liabilities

	2010 £'m	2009 £'m
Five to ten years	(8.3)	(20.6)
Issue costs	2.5	3.3
	(5.8)	(17.3)
Current	-	-
Non current	(5.8)	(17.3)
	(5.8)	(17.3)

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Share capital and reserves

	10p A ordinary shares Number	Total Value £'m
Authorised		
At 27 February 2010 and 28 February 2009	300,000,000	30.0
Allotted, called up and fully paid		
At 27 February 2010 and 28 February 2009	218,688,223	21.9

Warrant reserve

Warrants to subscribe for 0.75% of the issued A ordinary shares in the company were granted on 22 December 2006. The warrants have an exercise price of 10p per share. The warrants are exercisable on the earlier of, a change in control of the group, repayment of the Matalan Group Limited (formerly Missouri PIKco Limited) debt and liquidation. The fair value of the warrant has been valued at the date of grant using a Black Scholes model and spread across the expected term, with the resulting charge accounted for as a finance cost. The key inputs into the valuation were: fair value at grant date £2, expected volatility 40%, expected term of 5 years, expected dividend yield of nil and risk free interest rate of 5.66%. The fair value of the total number of warrants was calculated at £3.1m.

12 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.

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Related party transactions

The company has a related party relationship with other group undertakings, its parent company and with its directors and executive officers. During the financial period the company entered into transactions, in the ordinary course of business, with other related parties as follows

	2010 £'m	2009 £'m
Transactions with subsidiary undertakings		
Funds borrowed	0.2	0.1
PIK notes issued	-	-
Voluntary repayment of PIK notes	(13.4)	(27.7)
PIK note interest	1.1	4.2
Warrant costs recharged	0.6	0.6
Tax paid by other group company	-	(0.5)
	(11.5)	(23.3)
Amounts due from the parent	-	-
Amounts due to other group undertakings	37.7	26.2

The company is party to a group 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.

Net liabilities settled by other group companies under the cash pooling arrangement

	2010 £'m	2009 £'m
Transactions with subsidiary undertakings		
Voluntary repayment of PIK notes	(13.4)	(27.7)
Tax paid by other group companies	-	(0.5)
	(13.4)	(28.2)

14 Cash flows from operating activities

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

	2010 £'m	2009 £'m
Result for the period	-	0.1
Adjustment for		
(Increase) in trade and other receivables	-	(5.0)
Increase in trade, corporation tax and other payables	-	4.9
Net cash flows	-	-

On arrangement of the PIK notes, and all subsequent transaction in relation to these facilities, the cash was transferred directly to or from another group company and did not directly flow through this company.

MATALAN GROUP LIMITED (FORMERLY MISSOURI PIKCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Post balance sheet events

During the period the Group has been preparing to refinance its debt. The refinancing had not yet completed at the balance sheet date. £1m of costs associated with this refinancing have been expensed as exceptional items elsewhere in the group and a further £3.1m have been prepaid by the group at the Balance Sheet date.

This refinancing was completed at the end of March. The existing debt was repaid and new Senior secured floating rate facilities of £250m, over 6 years at 5% above LIBOR, were put in place together with new unsecured fixed rate Senior notes of £225m, over 7 years at a fixed rate of 9 5/8%. This debt is held elsewhere in the group.

The company received a dividend of £9.0m from Matalan Finance Limited (formerly Missouri Bidco Limited) on 18 March 2010 (being 4.12p per 10p A ordinary share). On 31 March 2010 the company repaid its debt of £8.0m and on that date accelerated the amortisation of £2.5m of outstanding issue costs associated with that debt. On 1 April 2010 the company received a dividend of £235.5m and on 6 April 2010 the company paid a dividend of £235.5m.

Following this refinancing exercise, on the 1 April 2010 the Group funded the purchase of 20% of B shares for £12m through an Employee Benefit Trust. On the 7 April 2010 the Group completed a share buy back for £235m for 21% of the A shares.

On 12 March 2010 the company changed its name from Missouri PIKco Limited to Matalan Group Limited.

16 Ultimate parent company

The directors regard Missouri Topco Limited, a company registered in Guernsey, as the immediate parent company. According to the register kept by the company, Missouri Topco Limited has a 100% interest in the equity capital of Matalan Group Limited (formerly Missouri PIKco Limited) at 27 February 2010.

The directors regard the Hargreaves family as the ultimate controlling party throughout the period.

Missouri Topco Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 27 February 2010. The consolidated financial statements of Missouri Topco Limited are available from Matalan, Gillibrands Road, Skelmersdale, West Lancashire, WN8 9TB.