

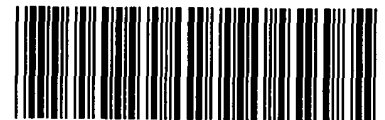
REGISTERED NUMBER: 05974909

MATALAN GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

52 WEEKS ENDED 28 FEBRUARY 2015

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MATALAN GROUP LIMITED

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MATALAN GROUP LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

J N Mills
J J Hargreaves
S Hill
A Misra (appointed 7 March 2014)

COMPANY SECRETARY

W G Lodder

REGISTERED OFFICE

Perimeter Road
Knowsley Industrial Park
Liverpool
L33 7SZ

INDEPENDENT AUDITOR

KPMG LLP
Chartered Accountants and Statutory Auditor
1 St Peters' Square
Manchester
M2 3AE

SOLICITOR

DLA Piper LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3DL

BANKER

Lloyds Bank plc
King Street
Manchester
M2 4LQ

MATALAN GROUP LIMITED

DIRECTORS' REPORT FOR THE 52 WEEKS ENDED 28 FEBRUARY 2015

The directors present their report and the audited financial statements of the Company for the 52 weeks ended 28 February 2015.

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.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company of Matalan Finance plc and its subsidiary companies and the Company expects to continue as such going forward.

RESULTS

The result for the period was £nil (2014: £nil). The Company has net assets of £446.5m (2014: £446.5m).

REFINANCING

On 2 June 2014, the Matalan Finance plc completed an issue of £342m First Lien Secured Notes, over 5 years at a fixed rate of 6 7/8%, and an issue of £150m Second Lien Secured Notes, over 6 years at a fixed rate of 8 7/8%. The proceeds were used to repay in full the Senior secured notes of £250m issued in 2011 and Senior notes of £225m issued in 2010. Matalan Group Limited forms part of the guarantor group for this refinancing.

PRINCIPAL RISKS AND UNCERTAINTIES

The responsibility of monitoring financial risk management and treasury responsibilities and procedures lie with the board of directors. The policies set by the board of directors are implemented by the Company's finance department.

As a non-trading company of the Group, the Company is not exposed to significant risks. The Company is impacted to a lesser extent by credit and liquidity risks. These risks have been addressed in section 3 of the Notes to the Financial Statements.

DIVIDENDS

The Company did not issue any dividends in the current or prior year.

GOING CONCERN

The directors are satisfied that, at the time of approving the financial statements, the Company has positive net assets and is in a no gain/no loss position and will be so for the foreseeable future. It is therefore appropriate to adopt the going concern basis in preparing the financial statements.

POLITICAL & CHARITABLE DONATIONS

The Company did not make any political or charitable donations in the current or prior period.

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 as defined by Section 234 of the Companies Act 2006.

MATALAN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law. 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.

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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DISCLOSURE OF INFORMATION TO THE AUDITOR

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 Auditor is 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 Auditor is aware of that information.

INDEPENDENT AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



S Hill
Director
1 June 2015

MATALAN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATALAN GROUP LIMITED

We have audited the financial statements of Matalan Group Limited for the period ended 28 February 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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, and express an opinion on, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 28 February 2015 and of its result for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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.

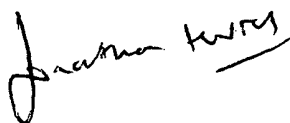
MATALAN GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATALAN GROUP 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Jonathan Hurst (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peters' Square
Manchester
M2 3AE
1 June 2015

MATALAN GROUP LIMITED

INCOME STATEMENT

	Note	52 weeks ended 28 February 2015 £'m	53 weeks ended 1 March 2014 £'m
Operating result		-	-
Finance costs		-	-
Finance income		-	-
Net finance costs		-	-
Result before income tax	7	-	-
Income tax	8	-	-
Result for the period		-	-

The Company has no other comprehensive income/ (expenditure) other than the result for the period.

MATALAN GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

	Note	2015 £'m	2014 £'m
Assets			
Investments	9	437.4	437.4
Total non-current assets		437.4	437.4
Receivables	10	55.1	55.1
Total current assets		55.1	55.1
Total assets		492.5	492.5
Liabilities			
Payables	11	(46.0)	(46.0)
Total current liabilities		(46.0)	(46.0)
Net assets		446.5	446.5
Capital and reserves			
Share capital	12	21.9	21.9
Share premium		415.5	415.5
Warrant reserve	12	3.1	3.1
Retained earnings		6.0	6.0
Total shareholders' equity		446.5	446.5

The financial statements on pages 6 to 15 were approved by the board of directors on 1 June 2015 and signed on its behalf by:



S Hill
Director

Matalan Group Limited
Registered number: 05974909

MATALAN GROUP LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £'m	Share premium £'m	Warrant reserve £'m	Retained earnings £'m	Total equity £'m
As at 24 February 2013	21.9	415.5	3.1	6.0	446.5
Comprehensive income					
Result for the period	-	-	-	-	-
As at 1 March 2014	21.9	415.5	3.1	6.0	446.5
As at 2 March 2014	21.9	415.5	3.1	6.0	446.5
Comprehensive income					
Result for the period	-	-	-	-	-
As at 28 February 2015	21.9	415.5	3.1	6.0	446.5

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Company is a private limited liability company and is incorporated and domiciled in the UK. The address of its registered office is Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union 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 as modified by financial assets and financial liabilities which are recognised at fair value through the income statement.

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 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 ultimate parent, Missouri Topco Limited, a company incorporated in Guernsey.

New standards, amendments to standards or interpretations

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year that would be expected to have a material impact on the company.

The Company has not early adopted the following standards and statements which are not yet effective. The adoption of these standards is not expected to have a material impact on the Company's accounts when adopted, except where stated:

- IFRS 9 Financial Instruments
- Amendments to IFRS 2 Share-based payments
- Amendments to IFRS 8 Operating segments
- Amendments to IFRS 13 Fair value measurement
- Amendments to IAS 24 Continuing related party disclosures

The company intends to adopt the new standards and amendments no later than their applicable date, subject to endorsement by the EU.

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

Finance income

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

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.

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. Investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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.

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.

Share capital

Ordinary shares are classified as equity.

Receivables

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

Payables

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

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Financial risk management

The financial risk management of the Company is managed by the Group. The Company's activities expose it to market risk (including fair value interest rate risk and cash flow interest rate risk, credit risk and liquidity risk). The Company's risk management is managed by the Group programme that focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks.

Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, independent ratings are considered when placing deposits and reviewing existing providers.

All outstanding receivables balances held by the Company are inter-company balances. Therefore, the credit risk of the Company is significantly reduced as these balances are supported by the Group.

Liquidity risk

Liquidity risk is managed on a group basis.

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve comprising borrowing facilities and cash and cash equivalents on the basis of expected cash flow. This is generally carried out at a local level in the operating companies of the Group in accordance with practice and limits set by the Group. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

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 inter-company receivables / payables.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates and judgements applied will affect the reported values of assets, liabilities, revenues and expenses in the financial statements. Accounting estimates will, by definition, seldom equal the related actual results.

As at 28 February 2015, the Company has not applied any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Directors' emoluments

The directors' remuneration for their services to the Company has been borne by a fellow group company.

6. Employee information

The Company had no employees during the period (2014: none).

7. Profit before income tax

The audit fee for the Company amounting to £9,000 (2014: £9,000) is borne by a fellow group company. The total fee for the Group is £0.2m (2014: £0.1m). A detailed breakdown of all audit and non-audit fees payable to the auditor can be found in the financial statements of Missouri Topco Limited.

8. Income tax

Analysis of income tax in the period

	2015 £'m	2014 £'m
Current income tax		
UK corporation tax	-	-
Total income tax expense	-	-

The income tax charge for the period is equal to (2014: equal to) the standard rate of corporation tax in the UK of 21.17% (2014: 23.10%). The rate of corporation tax is based on a weighted average rate. The standard rate of corporation tax reduced from 23% to 21% on 1 April 2014 (24% to 23% on 1 April 2013).

Deferred Income Tax

The Company has no recognised or unrecognised deferred income tax assets or liabilities at either the end of the current or prior period.

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Investments

	Investment in subsidiary £'m
Cost and net book value	
At 28 February 2015 and 1 March 2014	437.4

The Company holds 100% of the ordinary share capital of Matalan Finance plc. The principal activity of Matalan Finance plc is to act as a holding company and it is incorporated in England and Wales. The directors believe that the book value of the investment is supported by the underlying net assets and the future discounted cash flows of the trading subsidiaries of the investment. The investment has a coterminous year end with the Company.

The Company also has an indirect interest in the following subsidiary companies:

Name	Principal activity	Country of incorporation	% interest held and voting rights
Matalan Limited	Holding company	England and Wales	100
Matalan Retail Limited	Retail	England and Wales	100
Jonmar Limited	Property	England and Wales	100
Matalan Travel Limited	Travel services	England and Wales	100
Matalan Investments Limited	Holding company	England and Wales	100
HP01 Nominees Limited	Distribution	England and Wales	100
Matalan Holding Company Limited	Holding Company	England and Wales	100
Matalan Direct Limited (formerly Guild Acquisition Limited)	Non-trading	England and Wales	100

10. Receivables - current

	2015 £'m	2014 £'m
Amounts owed by group undertakings	55.1	55.1

11. Payables - current

	2015 £'m	2014 £'m
Amounts owed to group undertakings	(46.0)	(46.0)

Amounts owed to group undertakings are repayable on demand and therefore presented as current.

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Share capital and reserves

Ordinary share capital

	10p 'A' ordinary shares Number	Total Value £'m
Issued and fully paid		
At 28 February 2015 and 1 March 2014	218,688,223	21.9

Reserves

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 PIK debt and liquidation. The fair value of the warrants as 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 of £2, expected volatility of 40%, expected term of 5 years, expected dividend yield of nil and a risk free interest rate of 5.66%. The volatility assumption of 40% was based upon historic volatility data. The fair value of the total number of warrants was calculated at £3.1m. The remaining unamortised charge was accelerated when the PIK debt was repaid on 30 March 2010. £1.1m was charged to exceptional refinancing costs during 2011. The warrants have not yet been exercised.

13. Cash flows from operating activities

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

14. Contingent liabilities

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

MATALAN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. 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:

	2015 £'m	2014 £'m
Amounts owed to parent	(235.5)	(235.5)
Amounts owed by other group undertakings	244.6	244.6

The Company has entered into 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 inter-company receivables / payables. No transactions were settled by another group company on behalf of the Company during the period.

The Company considers the Hargreaves family to be the ultimate controlling party. Key management is the directors of the Company. The directors' remuneration for their services to the Company has been borne by a fellow group company.

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 at 28 February 2015.

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 28 February 2015. The consolidated financial statements of Missouri Topco Limited are available from Matalan, Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.