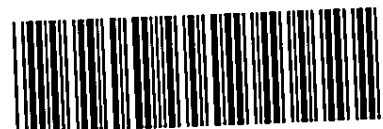


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MATALAN HOLDING COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 53 WEEKS ENDED 1 MARCH 2008

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MATALAN HOLDING COMPANY LIMITED

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

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MATALAN HOLDING COMPANY LIMITED

DIRECTORS AND ADVISERS

EXECUTIVE DIRECTORS

J Hargreaves (resigned 1 November 2007)

P Gilbert (appointed 1 February 2007)

A McGeorge (appointed 1 February 2007)

SECRETARY

P Gilbert (appointed 1 February 2007)

REGISTERED OFFICE

Matalan Holding Company 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 HOLDING COMPANY 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 that of a holding company to support companies in the group structure

REVIEW OF THE BUSINESS

The income statement for the period is set out on page 7 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 an ordinary dividend (2007 £nil) Amounts have been set aside from the results for the year for dividends and redemption in accordance with the rights associated with the preference shares

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 HOLDING COMPANY LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2008 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable UK 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.

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 group 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 HOLDING COMPANY LIMITED
DIRECTORS' REPORT FOR THE 53 WEEKS ENDED 1 MARCH 2008 (CONTINUED)

AUDITORS

Disclosure of information to auditors

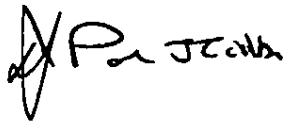
For all persons who are directors at the time of the approval of the annual report

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

A handwritten signature in black ink, appearing to read 'P Gilbert', is written over a large, stylized 'X' mark.

P Gilbert
Secretary
28 May 2008

MATALAN HOLDING COMPANY LIMITED

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

We have audited the financial statements of Matalan Holding Company 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 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 HOLDING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MATALAN HOLDING COMPANY 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 loss for the 53 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



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

28 May 2008

MATALAN HOLDING COMPANY LIMITED

INCOME STATEMENT FOR THE 53 WEEKS ENDED 1 MARCH 2008

	Notes	2008 £'000	2007 £'000
Administrative expenses		-	25
PROFIT BEFORE FINANCING COSTS		-	25
Finance cost	5	(18)	(29)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(18)	(4)
Taxation	7	3	(7)
LOSS FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(15)	(11)

All results are derived from continuing operations

The notes on pages 10 to 16 form part of these financial statements

MATALAN HOLDING COMPANY LIMITED

BALANCE SHEET AT 1 MARCH 2008

	Notes	2008 £'000	2007 £'000
NON-CURRENT ASSETS			
Investments	8	10,083	10,083
Receivables	9	640	1,719
CURRENT ASSETS			
Receivables	10	3,729	2,630
		3,729	2,630
CURRENT LIABILITIES			
Payables	11	(14,003)	(13,968)
		(14,003)	(13,968)
NET CURRENT LIABILITIES			
		(14,003)	(13,968)
NON-CURRENT LIABILITIES			
Payables	12	(100)	(100)
		(100)	(100)
NET ASSETS			
		349	364
CAPITAL AND RESERVES			
Ordinary shares	14	4,000	4,000
Retained earnings		(3,651)	(3,636)
		(3,651)	(3,636)
TOTAL SHAREHOLDERS' FUNDS			
		349	364

The notes on pages 10 to 16 form part of these financial statements

The financial statements on pages 7 to 16 were approved by the board of directors on 28 May 2008 and signed on its behalf by

A McGeorge
Director

A K McGeorge

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

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 26 February 2006	1,000	(3,625)	(2,625)
Total recognised income and expense	-	(11)	(11)
Issue of ordinary share capital	3,000	-	3,000
As at 24 February 2007	4,000	(3,636)	364
As at 25 February 2007	4,000	(3,636)	364
Total recognised income and expense	-	(15)	(15)
As at 1 March 2008	4,000	(3,651)	349

MATALAN HOLDING COMPANY LIMITED

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

1 PRINCIPAL ACCOUNTING POLICIES

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

Matalan Holding Company 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 contain information about Matalan Holding Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent, Missouri Topco Limited, a company registered in Guernsey

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 company's financial instruments, or the disclosures relating to taxation and trade and other payables

Cash flow statement

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

Investments

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

Capital Instruments

At date of issue capital instruments (including preference shares and loans) are included at cost, less any issue costs. Finance costs, including interest and dividends, are calculated at a constant rate on the carrying value, on the assumption that the instruments will not be converted. The costs are charged to the income statement over the term of the loan and to the date of redemption of the preference shares. Inflation has been assumed to be 4.2% (2007: 4.2%)

MATALAN HOLDING COMPANY LIMITED

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

Current taxation

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

Deferred taxation

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

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

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

2 DIRECTORS' EMOLUMENTS

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

3 EMPLOYEE INFORMATION

There were no employees during the period (2007: none)

4 LOSS BEFORE TAXATION

The audit fee for the company is borne by a fellow group company. The total fee for the group is £0.1m.

5 FINANCE COSTS

	Note	2008 £'000	2007 £'000
Finance cost			
Preference dividend payable	6	(18)	(29)
		(18)	(29)

MATALAN HOLDING COMPANY LIMITED

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

6 PREFERENCE DIVIDENDS

	2008 £'000	2007 £'000
Dividends on preference shares		
Appropriated dividends on preference shares for the period	8	18
Appropriation for premium payable on redemption	10	11
	18	29

7 TAXATION

Analysis of tax charge in the period

	2008 £'000	2007 £'000
Current taxation		
Current year	-	7
Adjustments in respect of prior periods	(3)	-
Total tax (credit) /charge	(3)	7

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

	2008 £'000	2007 £'000
(Loss) before taxation	(18)	(4)
(Loss) before taxation multiplied by standard rate of corporation tax in the UK of 30% (2007 30%)	(5)	(1)
Expenses not deductible for tax purposes	5	8
Adjustments in respect of prior periods	(3)	-
Total tax (credit)	(3)	7

MATALAN HOLDING COMPANY LIMITED

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

8 INVESTMENTS – NON CURRENT

	£'000
At 26 February 2006 and 25 February 2007	10,083
At 1 March 2008	10,083

The company holds 100% of the ordinary share capital of Wolsey Limited. The principal activity of Wolsey Limited is wholesale and the company is incorporated in England and Wales.

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

9 RECEIVABLES – NON CURRENT

	2008 £'000	2007 £'000
Other receivables	640	1,719
	640	1,719

10 RECEIVABLES – CURRENT

	2008 £'000	2007 £'000
Amounts owed by group undertakings	2,589	755
Other receivables	1,140	1,875
	3,729	2,630

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

11 PAYABLES – CURRENT

	2008 £'000	2007 £'000
Amounts owed to group undertakings	13,884	13,866
Accruals	116	95
Corporation Tax	3	7
	14,003	13,968

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

MATALAN HOLDING COMPANY LIMITED

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

12 PAYABLES – NON CURRENT

	2008 £'000	2007 £'000
Preference shares	100	100
	100	100

13 PREFERENCE SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
51,100,000 preference shares of £1 each	51,100	51,100
	51,100	51,100
Allotted, called up and fully paid		
100,000 preference shares of £1 each	100	100
	100	100

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 redemption date. In the event the Company does not redeem in full the preference shares, 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.

On winding up the preference shareholders rank above ordinary shareholders and are entitled to receive the redemption value of the shares, time apportioned according to the time since issue.

MATALAN HOLDING COMPANY LIMITED

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

14 ORDINARY SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised		
10,000,000 ordinary shares of £1 each	10,000	10,000
	10,000	10,000
Allotted, called up and fully paid		
4,000,000 (2007 4,000,000) ordinary shares of £1 each	4,000	4,000
	4,000	4,000

15 RELATED PARTY TRANSACTIONS

During the period the following transactions were carried out with related parties

	2008 £'000	2007 £'000
Costs associated with the sale of the Lee Cooper Group	-	(24)
Funds received by other group companies	-	1,406
Issue of share capital	-	3,000
Preference dividend	(18)	-
Lee Cooper settlement claim costs	1,834	-
	1,816	4,382

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

There are no liabilities settled by other group companies under the cash pooling arrangement

16 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 HOLDING COMPANY LIMITED

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

17 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

18 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 Holding Company 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, Gillibrands Road, Skelmersdale, West Lancashire, WN8 9TB.

18/03/08