

**REGISTERED NUMBER: 0045618**

**MISSOURI TOPCO LIMITED**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**13 WEEKS ENDED 26 AUGUST 2017**

## **Missouri Topco Limited**

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## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 26 August 2017**

#### **Revenue**

Revenue increased by 5.9% to £259.9m in the 13 week period ended 26 August 2017 and increased by 3.6% to £513.3m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £245.5m; 26 week period ended 27 August 2016: £495.6m; 52 week period ended 25 February 2017: £1,037.3m).

#### **Cost of sales and gross profit**

Cost of sales increased by 3.3% to £230.2m in the 13 week period ended 26 August 2017 and increased by 1.2% to £453.9m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £222.9m; 26 week period ended 27 August 2016: £448.3m; 52 week period ended 25 February 2017: £925.7m).

Gross profit increased by 31.4% to £29.7m in the 13 week period ended 26 August 2017 and increased by 25.6% to £59.4m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £22.6m; 26 week period ended 27 August 2016: £47.3m; 52 week period ended 25 February 2017: £111.6m).

Gross profit as a percentage of revenue increased to 11.4% in the 13 weeks ended 26 August 2017 and increased to 11.6% in the 26 weeks ended 26 August 2017 (13 week period ended 27 August 2016: 9.2%; 26 week period ended 27 August 2016: 9.5%; 52 week period ended 25 February 2017: 10.8%).

#### **Administrative expenses (including exceptional items)**

Administrative expenses (including exceptional items) increased by £0.1m to £14.7m in the 13 week period ended 26 August 2017 and increased by £0.2m to £30.6m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £14.6m; 26 week period ended 27 August 2016: £30.4m; 52 week period ended 25 February 2017: £65.5m).

Exceptional items of £0.2m were incurred in the 13 week period ended 26 August 2017 and £0.8m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £0.2m; 26 week period ended 27 August 2016: £0.2m; 52 week period ended 25 February 2017: £0.7m income).

#### **Operating profit**

Operating profit pre exceptional items increased by £7.0m to £15.2m in the 13 week period ended 26 August 2017 and increased by £12.5m to £29.6m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £8.2m; 26 week period ended 27 August 2016: £17.1m; 52 week period ended 25 February 2017: £47.9m).

#### **Net finance costs (including exceptional items)**

Net finance costs (including exceptional items) decreased by £0.2m to £9.4m in the 13 week period ended 26 August 2017 and decreased by £0.7m to £18.7m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £9.6m; 26 week period ended 27 August 2016: £19.4m; 52 week period ended 25 February 2017: £36.2m).

Exceptional finance income of £nil occurred in the 13 week period and the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £nil; 26 week period ended 27 August 2016: £nil; 52 week period ended 25 February 2017: £2.5m).

## **Missouri Topco Limited**

### **Results of operations for the 13 weeks ended 26 August 2017 (continued)**

#### **Taxation**

Taxation in the 13 week period ended 26 August 2017 was a £0.6m charge and the 26 week period ended 26 August 2017 was £1.7m charge (13 week period ended 27 August 2016: £0.1m charge; 26 week period ended 27 August 2016: £0.1m charge; 52 week period ended 25 February 2017: £2.5m charge).

#### **Profit/ loss for the period**

The profit in the 13 week period ended 26 August 2017 was £5.0m and the profit in the 26 week period ended 26 August 2017 was £8.4m (13 week period ended 27 August 2016: £1.7m loss; 26 week period ended 27 August 2016: £2.6m loss; 52 week period ended 25 February 2017: £7.4m profit).

#### **Cash flow**

Cash flows from operating activities increased by £4.3m to £40.0m in the 13 week period ended 26 August 2017 and increased by £15.9m to £56.2m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £35.7m; 26 week period ended 27 August 2016: £40.3m; 52 week period ended 25 February 2017: £81.9m).

Net cash used in investing activities was £8.2m in the 13 week period ended 26 August 2017; £14.5m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £5.2m; 26 week period ended 27 August 2016: £11.7m; 52 week period ended 25 February 2017: £26.6m).

Net cash used in financing activities was £nil in the 13 week period ended 26 August 2017 and the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £nil; 26 week period ended 27 August 2016: £nil; 52 week period ended 25 February 2017: £9.4m used).

Cash increased by £31.6m in the 13 week period ended 26 August 2017 and increased by £22.5m in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £29.3m increase; 26 week period ended 27 August 2016: £8.6m increase; 52 weeks ended 25 February 2017: £6.6m increase). The cash balance as at 26 August 2017 was £103.6m.

## Missouri Topco Limited

### Condensed consolidated income statement

	Note	13 weeks ended 26 August 2017 £'m	13 weeks ended 27 August 2016 £'m	26 weeks ended 26 August 2017 £'m	26 weeks ended 27 August 2016 £'m	52 weeks ended 25 February 2017 £'m
Revenue	3	259.9	245.5	513.3	495.6	1,037.3
Cost of sales	3	(230.2)	(222.9)	(453.9)	(448.3)	(925.7)
<b>Gross profit</b>	3	<b>29.7</b>	22.6	<b>59.4</b>	47.3	111.6
Administrative expenses (including exceptional items)	3	(14.7)	(14.6)	(30.6)	(30.4)	(65.5)
<b>Operating profit (including exceptional items)</b>	3	<b>15.0</b>	8.0	<b>28.8</b>	16.9	46.1
Operating profit pre exceptional items		15.2	8.2	29.6	17.1	47.9
Exceptional items – administrative expenses	14	(0.2)	(0.2)	(0.8)	(0.2)	(1.8)
<b>Operating profit</b>		<b>15.0</b>	8.0	<b>28.8</b>	16.9	46.1
Finance costs		(9.5)	(9.8)	(18.9)	(19.7)	(39.2)
Finance income		0.1	0.2	0.2	0.3	0.5
Exceptional finance income		-	-	-	-	2.5
<b>Net finance costs</b>		<b>(9.4)</b>	(9.6)	<b>(18.7)</b>	(19.4)	(36.2)
<b>Profit/ (loss) before income tax and exceptional items</b>		<b>5.8</b>	(1.4)	<b>10.9</b>	(2.3)	9.2
Total exceptional items	14	(0.2)	(0.2)	(0.8)	(0.2)	0.7
<b>Profit/ (loss) before income tax</b>		<b>5.6</b>	(1.6)	<b>10.1</b>	(2.5)	9.9
Income tax	5	(0.6)	(0.1)	(1.7)	(0.1)	(2.5)
<b>Profit/ (loss) for the period</b>		<b>5.0</b>	(1.7)	<b>8.4</b>	(2.6)	7.4
<b>Attributable to:</b>						
Equity holders of the parent		5.0	(1.6)	8.5	(2.3)	8.1
Non controlling interest		-	(0.1)	(0.1)	(0.3)	(0.7)
<b>Profit/ (loss) for the period</b>		<b>5.0</b>	(1.7)	<b>8.4</b>	(2.6)	7.4

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Statement of comprehensive income

	<b>13 weeks ended 26 August 2017 £'m</b>	13 weeks ended 27 August 2016 £'m	<b>26 weeks ended 26 August 2017 £'m</b>	26 weeks ended 27 August 2016 £'m	52 weeks ended 25 February 2017 £'m
<b>Profit/ (loss) for the period</b>	<b>5.0</b>	(1.7)	<b>8.4</b>	(2.6)	7.4
<b>Other comprehensive income:</b>					
Cash flow hedges	(17.3)	35.2	(41.1)	(5.7)	(5.8)
Income tax element of cash flow hedges	3.2	(6.9)	7.8	1.1	1.5
<b>Total other comprehensive income, net of income tax</b>	<b>(14.1)</b>	28.3	<b>(33.3)</b>	(4.6)	(4.3)
<b>Total comprehensive (expenditure)/ income</b>	<b>(9.1)</b>	26.6	<b>(24.9)</b>	(7.2)	3.1

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Condensed consolidated balance sheet

	Note	26 August 2017 £'m	27 August 2016 £'m	25 February 2017 £'m
<b>Assets</b>				
Property, plant and equipment		167.2	171.6	167.5
Intangible assets		31.3	27.5	29.0
Financial assets – derivative financial instruments	7	1.0	24.2	11.5
<b>Total non-current assets</b>		<b>199.5</b>	<b>223.3</b>	<b>208.0</b>
Inventories – goods for resale		115.8	128.2	114.7
Trade and other receivables		31.7	31.4	32.0
Financial assets – derivative financial instruments	7	32.3	51.2	60.0
Current income tax assets		-	1.4	-
Cash and cash equivalents		103.6	83.1	81.1
<b>Total current assets</b>		<b>283.4</b>	<b>295.3</b>	<b>287.8</b>
<b>Total assets</b>		<b>482.9</b>	<b>518.6</b>	<b>495.8</b>
<b>Liabilities</b>				
Financial Liabilities – derivative financial instruments		(0.5)	-	-
Trade and other payables		(162.1)	(165.3)	(145.0)
Current income tax liabilities		(2.4)	-	(1.5)
Provisions for other liabilities and charges	8	(0.4)	(0.6)	(0.5)
<b>Total current liabilities</b>		<b>(165.4)</b>	<b>(165.9)</b>	<b>(147.0)</b>
Financial liabilities – borrowings	6	(477.7)	(488.5)	(477.2)
Financial liabilities – derivative financial instruments	7	(3.7)	(1.8)	(0.4)
Trade and other payables		(41.1)	(43.1)	(42.9)
Deferred income tax liabilities		(6.8)	(16.1)	(14.8)
Provisions for other liabilities and charges	8	(1.5)	(1.7)	(1.7)
<b>Total non-current liabilities</b>		<b>(530.8)</b>	<b>(551.2)</b>	<b>(537.0)</b>
<b>Total liabilities</b>		<b>(696.2)</b>	<b>(717.1)</b>	<b>(684.0)</b>
<b>Net liabilities</b>		<b>(213.3)</b>	<b>(198.5)</b>	<b>(188.2)</b>
<b>Shareholders' deficit</b>				
Share capital		17.3	17.3	17.3
Share premium		385.6	385.6	385.6
Merger reserve		(774.3)	(774.3)	(774.3)
Hedge reserve		18.4	51.4	51.7
Capital redemption reserve		5.7	5.7	5.7
Warrant reserve		3.1	3.1	3.1
Non-controlling interest		-	(0.4)	(0.8)
Retained earnings		130.9	113.1	123.5
<b>Total shareholders' deficit</b>		<b>(213.3)</b>	<b>(198.5)</b>	<b>(188.2)</b>

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.

## Missouri Topco Limited

### Condensed consolidated cash flow statement

	Note	13 weeks ended 26 August 2017 £'m	13 weeks ended 27 August 2016 £'m	26 weeks ended 26 August 2017 £'m	26 weeks ended 27 August 2016 £'m	52 weeks ended 25 February 2017 £'m
<b>Cash flows from operating activities</b>						
Cash generated	10	40.0	35.7	56.2	40.3	81.9
Interest paid		(0.2)	(0.3)	(18.3)	(19.1)	(37.9)
Income tax paid		-	(0.9)	(0.9)	(0.9)	(1.4)
<b>Net cash generated from operating activities</b>		<b>39.8</b>	<b>34.5</b>	<b>37.0</b>	<b>20.3</b>	<b>42.6</b>
<b>Cash flows from investing activities</b>						
Purchases of property, plant and equipment		(5.1)	(3.2)	(8.8)	(7.5)	(17.2)
Purchases of intangible assets		(2.8)	(2.2)	(5.5)	(4.5)	(9.9)
Purchase of shares in investment		(0.4)	-	(0.4)	-	-
Interest received		0.1	0.2	0.2	0.3	0.5
<b>Net cash used in investing activities</b>		<b>(8.2)</b>	<b>(5.2)</b>	<b>(14.5)</b>	<b>(11.7)</b>	<b>(26.6)</b>
<b>Cash flows from financing activities</b>						
Bonds repurchased		-	-	-	-	(9.4)
<b>Net cash generated used in financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9.4)</b>
Net increase in cash and cash equivalents		31.6	29.3	22.5	8.6	6.6
Cash and cash equivalents at the beginning of the period		72.0	53.8	81.1	74.5	74.5
<b>Cash and cash equivalents at the end of the period</b>		<b>103.6</b>	<b>83.1</b>	<b>103.6</b>	<b>83.1</b>	<b>81.1</b>

The notes on pages 9 to 17 form an integral part of this condensed consolidated interim financial information.



## Missouri Topco Limited

### Condensed consolidated statement of changes in shareholders' equity

Group	Share capital £'m	Share premium £'m	Merger reserve £'m	Hedge reserve £'m	Capital redemption reserve £'m	Warrant reserve £'m	Non-controlling interest £'m	Retained earnings £'m	Total equity £'m
As at 28 February 2016	17.3	385.6	(774.3)	56.0	5.7	3.1	(0.2)	115.1	(191.7)
<b>Comprehensive expenditure</b>									
Loss for the period	-	-	-	-	-	-	-	(2.3)	(2.3)
<b>Total loss for the period</b>	-	-	-	-	-	-	-	(2.3)	(2.3)
<b>Other comprehensive income</b>									
Cash flow hedges									
- fair value loss in the period	-	-	-	(1.1)	-	-	-	-	(1.1)
- transfers to inventory	-	-	-	(4.6)	-	-	-	-	(4.6)
- tax element of cash flow hedges	-	-	-	1.1	-	-	-	-	1.1
Total cash flow hedges, net of tax	-	-	-	(4.6)	-	-	-	-	(4.6)
<b>Total other comprehensive income, net of tax</b>	-	-	-	(4.6)	-	-	-	-	(4.6)
<b>Transactions with owners</b>									
Fair value charge for subscription for 'B' shares	-	-	-	-	-	-	-	0.3	0.3
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	0.3	0.3
Non-controlling interest	-	-	-	-	-	-	(0.2)	-	(0.2)
<b>As at 27 August 2016</b>	<b>17.3</b>	<b>385.6</b>	<b>(774.3)</b>	<b>51.4</b>	<b>5.7</b>	<b>3.1</b>	<b>(0.4)</b>	<b>113.1</b>	<b>(198.5)</b>

## Missouri Topco Limited

### Condensed consolidated statement of changes in shareholders' equity (continued)

Group	Note	Share capital £'m	Share premium £'m	Merger reserve £'m	Hedge reserve £'m	Capital redemption reserve £'m	Warrant reserve £'m	Non-controlling interest £'m	Retained earnings £'m	Total equity £'m
As at 26 February 2017		17.3	385.6	(774.3)	51.7	5.7	3.1	(0.8)	123.5	(188.2)
<b>Comprehensive income</b>										
Profit for the period		-	-	-	-	-	-	-	8.5	8.5
<b>Total profit for the period</b>		-	-	-	-	-	-	-	8.5	8.5
<b>Other comprehensive income</b>										
Cash flow hedges										
- fair value loss in the period		-	-	-	(42.0)	-	-	-	-	(42.0)
- transfers to inventory		-	-	-	0.9	-	-	-	-	0.9
- tax element of cash flow hedges		-	-	-	7.8	-	-	-	-	7.8
Total cash flow hedges, net of tax		-	-	-	(33.3)	-	-	-	-	(33.3)
<b>Total other comprehensive income, net of tax</b>		-	-	-	(33.3)	-	-	-	-	(33.3)
<b>Transactions with owners</b>										
Fair value charge for subscription for 'B' shares		-	-	-	-	-	-	-	0.2	0.2
<b>Total transactions with owners</b>		-	-	-	-	-	-	-	0.2	0.2
<b>Changes in ownership interests</b>										
Acquisition of NCI without change in control	9	-	-	-	-	-	-	0.8	(1.3)	(0.5)
<b>As at 26 August 2017</b>		<b>17.3</b>	<b>385.6</b>	<b>(774.3)</b>	<b>18.4</b>	<b>5.7</b>	<b>3.1</b>	<b>-</b>	<b>130.9</b>	<b>(213.3)</b>

## **Missouri Topco Limited**

### **Notes to the financial statements**

#### **1. General information**

The Company is incorporated and domiciled in Guernsey, all subsidiary companies are incorporated and domiciled in the UK. The Company is limited by shares. The financial statements are presented in sterling, which is the Group's functional and presentational currency. The Group's principal place of business is Perimeter Road, Knowsley Industrial Park, Liverpool, L33 7SZ.

These condensed consolidated interim financial statements were approved for issue on 9 October 2017.

#### **2. Summary of accounting policies**

##### **Basis of preparation**

These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the 52 weeks ended 25 February 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and IFRIC interpretations.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the 52 weeks ended 25 February 2017, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

At the date of approval of these condensed consolidated interim financial statements, the IASB and IFRIC have issued new or amended standards and interpretations which were in issue but not effective for the financial period and not early adopted. The adoption of these standards is not expected to have a material impact on the Company's accounts when adopted, except where stated:

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

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2 Share-based payments
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 16 Leases. The new standard is effective for annual reporting periods beginning on or after 1 January 2019. The impact of the new standard is expected to be material and is currently under review by the Group.

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

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 3. Operating profit

	<b>13 weeks ended 26 August 2017 £'m</b>	13 weeks ended 27 August 2016 £'m	<b>26 weeks ended 26 August 2017 £'m</b>	26 weeks ended 27 August 2016 £'m	52 weeks ended 25 February 2017 £'m
<b>Total revenue</b>	<b>259.9</b>	245.5	<b>513.3</b>	495.6	1,037.3
Cost of goods sold	<b>(137.7)</b>	(130.4)	<b>(263.2)</b>	(256.5)	(533.4)
Selling expenses	<b>(81.9)</b>	(81.4)	<b>(167.8)</b>	(167.9)	(341.5)
Distribution expenses	<b>(10.6)</b>	(11.1)	<b>(22.9)</b>	(23.9)	(50.8)
<b>Total cost of sales</b>	<b>(230.2)</b>	(222.9)	<b>(453.9)</b>	(448.3)	(925.7)
<b>Gross profit</b>	<b>29.7</b>	22.6	<b>59.4</b>	47.3	111.6
Administrative expenses - pre exceptional	<b>(14.5)</b>	(14.4)	<b>(29.8)</b>	(30.2)	(63.7)
Exceptional items - administrative expenses	<b>(0.2)</b>	(0.2)	<b>(0.8)</b>	(0.2)	(1.8)
Administrative expenses	<b>(14.7)</b>	(14.6)	<b>(30.6)</b>	(30.4)	(65.5)
<b>Operating profit</b>	<b>15.0</b>	8.0	<b>28.8</b>	16.9	46.1

Further details of prior period exceptional items are given in note 14.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 4. Segment Reporting

The chief operating decision-maker has been identified as the Board of Directors. The Directors consider there to be one operating and reportable segment, being that of the sale of clothing and homewares through out of town retail outlets, primarily through the Matalan fascia, in the United Kingdom.

Internal reports reviewed regularly by the Board provide information to allow the chief operating decision-maker to allocate resources and make decisions about the operations. The internal reporting focuses on the Group as a whole and does not identify individual segments. This set of condensed consolidated interim financial statements is therefore presented as a single reportable segment.

The chief operating decision-maker relies primarily on EBITDA before exceptional items to assess the performance of the Group and make decisions about resources to be allocated to the segment. This can be reconciled to statutory operating profit as follows:

	<b>13 weeks ended 26 August 2017 £'m</b>	13 weeks ended 27 August 2016 £'m	<b>26 weeks ended 26 August 2017 £'m</b>	26 weeks ended 27 August 2016 £'m	52 weeks ended 25 February 2017 £'m
Operating profit	<b>15.0</b>	8.0	<b>28.8</b>	16.9	46.1
Depreciation and amortisation	<b>7.5</b>	7.2	<b>15.4</b>	14.5	29.1
Exceptional items	<b>0.2</b>	0.2	<b>0.8</b>	0.2	1.8
<b>EBITDA</b>	<b>22.7</b>	15.4	<b>45.0</b>	31.6	77.0

The performance of the Group is subject to seasonal peaks. The Group traditionally performs well during the late spring and early summer and over the Christmas season.

Whilst the e-commerce business represents a significant opportunity for future growth within the Group, it does not yet represent a significant portion of the operating results of the Group. E-commerce is therefore not reported as a separate operating segment by the Group for internal or external reporting purposes.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 5. Income tax

Income tax for the 13 week period ended 26 August 2017 is charged at 10.7% and for the 26 week period ended 26 August 2017 is charged at 16.8% (13 weeks ended 27 August 2016: 6.3%; 26 weeks ended 27 August 2016: 4.0%; 52 weeks ended 25 February 2017: 25.3%) of profit representing the best estimate of the effective annual income tax rate expected for the full year, applied to the pre-tax profit for the 13 week and 26 week periods.

The effective annual income tax rate of 21.1% for the period is higher than the standard rate of corporation tax in the UK of 19.0% at the end of August 2017 (August 2016: 20.0%, February 2017: 20.0%). The key reconciling items relate to non-deductible expenses. The rate of corporation tax is based on a weighted average rate. A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

#### 6. Financial liabilities – borrowings

	<b>26 August 2017</b>	27 August 2016	25 February 2017
	<b>£'m</b>	£'m	£'m
<b>Non-current</b>			
First Lien Secured Notes (net of £1.5m issue costs (Aug 2016: £2.3m; February 2017 £1.9m))	<b>(340.5)</b>	(339.7)	(340.1)
Second Lien Secured Notes (net of £0.8m issue costs (Aug 2016: £1.2m; February 2017 £0.9m))	<b>(137.2)</b>	(148.8)	(137.1)
	<b>(477.7)</b>	(488.5)	(477.2)

Borrowings are all denominated in sterling at 26 August 2017. The Group had no short-term borrowings during any of the reported periods. Issue costs of £5.2m were incurred in relation to the First Lien Secured Notes and Second Lien Secured Notes and are being amortised over the terms of the facilities.

A proportion of the Second Lien Secured Notes are held by shareholders of the Company.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. In the 52 week period ending 25 February 2017 the Group purchased and cancelled £12.0m of Second Lien Secured Notes. Further details can be found in note 14.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 6. Financial liabilities – borrowings (continued)

##### Maturity of Secured Notes

	<b>26 August 2017 £'m</b>	27 August 2016 £'m	25 February 2017 £'m
Less than one year	-	-	-
One to five years	<b>480.0</b>	492.0	480.0
	<b>480.0</b>	492.0	480.0
Issue costs	<b>(2.3)</b>	(3.5)	(2.8)
	<b>477.7</b>	488.5	477.2
Current	-	-	-
Non-current	<b>477.7</b>	488.5	477.2
	<b>477.7</b>	488.5	477.2

##### Borrowing facilities

At 26 August 2017 the table below reflects the usage of the Revolving Credit Facilities (RCF). These facilities are subject to an annual review and incur fees at market rates.

	<b>26 August 2017 £'m</b>	27 August 2016 £'m	25 February 2017 £'m
Letters of credit	<b>3.1</b>	2.1	3.3
Guarantees	<b>8.3</b>	8.3	8.3
Unused	<b>38.6</b>	39.6	38.4
<b>Total available</b>	<b>50.0</b>	50.0	50.0

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

#### 7. Derivative financial instruments

##### Forward foreign exchange contracts

The total principal value of forward foreign exchange contracts at 26 August 2017 is £645.8m (27 August 2016: £612.8m; 25 February 2017: £518.6m).

The net fair value of gains as at 26 August 2017 on open forward foreign exchange contracts that hedge the foreign currency risk of purchases are £29.1m (27 August 2016: gains of £73.6m; 25 February 2017: gains of £71.1m). These are transferred at their current fair value as an inventory based adjustment on receipt of the underlying inventory.

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 8. Provisions for other liabilities and charges

	Onerous contracts £'m
At 26 February 2017	(2.2)
Utilised in the period	0.3
<b>At 26 August 2017</b>	<b>(1.9)</b>

	26 August 2017 £'m	27 August 2016 £'m	25 February 2017 £'m
Analysis of total provisions:			
Non-current	(1.5)	(1.7)	(1.7)
Current	(0.4)	(0.6)	(0.5)
	<b>(1.9)</b>	<b>(2.3)</b>	<b>(2.2)</b>

During a previous period a lease previously assigned to another retailer was returned to the Company in 2009 on privity of contract after they entered administration. A provision was created at that time to recognise that the lease was onerous and this was treated as exceptional in nature and is being released over the remaining life of the lease.

During a previous period, the Group established a provision for anticipated future dilapidations costs, this was fully utilised within the period ending 25 February 2017.

#### 9. Acquisition of NCI

In August 2017, the Group acquired an additional 25% interest in Matalan Direct Limited under its historic obligations for £0.4m in cash, increasing its ownership from 75% to 100%. The carrying amount of Matalan Direct Limited's net liabilities in the Group's financial statements on the date of acquisition was (£3.7m). The Group recognised a decrease in NCI of £0.9m and a decrease in retained earnings of £1.3m.

	£'m
Carrying amount of NCI acquired ((£3.7m) x 25%)	(0.9)
Fair value of consideration	0.4
<b>A decrease in equity attributable to owners of the group</b>	<b>(1.3)</b>



## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 10. Cash flow from operating activities

##### Reconciliation of operating profit to net cash flow from operating activities:

	<b>13 weeks ended 26 August 2017 £'m</b>	13 weeks ended 27 August 2016 £'m	<b>26 weeks ended 26 August 2017 £'m</b>	26 weeks ended 27 August 2016 £'m	52 weeks ended 25 February 2017 £'m
<b>Cash generated from operations</b>					
Operating profit	<b>15.0</b>	8.0	<b>28.8</b>	16.9	46.1
Adjustments for:					
Depreciation	<b>5.8</b>	5.6	<b>12.0</b>	11.2	22.5
Amortisation of intangibles	<b>1.7</b>	1.6	<b>3.4</b>	3.3	6.6
Goodwill Impairment	-	-	-	-	0.9
Loss on disposal of PPE	-	-	-	-	0.1
Non cash exceptional items	-	-	-	-	1.3
Share based compensation charge	<b>0.1</b>	0.2	<b>0.2</b>	0.3	0.3
Hedge accounting	-	0.1	<b>0.1</b>	0.2	0.1
<b>Operating cash flows before movements in working capital</b>	<b>22.6</b>	15.5	<b>44.5</b>	31.9	77.9
Movements in working capital:					
Decrease/ (increase) in inventories	<b>0.6</b>	(1.9)	<b>(4.1)</b>	0.8	18.3
(Increase)/ decrease in trade and other receivables	<b>(5.0)</b>	(3.2)	<b>0.1</b>	(3.6)	(4.3)
Increase/ (decrease) in trade and other payables	<b>21.8</b>	25.3	<b>15.7</b>	11.2	(10.0)
<b>Net cash flows from operating activities</b>	<b>40.0</b>	35.7	<b>56.2</b>	40.3	81.9

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 11. Reconciliation of net debt

Net funds incorporate notes in issue, less cash and cash equivalents.

	Net debt at 26 February 2017	Cash movements	Non cash movements	Net debt at 26 August 2017
	£'m	£'m	£'m	£'m
Cash and cash equivalents	81.1	22.5	-	<b>103.6</b>
Debt due after 1 year	(477.2)	-	(0.5)	<b>(477.7)</b>
	<b>(396.1)</b>	<b>22.5</b>	<b>(0.5)</b>	<b>(374.1)</b>

#### 12. Contingent liabilities

An unlimited guarantee under a composite accounting agreement operates for all group company bank accounts. Group bank facilities as disclosed in note 6 are secured by fixed and floating charges over the assets of the guarantor group. Notes in issue as disclosed in note 6 are guaranteed by the assets of the guarantor group.

#### 13. Related party transactions

During the period the Group leased its head office from a company associated with the Hargreaves family. The rental expenditure incurred in the 13 week period ended 26 August 2017 was £0.6m and the 26 week period ended 26 August 2017 was £1.1m (13 weeks ended 27 August 2016: £0.5m; 26 weeks ended 27 August 2016: £1.0m; 52 weeks ended 25 February 2017: £2.1m) of which £0.2m was prepaid at 26 August 2017 (27 August 2016: £nil; 25 February 2017: £nil).

The Group purchased from and provided IT services to companies associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 26 August 2017 was £0.5m and during the 26 week period ended 26 August 2017 was £1.1m (13 weeks ending 27 August 2016: £0.9m; 26 weeks ending 27 August 2016: £1.7m; 52 weeks ended 25 February 2017: £3.3m) of which £nil was outstanding at 26 August 2017 (27 August 2016: £nil; 25 February 2017: £nil). The services provided during the 13 week period ended 26 August 2017 totalled £nil and the 26 week period ended 26 August 2017 totalled £nil (13 weeks ending 27 August 2016: £0.3m; 26 weeks ending 27 August 2016: £0.5m; 52 weeks ended 25 February 2017: £0.9m) of which £nil was outstanding as a debtor at 26 August 2017 (27 August 2016: £0.1m; 25 February 2017: £nil debtor).

The Group purchased clothing for resale from companies associated with the Hargreaves family. Purchases during the 13 week period ended 26 August 2017 were £0.3m and the 26 week period ended 26 August 2017 were £1.5m (13 weeks ending 27 August 2016: £0.4m; 26 weeks ending 27 August 2016: £1.1m; 52 weeks ended 25 February 2017: £2.2m) of which £nil was outstanding at 26 August 2017 (27 August 2016: £0.1m; 25 February 2017: £0.2m).

The Group used the clothing design services of companies associated with the Hargreaves family. The expenditure incurred during the 13 week period ended 26 August 2017 was £0.6m and the 26 week period ended 26 August 2017 was £0.7m (13 weeks ending 27 August 2016: £0.6m; 26 weeks ending 27 August 2016: £1.1m; 52 weeks ended 25 February 2017: £2.2m) of which £0.2m was outstanding at 26 August 2017 (27 August 2016: £nil outstanding; 25 February 2017: £0.5m was outstanding).

## Missouri Topco Limited

### Notes to the financial statements (continued)

#### 13. Related party transactions (continued)

During the 13 week period ended 26 August 2017 a member of the Hargreaves family was paid £nil for consultancy services provided to the Group; £0.1m in the 26 week period ended 26 August 2017 (13 weeks ending 27 August 2016: £nil; 26 weeks ending 27 August 2016: £0.1m; 52 weeks ended 25 February 2017: £0.1m).

The Group incurred costs relating to the Hargreaves family and associated companies. The expenditure incurred during the 13 week period ended 26 August 2017 was £0.1m and the 26 week period ended 26 August 2017 was £0.3m (13 weeks ending 27 August 2016: £nil; 26 weeks ending 27 August 2016: £0.1m; 52 weeks ended 25 February 2017: £0.2m) of which £0.2m was outstanding at 26 August 2017 (27 August 2016: £0.1m, 25 February 2017: £nil).

All of the above transactions have taken place at levels not materially different to commercial terms.

#### 14. Exceptional items

Exceptional items are comprised as follows:

	<b>13 weeks ended 26 August 2017 £'m</b>	13 weeks ended 27 August 2016 £'m	<b>26 weeks ended 26 August 2017 £'m</b>	26 weeks ended 27 August 2016 £'m	52 weeks ended 25 February 2017 £'m
Restructuring costs	(0.2)	(0.2)	(0.8)	(0.2)	(0.7)
Closure of SportingPro division - administrative costs	-	-	-	-	(1.1)
<b>Exceptional items - administrative expenses</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.8)</b>	<b>(0.2)</b>	<b>(1.8)</b>
Finance Income	-	-	-	-	2.5
<b>Exceptional items – Finance Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.5</b>
<b>Total exceptional items</b>	<b>(0.2)</b>	<b>(0.2)</b>	<b>(0.8)</b>	<b>(0.2)</b>	<b>0.7</b>

#### Restructuring costs

Restructuring costs of £0.2m were incurred in the 13 week period ended 26 August 2017 and costs of £0.8m were incurred in the 26 week period ended 26 August 2017 (13 week period ended 27 August 2016: £0.2m; 26 week period ended 27 August 2016: £0.2m; 52 week period ended 25 February 2017: £0.7m).

#### Closure of SportingPro division

The Group closed the SportingPro division in a prior year. During the 52 weeks ended 25 February 2017 the remaining assets were either disposed of, or where the assets were identified as no longer in use but yet to be disposed of, impairments on the carrying value of those were made. This amounted to £1.1m.

#### Financing Income

During the 52 weeks ended 25 February 2017 the Group repurchased and cancelled £12.0m of Second Lien Secured Notes at a purchase price of £9.4m, resulting in finance income of £2.5m, net of £0.1m of issue costs in relation to the bonds, which was treated as exceptional.