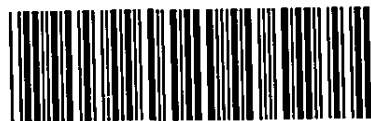


SCHUH (HOLDINGS) LIMITED

**DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 28 JANUARY 2012**

Company Registered No. SC 265833

TUESDAY



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OFFICERS AND ADVISERS

Board of Directors

Colin Temple (Managing)

Mark Crutchley

James Estepa (appointed 23 June 2011)

Robert Dennis (appointed 23 June 2011)

James Gulmi (appointed 23 June 2011)

Terry Racionzer (resigned 23 June 2011)

Sandy Alexander (resigned 23 June 2011)

Secretary and Registered Office

Mark Crutchley

1 Neilson Square

Deans Industrial Estate

Livingston

West Lothian

EH54 8RQ

Auditor

Ernst and Young LLP

G1, 5 George Square

Glasgow

United Kingdom

G2 1DY

Financial Advisor

Noble Grossart, Edinburgh

Solicitors

Morton Fraser, Edinburgh

Pannone, Manchester

Banker

Lloyds Bank

1 Lochrin Square

Edinburgh

EH3 9QA

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 28 January 2012.

Principal activities

The principal activity of the company is as a holding company.

Business review

In June 2011, the company's ultimate parent company, Schuh Group Limited was acquired by Genesco Inc, an American corporation listed on the New York Stock Exchange. As a result of this, the company's year end has been changed from March to January and the financial statements cover a 44 week period compared to a 52 week period last year. The company made a loss for the year of £3.25m (2011: profit of £0.8m).

Principal Risk & Uncertainties

The principal financial risks to which the Company is exposed are those relating to credit, liquidity and interest rate. These risks are managed in accordance with Board approved policies.

- * Credit risk : The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.
- * Liquidity risk : The Company obtains funding for its operations via the Group's bank facilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.
- * Interest rate risk : The Company has cash at bank which is subject to variable rates of interest. Interest rate risk is regularly monitored and is not considered to be material.

Directors

Two directors served throughout the year. James Estepa, James Gulmi and Robert Dennis were appointed on 23rd June 2011.

Directors' Indemnification

All directors benefited from qualifying third party indemnity provisions in place during the year and at 21 May 2012.

Employees

Applications for employment are considered based on the aptitude of prospective applicants, whether disabled or not. The company's policy is to, as far as possible, provide continued training and support to any member of staff who should become disabled but is still able to perform their job. Training and promotion opportunities for individuals will be unaffected by disability, provided they demonstrate the appropriate aptitude and ability. The company consults with its employees on an annual basis at all locations and provides information to all employees on the financial and economic factors affecting the company's performance.

EU regulations

In line with the UK implementation of the European Directive regarding packaging waste regulations, Schuh (Holdings) Limited is fully compliant through its membership of a Department of Environment approved collective compliance scheme.

Future developments and going concern

The financial statements are prepared on a going concern basis. The directors believe this to be appropriate for the following reasons: The group meets its day to day working capital and longer term funding requirements through term loans and a multi currency overdraft facility which is repayable on demand. The term loans are all repayable by October 2015. The group's loan facilities are subject to compliance with certain financial covenants relating to interest cover, gearing and debt service cover. The group has been compliant with the relevant covenants and conditions set out in the loan facility agreement, both during the financial period and after the period end. The directors have prepared projected cash flow information for the period ending twelve months from the date of their approval of these financial statements. These cash flows demonstrate that the group will continue to meet its liabilities as they fall due and operate within the bank's facilities currently agreed and will continue to meet the capital and interest repayments as they fall due.

Dividends

No dividends were paid during the year (2011: £209,422).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

Ernst and Young LLP were appointed during the year and pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst and Young LLP will therefore continue in office.

By order of the board



Mark Crutchley
Director

1 Neilson Square, Deans Industrial Estate, Livingston.
21 May 2012

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 its 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SCHUH (HOLDINGS) LIMITED

We have audited the financial statements of Schuh (Holdings) Limited for the period ended 28 January 2012 which comprise the Profit and Loss Account, the Balance Sheet and related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Ethical Standards for Auditors.

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. In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 January 2012 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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.

Ernst & Young LLP

Annie Graham (Senior Statutory Auditor)
for and on behalf of Ernst and Young LLP, Statutory Auditor
Glasgow

22 May 2012

PROFIT AND LOSS ACCOUNT
for the period ended 28 January 2012

	<i>Note</i>	<u>2012</u> £000	<u>2011</u> £000
Administrative expenses		<u>(13)</u>	<u>(24)</u>
Earnings before interest, tax, depreciation and amortisation		<u>(13)</u>	<u>(24)</u>
Amortisation		<u>(18)</u>	<u>(654)</u>
Operating loss		<u>(31)</u>	<u>(678)</u>
Dividends received		-	2,386
Interest payable and similar charges	2	<u>(3,224)</u>	<u>(2,152)</u>
Loss on ordinary activities before taxation		<u>(3,255)</u>	<u>(444)</u>
Tax on profit on ordinary activities	5	<u>-</u>	<u>1,223</u>
Retained (loss)/profit for the financial period	11	<u><u>(3,255)</u></u>	<u><u>779</u></u>

All operations are continuing.

Other than the loss for the financial period, there were no other recognised gains or losses.

BALANCE SHEET
at 28 January 2012

	Note	2012		2011	
		£000	£000	£000	£000
Fixed assets					
Investments	6		55,422		57,800
Current assets					
Debtors	7	2		1,319	
Creditors: amounts falling due within one year	8	(33,159)		(25,470)	
Net current liabilities			(33,157)		(24,151)
Total assets less current liabilities			22,265		33,649
Creditors: amounts falling due after more than one year	9		(15,676)		(21,794)
Net assets			6,589		11,855
Capital and reserves					
Called up share capital	10		34		34
Share premium account	11		9,206		9,206
Capital contribution reserve	11		-		2,011
Profit and loss account	11		(2,651)		604
Shareholders' funds	12		6,589		11,855

The notes on pages 9 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 21 May 2012 and were signed on its behalf by:


Mark Crutchley
Director

NOTES (forming part of the financial statements)**1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Schuh Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Investments

Investments in parent and subsidiary undertakings are stated at cost less any provisions for impairment.

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision for deferred tax is made on all timing differences as they arise except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of goods to customers during the period.

Share based payment

The share option programme allows employees to acquire shares of Schuh Group Limited. For cash settled share based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Interest bearing borrowings

Immediately after issue debt is stated at the fair value of the consideration received on the issue of capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

NOTES (continued)**2. Interest payable and similar charges**

	2012	2011
	£000	£000
Interest on loan notes and other loans	3,224	2,152

3. Loss on ordinary activities before taxation

	2012	2011
	£000	£000
Loss on ordinary activities before taxation is stated after charging:		
Amortisation and write off of loan fees	18	654

Auditors remuneration is paid for by a subsidiary company, Schuh Limited, and is disclosed within their company accounts.

4. Directors emoluments and staff costs

There are no directors emoluments paid to directors of the company during the year. During the year, there were no employees of the company other than the directors.

5. Tax on profit on ordinary activities before taxation*Factors affecting the tax charge for the current period:*

The current tax credit for the period is lower (2011: higher) than the standard rate of corporation tax in the UK (26%).

The differences are explained below.

	2012	2011
	£000	£000
Loss on ordinary activities before tax	(3,255)	(444)
Current tax at 26% (2011: 28%)	(846)	(124)
<i>Effects of:</i>		
Dividends received (not taxable)	-	(668)
Unutilised losses carried forward	1,207	-
Transfer pricing adjustment	(364)	-
Expenses not deductible for tax purposes	3	(431)
UK corporation tax credit	-	(1,223)

Deferred tax

The company has a current year non trade relationship deficit of £4,638k and management charges of £2k which are not utilised in the year. Deferred tax has not been recognised on these balances due to there not being sufficient certainty that they will be utilised against future profits.

6. Fixed assets investments

	Shares in subsidiary undertakings	Investment in parent	Total
	£000	£000	£000
<i>Cost and net book value</i>			
At beginning of the period	55,789	2,011	57,800
Investment in parent during the period	-	(2,011)	(2,011)
Decrease in respect of share based payments	(367)	-	(367)
Decrease in the year	(367)	(2,011)	(2,378)
<i>Cost and net book value</i>			
At the end of the period	55,422	-	55,422

The reduction in investment of £2,011,000 relates to the disposal of shares held in trust (Schuh Corporate Trustee Ltd). The reduction is equal to the consideration paid in 2011 for the purchase of the company's own shares.

The company holds the following investments in trading subsidiary undertakings:

	Country of incorporation or registration	Interest in ordinary share capital	Principal activities
Schuh Limited	Scotland	100%	Retailer
Schuh (ROI) Limited *	Ireland	100%	Retailer

* Held through Schuh Limited

NOTES (continued)**7. Debtors**

	<u>2012</u>	<u>2011</u>
	£000	£000
Prepayments and accrued income	2	19
Amounts due from group undertakings	-	1,300
	<u>2</u>	<u>1,319</u>

8. Creditors: amounts falling due within one year

	<u>2012</u>	<u>2011</u>
	£000	£000
Bank loan	2,059	1,765
Amounts due to group undertakings	31,042	23,322
Accruals and deferred income	58	383
	<u>33,159</u>	<u>25,470</u>

9. Creditors: amounts falling due after more than one year

	<u>2012</u>	<u>2011</u>
	£000	£000
Bank loan	<u>15,676</u>	<u>21,794</u>
Analysis of debt falling due:		
	<u>2012</u>	<u>2011</u>
	£000	£000
In one year or less, or on demand	2,059	1,765
Between one and two years	2,059	2,500
Between two and five years	11,558	19,294
	<u>15,676</u>	<u>23,559</u>

The bank loan and overdraft is secured by a bond and floating charge over the assets of the group. The loan is repayable over a period of 5 years. Interest rates are between 1.50% and 3.25% above LIBOR.

10. Called up share capital

	<u>2012</u>	<u>2011</u>
	£000	£000
Authorised		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
33,532 Ordinary shares of £1 each	<u>34</u>	<u>34</u>

NOTES (continued)**11. Reserves**

	Share premium account	Capital contribution reserve	Profit and loss account
	£000	£000	£000
At beginning of period	9,206	2,011	604
Loss for the financial period	-	-	(3,255)
Contribution in the period	-	(2,011)	-
At 28 January 2012	9,206	-	(2,651)

The reduction in reserves of £2,011,000 relates to the disposal of shares held in trust (Schuh Corporate Trustee Ltd). The reduction is equal to the consideration paid in 2011 for the purchase of the company's own shares.

12. Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
(Loss)/profit for the financial period	(3,255)	779
Dividend paid	-	(209)
Capital contribution	(2,011)	2,011
Net addition to shareholders' funds	(5,266)	2,581
Opening shareholders' funds	11,855	9,274
Closing shareholders' funds	6,589	11,855

13. Cross guarantees

One of the subsidiary companies within the group, Schuh Limited, has entered into cross guarantees with Schuh Group Limited and has secured, by a floating charge over its own assets and property, the loans provided to the group.

14. Related Parties

The company has taken advantage of the exemption in FRS 8, paragraph C not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate parent undertaking. The company has not transacted with any other related parties in the year.

15. Ultimate parent undertaking and parent undertaking of larger group of which the company is a member

The group is a subsidiary undertaking of Schuh Group Limited incorporated in Scotland. The group consolidated financial statements of Schuh Group Limited are available to the public and may be obtained from Companies House or 1 Neilson Square, Deans Industrial Estate, Livingston, Scotland, United Kingdom.

Schuh Group Limited is a subsidiary undertaking of Genesco UK Limited which in turn is a subsidiary of Genesco Inc. which is the ultimate parent company. Genesco Inc. is incorporated in the United States. Genesco Inc. and its most recent financial statements are available from its website.