

17 June 2009

ALEXON GROUP plc

Interim Management Statement

Alexon Group plc today announces its Interim Management Statement for the 19 weeks to 13 June 2009.

Trading conditions remained challenging over the period as the economic climate and consumer confidence remained poor. Reflecting this, our like-for-like sales for the 17 weeks to 13 June 2009 declined by 10.0% (-12.0% including two weeks of extreme weather conditions at the start of February). Due to an increased level of promotional activity, margins experienced a small negative impact over the period.

Performance was mixed across the brand portfolio. Eastex and Dash continued to trade well with their successful formulae and through the introduction of more accessory ranges and new business avenues. Specialist petite brand Minuet traded respectably over the period and has successfully launched a transactional website. Ann Harvey had a very difficult start to the Spring season after suffering from a stock to sales imbalance following major sourcing change and old stock clearance. We are, however, seeing more encouraging reactions from new product lines on a week-by-week basis as the new ranges take shape and online sales continue to build. Kaliko and Alex & Co performed poorly over the period as they continued to suffer from the overhang of legacy ranges. A revised strategic approach has been planned for both Kaliko and Alex & Co. for Autumn/Winter 09 ranges.

We have continued to tightly focus on restructuring the business to establish sound foundations for future growth. Our turnaround strategy, which over the longer term aims to revive all brands to growth and profitability, is progressing well. We are pleased to report that the appointment of a new senior management team is now complete and is beginning to successfully translate into organisational efficiencies throughout the business.

The administration of Epcoscan Limited on 27th April 2009, although an extremely difficult decision for the Board, helps provide the business with much greater financial certainty and will allow management to focus solely on the turnaround of the core Alexon brands. The group's Annual Financial Report published on 29th May 2009, removed the material uncertainty which had been mentioned in our preliminary statement around Bay Trading after its subsequent administration. The impact of Epcoscan's administration on the rest of the business, and in particular the supply chain, was minimal and short-lived. The group continues to operate comfortably within its banking facilities.

Looking ahead, the Board anticipates that the intensely competitive retail environment will continue for the foreseeable future. Trading performance and margins are likely to be impacted in the short term,

particularly as Summer 2009 sale dates are brought forward in line with our key competitors. We anticipate, however, that our investments in improving range differentiation and enhanced product values, combined with incremental new business opportunities during Autumn, will partially offset the impact of a very challenging retail environment, which is encouraging for the future.

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