

25 November 2010

ALEXON GROUP plc
Interim Management Statement

Alexon Group plc (“Alexon” or the “Group”) today makes the following interim management statement for the period 1st August 2010 to 23rd November 2010.

Alexon Group is performing robustly in the continued tough trading environment and uncertain climate. Group like-for-like sales for the period 1st August to 23rd November were up 0.4%, which includes a tough six week trading period around the Comprehensive Spending Review. In the period we have experienced overall margin growth of 0.4 percentage points. Within this, across the six brands, Autumn Winter sales margin has increased by 2.8 percentage points, driven by improvements to ranges and a continued focus on improving our control of promotional activity combined with a focus on reducing the level of discounting across product ranges.

Trading performance across the entire brand portfolio has been encouraging in recent weeks. Kaliko in particular was very positive in like-for-like terms (both sales and margins) and continues to benefit from new store and concession refits. The Autumn Winter collection for the Alexon brand is the first under its new design team and we have already seen a very positive uplift in sales and margin this half. Ann Harvey has continued a positive like-for-like trend through the second half and has delivered improved margin growth. In the period Eastex sales have remained broadly flat; however, there has been a small improvement in margin as a result of the actions taken on buying and promotional activity. Whilst Dash sales in total are ahead of last year, on a like-for-like basis they have underperformed. Dash is a 100% cotton product brand and has seen some impact from increased cotton pricing and Chinese labour costs; however, through careful management we have protected margin and in the second half this has remained flat. Minuet has underperformed our expectations. Early in the period we identified a stock mix problem which negatively impacted sales performance. This has been addressed for the Spring Summer season.

The key focus of the board continues to be the acceleration of the turnaround following our successful Capital Raising of March 2010. The growth of the business through new store refits has continued. Each brand now has a new store design concept and the programme to roll these out has begun. Stores refitted to date have out-performed our expectations in both sales and margin.

We continue to invest in our online capabilities, most recently with the appointment of Giles Delafeld who joins Alexon on 1st February 2010 in the newly created role of E-Commerce Director. Giles will further develop Alexon’s online capabilities, an area which offers significant growth opportunities for the Group going forward. Total online sales for the period have increased 125%.

We are encouraged by the trends in our performance over the last three weeks which have shown marked improvement. That said, the consumer environment remains uncertain. We see no immediate change to this and re-iterate our cautious approach.

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