

7 January 2009

Alexon Group plc
January Trading Statement

In-line with best practice Alexon Group plc, the womenswear clothing retailer today announces its regular trading update covering the period ended 3rd January 2009.

Overall like-for-like sales in the twenty three weeks ended 3 January 2009 show a decline of 10.5% on the prior year. Gross margins were 1% lower due to the strategy of minimising excess stock ahead of the Spring season along with increased promotional activity in department stores. Alexon Brands, excluding Bay Trading, show a 7.7% like-for-like decline. December trading for the Group showed an improvement on the previous nine weeks and accordingly Alexon is pleased to announce that it now anticipates it will report operating profit for the year to 31 January 2009 to be slightly higher than management expectations at the time of our Interim Management Statement of 24th November 2008 and net cash for the Group at the year end.

The recent insolvency of Style Menswear Limited will result in up to twelve leases reverting to Alexon and these will be traded under the Bay Trading and Ann Harvey brands. We had made preparations for this outcome, and anticipate that there will be no material impact on the current financial year.

Since Jane McNally's appointment her three immediate priorities have been to minimise excess aged stock; strengthen the management team; and improve profitability through clearer direction on brand and product design.

The action taken to minimise excess aged stock in the lead up to the launch of the Spring 2009 season has proved successful and terminal stock levels across the group are substantially lower than last year.

The new management team at Alexon has set about implementing a strategy to improve profitability through clearer direction on brand and product design. The full benefits will come through in the longer term but there has been a pleasing initial reaction to the early phases of new spring merchandise for Bay Trading and Ann Harvey. These are the brands where there has been an opportunity for the new management team to influence the product direction due to relatively shorter lead times. This is encouraging for the 2009 outlook, which we believe will remain challenging in wider economic terms.

The preliminary results will be announced on 22 April 2007.

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