

Alexon Group plc

(“Alexon” or the “Group”)

Administration of Bay Trading

The Board of Alexon announces today a restructuring of the Group and that Deloitte LLP will be appointed as administrators to Epcoscan Limited, its subsidiary which trades as Bay Trading. It is the administrator’s intention to continue trading Epcoscan with a view to finding a buyer.

Alexon operates two distinct and separate businesses. Alexon Brands, which remains profitable having delivered operating profit, before exceptional items of £10.1 million for the 53 weeks ended 31 January 2009 and cash generative. The second business is Bay Trading, which operates in a separate company, Epcoscan Limited that is loss making and has relied upon funding from the rest of the Group to continue in operation.

As announced in the preliminary results earlier this week, the Group’s auditors were likely to issue an emphasis of matter paragraph in their audit report as a result of the material uncertainty regarding Bay Trading’s performance in the current retail environment. In light of this material uncertainty, the Group’s provider of credit insurance has informed the company that it has withdrawn cover for the Group’s suppliers.

The Board has been reviewing an extensive range of options over for Epcoscan, including the possibility of a restructuring or a sale of the business, but regrettably, has concluded that the level of the potential drain on the Group’s financial resources means that the Alexon Group has to withdraw its financial support of Epcoscan, which has resulted in Epcoscan applying for the appointment of administrators to Epcoscan. As Epcoscan operates as a separate company, this will not impact the operations of Alexon Brands.

The Group continues to receive the strong support of its lending bank and had net cash of £5.3 million at the end of the last financial year and recently agreed a multi-option facility of £12 million.

Management continue to implement their turnaround plan and are confident that trading in the core Alexon Brands will remain robust and the initiatives that have already been put in place will enhance progress. The administration of Epcoscan allows management to focus on the core brands.

Commenting on the administration of Epcoscan, Jane McNally, Chief Executive, said:

"It's with deep sadness that we've reached the position we're in today. Everyone at Bay Trading has worked very hard to try and turn it around and I'd like to thank all those who have been involved.

Today's decision, although incredibly difficult for us to make, does provide certainty for the Group. Our remaining core Alexon Brands have a strong heritage and I firmly believe there is an exciting opportunity for them. A turnaround plan is in place and is already delivering results. It will take time, but I'm encouraged that the core Alexon Brands have delivered a resilient performance in the economic climate. I have every confidence in the future of Alexon Group."

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