

**Moss Bros Group Plc (“the Company”)
Statement – 25 February 2008**

Approach by Baugur Group hf (“Baugur”)

Further to the announcement made on 10 December 2007 by Baugur Group hf ("Baugur"), the Company confirms that it has now received an indicative offer in cash at 42p per share from a new company to be formed by Baugur and certain investment partners ("Newco"). The Company has granted Newco due diligence access and will update the market in due course as appropriate.

Mr Mark Bernstein, who is a Director of the Company, dissented from this decision.

The Company confirms this announcement has been made with the consent of Newco, however, there can be no certainty that an offer will be made for the Company.

Trading update

Retail LFL sales were flat against last year for the 52-week period; total sales for the same period were down 3.2% as a result of planned store closures. The profit before non-recurring items for the 52 weeks ended 2008 will be lower than management’s previous expectations.

Cash at the year-end will not be materially lower than last year (2007- £16.6m) and average cash balances during the year were in line with last year (2006/07 - £7.6m). Cash remains a key management focus in the current market conditions.

The stock position is robust; old stock is significantly lower than last year and the age profile of stock across all fascias is now close to its optimum level, which strengthens the position of the business for trading in the current year.

The Company has a strong balance sheet and is well placed to take advantage of opportunities that may present themselves in the current environment.

Reorganisation

The business continues to undertake an internal reorganisation, which started last year to improve efficiency and reduce costs in view of the ongoing difficulties in the retail sector. This reorganisation will result in the consolidation of certain functional roles and activities, which were previously duplicated across the two areas of our mainstream and fashion fascia. It is hoped that the number of any redundancies are kept to a minimum by putting a hold on recruitment rather than by reducing existing staff numbers.

Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Takeover Code (the "Code"), if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of Moss Bros, all "dealings" in any "relevant securities" of that company (including by means of

an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of Moss Bros, they will be deemed to be a single person for the purpose of Rule 8.3. Under the provisions of Rule 8.1 of the Code, all "dealings" in "relevant securities" of Moss Bros by Newco or Moss Bros, or by any of their respective "associates", must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at <http://www.thetakeoverpanel.org.uk/new/>.

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