



MP FJÁRFESTINGARBANKI

Reykjavik, July 24th 2007

Mosaic Fashions hf.
Board of Directors,
Attn.: Mr. Stewart Binnie, Chairman of the Board
Suðurlandsbraut 4,
108 Reykjavík
Iceland

Issuance of fairness opinion

In accordance to the Letter of Engagement of May 25th 2007, MP Investment Bank hf. (hereinafter referred to as MPB) is issuing the fairness opinion of the takeover bid by Tessera Holding ehf., dated July 4th 2007, of Mosaic Fashions hf., (hereinafter referred to as the Company) on behalf of the Board of Directors of the Company.

Tessera Holding ehf. and certain members of Mosaic Fashions hf.'s management team, (hereinafter referred to as Tessera Consortium) collectively owns 64.4% of the issued share capital of Mosaic Fashions hf. and controls 64.4% of the voting rights.

As stated in the takeover bid, subsequent to the expiration of the takeover bid, Tessera Consortium will request that the Board of Directors of the Company apply for the delisting of the Company's shares from the main list of the OMX Nordic Exchange Iceland as the Company will at that point in time no longer fulfil the requirements on distribution of ownership due to the limited free float of its shares.

Furthermore, if Tessera Consortium holds 90% or more of the share capital or voting rights in the Company upon the expiry of the bid, Tessera Consortium intends to seek the cooperation of the Board of Directors of the Company to instruct that the remaining shareholders in the Company who have not accepted the offer shall be subject to compulsory acquisition of their Company's shares, as provided for in Article 47 of the Act on Securities Transactions no. 33/2003.

MPB's fairness opinion is in accordance with Article 41.7 of the Act. Our fairness opinion is issued on the Company in accordance with the assumptions stated in Tessera Holding ehf.'s takeover bid, dated July 4th, 2007. MPB's fairness opinion is based on the current status and ownership structure of the Company as is today.

MPB has been granted full access to public and internal information to conduct its fairness opinion. Our opinion is founded on information not disclosed to the general shareholder and interviews with the Company's management at group level as well as brand level. We have reviewed the Company's 3-year plan accompanied by year-



FRITT FÉLISGARPANÉI

to-date (week 21) financials and valued the Company using a discounted cash flow model and peer group analysis. Furthermore we are assuming that F-Capital ehf. and Kaupthing Bank hf. will exercise their warrants of 347,758,887 with an exercise price of 0.1294 GBP, which were granted during the period ended 27th January 2007, (see note 16 in the Company's Annual Report & Accounts 2006-07).

This said, our fair value of the Company, on the 4th of July 2007, equals to a fully diluted price of 18.4 ISK per share.

Based on the takeover bid the Tessera Consortium has no plans to fundamentally change the operation of the Company and its facilities, including the employment and working conditions of the management and employees of the Company.

MPB agrees with the offeree's beliefs that as a privately owned company the management team will have greater flexibility to pursue its strategy of expansion by entering new markets requiring additional investment that will take time to pay back. Furthermore, MPB agrees with the offeree that the financing structure of the Company is more suitable for a private company than a listed one.

This said, it is the opinion of MPB that the takeover bid will not have any significant effect on the business of the Company nor its facilities, management and other employees. The effect is more likely to have a positive affect on the Company, given its increased flexibility to pursue new markets and decreased pressure of spending resources on disclosing information to the OMX Nordic Exchange Iceland. The low turnover and the illiquidity of the Company's shares, looking at the period the Company has been listed on the OMX Nordic Exchange Iceland favours delisting.

Looking at the fact that the Tessera Consortium intends to delist the Company, MPB wants to draw the shareholders attention to the fact that a delisting could affect the price of the shares of the Company and furthermore affect the way shareholders will be able to trade their shares in the future. In addition, there is no guarantee that a buyer will be found after the expiration of the takeover bid.

MPB's fairness opinion is based on assumptions that may not be applicable to the situation of individual investors and emphasises that its fairness opinion is for informative purposes and to assist the Board of Directors of the Company in relations to this takeover bid. MPB's fairness opinion is therefore not a recommendation to the shareholders of the Company of whether to accept or to reject the takeover bid from Tessera Holding ehf.

On behalf of MP Investment Bank:

Yours faithfully,

Friðrik Einarsson
Head of Corporate Finance