

Paris, 20 January 2009, 19h30

**Refocus of the Group on its strategic and profitable operations:
Sale of the loss-making Bluetooth business**

ModeLabs Group announces the sale of ModeLabs Technologies (ex Innovi Technologies Ltd), a Hong Kong based company acquired in 2006 and specialising in the design and distribution of Bluetooth products. In 2005, Innovi Technologies had recorded revenue of USD 27m and USD 2.9m of net profit.

As a result of the accelerating competitiveness within the market for Bluetooth accessories, ModeLabs Technologies recorded its first losses during 2007. The company undertook restructuring in order to cope with the ever more rapid evolution in its market and the recovery plan decided by management at the end of 2007 enabled the company to reach breakeven during the third quarter of 2008. But the new impetus was brutally interrupted as a result of the current economic crisis.

Fearing a lasting deterioration in the market and judging that too great an investment effort would be required to maintain and develop the Bluetooth business, during the fourth quarter of 2008 the Group decided to sell it whilst at the same time retaining the R&D resources required to develop Bluetooth products for luxury mobiles.

Details and impact of the sale transaction

The Group therefore announces the sale of 99% of ModeLabs Technologies to a Hong Kong based company, Amigo Inc, possessing significant expertise in Bluetooth technology and desirous of pursuing the development of ModeLabs Technologies, providing it with industrial synergies and continuing the investment necessary to enable the company to become a major player in its field.

The deconsolidation of ModeLabs Technologies will generate a consolidated loss for the Group of the order of €27m principally comprising €20m of write-off of goodwill. The negative cash impact of the transaction will be limited to €2m of restructuring costs.

Despite these costs of €27m, the Group's financial position remains a solid one with about €50m* of equity as at 31st December 2008 and a significant cash surplus.

A sale which reinforces the Group's profit potential

ModeLabs Group's withdrawal from its Bluetooth business will have a positive impact on its performance and cash position with effect from 2009.

In particular, the sale will generate savings in operating costs of the order of 3 to 4 million euro in 2009.

The sale will also enable ModeLabs Group to focus on its profitable operations such as Modelabs Distribution, and to devote the essential part of its investment capacity to manufacturing and more particularly, the manufacture of luxury products for which the development outlook is promising.

(unaudited accounts)*

Next dates in our calendar

- Publication of 4th quarter revenue for 2008 on 21st January 2009 after the close of trading.

About ModeLabs Group

ModeLabs Group, which specialises in the design of made-to-measure mobiles and telecommunications distribution, is a new generation player in the mobile phone sector. The company designs, develops and markets mobile phones, accessories and services for mobile phone operators, retailers and well-known brands.

Its activities are organized around two businesses:

ModeLabs Distribution, specialist in the distribution of mobile telephones and accessories for which is the number one in France.

ModeLabs Conception, for design and development activities relating to tailor-made handsets.

ModeLabs Group is listed on NYSE Euronext-Paris's Eurolist.

Isin: FR 0010060665, Mnemo: MDL, Reuters: MDLB.PA, Bloomberg: MDL:FP, SBF 250

www.modelabs.com

Contacts:



Françoise Grand

Tel: + 33 1 43 12 12 12

finance@modelabs.com



Edouard Miffre/Gilles Broquelet

Tel: + 33 1 80 81 5000

emiffre@capvalue.fr

gbroquelet@capvalue.fr