

Paris, 21st January 2009, 7h00 pm

Annual revenue of €187.7m bolstered by a buoyant 4th quarter of 2008

A 52.5% increase in revenue during the 4th quarter of 2008

ModeLabs Group has achieved an excellent performance during the 4th quarter of 2008 with a like for like increase of 52.5% in its revenue at €67.8m compared with €44.4m for the 4th quarter of 2007. The increase, attributable in particular to the Group's distribution business, amounts to 33.3% on an actual basis.

Despite a particularly difficult first half of the year, the major uplift in activity during the final three months of 2008 has enabled ModeLabs Group to achieve virtually the same level of revenue as in 2007.

Unaudited figures

in millions of euro	Q4 2008	Q4 2007	Change %	31-Dec-08	31-Dec-07	Change %
Design	4.8	6.2	-22.6 %	25.3	29.0	-12.8%
Distribution	63.0	38.3	+64.6%	162.4	161.3	+0.7%
Like for like total	67.8	44.4	+52.5%	187.7	190.3	-1.4%
Phonix	0	3.3	NA	0	8.5	NA
ModeLabs Technologies Q4	0	3.1	NA	0	3.1	NA
Total	67.8	50.8	+33.3%	187.7	202.0	-7.1%

The like for like total excludes Phonix, deconsolidated with effect from 1st January 2008, and ModeLabs Technologies, deconsolidated with effect from 1st October 2008.

Design:

Non-representative manufacturing activity

ModeLabs Manufacture's activity during 2008 has not been representative of its growth potential: in accordance with its policy of investment, during the 4th quarter the Group only launched a single LifeStyle mobile (the MTV 3.4) compared with two (Levi's Original and Airness XS99) during the same period of 2007.

As already announced, this reflects the policy of ModeLabs Group decided in 2008 to concentrate the major part of its capital investment on luxury mobiles the contribution of which will become significant commencing in 2009.

Sale of the loss-making Bluetooth business

Within the context of the economic crisis, ModeLabs Group has decided to focus on its profitable and strategic businesses and thus devote the essential part of its investment capacity to its manufacturing activity and more particularly, to the luxury products for which the outlook for growth is promising. The Group has therefore decided to sell its loss-making ModeLabs Technologies (ex-Innovi Technologies Ltd) subsidiary, acquired in 2006, which was the vehicle for its Bluetooth product design and distribution business.

Since the beginning of 2007 ModeLabs Technologies was confronted with an extremely competitive market for Bluetooth products which experienced significant further deterioration during the 4th quarter of 2008 as a result of the economic crisis.

As the Group expects this deterioration in the Bluetooth market to be a lasting one, during the fourth quarter of 2008 it decided to sell the loss-making business whilst retaining the skills required for the development of Bluetooth products for its luxury mobiles.

Distribution: strong growth in sales of mobiles

The Group's distribution business, which had increased a little during the third quarter, has experienced very significant growth during the fourth quarter of 2008 with an increase in revenue of 64.9% reflecting record mobile sales for the Group.

This excellent performance has been achieved in part as a result of reinforced partnerships with those manufacturers that have sought to diversify their distribution channels by offering an attractive and exclusive product range, as announced by the Group on 15 October 2008.

The Group's Accessories division has pursued its selective policy of concentrating on the more profitable market segments.

As a result, the Group has comforted its position as the French market leader for the distribution of mobile telephones and accessories.

Outlook: continuing confidence in the luxury segment

As already announced, given the capital investment required to set up the luxury mobile manufacturing business and launch two new mobiles worldwide, the Group expects to record an operating loss for 2008 as a whole of the order of €10m (excluding the impact of the sale of ModeLabs Technologies) as compared with a loss of €6.7m for the first half of the year. The Group's distribution business will however disclose an increase in profitability.

Despite a very unfavourable worldwide economic environment during 2009, the Group remains confident in the pertinence of its strategy of concentrating on developing luxury mobiles. The first luxury mobiles launched during the final quarter of 2008 have met with great success at their points of sale. The number of products sold month by month has largely exceeded ModeLabs' expectations and the order book already amounts to several thousand units.

This exceptional enthusiasm means that all the Group's production is absorbed as soon as it becomes available and confirms the strength of market demand. Sales of luxury mobiles will make a significant contribution to the Group's results as soon as full production capacity is achieved during the coming months.

Despite the encouraging performance of the distribution business during the final quarter of 2008, the Group remains prudent as to the evolution of this activity in 2009 given the lack of market visibility. Nevertheless, there has been a trend towards market consolidation in favour of main players such as ModeLabs who can best be relied upon to cope with the difficulties anticipated in 2009.

Finally, the sale of the loss-making ModeLabs Technologies subsidiary will also strengthen the Group's profit potential by allowing it to devote the major part of its capital expenditure to Mobiles On Demand, particularly within the luxury segment, as a means of ensuring profitable growth commencing in 2009.

Next dates in our calendar

Publication of the Group's annual results for 2008 on 16th March 2009 after the close of trading.

A propos de 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.

The combination of its marketing expertise and technological know-how enables ModeLabs Group to respond to the increasing requirement for segmentation within the overall telecom market by providing brand-owners, telecom operators and distributors with the opportunity of creating their own ranges of mobile telephones, accessories and services.

Its activities are organized around two businesses:

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

ModeLabs Distribution, specialist in the distribution of mobile telephones and accessories and the number 1 in France.

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

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

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