Paris, 16 March 2009, 6:15pm

Annual results for 2008

- **2008, a year of exceptional investment and other transactions**
- **A very solid balance sheet disclosing net cash of €17.2 million**
- **Revenue contribution from luxury mobiles expected with effect from 2009**

2008 has been an atypical year for ModeLabs Group, marked by the significant costs of manufacturing and marketing the Group's first luxury mobiles and by the exceptional losses engendered by the sale of ModeLabs technologies (ex-Innovi). The Group's distribution operation increased its profits thanks in particular to an especially dynamic 4th quarter of 2008.

The Group disposes of a large cash surplus enabling it to continue to deploy its strategy.

Audited IFRS consolidated accounts (€m)	**2008 (1)**	2007 Restated*	2007 Published	*Change 08/07 restated*
Revenue	**182.2 (1)**	193.2 (1)	202.0	*5.7%*
Gross margin	**26.1**	29.6	31.6	*-11.8%*
% of revenue	*14.3%*	*15.3%*	*15.6%*	
Operating costs	**-28.0**	-24.7	28.6	*13.4%*
Current operating profit/(loss)	**-1.9**	4.9	3.0	-
Non-recurring items	**-4.1**	-0.8	0.9	-
Operating profit/(loss) (EBIT)	**-6.0**	4.1	2.1	-
Operating loss from discontinued operations	**-3.5**	-1.9		-
Other profit and loss from discontinued operations	**-24.8**	-0.1		-
Income taxes	**3.3**	-1.5		
Net profit/(loss)	**-31.6**	0.5	0.5	-
Net cash	**17.2**	18.8	18.8	*29.7%*

**Reclassification of the operations of ModeLabs Technologies to discontinued operations: In the final 2008 accounts, all ModeLabs Technologies' activity, including its revenue and costs, has been grouped within the operating loss of operations from discontinued operations. The other line items are net of ModeLabs technologies.*

Gross margin

ModeLabs Group has achieved consolidated revenue for 2008 of €182.2 million[1] and a gross margin of 14.3% compared with 15.3% for 2007 after restatement. The contraction reflects

[1] Cf. Presentation of the revenue impact of operations sold.

a punctual drop in manufacturing activity as the corollary of the development of luxury mobiles.

Operating results
The Group has recorded an operating loss of €6 million reflecting the start-up costs for the luxury mobile operation launched in 2008.

Net results
The net loss for 2008 of €31.6 million reflects the impact of the €28.3 million of costs associated with the sale of ModeLabs technologies (ex-Innovi).

The Group has registered a tax credit of €3.3 million as a result of its losses.

Manufacturing activity: not representative since concentrated on the launch of the Group's first luxury mobiles

ModeLabs manufacture recorded revenue of €16.3 million, down 14.8% compared to 2007, and an operating loss of €12.4 million.

Given its new luxury focus, ModeLabs manufacture limited its Lifestyle mobile launches to 5 compared with 7 in 2007, a decision which has temporarily depleted the gross margin and profitability of this activity.

The very great success of the MTV 3.3 mobile developed in partnership with SFR led the Group to launch a new version, the MTV 3.4, the same year. This success is expected to produce new launches in 2009 in conjunction with the French telecom operator.

Major investment has been committed to the luxury operation. After three years of development, 2008 saw the worldwide commercial launch of the Group's first luxury mobiles. Implementation of the strategy generated significant expenditure on marketing launches and sales organisation, as well as €4.1 million of non-recurring costs related to the manufacturing setup.

These developments, which are intended ultimately to boost the Group's profitability, have been encouraged by the great success of the initial sales for the TAG Heuer and Dior products.

Distribution: improved profitability

Fuelled by a record level of 4th quarter sales for 2008 following a 3rd quarter that marked the return to growth, ModeLabs Distribution increased its revenue[2] by 0.7% to €165.9 million in 2008. Operating margin for the activity also grew to 4.1% compared with 3.7% in 2007.

This performance, despite a particularly difficult economic context, was mainly underpinned by a broad and balanced distribution network which has comforted the Group's position as the French market leader, as well as by a reinforcement of the Group's various partnerships.

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[2] Cf. Presentation of the revenue impact of operations sold.

Sale of the loss-making Bluetooth operation with an exceptional negative impact on the results for the year

Confronted with a lack of visibility within a very competitive Bluetooth market and fearing a lasting deterioration, during the 4th quarter of 2008 ModeLabs Group decided to sell its loss-making subsidiary ModeLabs technologies (ex-Innovi Technologies Ltd) acquired in 2006. This company was specialised in the design and distribution of Bluetooth products. ModeLabs Group has retained the resources required to develop Bluetooth products for luxury mobiles.

This transaction has engendered an overall loss of €28.3 million: €3.5 million of operating loss and €24.8 million essentially comprising the write-off of goodwill. The deconsolidation has had no impact on the Group's cash position. The elimination of any ongoing losses on the part of ModeLabs Technologies will enable the Group to make savings of €4 to 5 million per annum with effect from 2009.

ModeLabs will equally now be able to concentrate its investment on developing its manufacturing activity, in particular for the luxury products that are the essential lever for the Group's future growth.

A sound balance sheet with €17.2 million of net cash

With €60 million of equity and net cash of €17.2 million at 31 December 2008, ModeLabs Group continues to benefit from a sound balance sheet ensuring its capacity to finance its future development.

2009, the year of new luxury product and brand developments

Despite a difficult economic environment, the emerging market for luxury mobiles retains all its potential thanks to the rarity of the available products. The positive trend in the order book, the achievement of cruising speed for luxury mobile manufacture and the deployment of ModeLabs' worldwide sales network should enable the luxury operation to make its first significant contribution to the Group's revenue in 2009.

The market for distribution is expected to contract given the overall context of economic crisis, but ModeLabs Distribution intends to use its leadership position to maintain both market share and profitability.

Stéphane Bohbot, Chairman of the Executive Board of ModeLabs Group, announced:
"With our organisation henceforth focused on our profitable and strategic activities, the Group is set to pursue the developments that should enable it to launch new luxury products and new international brands between now and 2010".

(1) Presentation of the revenue impact of operations sold (ModeLabs technologies)

(in €m)	**2008**	**2007**	***Change %***
Design	**25.4**	29.0	*-12.4%*
Distribution	**162.3**	161.3	*0.6%*
Total like for like revenue announced on 21 January 2009	**187.7**	190.3	*-1.4%*
Phonix 2007	**0**	8.5	*NA*
ModeLabs Technologies Q4 2007	**0**	3.1	*NA*
Total current revenue announced on 21 January 2009	**187.7**	202.0	*-7.1%*
Impact of operations sold	**-5.5**	-8.8	*NA*
Total revenue after operations sold	**182.2**	193.2	*-5.7%*

Revenue breakdown after the sale of ModeLabs technologies:

(in €m)	**2008**	**2007**	***Change %***
Manufacture	**16.3**	19.1	-15.0%
Distribution ex-Phonix	**165.9**	165.5	-0.2%
Phonix 2007	**0**	8.5	*NA*
Total revenue after operations sold	**182.2**	193.2	*-5.7%*

All ModeLabs technologies transactions have been classified within the impact of operations sold. The Group's revenue and other aggregates include no amounts in respect of ModeLabs technologies.

Next dates in our calendar

- Publication of 1st quarter revenue for 2009 on Thursday 16 April 2009

About ModeLabs Group:

ModeLabs Group is the market leader for the design of mobiles on demand for major fashion and luxury brands, and the specialist in the telecom distribution. ModeLabs provides the perfect response to the growing requirement for segmentation of the market for mobile telephones by developing products with the requisite design differentiation. The Group's two subsidiaries ModeLabs manufacture and ModeLabs distribution are respectively in charge of design and distribution.

ModeLabs Manufacture accompanies the great names of fashion and luxury in their determination to launch their own ranges of mobile phones and accessories. Present at every stage of the value chain, ModeLabs manufacture assumes responsibility for the design, development, manufacturing supervision and worldwide distribution of luxury mobiles (TAG Heuer, Christian Dior) and their accessories via a selective distribution network (brand concept stores, watch, jewellery and fashion boutiques and department stores). ModeLabs manufacture also responds to specific requests from the fashion and entertainment sectors by developing mobiles for brands such as MTV, Levi's®, Hummer®, Airness and others in the future.

ModeLabs distribution is the French market leader for the distribution of mobile telephone accessories (with a 35% market share) and number one for the distribution of mobile phones (excluding operator packs), supplying more than 4,000 distributors including operator shops, MVNOs, wholesalers, multi-specialists, telecom specialists, independent retailers and e-commerce operators.

With revenue of €182.2 million in 2008 and 160 employees based in Europe, North America and Asia, ModeLabs Group continues to pursue its international deployment fuelled by differentiating and specialising its product offer in a market ripe for segmentation.

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