

Paris, 1st September 2009, 18H00

2009 half-yearly results:

- Net income close to equilibrium
- Increase in net cash to €27.7 million (+€10.5 million) compared to 31 December 2008)

Thanks to the expansion of its luxury mobile business and to a dynamic market for its distribution business, during the 1st half of 2009 ModeLabs Group significantly reduced its operating losses (-€1.0 million compared to -€4.4 million, after restatement, for the same period of 2008) and achieved net income close to equilibrium (at -€0.3 million).

Audited IFRS consolidated accounts in millions of euro	1 st half 2009	1 st half 2008 restated ⁽¹⁾	1 st half 2008 published	Change 09/08 restated
Revenue	78.3	71.8	75.3	+ 9.1 %
Gross margin	11.9	11.1	11.1	+ 8.0 %
<i>Gross margin rate</i>	<i>15.2 %</i>	<i>15.4 %</i>	<i>14.7 %</i>	<i>-0.2 pts</i>
Operating costs	(12.9)	(13.5)	(15.6)	NS
Non-recurring items	0	(2.0)	(2.3)	NS
Operating loss	(1.0)	(4.4)	(6.8)	NS
Net income	(0.3)	(5.2)	(5.2)	NS
Net cash / (net financial debt)	27.7	21.6	21.6	+ 28.2 %

(1) Excluding ModeLabs Technologies deconsolidated with effect from 30 September 2008

Strong half-yearly revenue

ModeLabs Group recorded revenue of €78.3 million for the 1st half of 2009, an increase of 9.1% over 2008. The increase was fuelled by the strong growth in the Group's distribution business but the rise in manufacturing capacity for luxury mobiles also made a significant contribution to the Group's overall level of activity.

The first luxury contribution to gross margin

ModeLabs' gross margin rate amounted to 15.2% for the 1st half of 2009 compared with 14.7% for the 1st half of 2008 (15.4% for the 1st half of 2008 after adjustment for the deconsolidation of ModeLabs Technologies).

The gross margin rate for the Group's Manufacture division rose to 22.9% compared with 15.7% for the 1st half of 2008, a performance of +7.2 points directly related to the high margin level for the Group's luxury and high added value products.

Gross margin for the Group's Distribution division rose to €10.5 million for the 1st half of 2009, compared with €9.8 million (after restatement) for the same period of 2008. The gross margin rate fell to 14.6% compared with 15.4% as the result of a product mix favouring mobiles as opposed to accessories.

A strong decrease in operating losses

For the 1st half of 2009, ModeLabs Group announces an operating loss of -€1.0 million compared with -€4.4 million (after restatement) for the 1st half of 2008. The significant reduction in losses reflects both the increase in consolidated gross margin and the fall in operating costs after the exceptional level of operating and non-recurring costs experienced in 2008 as a result of the launch of the Group's first luxury mobiles.

Given the uplift in sales of luxury mobiles, the Manufacture division has recorded a half-yearly operating loss of -€3.5 million compared with -€7.1 million (after restatement) for the 1st half of 2008. The strong sales activity of the Distribution division has enabled it to generate 4.6% of operating margin for the 1st half of 2009 compared with 3.9% in 2008.

Net income close to equilibrium

Including an exceptional profit linked to the Group's divestment, net income for the 1st half of 2009 amounts to a loss of -€0.3 million compared with -€5.2 million (after restatement) for the 1st half of 2008.

A perennially strong balance sheet

As at 30 June 2009, ModeLabs Group has the benefit of €59.8 million of equity and net cash of €27.7 million, up by €10.5 million compared to 31 December 2008. The improvement reflects both the Group's positive operating cash flow, sound working capital management despite a more difficult context for credit insurance, and a favourable seasonal impact.

The strong balance sheet allows the Group to envisage its future development with confidence.

A confident outlook

Between now and the end of the year the Manufacture division (whose organisation has been reinforced) will further increase its production capacity following August's seasonal closure of its luxury mobile assembly facility.

In parallel, ModeLabs continues to deploy its distribution network with a significant pace of new point of sale openings. The Group's continuing policy of development of its Manufacturing business also involves the addition of new brands to its Luxury portfolio and the acceleration of its new developments thanks to implementation of a first class technological partnership.

The Group's market leadership position in its Distribution business is expected to shelter it within a market still suffering from the prevailing economic crisis.

Given these factors, ModeLabs Group remains confident in the future despite the continuing difficulty of the overall economic environment.

VISIT MODELABS' NEW CORPORATE WEBSITE: www.modelabs.com

Next dates in our calendar

- SFAF meeting at 10am on Wednesday 2 September 2009 at SFAF's offices in Paris
- Publication of 3rd quarter revenue for 2009 on Thursday 15 October 2009.

About ModeLabs Group:

ModeLabs Group, creator of tailor-made handsets and telecom distributor, is a new generation player in the mobile phone sector. The company designs, develops and markets mobile phone handsets, accessories and services in an integrated and flexible manner for mobile phone operators, retailers and major brands.

The Group integrates marketing expertise and technological know-how to respond to the increasing requirement for segmentation of the telecom market by giving brands, operators and distributors the opportunity to create their own range of mobile phones, accessories and services.

Its activity is structured within two businesses:

- *ModeLabs Manufacture*, designer and developer of tailor-made Lifestyle (Lacoste, MTV etc.) and luxury (TAG Heuer and Dior) handsets,
- *ModeLabs Distribution*, specialist distributor of mobile telephones and accessories and the number one in France (excluding the operators' own networks).

ModeLabs Group is listed on the NYSE Euronext-Paris Eurolist.

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

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