

Paris, 30 October 2009, at 8H45

Strategic and financial partnership with The Fairbanks Investment Fund

- **€15 million reserved issue of bonds with warrants attached**
- **Reinforcement of the Group's Supervisory Board**

Modelabs Group announces the conclusion of a strategic and financial partnership with The Fairbanks Investment Fund, a prestigious family-owned North American fund, in the form of a €15 million reserved issue of bonds with warrants attached . The transaction has been arranged by Bryan, Garnier & Co. and will be proposed to shareholders at their general meeting to be held on 15 December 2009. A short form prospectus will be submitted to the *Autorité des Marchés Financiers*.

The Fairbanks Investment Fund, founded by Mrs Shannon Fairbanks, acquires minority interests in medium-sized enterprises and accompanies them in their process of development. In France, Mrs Fairbanks has already participated in major transactions such as co-investments, alongside the controlling family interests, in Tarkett (ex-Sommer Allibert Industries) and Porthault (luxury household fabrics) which supported the founding family in the development of its US operations. In the past, Fairbanks family funds have also made various investments worldwide, in particular in the oil and gas sectors.

A strategic partnership which confirms the relevancy of ModeLabs' business model

The signature of the partnership with The Fairbanks Investment Fund is a tribute to the pertinence of the strategy of ModeLabs Group which, in the space of a few years, has become a globally recognised player in the market for mobiles developed on demand for major international brands. The first contribution of luxury mobiles to Group revenue, beginning in 2009, and the signature last June of a new exclusive worldwide licence, have demonstrated the reality of a new high growth market.

Shannon Fairbanks, the founder of The Fairbanks Investment Fund, provided the following comment: *"I am very excited about having entered into this partnership with ModeLabs Group which has demonstrated its capacity for expressing luxury brands' identity via mobile phones, and which is now ideally placed to confirm its position as the market leader for the design and manufacture of mobiles on behalf of brands wishing to develop a presence within the luxury mobile market"*.

Stéphane Bohbot, Chairman of the Executive Board of ModeLabs Group, declared: *"The presence of Fairbanks Investment Fund alongside our Group constitutes a source of strength for our future growth. In addition to its recognised international investment expertise, The Fairbanks Investment Fund, which fully shares our vision of the market, will provide us with the benefit of its experience in the development of growth companies"*.

Additional investment capacity, decisive for our future growth

The bond issue reserved for Fairbanks Investment Fund and its co-investor, Banque de Vizille, will provide ModeLabs Group, which already possesses a solid financial structure (€27.7 million of net cash

at 30 June 2009), with a significant increase in its investment capacity, a major strength in accelerating the development of its Manufacture division business, in particular in the area of luxury mobiles.

Details of the €15 million issue of bonds with warrants attached

- Issue of 1,000 bonds with a nominal value of €15,000 each
- Zero coupon
- Repayment on maturity at a price of €19,144 per bond equating with compound interest of 5% per annum
- 6,074,000 warrants providing access to as many shares, i.e. 21% of diluted share capital, at an exercise price of €2 per share
- The company's managers and founders do not have any personal interest whatsoever in the issue
- Maturity of the bonds: 5 years
- Maturity of the warrants : 5 years and 3 months
- No request for listing of either the bonds or the warrants rights will be made
- Issue reserved for the benefit of The Fairbanks Investment Fund and its co-investor, Banque de Vizille

Reinforcement of the Group's Supervisory Board

At the general meeting to be held on 15 December 2009, it will be proposed that the Group's shareholders reinforce its Supervisory Board by nominating the following persons:

- As a member of the Supervisory Board: Mrs Shannon Fairbanks, the founder of The Fairbanks Investment Fund, previously a partner in Keystone Partners and member of various American boards of directors; currently a board member of ING Bank, USA and of the French-American Foundation.
- As an advisor to the Supervisory Board: Mr Michel Cognet, a longstanding advisor to Shannon Fairbanks, previously a board member of the World Bank and the *Institut du Développement Industriel* and Managing Director of Sommer Allibert (now Tarkett SA); managing partner of JNMC Consulting and a board member of several companies including Azulis (ex-Banexi Capital Partners), Focal (high fidelity loudspeakers) and Ubicast (video solutions).

About ModeLabs Group:

ModeLabs Group (Isin: FR 0010060665), 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. Its activities are structured within two strategic divisions:

- *ModeLabs Manufacture integrates conception and design expertise and technological know-how to give luxury (Dior, TAG Heuer) and lifestyle (Lacoste, MTV...) brands the opportunity to create their own range of mobile phones, accessories and services, and ensures qualitative and selective distribution over three continents in department stores, fashion stores and watch and jewellery stores.*
- *ModeLabs Distribution, specialist and leader in France in the distribution of mobile phones and accessories, is present in each distribution sector: networks, MVNO, mass merchandisers, multi-specialists, telecom specialists, other retailers and e-business.*

ModeLabs Group is listed on the NYSE Euronext-Paris Eurolist

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

For more information: 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