

Pursuit of strong growth during the 2nd quarter of 2010: + 37.2%

- **China, the Group's foremost market for luxury mobiles**
- **Luxury mobiles: + 39.0%**
- **Distribution revenue: + 39.4%**

Modelabs Group announces strong growth in its business during the 2nd quarter of 2010 fuelled by:

- Continuing development in the Group's sales of mobiles of exception with growth of 39% (total growth for the Manufacturing division, including the Lifestyle mobiles commercialised in 2009, amounted to 18.1%);
- Strong performance of the Distribution division with a new surge in its activity of + 39.4%.

€m	Q2 2010	Q2 2009	Change	S1 2010	S1 2009	Change
Manufacture	5.1	4.3	18.1 %	9.8	6.0	63.8 %
• Of which: luxury mobiles	5.1	3.6	39.0 %	9.8	5.1	92.2 %
• Of which: Lifestyle mobiles	0.0	0.7	n.a.	0.0	0.9	n.a.
Distribution	51.9	37.2	39.4 %	94.1	72.3	30.1 %
Total	56.9	41.5	37.2 %	103.9	78.3	32.7 %

Non-audited figures

Manufacture: strong growth in the emerging countries

Modelabs manufacture, whose business has been exclusively focused on luxury mobiles since 1st January 2010, achieved €5.1 million of 2nd quarter 2010 sales of luxury mobiles compared with €3.6 million for the 2nd quarter of 2009, i.e. growth of 39.0%. It should be remembered that the market for luxury goods is subject to seasonal fluctuation with a traditionally higher level of sales during the 3rd and 4th quarters.

The 1st half of 2010 has been marked by several promising events:

- Modelabs Group has enriched its range of mobiles of exception by launching, last May, the first touchscreen luxury mobile for the Italian Versace brand that possesses

very strong notoriety in the emerging countries. The first sales of the *Versace Unique* mobile are anticipated during the second half of 2010.

- The Middle East and the emerging countries represent about 80% of total sales at the end of June 2010 compared with 55% at the end of June 2009. China has become the number one market, ahead of Russia which nevertheless continues to expand. ModeLabs is achieving significant penetration thanks to the growth in the number of wealthy individuals and their strong appetite for luxury. According to the *Merrill Lynch Capgemini* study dated June 2010, Asia will become the leading continent in terms of numbers of millionaires as early as 2011.

Distribution: pursuit of gains in market share

ModeLabs distribution continues to grow faster than the mobile and telecom accessories market as a whole. The division's revenue reached €51.9 million for the 2nd quarter of 2010, making for growth of 39.4% compared with the same period of the previous year.

All the division's product lines contributed to this performance. Mobiles were very positively oriented thanks to the exclusive offerings negotiated by ModeLabs with the main manufacturers. Sales of accessories have risen steeply. The deployment of our personalisation and licensing strategy is bearing its fruits and our new products have met with great success.

A favourable outlook

Thanks to the continuing growth in its sales, ModeLabs manufacture is expected to confirm the renewed fall in its losses announced for the 1st half of 2010.

ModeLabs distribution will continue to broaden its product offering towards complementary ranges such as MP3, Ipad and video game accessories. The very positive trend in the division's sales since the beginning of the year allows us to envisage a record new year.

ModeLabs Group reiterates its confidence for 2010 and confirms the positive trend in its profitability with half-yearly results for 2010 already above the level of 2009 as a whole.

Next dates in our calendar

- Publication of the half-yearly results for 2010 on monday 6 September 2010 after close of trading

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,

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mobile on demand

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 (TAG Heuer, Dior, VERSACE) brands the opportunity to create their own range of mobile phones, 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
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