

MOD@LABS

Press release

Paris, 6 September 2011, 18H00

2011 half-yearly results impacted by the sale of ModeLabs Manufacture

A positive trend for ModeLabs Distribution

Audited IFRS consolidated accounts in millions of euro	1st half 2011	1st half 2010 restated*	1st half 2010 as published	Change against restated amounts
Revenue	104.0	94.2	104.0	+10.5%
Gross margin <i>Gross margin rate</i>	15.0 <i>14.5%</i>	15.3 <i>16.3%</i>	18.8 <i>18.1%</i>	-1.8% <i>-1.8 pts</i>
Operating costs	(10.8)	(9.6)	(15.7)	+13.0%
EBIT	4.2	5.8	3.3	-27.5%
Net financial income/(expense)	(2.4)	0.4	0.6	<i>NA</i>
Corporate income tax	(1.1)	(1.3)	(1.6)	<i>NA</i>
Net profit before the result for discontinued operations (Manufacture)	0.7	4.9	2.3	-85.8%
Net loss for discontinued operations (Manufacture)	(23.1)	(2.6)	0.0	<i>NA</i>
Net profit/(loss)	(22.4)	2.3	2.3	<i>NA</i>
Net cash	10.7	35.8	35.8	<i>NA</i>

**Restated by elimination of the Manufacture division deconsolidated with effect from 30 June 2011*

Continuing growth

ModeLabs Group achieved €104.0 million of Distribution sales for the 1st half of 2011, up 10.5% against the restated corresponding amount for the 1st half of 2010.

The performance reflects the broadening of our product offering in response to the market convergence of mobiles, tablets and video games, as well as the increasing popularity of smartphones and smartphone accessories.

Satisfactory profitability given the Group's new commercial dimension

The half-yearly gross margin amounted to €15.0 million, or 14.5% of revenue, for an enlarged product mix opening up new multimedia markets.

ModeLabs Group has reached a further stage of its growth requiring reinforcement of its operating structure, thereby increasing the Group's cost base whilst at the same time ensuring its continuing development via the conquest of new markets.

In consequence, operating profit fell to €4.2 million compared with €5.8 million for the 1st half of 2010.

After net financial expense of €2.4 million, the consequence of the repayment of the Group's OBSA bond issue following the takeover bid for ModeLabs initiated by Bigben Interactive, net profit before

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the result for discontinued operations amounted to €0.7 million compared with €4.9 million for the 1st half of 2010.

Impact of the sale of Manufacture division

As provided for by the agreement between ModeLabs Group and Bigben Interactive signed on 20 May, Manufacture division was sold on 30 June 2011, thereby engendering a loss for discontinued operations amounting to €23.1 million of which €7.7 million of operating losses for the half-year and €15.4 million of capital loss (net of corporate income tax) on the sale of the business.

The Group thus recorded a total loss of €22.4 million compared with a profit of €2.3 million for the 1st half of 2010.

A sound financial structure

Following the €14.6 million redemption of the Group's subscription warrant and the sale of Manufacture division, ModeLabs Group's equity amounts to €32.3 million and available net cash to €10.7 million, to which may be added a €15 million corporate tax credit essentially generated by the losses recorded for discontinued operations.

A favourable outlook for the 2nd half of 2011

The sale of Manufacture division will maximise the Group's future profitability by removing a source of losses.

The Group begins the 2nd half of 2011 with optimism and with the objective of maintaining a significant volume of business by continuing our growth within a market destined to be stimulated by the launch of iPhone 5 in France.

Next publication

- 3rd quarter revenue for 2011, on Wednesday 12 October 2011.

About ModeLabs Group:

ModeLabs Group, specialist and leader in France in the distribution of mobile phones and accessories, is present in each distribution sector: networks, MVNO, mass merchandisers, hypermarkets/supermarkets, multi-specialists, telecom specialists, other retailers and e-business.

The Group designs, develops and distributes accessories and services for the benefit of operators, distributors and major brands.

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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