

## ModeLabs Group Strong growth in profitability in first-half 2006 results

**Operating income: + 45 %**  
**Net income: + 59.6 %**

**Saint Thibault des Vignes**, 14 September 2006 - ModeLabs Group, the creator of customised mobiles (CDM - Customized Design Manufacturer) today announced its results for the first-half results for 2006:

consolidated accounts (in million euros)	30 June 2006 <sup>(1)</sup>	30 June 2005 published	Variation
Revenues	<b>98.9</b>	63.6	+ 55.5 %
Gross profit	<b>14.6</b>	8.6	+ 70.8 %
Operating income	<b>4.5</b>	3.1	+ 45.0 %
Net income	<b>3.1</b>	1.9	+ 59.6 %
Net financial debt / (cash)	(40.4)	0.1	
Equity	87.4	20.8	

<sup>(1)</sup> Including Modelabs, Modelabs Group, ModeLabs UK, Phonix and Innovi three months

### **Continuing improvement in growth**

During first-half 2006, ModeLabs Group continued its strong improvement. Consolidated revenues amounted to €98.9 M (+55.5 %), on a constant structural basis the June 30, 2005 growth was 41.4 %.

The speeding up launches of new product ranges, combined with international development, has enabled the group to win new market shares.

ModeLabs Group expanded the "Mobile On Demand™" range, in particular with the mobile phone launches of the 1<sup>st</sup> Elite Model Look licensed trademark (EML1), the 2<sup>nd</sup> AIRNESS (Slide99) and the 3<sup>rd</sup> of MyWAY trademark (its own brand) MyWAY Allure.

International activities were 60 % compared to total revenues, mainly with European as countries (Italy, Benelux, Germany, Great Britain). The group strengthened its international presence.

### **An improvement in gross profit and operating income**

Gross profit grew by 70.8% to reach 14.6 million euros, or 14.8 % of revenues, compared with 8.6 million euros and 13.5 % of revenues at 30 June 2005.

"On Demand" business revenues highly contributed to gross margin improvement.

Operating income was up +45.0% to 4.5 million euros, 4.6 % in terms of revenues.

During first-half 2006, resources continued to be strengthened. Sales and marketing teams grew local structures were set up or filled out in Benelux, Great Britain and Italy. Investments in engineering and innovation were carried out for new offers development.

### ***Controlling improvement growth***

The high income level and new reductions in working capital requirements during first-half of 2006 generated a positive operating cash flow of 3.3 million euros.

Due to the IPO capital raising (59 millions) and Innovi Technologies Limited acquisition, ModeLabs Group generated a net treasury surplus of 40.4 million euros at 30 June 2006.

### ***Outlook***

ModeLabs Group is continuing its strategy implementation in the areas of:

- Distribution,
- Innovation,
- Branding.

The company plans to further expand its distribution networks with the opening both in France and abroad of new sales channels and the signing of new commercial agreements.

ModeLabs Group has strengthened its innovation capacity with the acquisition of Innovi Technologies Limited, a company which specialises in the design and manufacture of Bluetooth headsets for mobile phones. This acquisition is enabling Modelabs to expand its product range and improve developments for upcoming offers.

Thanks to the launch of new offers eg. MTV, Elite Model Look licensed trademark products, as well as the design of an ultra-slim mobile phone with its MyWAY brand, On Demand business development continue during the second-half of 2006. The company holds meetings and negotiations with certain brands, operators and MVNO; thus Virgin Mobile will be the first MVNO in France to launch its own range of products thanks to ModeLabs Group development.

*Stéphane Bohbot, Chairman of the Executive Board and founder of the ModeLabs Group concludes: "The Modelabs Group should post continued growth of around 50% for the whole of 2006 and will be increasing its policy of growth and investment in new structures in the months to come (Europe, United States.)"*

Next information

17 October 2006

Publication of turnover for Q3

### **ABOUT THE MODELABS GROUP**

ModeLabs Group is a manufacturer of customised mobile phones. An important player in the new generation of the mobile phone sector (CDM - Customized Design Manufacturer) it designs, develops and distributes in an integrated and flexible way mobile phones, accessories and services for operators, distributors and mass market brands.

Thanks to the combination of its marketing expertise, cutting edge technological know how flexible "fables" organisation, the ModeLabs is meeting the growing demand for segmentation in the Telecom market by giving mass market brands, operators/MVNO or distributors the chance to create their own range of mobile phones, accessories and services.

ModeLabs Group is developing today in a sector experiencing solid growth in the "On demand" mobile phone sector, from solid foundations established since 1996 in the telecom distribution sector.

ModeLabs is listed on the Euronext Eurolist – Paris (code "MDL", ISIN code : FR0010060665).

## **CONTACTS**

### **ModeLabs Group**

Françoise Grand

Tel: +33 1 60 31 13 13

francoise.grand@modelabs.com

### **Press relations**

Bruno Lorthiois

HDL Communication

Tel : +33 1 58 65 00 72

blorthiois@hdlcom.com