PARROT®

2006 half-year earnings higher than expected

Forecasts revised upwards for 2006

Paris, September 14th, 2006

- Pro forma revenues for H1 2006: 74.9 million euros, up +142%
- Over one million products sold (all segments combined), up from 865,000 over the full year in 2005
- H1 2006 Pro forma operating margin*: 14.1%
- H1 2006 Pro forma net income*: 7.1 million euros, up 92%
- Objectives for 2006 revised upwards:
  - Pro forma annual revenue growth: 100-110%, compared with 80-100%*
  - Pro forma annual operating margin*: >11.5%, compared with >10%

m€ (pro forma excluding net income, Group share	H1 2005 IFRS	H1 2006 IFRS	Change in %
Revenues	31.0	74.9	142%
EBITDA	**15. 2**	**31.3**	106%
% of revenues	*49%*	*42%*	
EBIT*	**6.04**	**10.5**	75%
% of revenues	**19%**	**14%**	
Non recurring expenses	0	-6 482	
Net income (Group share)	**3.69**	**0.62**	
% of revenues	12%	1%	
Net earnings per share *	**€0.43**	**€0.80**	86%
Diluted net earning* per share	€0.41	€0,61	49%
Net income Par action	**€0.43**	**€0.07**	
Diluted net earning per share	€0.41	€0.05	
	12/31/2005	**06/30/2006**	
Net debt	-4.1	-27.3	
Besoin en Fond de roulement	-0.8	-2.0	

Excluding non-recurring stock option allocation expenses linked to the capital restructuring program

"*With over one million units sold in just six months, we are ahead of schedule in terms of our initial plan for 2006, as set out when we floated. The way in which the first two products from the new Home range have been received has been very satisfying. The operational implementation of our marketing strategy and the strengthening of our sales team are now already accompanying the development of all of our activities*", as Henri Seydoux, Parrot's Chairman and CEO, explains.

Record growth in business (+142%), with Parrot passing the one million units sold mark in just six months

Parrot has generated €74.9m in revenues, with this record growth driven by efforts to ramp up the entire range of Bluetooth® hands-free car kits in all the countries where Parrot is established, with sequential growth in relation to H2 2005 coming out at 50%.

Very strong increase in EBIT (1)

Pro forma EBIT, excluding non-recurring stock option allocation expenses in relation to the capital restructuring program, is up +74.7% on the first half of 2005, rising to €10.5m, with the operating margin coming in at 14.1%.

In addition, the gross margin on all Parrot products, excluding the TomTom product distribution contract, came to 47.5%

All operating expenses are under control, and the Group has notably achieved economies of scale thanks to a slight time-lag on hiring engineers for the R&D Department. In this way, R&D costs accounted for 7.4% of revenues, compared with 8.5% for the first half of 2005. Sales and marketing costs totalled €10m, representing 13.3% of revenues, compared with 14.4% in H1 2005, in line with the first actions rolled out under the new commercial strategy. The increase in administrative costs (3.5% of H1 2006 revenues) reflects the structuring of the Finance and Administration team to accompany the Group's listing on the stock market.

After factoring in non-recurring stock option allocation expenses relating to the capital restructuring program (€6.5m), total EBIT comes out at €4.1m.

Net margin: 9.5% (1)

Net income (Group share), excluding non-recurring stock option allocation expenses linked to the capital restructuring program, is up to €7.1m, representing an increase of 92.2% compared to the first six months of 2005. It includes a €-0.5m financial result primarily linked to interest on debt taken out for the acquisition of Inpro Tecnología. The tax rate comes out at 27.6%, taking into account a €1m research tax credit.

Marked improvement in the financial structure

The improvement achieved on working capital is linked to the proactive policy implemented on payment and settlement lead-times, as well as a more effective management of inventories. Working capital represents 30 days of turnover.

As of June 30th, 2006, net debt includes €40m linked to the successful floating on the Paris stock exchange, with total net debt coming to €-27.3m.

Outlook: three key strategies to step up development

Over the second half of 2006, the Group will rely on three key areas for development:

- **Transfer of the production team to Hong Kong**

Since September 2006, the production department has been transferred to the subsidiary based in Hong Kong. This operation will provide the Group with: 1/ greater proximity to component manufacturers, 2/ greater control over quality, 3/ greater responsiveness on component prices

- **Operational implementation of the new marketing organization**

The marketing organization for Parrot's subsidiaries, rolled out since the start of H2, is based on the Inpro Tecnología model as reflected in the development of a local operational sales team which handles its own trade marketing (retailers are no longer responsible for the marketing of Parrot products).

- **Strengthening of the sales team**

Parrot is strengthening its sales team on two levels: a European Sales Manager is joining the Group and each subsidiary is strengthening its communications with the arrival of a PR officer.

(1) Excluding non-recurring stock option allocation expenses linked to the capital restructuring program

Launch of new products

In Q3 2006, the Group plans to list a new product on its "Plug & Play" segment: the Parrot NOMAD, the first fully mobile Bluetooth® hands-free car kit. The Home segment is also growing, with the introduction of its first two products: the Parrot PHOTO VIEWER, an LCD photo frame designed to display photos transmitted via Bluetooth®, and the Parrot SOUND SYSTEM, a wireless hi-fi system with Bluetooth®-enabled speakers. These launches have been accompanied by a very strong marketing campaign since September.

Lastly, Parrot has plans to launch two new products in Q4 2006: one on the installed car kit segment and another on the "Home" range.

Objectives for 2006 revised upwards

In light of the very good levels of performance achieved over the first half of the year, Parrot expects its earnings and business growth to come in higher than the objectives initially presented when it was floated on the stock market.

As such, 2006 pro forma revenues are expected to be up by between 100 and 110%, while the pro forma operating margin - excluding non-recurring stock option allocation expenses relative to the capital restructuring program – will come out at over 11.5%.

Parrot will be publishing its earnings for Q3 2006 (as of September 30th) on November 14th.

ABOUT PARROT

Founded in 1994, Parrot has rapidly established itself as a major global player for wireless peripherals around the mobile phone. Capitalising on the know-how acquired in the fields of voice recognition and digital signal processing technologies, Parrot has been one of the first companies to develop Bluetooth® wireless hands-free car kits, having identified this standard's great potential as early as 1999. In 2005, Parrot sold 865,000 units.

Determined to be part of the mobile telephone's increasing importance in day-to-day life, Parrot has developed two new products in 2006: the Parrot Photo Viewer, an LCD photo frame designed to display photos transmitted from a mobile telephone via Bluetooth®, and the Parrot Sound System, a wireless hi-fi system with Bluetooth®-enabled speakers.

Today, Parrot has a major international focus, both in terms of client base, with 87.7% of sales generated outside of France, and in terms of production, outsourced to strictly selected and monitored partners enabling to provide superior quality and flexibility. Parrot is now particularly well positioned to capitalize on the multiple opportunities arising from the development of new peripherals around the mobile phone.

Parrot has achieved strong growth in its consolidated revenues, up from €29.2m in 2004 to €62.5m (€80.9m pro forma) in 2005.

www.parrotcorp.com Euronext Paris – Eurolist, Compartment B (mid caps): FR0004038263 - PARRO

APPENDICES

Revenues by region

in % of sales	H1 2006
France	9,1
UK	6,8
Netherlands and Belgium	5,7
Germany	5,1
Spain*	47,3
Italy	4,1
US	2,5
RoE	5,7
RoW	13,7

* including business linked to the acquisition of Inpro Tecnología

Revenues by segment

in % of sales	H1 2006
OEM	5,1
Installed car kits	75,1
Plug & Play	1,9
Other	17,9

Consolidated Interim income statement at June 30th, 2006

€'000	H1 2006	H1 2005
Revenues	***67,151***	**26,035**
Cost of sales	-38,109	-14,230
GROSS MARGIN	**29,042**	**11,805**
Gross margin as % of revenues	***43.2%***	***45.3%***
Research and development costs	-5,555	-2,750
As % of revenues	*-8.3%*	*-10.6%*
Sales and marketing costs	-9,006	-3,177
As % of revenues	*-13.4%*	*-12.2%*
Overheads	-2,627	-912
As % of revenues	*-3.9%*	*-3.5%*
Production/quality	-2,584	-1,120
As % of revenues	*-3.8%*	*-4.3%*
INCOME FROM ORDINARY OPERATIONS	**9,269**	**3,846**
Income from ordinary operations as % of revenues	***13.8%***	***14.8%***
Other operating expenses	-6,482	
Other operating income		
EBIT	**2,787**	**3,846**
EBIT as % of revenues	***4.2%***	***14.8%***
Income from cash and cash equivalents	-78	51
Gross cost of financial debt	-155	-8
Net cost of financial debt	-234	43
Other interest expenses and income	-46	-16
Corporate income tax	-2,565	-1,300
EARNINGS FOR THE PERIOD - GROUP SHARE	**-57**	**2,574**
Earnings for the period - Group share as % of revenues	***-0.1%***	***9.9%***

Consolidated balance sheet at December 31st, 2005 and June 30th, 2006

ASSETS *€'000*	***Jun 30, 06***	***Dec 31, 05***
Non current assets	***23,826***	***5,551***
Goodwill	17,501	-
Other Intangible fixed assets	3,706	3,483
Tangible fixed assets	2,428	1,932
Financial assets	187	123
Deferred tax assets	3	12
Current assets	***101,224***	***39,153***
Inventories	12,303	11,557
Trade accounts receivable	31,901	17,169
Other receivables	7,621	6,340
Other current financial assets	38	2,042
Cash and cash equivalents	49,361	2,045
TOTAL ASSETS	**125,049**	**44,703**

SHAREHOLDERS' EQUITY AND LIABILITIES *€'000*	***Jun 30, 06***	***Dec 31, 05***
Shareholders' equity		
Share capital	1,903	1,349
Issue and contribution premiums	53,726	14,304
Reserves and retained earnings	14,049	1,643
Earnings for the period	-57	5,308
Equity attributable to Parrot SA shareholders	**69,621**	**22,605**
Minority interests		-
Non-current liabilities	***14,706***	***1,196***
Long-term financial debt	14,081	-
Pension provisions and related commitments	205	137
Deferred tax liabilities	419	790
Other non-current provisions		268
Other non-current debt		
Current liabilities	***40,722***	***20,902***
Short-term financial debt	7,936	17
Current provisions	1,382	129
Trade accounts payable	20,378	15,351
Current tax liability	4,761	1,203
Other current liabilities	6,265	4,201
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**125,049**	**44,703**

Consolidated cash-flow statement for H1 2006

€'000	H1 2006	H1 2005
Cash-flow from operations		
Earnings for the period	-57	2,574
Amortization and depreciation	1,729	639
Capital gains and losses on disposals	-2	
Tax expense	2,565	1,300
Cost of share-based payments	6,970	109
Cost of net financial debt	234	-43
Cash-flow from operations before cost of net financial debt and tax	**11,439**	**4,579**
Working capital	-2,026	-831
CASH-FLOW FROM OPERATING ACTIVITIES	***9,413***	***3,748***
Tax due		-257
NET CASH FROM OPERATING ACTIVITIES (A)	***9,413***	***3,491***
Cash-flow from investments		
Interest received		
Acquisition of tangible and intangible fixed assets	-2,145	-2,606
Acquisition of subsidiaries, net of cash acquired (1)	-19,991	
Acquisition of long-term financial investments		-49
Increase in other current financial assets	-38	-2,006
Disposal of tangible and intangible fixed assets		
Disposal of subsidiaries, net of cash ceded		
Disposal of long-term financial investments		
CASH USED FOR INVESTMENT ACTIVITIES (B)	***-22,173***	***-4,662***
Cash-flow from financing		
Equity contributions	39,975	5,744
Dividends paid		
Inflows from new loans (2)	6,000	
Other financing (2)	15,083	
Cost of net financial debt	-234	43
Loan repayments (net)	-738	
Interest paid		
CASH USED FOR FINANCING ACTIVITIES (C)	***60,086***	***5,787***
NET CHANGE IN CASH-FLOW (D = A + B + C)	***47,326***	***4,616***
Net currency difference	**-13**	**5**
CASH AND CASH EQUIVALENTS AT START OF PERIOD	2,027	1,911
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**49,340**	**6,532**

Cash and cash equivalents at end of period	**49,340**	**6,532**
Other current financial assets	**38**	**2,006**
Cash, cash equivalents and other current financial assets at end of period	**49,378**	**8,538**

(1) Disbursement linked to the acquisition of Inpro Tecnología SL.
(2) Financing for the acquisition of Inpro Tecnología SL. Details in Note 12 p.22.

Pro forma interim income statement at June 30th, 2006

€'000	30/06/2006	30/06/2005
REVENUES	***74,881***	**31,029**
Cost of sales	-43,596	-15,845
GROSS MARGIN	**31,285**	**15,184**
Gross margin as % of revenues	***41.8%***	***48.9%***
Research and development costs	-5,555	-2,750
As % of revenues	*-7.4%*	*-8.5%*
Sales and marketing costs	-9,971	-4,363
As % of revenues	*-13.3%*	*-14.4%*
Overheads	-2,627	-912
As % of revenues	*-3.5%*	*-2.9%*
Production/quality	-2,584	-1,120
As % of revenues	*-3.5%*	*-3.7%*
INCOME FROM ORDINARY OPERATIONS	**10,548**	**6,039**
Income from ordinary operations as % of revenues	***14.1%***	***19.5%***
Other operating expenses	-6,482	
Other operating income	0	
EBIT	**4,066**	**6,039**
EBIT as % of revenues	***5.4%***	***19.5%***
Net cost of financial debt	-315	-121
Other interest expenses and income	-201	-310
Corporate income tax	-2,930	-1,913
EARNINGS FOR THE PERIOD - GROUP SHARE	**620**	**3,694**
Earnings for the period - Group share as % of revenues	***0.8%***	***11.9%***

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