



## Parrot: Unaudited Pro Forma IFRS Results for the Quarter ended 31 March 2006

Paris, 16 May 2006 – Parrot, a leader in the development of Bluetooth® hands free car kits and other Bluetooth-enabled peripherals, announces record Q1 2006 sales.

EUR '000	H1 2005	H2 2005	FY 2005	Q1 2006	? Q1 2005 / Q1 2006
<b>SALES</b>	<b>31,305</b>	<b>49,560</b>	<b>80,865</b>	<b>33,216</b>	<b>+145%</b>
<b>Gross margin</b>	<b>15,184</b>	<b>20,833</b>	<b>36,017</b>	<b>13,229</b>	
<b>Gross margin as % of sales</b>	<b>48.5%</b>	<b>42.0%</b>	<b>44.5%</b>	<b>39.8%</b>	
<b>Operating profit</b>	<b>6,039</b>	<b>6,097</b>	<b>12,137</b>	<b>4,065</b>	
<b>Operating profit as % of sales</b>	<b>19.3%</b>	<b>12.3%</b>	<b>15.0%</b>	<b>12.2%</b>	
<b>Net profit</b>	<b>3,694</b>	<b>4,043</b>	<b>7,738</b>	<b>2,523</b>	
<b>Net profit as % of sales</b>	<b>11.8%</b>	<b>8.2%</b>	<b>9.6%</b>	<b>7.6%</b>	

Note: all financial information presented is pro forma following the acquisition of the majority share capital of Inpro Technologia S.L., Parrot's exclusive distributor in Spain

- In Q1 2006, Parrot's pro forma sales amounted to €33.2m, compared to €13.6m in Q1 2005 (+145% QoQ growth) and €29.5m in Q4 2005 (+13% sequential growth). These sales figures for Q1 2006 exceed the Group's total sales in H1 2005.
- Gross margin for Q1 2006 amounted to €13.2m or 39.8% of sales. The slight drop in gross margin as a percentage of sales compared to H2 2005 (42.0% of sales) resulted from the November 2005 launch of the Parrot Rhythm & Blue Bluetooth® car radio and CK3200 car kit, the related high inventory build up cost and the change of product mix at Inpro Technologia S.L. level (the gross margin of the Group consolidated excluding Inpro Technologia S.L. being 43.5%).
- Parrot's operating profit for Q1 2006 amounted to €4.0m or 12.2% of sales. By way of reference, the Group's operating margin was 12.3% in H2 2005. Net profit amounted to €2.5m, corresponding to 7.6% of sales, compared to €4.0m or 8.2% of sales in H2 2005. This reduction in operating margin and net margin is a direct result of the slight drop in Gross Margin, partially compensated by productivity gains in Operating Expenses.
- These strong results demonstrate Parrot's ability to sustain profitable growth.
- Parrot maintains its objectives for the full year 2006 with:
  - Sales growth of 80-100% compared to 2005 pro forma sales;
  - Gross margin between 41% and 44% of sales, as various cost efficiency measures (e.g. China procurement) take effect going forward and absorb potential ASP declines; and
  - Operating margin greater than 10% of sales.

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**FOR MORE INFORMATION**

An information document (the 'Document de Base') concerning Parrot, registered by the Autorité des marchés financiers on 5 May 2006 under number I.06-051 is available, free of charge, from Parrot (174-178 quai de Jemmapes, 75010 Paris) as well as on Parrot's website ([www.parrotcorp.com](http://www.parrotcorp.com)) and the website of the Autorité des marchés financiers ([www.amf-france.org](http://www.amf-france.org)).

Parrot draws the attention of the public to Chapter 4 «Risk factors» of its Document de Base registered by the Autorité des marchés financiers.

**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 in 2005.

[www.parrotcorp.com](http://www.parrotcorp.com)

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