



Earnings for Q1 2008: 1.6 million units sold Strong level of business

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- **Revenues:** at March 31st, 2008, revenues were stable at 58.9 million euros, reflecting the good level of business set against unfavorable comparables.
- **Gross margin:** 53.7%, compared with 51.9% in Q1 2007, benefiting from a favorable product mix and the dollar's weakness against the euro.
- **Operating margin:** 18.4% of revenues, compared with 19.7% in Q1 2007.
- **Net income:** 8.3 million euros, representing a net margin of 14.1%, compared with 13.3% in Q1 2007.
- **Q1 2008** marked by:
 - 1.6 million product units sold over three months, 28% more than in Q1 2007;
 - Sustained sales on the OEM business and new design wins with Kenwood and Pioneer;
 - Recruitment of chief commercial officers (EMEA and US), experts in their field;
 - Strengthening of the commercial strategy for partners and retailers (installers program, dedicated websites for partners, etc.);
 - Launch of the “Designer collection” with a photo frame designed by Andrée Putman, giving a new dimension to the Multimedia product range.

Euros '000,000	Q1 2008	Q1 2007	Change (qoq*)
Revenues	58.9	58.9	
<i>of which, navigation products</i> ⁽¹⁾	2.5	4.0	
Gross operating margin	31.7	30.6	+3.5%
<i>% of revenues</i>	53.7%	51.9%	
EBIT	10.8	11.6	-6.7%
<i>% of revenues</i>	18.4%	19.7%	
Net income (Group share)	8.3	7.8	+6.3%
<i>% of revenues</i>	14.1%	13.3%	
Net earnings per share	0.63 euros	0.62 euros	+2.7%
Diluted net earnings per share	0.62 euros	0.57 euros	+7.2%

€'000,000, excluding net EPS	Mar 31, 2008	Dec 31, 2007	
Net debt	-49.3	-37.3	+31.9%

Qoq: quarter on quarter: Q1 2008 compared with Q1 2007.

⁽¹⁾ Contract for the distribution of navigation products in Spain

As Henri Seydoux, Parrot's Chairman, CEO and founder, explains: “Following on from the performances seen at the end of 2007, Parrot's margins and sales continued trending up over Q1 2008. With 1.6 million Parrot products sold, we are close to the levels achieved for the end-of-year holiday period in 2007. The foundations have been laid for a strong 2008 and we are working to meet our objectives”.

Revenues at March 31st, 2008: sustained dynamic commercial development set against unfavorable comparables

Over Q1 2008, Parrot generated 58.9 million euros in revenues, stable in relation to Q1 2007, which had benefited from the very high level of sales in the UK (bubble effect due to the strengthening of the legislative framework in February 2007).

In this way, handsfree kit sales (70% of revenues) are down very slightly (-3.4% qoq). However, at 41.3 million euros, the segment's revenues are up 11.2% in relation to Q4 2007. This good performance confirms the strong interest among consumers for Parrot's products offering in-car safety and comfort.

The OEM business (14.4% of revenues) has achieved strong performances compared with Q1 2007 (+77.7% qoq).

Highly sought after at the time of the end-of-year holidays, the Plug n'Play (+25.2% qoq) and Multimedia (+63.8% qoq) products have continued developing.

The new balance for the regional breakdown of sales has continued to be gradually established.

Within a sluggish macroeconomic climate, business in Spain is down (-17.6% qoq), while navigation product sales have continued to deteriorate (-35.8% qoq). At the end of Q1 2008, the regional rebalancing has continued, with 34.5% of the Group's revenues generated in Spain, compared with 36.9% in Q4 2007 and 41.9% in Q1 2007.

However, the UK (8% of revenues), which had seen an exceptionally high level of business in Q1 2007, has achieved sequential growth, up 22.9%, validating Parrot's strategy on this market.

In Germany (2.2% of revenues), business is based primarily on the OEM segment, while a new country manager with a proven track record within the Group has been dispatched in order to carry out a full review of the commercial approach on retail products.

In the rest of Europe and the world, sales of Parrot products are rising, with the strongest growth seen in Asia (+156.3% qoq), France (+50.6% qoq), the US (+48.3% qoq), Italy (+15.4% qoq) and the Benelux (+14.1% qoq). Lastly, new regional markets (Australia/New Zealand, Middle East and Eastern Europe) have once again achieved a dynamic level of growth.

Gross margin and EBIT

For Q1 2008, Parrot's gross margin was 53.7% (+1.8 pts in relation to Q1 2007). Without factoring in the contract for the distribution of navigation products in Spain, the gross margin on all Parrot products comes out at 55.9%. This improvement reflects: 1/ the change in the dollar's exchange rate against the euro 2/ a favorable product mix 3/ a reduction in unit costs by more than the reduction in average sales prices over the period.

Sales and marketing costs came to 10.7 million euros, representing 18.2% of revenues. Over the start of this year, Parrot has focused on strengthening ties with its commercial partners (CES, Cebit, installers program, dedicated websites: parrotpartners.com, parrotoem.com, etc.). Over the coming months, various marketing operations and partnerships will be rolled out in order to accompany new product launches.

At March 31st, 2008, EBIT came to 10.8 million euros, representing an operating margin of 18.4%.

Net income

Net income (Group share) totaled 8.3 million euros (+6.3% qoq), representing 0.63 euros per share for Q1, with a net margin of 14.1% (vs. 13.3% in Q1 2007). The average tax rate is 24.1%.

Financial structure

The Group is in a healthy financial position, with 49.3 million euros in net cash at March 31st, 2008. Over Q1 2008, it generated 13.9 million euros in net cash from operations (vs. 9.3 million euros in Q1 2007).

Outlook for Q2 2008 and annual objectives

In Q2 2008, the Group plans to:

- Carry out several co-marketing operations in Europe,
- Further strengthen its product listings on major markets such as the US, Benelux, UK and France, as well as in new countries and regions (Australia, Eastern Europe, Middle East).
- Launch new products blending design and technologies.

Over the full year in 2008, Parrot is maintaining its target for double-digit revenue growth, combined with a high operating margin, set against continued commercial and R&D investments.

Parrot will be publishing its results for H1 2008 (ending June 30th) after close of trading on July 31st, 2008.

ABOUT PARROT

Founded in 1994, Parrot has rapidly established itself as a pivotal global player for wireless mobile telephone accessories. Drawing on its tried-and-tested expertise on voice recognition and signal processing technologies, Parrot was one of the very first companies to produce Bluetooth®-enabled wireless handsfree car kits, having identified this standard's vast potential as early as 1999.

Determined to accompany the mobile telephone's irresistible breakthrough into our day-to-day lives, Parrot has been developing a new range of Multimedia products since 2006, including wireless hi-fi systems and LCD photo frames.

Today, Parrot truly has a major international focus, both in terms of its client base, with 86.6% of sales generated outside of France, and in terms of production, outsourced to carefully selected partners, enabling it to achieve the best possible level of quality and responsiveness. Parrot is now particularly well positioned to capitalize on the bright future opening up for mobile telephone devices.

Parrot has seen sustained growth in its consolidated revenues, which have tripled since 2005. In 2007, Parrot sold over 5 million product units and generated 220 million euros in revenues, up 32% on 2006.

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APPENDICES

Breakdown of revenues by region

% of revenues	Q1 2008	Q4 2007	Q1 2007
France	15.6%	15.7%	10.3%
Spain	34.5%	36.9%	41.9%
UK	8.0%	6.3%	11.8%
Netherlands and Belgium	7.3%	7.6%	6.4%
Italy	3.8%	4.8%	3.3%
Germany	2.2%	2.2%	2.7%
Rest of Europe	7.5%	5.9%	8.1%
US	10.9%	11.9%	7.3%
Rest of world	10.3%	8.7%	8.2%

Breakdown of revenues by segment

% of revenues	Q1 2008	Q4 2007	Q1 2007
Installed kits	70.0%	60.9%	72.4%
OEM	14.4%	14.1%	8.1%
Plug & Play	4.7%	6.4%	3.8%
Multimedia	1.2%	6.9%	0.8%
Other	9.6%	11.7%	14.9%

Income statement

€'000	Q1 2008	Q4 2007	Q1 2007
Revenues	58,918	60,929	58,956
Cost of sales	-27,259	-30,682	-28,357
Gross margin	31,660	30,247	30,599
Gross margin as % of revenues	53.7%	49.6%	51.9%
Research and development costs	5,435	5,395	4,048
% of revenues	9.2%	8.9%	6.9%
Sales and marketing costs	10,727	14,166	10,835
% of revenues	18.2%	23.2%	18.4%
General costs	2,676	2,771	2,347
% of revenues	4.5%	4.5%	4.0%
Production and quality	1,995	1,805	1,759
% of revenues	3.4%	3.0%	3.0%
EBIT	10,828	6,110	11,610
EBIT as % of revenues	18.4%	10.0%	19.7%
Net financial revenues	322	133	147
Other interest expenses and income	-186	31	-186
Corporate income tax	-2,646	-257	-3,749
Net income (Group share)	8,318	6,017	7,822
% of revenues	14.1%	9.9%	13.3%

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