

Paris, July 28th, 2011 – 6:00 pm CET
Board of Directors meeting on July 28th, 2011

- **Revenues:** 64.0 million euros, up 13% in relation to the second quarter of 2010 and 11% compared with the previous quarter.
- **Gross margin:** 53.1%, compared with 52.5% for the second quarter of 2010, reflecting the change in the product mix in favor of the OEM business and the end of the distribution of third-party products.
- **Income from ordinary operations:** 7.8 million euros, with an operating margin of 12.2%, in line with the increase in marketing spending announced over the period.
- **Net income:** 5.8 million euros, with a net margin of 9.0%.
- **Second quarter of 2011** marked by:
 - Over 2.7 million product units sold;
 - High level of OEM revenues (+54% in relation to Q2 2010);
 - Major retail marketing campaigns rolled out in Europe at the end of the second quarter;
 - Cash position of over 100 million euros, ensuring a significant capacity for investment.

| Consolidated accounts under IFRS, Q2 2011 currently being audited, in million euros ⁽¹⁾ | Q1 2010 | Q2 2010 | Q1 2011 | Q2 2011 | Annual change |
|---|-------------|-------------|-------------|--------------|------------------|
| REVENUES | 49.7 | 56.7 | 57.4 | 64.0 | +13% |
| Of which, navigation products ⁽²⁾ | 2.3 | 3.0 | 0.9 | | |
| GROSS MARGIN | 24.1 | 29.8 | 29.5 | 34.0 | +14% |
| <i>% of revenues</i> | 48.5% | 52.5% | 51.4% | 53.1% | |
| CURRENT OPERATING INCOME | 5.2 | 8.2 | 8.3 | 7.8 | -5% |
| <i>% of revenues</i> | 10.5% | 14.5% | 14.5% | 12.2% | |
| OPERATING INCOME | 5.2 | 8.2 | 8.3 | 7.2 | -12% |
| <i>% of revenues</i> | 10.5% | 14.5% | 14.5% | 11.3% | |
| NET INCOME (GROUP SHARE) | 5.3 | 5.6 | 6.3 | 5.8 | +4% |
| <i>% of revenues</i> | 10.7% | 9.8% | 11.0% | 9.0% | |
| Earnings per share⁽²⁾ | 0.41 | 0.43 | 0.49 | 0.45 | +4% |
| Diluted earnings per share ⁽³⁾ | 0.41 | 0.42 | 0.47 | 0.43 | +2% |
| Net cash and cash equivalents | 80.8 | 85.5 | 96.4 | 101.8 | +19% |

(1) Since January 1st, 2011, the Credit Research Tax is considered as an operating subsidy.

(2) Percentage of revenues from navigation products distributed by Parrot Iberia S.L. Since early 2011, Parrot as stopped selling navigation products.

(3) Number of shares for calculating net earnings per share at June 30th, 2011 (weighted average number of shares outstanding): 12,882,527, and on a diluted basis: 13,320,279.

Level of business for the second quarter of 2011

Over the period, Parrot recorded 64.0 million euros in revenues, representing an annual increase of 13%; in relation to the first quarter of 2011, the Group's sales are up 6.6 million euros or 11%. The Retail Products business, grouping together aftermarket installed systems, Plug & Play, Multimedia and "Other" products), represented 53% of the Group's revenues (versus 66% in Q2 2010). The OEM business accounted for 47% of the Group's revenues (versus 34% in Q2 2010).

■ Retail products

In the second quarter of 2011, revenues on Retail Products came to 33.9 million euros, down 9% on an annual basis. However, restated from the voluntary decrease of "Other" product revenues, as announced in the fourth quarter of 2010, Retail product revenues increase by 3%. Compared with the first quarter of 2011, the Retail Products business is up 5%, reflecting the breakthroughs seen on new products and the first benefits of the marketing campaigns gradually rolled out over this quarter.

The commercial development of Retail Automotive products, installed handsfree kits (35% of Group revenues / 66% of Retail revenues) and Plug & Play (4% of Group revenues / 7% of Retail revenues), has been driven by sales of new products, and more specifically the Parrot Asteroid, a web-enabled car radio with advanced handsfree features, on sale since the end of April 2011 in five European countries. Compared with the first quarter of 2011, revenues on Retail Automotive products are up 5%.

For Retail Multimedia products (11% of Group revenues / 21% of Retail revenues), revenues are up 440% in relation to the second quarter of 2010 and 22% compared with the previous quarter, boosted by Parrot AR.Drone sales.

"Other" revenues (3% of Group revenues, versus 11% in Q2 2010) are in sharp decrease, in line with the strategic decision taken at the end of 2010 to eliminate sales of low margin products. At the end of June 2011, "Other" revenues exclusively concerned the sale of accessories, items and components designed to support the manufacturing and marketing of Parrot products.

From a regional perspective

For the EMEA region (43% of Group revenues / 81% of Retail revenues), Retail revenues totaled 33.9 million euros. The macroeconomic environment, particularly in Spain (9% of Group revenues) and the UK (6% of Group revenues), has continued to undermine the commercial dynamics. A solid performance was achieved in France (9% of Group revenues), where the new product launches and marketing campaigns were carried out in priority.

In North America (6% of Group revenues / 12% of Retail revenues), revenue growth came out at 100% compared to the 2nd quarter of 2010, buoyed by the Parrot AR.Drone's continued success.

In Asia (4% of Group revenues / 7% of Retail revenues), the Group is continuing to gradually establish its products within a growing commercial network and all the ranges are performing well.

■ OEM products:

The range of OEM solutions generated 30.1 million euros in revenues this quarter, an increase of 54% compared with the second quarter of 2010. The level of business is high and includes orders which were expected to be placed over the third quarter. Revenue growth reflects (i) the full impact of sales of solutions designed to equip German manufacturers, (ii) the increase in the equipment rate linked to the growing penetration rate for in-car connectivity solutions, and (iii) the gradual expansion of the ranges of equipped vehicles among existing customers.

In addition, the first orders for options to equip Toyota vehicles sold in Asia and Australia started up at the end of June. Lastly, over the period, a Parrot OEM solution was also integrated into the latest Aston Martin supercar, illustrating Parrot's expertise on the high-end vehicle market.

Gross margin

For the second quarter of 2011, Parrot's gross margin came to 53.1%, with the continued increase in the gross margin rate once again reflecting the change in the product mix: (i) growth in the percentage of OEM activities in the Group's revenues, (ii) the fact that third-party products are no longer distributed, (iii) the improvement in profitability for Retail products.

For reference, the Group's gross margin is no longer exposed to variations in the dollar thanks to its exchange hedging policy (cash in US\$) and the increase in the percentage of revenues denominated in US\$, making it possible to cover virtually all of the Group's purchases made in this currency.

Current operating income / Operating income

In the second quarter, income from ordinary operations came to 7.8 million euros, giving a current operating margin of 12.2%.

- R&D spending totaled 6.8 million euros (10.7% of revenues), stable compared with the previous quarter;
- Sales and marketing spending came to 14.0 million euros (21.9% of revenues), reflecting the high level of marketing investments over the period. More specifically, advertising campaigns have been rolled out in Europe from the end of the second quarter of 2011 to support the breakthrough of new Retail Automotive products and Parrot AR.Drone sales;
- General costs totaled 3.2 million euros (5.0% of revenues), with production and quality-related costs representing 2.0 million euros (3.2% of revenues), stable compared with the previous quarter.
- Non-current operating expenses (0.6 million euros) are linked to the acquisition of Varioptic.

At June 30th, 2011, the Group's workforce represented 585 people (including 17 staff resulting from the acquisition of Varioptic), compared with 552 at March 31st, 2011. R&D positions represent almost 50% of the workforce.

Net income

Net income (Group share) came to 5.8 million euros, representing 0.45 euros per share for the second quarter of 2011. It includes 0.3 million euros in financial income, generated by cash investments, as well as a 1.7 million euro tax expense.

Financial structure

At June 30th, 2011, the Group's cash position, with 101.8 million euros versus 96.4 million euros at March 31st, 2011, ensures a significant capacity for investment. Net cash from operating activities came to 9.7 million euros for the quarter. The change in working capital represents -0.6 million euros.

Cash used for investment activities represented 4.6 million euros over the quarter, mainly linked to the R&D programs.

At June 30th, 2011, inventories represented 24.9 million euros, stable compared with the previous quarter. Trade receivables came to a total of 49.9 million euros (compared with 45.6 million euros at March 31st, 2011). The non-current financial liabilities (3.8 million euros) are linked to the consolidation of Varioptic. The Group's shareholders' equity represents 159.3 million euros (compared with 154.0 million euros at March 31st, 2011), with 12.4 euros in net assets per share.

Outlook

Parrot ended the first half of 2011 with 121.5 million euros in revenues, representing annual growth of 14%, underpinned by the good performance on the OEM business and the Parrot AR.Drone's success.

For the third quarter, Parrot expects its revenues to be down due to the traditional seasonal slowdown in the Retail business, combined with an unfavorable base effect this year (for reference (i) exceptionally high OEM revenues in Q3 2010, (ii) Parrot AR.Drone's release from September 2010).

On its OEM business, the new contracts gradually starting up over the second half of the year will make up for the delay in orders from a European manufacturer. Alongside this, the Group is continuing to win over major new customers which are expected to contribute towards revenues from the end of 2012.

With a significant capacity for investment, Parrot is continuing to focus on its long-term growth and maintaining its technological lead across all its product ranges. The very positive welcome shown for the Parrot Asteroid car radio and the development of an open platform for dedicated driver applications confirm Parrot's ability to deploy new operational scenarios in line with its customers' current and future needs.

Financial diary

- Early August: release of the 2011 half-year financial report.
- September 16th, 2011: Parrot will be present at the Berenberg Small & Mid Cap Tech Conference (Paris)
- September 22nd, 2011: Parrot will be present at the MidCap Event Paris.
- November 14th, 2011: 2011 third-quarter earnings.

ABOUT PARROT

Parrot, a global leader in wireless devices for mobile phones, stands on the cutting edge of innovation. The company was founded in 1994 by Henri Seydoux as part of his determination to drive the inevitable breakthrough of mobile phones into everyday life by creating high-quality, user-friendly wireless devices for easy living. Parrot has developed the most extensive range of hands-free systems on the market for cars, motorbikes and scooters, including wireless multimedia products geared towards audiovisual applications. In 2008, Parrot launched a new prestige line of high-end products bearing the hallmark of renowned artists and in 2010, the AR.Drone, the first quadricopter piloted via wi-fi and using augmented reality.

Parrot, headquartered in Paris, currently employs more than 550 people worldwide and generates 85% of its sales overseas. Parrot is listed on NYSE Euronext Paris since 2006. (FR0004038263 – PARRO)

More information: www.parrot.com / www.ardrone.com / www.parrotoem.com

CONTACT

Investor and analyst – Financial media

Marie Ein

T. : +33(0) 1 53 65 68 68

parrot@calyptus.net

The procedures for a limited review of the half-year accounts have been completed. The report on the limited review is currently being issued.

■ BREAKDOWN OF REVENUES BY PRODUCT

| €'000,000 and % of revenues | Q2 2011 | | Q2 2010 | | H1 2011 | | H1 2010 | |
|---|-------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|
| Installed handsfree systems | 22.2 | 35% | 26.4 | 47% | 43.0 | 35% | 51.2 | 48% |
| Plug & Play products | 2.5 | 4% | 3.3 | 6% | 5.1 | 4% | 7.1 | 7% |
| Multimedia products ⁽¹⁾ | 7.2 | 11% | 1.4 | 2% | 13.2 | 11% | 2.3 | 2% |
| Other ⁽²⁾ | 2.0 | 3% | 6.1 | 11% | 4.8 | 4% | 12.5 | 12% |
| Total revenues for Retail Products | 33.9 | 53% | 37.2 | 66% | 66.1 | 54% | 73.1 | 69% |
| Total revenues for OEM Products | 30.1 | 47% | 19.5 | 34% | 55.4 | 46% | 33.3 | 31% |
| Group total | 64.0 | 100% | 56.7 | 100% | 121.5 | 100% | 106.4 | 100% |

(1) Multimedia products: Parrot By products and Parrot AR.Drone.

(2) "Other": (i) navigation product sales - in early 2011, Parrot stopped selling navigation products, (ii) accessory sales (steering wheel-mounted controls, cables, etc.), (iii) ancillary sales to customers (marketing, delivery, etc.), and (iv) component sales to suppliers.

■ BREAKDOWN OF REVENUES BY REGION

| €'000,000 and % of revenues | Q2 2011 | | Q2 2010 | | H1 2011 | | H1 2010 | |
|---|-------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|
| EMEA | 27.6 | 43% | 34.3 | 60% | 55.7 | 46% | 68.1 | 64% |
| USA | 4.0 | 6% | 2.0 | 4% | 5.8 | 5% | 3.5 | 3% |
| Asia | 2.3 | 4% | 1.0 | 2% | 4.6 | 4% | 1.6 | 2% |
| Total revenues for Retail Products | 33.9 | 53% | 37.2 | 66% | 66.1 | 54% | 73.1 | 69% |
| Total revenues for OEM Products | 30.1 | 47% | 19.5 | 34% | 55.4 | 46% | 33.3 | 31% |
| Group total | 64.0 | 100% | 56.7 | 100% | 121.5 | 100% | 106.4 | 100% |

■ CONDENSED INCOME STATEMENT

| Consolidated financial statements, IFRS, in million euros (2011 currently being audited) ⁽¹⁾ | Q2 2011 | Q2 2010 | H1 2011 | H1 2010 ⁽²⁾ |
|--|--------------|--------------|--------------|------------------------|
| Revenues | 64.0 | 56.7 | 121.5 | 106.4 |
| Of which, navigation products ⁽²⁾ | 0.0 | 3.0 | 1.4 | 5.4 |
| Gross operating margin | 34.0 | 29.8 | 63.5 | 53.9 |
| <i>% of revenues</i> | <i>53.1%</i> | <i>52.5%</i> | <i>52.3%</i> | <i>50.6%</i> |
| Research and development costs | -6.8 | -7.9 | -13.8 | -14.2 |
| <i>% of revenues</i> | <i>10.7%</i> | <i>13.8%</i> | <i>11.4%</i> | <i>13.3%</i> |
| Sales and marketing costs | -14.0 | -9.5 | -23.1 | -17.5 |
| <i>% of revenues</i> | <i>21.9%</i> | <i>16.7%</i> | <i>19.0%</i> | <i>16.4%</i> |
| General costs | -3.2 | -2.4 | -6.3 | -5.3 |
| <i>% of revenues</i> | <i>5.0%</i> | <i>4.2%</i> | <i>5.2%</i> | <i>4.9%</i> |
| Production and quality | -2.0 | -1.9 | -4.1 | -3.6 |
| <i>% of revenues</i> | <i>3.2%</i> | <i>3.4%</i> | <i>3.4%</i> | <i>3.4%</i> |
| Income from ordinary operations | 7.8 | 8.2 | 16.1 | 13.4 |
| <i>% of revenues</i> | <i>12.2%</i> | <i>14.5%</i> | <i>13.3%</i> | <i>12.6%</i> |
| EBIT | 7.2 | 8.2 | 15.5 | 13.4 |
| <i>% of revenues</i> | <i>11.3%</i> | <i>14.5%</i> | <i>12.8%</i> | <i>12.6%</i> |
| Cost of net financial debt | 0.4 | 0.1 | 0.4 | 0.2 |
| Other financial income and expenses | -0.08 | -1.9 | -0.6 | -1.1 |
| Share in income from equity affiliates | -0.01 | -0.4 | -0.04 | -0.4 |
| Corporate income tax | -1.7 | -0.5 | -3.3 | -1.3 |
| Net income (Group share) | 5.8 | 5.6 | 12.1 | 10.9 |
| <i>% of revenues</i> | <i>9.0%</i> | <i>9.8%</i> | <i>9.9%</i> | <i>10.2%</i> |

(1) Since January 1st, 2011, the Credit Research Tax is considered as an operating subsidy.

(2) Percentage of revenues from navigation products distributed by Parrot Ibérica S.L. - In early 2011, Parrot stopped selling navigation products.

■ CONSOLIDATED BALANCE SHEET

| ASSETS , in million euros | June 30, 2011 | December 30, 2010 | June 30, 2010 |
|----------------------------------|----------------------|--------------------------|----------------------|
| Non-current assets | 41.4 | 34.7 | 35.0 |
| Goodwill | 20.7 | 21.1 | 22.1 |
| Other intangible fixed assets | 11.2 | 8.8 | 7.9 |
| Tangible fixed assets | 5.0 | 4.1 | 3.9 |
| Financial assets | 0.5 | 0.6 | 0.9 |
| Deferred tax assets | 3.9 | 0.1 | 0.1 |
| Current assets | 185.1 | 174.6 | 162.2 |
| Inventories | 25.0 | 30.5 | 22.3 |
| Trade receivables | 49.9 | 48.4 | 47.8 |
| Other receivables | 8.6 | 5.0 | 6.6 |
| Other current financial assets | 23.5 | 27.8 | 38.0 |
| Cash and cash equivalents | 78.3 | 62.8 | 47.6 |
| TOTAL ASSETS | 226.5 | 209.4 | 197.1 |

| LIABILITIES, in million euros | June 30, 2011 | December 30, 2010 | June 30, 2010 |
|--|----------------------|--------------------------|----------------------|
| Shareholders' equity | | | |
| Share capital | 2.0 | 1.9 | 2.0 |
| Issue and contribution premiums | 57.4 | 57.2 | 57.8 |
| Reserves excluding earnings for the period | 90.4 | 64.6 | 69.6 |
| Earnings for the period - Group share | 12.1 | 27.8 | 10.9 |
| Exchange gains or losses | -2.5 | 0.6 | 0.9 |
| Equity attributable to Parrot SA shareholders | 159.3 | 152.1 | 141.2 |
| Minority interests | | | 0.0 |
| Non-current liabilities | 6.6 | 3.8 | 5.2 |
| Non-current financial liabilities | 3.8 | | |
| Pension provisions and related commitments | 0.7 | 0.7 | 0.4 |
| Deferred tax liabilities | 0.8 | 2.0 | 4.1 |
| Other non-current provisions | 1.3 | 1.1 | 0.7 |
| Other non-current liabilities | | | 0.0 |
| Current liabilities | 60.6 | 53.4 | 50.8 |
| Current financial liabilities | 0.3 | | |
| Current provisions | 8.9 | 7.5 | 4.1 |
| Trade payables | 35.1 | 31 | 32.9 |
| Current tax liability | 2.9 | 2 | 1.9 |
| Other current liabilities | 13.3 | 13.0 | 11.9 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 226.5 | 209.4 | 197.1 |

■ CASH-FLOW STATEMENT

| In million euros | June 30, 2011 | December 30, 2010 | June 30, 2010 |
|---|------------------|----------------------|------------------|
| Operating cash flow | | | |
| Earnings for the period | 12.1 | 27.8 | 10.9 |
| Share in income from equity affiliates | 0.04 | 1.0 | 0.4 |
| Depreciation and amortization | 4.5 | 13.1 | 6.3 |
| Capital gains and losses on disposals | | 0.01 | 0.0 |
| Tax charges | 3.3 | 2.8 | 1.3 |
| Cost of share-based payments | 1.1 | 1.6 | 0.9 |
| Cost of net financial debt | -0.4 | -0.5 | -0.2 |
| Cash flow from operations before tax and cost of net financial debt | 20.6 | 45.9 | 19.5 |
| Change in working capital | -0.2 | -20.3 | -6.7 |
| Tax paid | 0.4 | 2.8 | 0.0 |
| Net cash from operating activities (a) | 20.7 | 28.4 | 12.8 |
| Cash flow from investments | | | |
| Acquisition of tangible and intangible fixed assets | -4.4 | -10.0 | -5.8 |
| Acquisition of subsidiaries, net of cash acquired (1) | -0.3 | - | - |
| Acquisition of long-term financial investments | 0.03 | -0.6 | -0.5 |
| Cash flow from investment activities (b) | -4.6 | -10.6 | -6.3 |
| Financing cash flow | | | |
| Equity contributions | 0.2 | 1.1 | 0.1 |
| Cash invested for over 3 months (1) | 4.5 | -28.0 | -38.0 |
| Cost of net financial debt | 0.4 | 0.5 | 0.2 |
| Exchange hedging instruments | -0.7 | -0.1 | 3.8 |
| Repayment of short-term financial debt (net) | -0.2 | | 0.0 |
| Acquisition of treasury stock | -3.3 | -5.2 | -2.7 |
| Cash flow from financing activities (c) | 0.9 | -37.7 | -36.5 |
| Net change in cash position (d = a+b+c) | 17.0 | -13.8 | -30.0 |
| Net exchange rate differences | -1.5 | 0.6 | 1.5 |
| Cash and cash equivalents at start of period | 62.9 | 76.0 | 76.0 |
| Cash and cash equivalents at end of period | 78.3 | 62.8 | 47.6 |
| Other current financial assets | 23.5 | 28.0 | 38.0 |
| Cash, cash equivalents and other current financial assets at end of period | 101.8 | 90.8 | 85.5 |

(1) In accordance with IFRS 7, the percentage of net cash invested for over 3 months is recorded under other current financial assets.