

ARCHOS: RESULTS FOR THE FIRST NINE MONTHS OF 2006**Sales Progression: + 46 %
A winning partnership strategy**

ARCHOS, technology leader in the field of portable audio/video devices, reports sales revenue of 80.6 M€ for January to September 2006, up 46% from 55.0 M€ compared to the same period last year (IFRS). This increase has the following geographical distribution:

- The European zone continues its progression and shows a 41% growth representing 70% of total sales
- The American subsidiary confirms its recovery with a 61% increase in sales for this period
- The Asian zone climbs despite an extremely aggressive competitive environment with a growth of 51 % and now represents more than 10% of the consolidated turnover.

In M€ Revenue (IFRS)	From January 1 to September 30, 2006	From January 1 to September 30, 2005	IFRS Variation
Europe	56.5	39.7	42%
ASIA	8.4	5.6	51%
USA	15.7	9.7	61%
Total	80.6	55.0	46%

Sales achieved during Q3 are up 28 % compared to 2005, with a turnover of 29.2 M€. This moderate progression happens at a time of a product range transition and while the company has chosen to postpone the launch of the Generation 4 for a month in order to meet its quality standards.

In M€ Revenue (IFRS)	2006 Q3	2005 Q3	variation IFRS
Total	29.2	22.9	28%

During this 3rd quarter, ARCHOS has concentrated its efforts on presence and value by making their Portable Media Player (PMP) products and a full line of accessories available in mainstream retail venues worldwide. To do this, the company has increased its presence in the distribution network and has developed a large range of displays and selling tools. As an example,

- In the US, the Generation 4 product line is now available in more than 9000 stores. The point of sales displays specifically created for the new range gives the customer a real consumer experience by leaving the device always powered and available for manipulation. Bestbuy.com and Circuit City.com have also signed an agreement to sell certain series of the new range before expanding to traditional brick and mortar retail.

- The French subsidiary has developed special dedicated 'ARCHOS only' areas in retail such as the large well known FNAC chain. The field sales force has also been reinforced to extend the coverage of that territory.

A winning partnership strategy

In order to enhance its brand awareness, ARCHOS has built its marketing strategy around several partnerships in terms of technology, content and image. ARCHOS has recently signed the following agreements:

- Alcatel (Paris: CGEP.PA and NYSE: ALA) and ARCHOS are establishing up a strategic cooperation agreement for Mobile TV. Within the framework of this agreement, ARCHOS will develop the world's first portable multimedia player adapted to Alcatel's Unlimited Mobile TV solution, a hybrid terrestrial and satellite broadcast solutions based on an evolution of the DVB-H standard in the S-Band (2.2 GHz). Commercial availability of ARCHOS S-Band compatible devices is expected in the fourth quarter of 2007.
- EMI and ARCHOS have signed an agreement to pre-load Depeche Mode content "ready to play music and video "on the ARCHOS 104 and ARCHOS 604. Those models will be available in limited series mid-November throughout Europe.

The new range, highly praised by the international press

Introduced to the press during at the IFA Consumer Electronics trade fair which was held in Berlin from the 1st to 6th of September, the new range met huge success with the international press. Among other qualities, the journalists especially appreciated the new design, the fine definition of the product, and the high quality screens.



Taking into consideration the sales performance from the beginning of the year, the increase in current Q4 orders, as well as the readjustment of the Generation 4 launch calendar, ARCHOS plans to have an overall annual growth equal to that of the first nine months of 2006.

The company also confirms its aim to achieve an operational result in the range of 5% of sales for the year.

Profitable growth maintained through permanent innovation

The group's strategy is focused around various areas of marketing and technology development with the priority of always providing innovative products and meeting the demands of the consumer. In order to become the leading player in portable multimedia players, ARCHOS develops products considered to be the industry benchmarks, bringing portability to all users. In this domain, the company is determined to reinforce its strategic partnership program with major television and telephone operators, as well as content providers to enable them to enrich their offering and to strengthen their distribution channels. Finally, to penetrate the competitive marketplace, ARCHOS

will continue to control operating expenses, particularly by optimizing purchasing costs and product life cycles.

About ARCHOS

ARCHOS is the leader in the field of portable audio/video devices. ARCHOS invents for the customer on the move. In 1999, its Jukebox 6000 opened the mass market of hard drive based MP3 players. In 2002, Archos attacked digital video and launched the first portable video player, Jukebox Multimedia, the forerunner of an entire new product category. Its Pocket AV range revolutionized leisure time for anyone wishing to enjoy television, music, videos or photos anywhere. Established in 1988, ARCHOS is present in Europe, the United States and Asia. ARCHOS is quoted on Compartment C of Euronext Paris, ISIN Code FR0000182479.

Further information is available on www.archos.com

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