



First-Half 2006 Earnings

Consolidated sales: +7%

Software sales: +10%

Operating income: 5.2%

La Garenne-Colombes, France - September 20, 2006

After three years of strong growth, the Avanquest Software Group has posted a 7% sales increase for the first half of 2006, with sales totaling **35.3 million Euros**.

Following the slowed growth in the retail software market in all the European countries and the United States, as noted in market studies and analyses, Avanquest's very dynamic first-quarter growth experienced a slowdown beginning early in the second quarter, thus limiting the overall growth rate for the semester.

This "gap" that affected all retail markets, did not impact other Avanquest sales channels and the Avanquest Group posted double-digit growth of 10% in software sales. OEM sales were in line with forecasts, while e-commerce sales experienced a strong growth of 96% and corporate sales posted an increase of 15%.

Despite the overall retail market context, during first-half 2006 Avanquest also increased its market share in the main countries in which the Group operates, benefiting from the advantage favoring well established and larger players. Avanquest is today "Number 1" in sales for five categories in the United States (source: NPD Techworld) and one of the top five publishers in Germany and United Kingdom (Source: GFK & Chartrack)

Synthesis from the profit and loss statement (IFRS standards)

In thousands of €	1 st Semester 2006	1 st Semester 2005	Change
Sales	35.332	32.895	+7,4%
Operating income	1.828	4.227	-56,7%
% of sales	5,2%	12,8%	
Income before taxes	1.683	4.135	-59,3%
Net taxes	547	1.196	
Net income	1.136	2.940	-61,4%

Implementation of the investment strategy

For the Group's executive management, the temporary slowing of growth in the second quarter has no real bearing on the Avanquest business model of profitable growth -- a model which has allowed the sales figures to be multiplied twenty fold since the Company's IPO in 1996, and which has generated 8 semesters of consecutive growth since 2001.

The investment strategy in place since 2005, which targets reaching the threshold goal of €100 M in sales as quickly as possible, has continued to be pursued through the entire semester. This strategy translated into an increase of 21% in spending on Research and Development, and 34% in sales and marketing expenditures.

During the first-half, the Group also finalized the acquisition of two companies in the United Kingdom (FastTrak & IMR), in a move undertaken to reinforce its positions in the retail and enterprise markets, in a territory that represents today nearly 25% of total company sales.

As anticipated, the second-quarter market slowdown combined with the sustained rate of investment spending negatively impacted first-semester operating profits, which totaled **€1.8 M** or 5.2% of sales.

Outlook for 2006

After two summer months that are traditionally less active, the Group management anticipates a boost in sales, starting in the month of September, and a return to increased growth levels for the fourth quarter of the fiscal year.

Supported by the launch of many innovative products throughout this entire period, sales are projected at between €40 and 43M during the second half-year, as opposed to €35 M achieved during the first half.

This increase in sales expected from the beginning of September, accompanied with a cost control policy in all sectors, will allow a return to more positive dynamics by year's end and in 2007. Still, this will not completely compensate for the slowdown experienced during the second quarter and the first two summer months. The Group management has therefore decided to cautiously revise the 2006 objectives, integrating the above-mentioned factors in its projections.

Sales for 2006 are now projected at between **€75 and 78M**, while profitability should progressively increase by the fourth quarter to the levels achieved in the first quarter, resulting in a profit between **6 and 8%** for the entire fiscal year.

Outlook for 2007

For 2007, the Group management retains a high level of confidence, reinforced by the expected positive impact of the very recent signature of a major OEM agreement with one of the main mobile phone players worldwide, as well as new dynamics in the retail markets that are expected to be driven by the launch of Microsoft's Vista new operating system (scheduled for first-quarter 2007).

The Avanquest Group, relying on its excellent financial structure (€13 M in cash net of debts), which was further consolidated in early July with the signature of committed lines of credit totaling €26 M for a period of seven years, plans to proceed with significant acquisitions, designed to reinforce its product offerings and its presence in the market.

Avanquest management thus restates its confidence in reaching projected revenues of **€100M as of 2007**.

About Avanquest Software

Avanquest Software is a global developer and leading publisher of best-selling personal and professional software designed for utilities, office productivity, communications and mobility worldwide. Headquartered in France, with operating units, subsidiaries and offices located in United States, France, Germany, Great Britain, Italy, Spain, China and Korea, Avanquest Software products are marketed in over 100 countries, through e-commerce, OEM partnerships and IT resellers. Founded in 1984 as BVRP Software and listed since December 1996 on Euronext (ISIN FR0004026714), Avanquest Software forms part of the Eurolist, NextEconomy segment and SBF 250 index. In 2005, Avanquest Software posted record financial results, with revenue of €70.6M (\$90.6M) and net income of €6.9M (\$8.8M). Additional information on Avanquest Software is available at <http://www.avanquest.com>.

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Ticker : **AVQ**
ISIN : **FR0004026714**
Reuters : **AVQ.PA**
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