

Revenue and Earnings 1st Quarter 2007

Quarterly Sales of €24 million (+23.4%)

Operating Income at breakeven (excluding non-recurring items)

Outlook for 2007/2008:

Annual Sales between €130 and 135 million

Expected profitability between 8 and 10%

La Garenne-Colombes, May 15, 2007

The first quarter of 2007 was an unusually busy time for the Avanquest Group as it finalized two major acquisitions: Nova Development in the USA, which was consolidated on January 24th, and the Emme Group, a friendly takeover bid launched in February and successfully concluded at the end of March, with an overwhelming 97.4% of the stockholders tendering their shares.

Fueled by strong retail growth in the USA, Q1 2007 sales amounted to **€24.0 million**, an increase of 23.4% in raw data when compared to the first quarter of 2006. On a pro-forma basis (including Nova and the 2006 acquisitions, and consistent exchange rates) Q1 sales remained virtually flat in comparison to the first quarter of 2006, which had been particularly dynamic.

Turnover

In thousands of €uros	January – March 2007	January – March 2006	Change 2007 vs. 2006	January – March 2006 Pro forma	Change 2007 vs. Pro forma
Software	21,858	17,555	+24.5%	21,876	-
Services	1,872	1,624	+15.2%	2,168	-13.7%
Miscellaneous	243	247	-1.6%	236	+3.0%
Total	23,973	19,426	+23.4%	24,280	-1.3%

Note: The pro forma data is presented on a like-for-like basis. It includes the sales for the IMR and FastTrak companies, acquired in May 2006, and Nova, acquired in January 2007.

Throughout the quarter, the Avanquest Group benefited from a clear rebound in the retail markets, particularly in the USA, which was further enhanced by the launch of new products. In terms of pro forma data, retail activities increased 27% (€13.5 million) in comparison to the same period in 2006. Benefiting from the investments that had been made throughout 2006, electronic commerce sales posted a growth rate of 8% during the quarter, climbing to €2.5 million, and for the first time exceeded one million dollars in a single month during March. Putting the Emme and Nova product catalogues online, which will be implemented gradually during the 2007-2008 fiscal year, is expected to boost this promising sector's continuing growth.

Only the OEM activity produced a significantly adverse performance, with a quarter reflecting the negative effects of price decreases negotiated mid-2006 with some customers, and a disappointing level of sales for one of the division's star customers.

This downturn also stems from a lack of first-quarter revenue derived from new contracts that were signed throughout the second half of 2006, including a very promising partnership with the American Internet access operator, Earthlink, as well as a new worldwide agreement with one of the mobile phone manufacturer giants. These new contracts are expected to begin producing meaningful revenue after the summer of 2007.

OEM sales revenue came in at €2 million during the quarter, as opposed to €5.1 million in 2006. This adversely impacted both quarterly sales (which otherwise would have had greater growth in terms of pro forma as opposed to gross data) and operating Income.

Summary profit and loss statement (IFRS standards)

In thousands of €uros	January – March 2007	January - March 2006	Variation
Sales	23,973	19,426	+23.4%
Gross Margin	14,067	12,893	+9.1%
% of sales	58.7%	66.4%	
Operating income (loss) excluding non-recurring items	-678	2,159	ns
% of sales	-2.8%	11.1%	
Non-recurring items	-278	-	
Operating income (loss)	-956	2,159	ns
% of sales	-4.0%	11.1%	
Income before taxes	-913	2,278	ns

A first quarter of transition

The decrease in OEM activity, a usually strong margin contributor, significantly impacted the group's performance this quarter. The decrease of €3.1 million compared to last year is the main reason for the low gross margin of only 58.7%, and caused a decrease in operating income for quite the same amount.

Operating income shows a loss of 678K€, impacted by an accounting entry related to the acquisition of Nova of 0.7M€. Excluding this effect resulting from accounting standards, operating income before non-recurring items, was **breakeven**.

This quarter of transition, mainly devoted to completing acquisitions, launching products developed for Windows Vista and implementing a new dynamic for the OEM activity, is not representative of the new Avanquest Group, which will virtually double in size and become one of the world's largest publishers of software for the general public.

Outlook for 2007-2008

As previously announced to the market in March during the presentation of the 2006 financial statements, the Avanquest Group will propose at a shareholder's meeting to be held on May 30 2007, changing the group's financial year end date to match it with that of Emme (which is set at March 31). This date better corresponds to the retail activity which, once integrated, will represent over 50% of the group's annual sales.

The priority of the Avanquest Group for the new financial year, starting in April, will be to implement a new management structure, integrate the two recently acquired companies, streamline the product catalogue both in Europe and USA, and increase profitability.

For the 12-month period from April 1st, 2007 to March 31st, 2008, integrating both Emme and Nova, the group management team expects annual sales between **€130 and 135 million** (compared to €74.3 million in 2006), and operating income between 8 and 10%, before taking into account the non-recurring items resulting from streamlining the operation.

Since the first half-year of the new financial year covers two quarters which span a period adversely affected by the typically slower summer months, the majority of the Group's profits will be generated over the second half-year.

The Avanquest Software Group now ranks among the **top 5 retail software publishers in the USA and among the top 3 software publishers in Europe** (other than Microsoft, sources: NPD, GFK and Chartrack). Boosted by this new position as a world software publishing leader, Avanquest now **has the means to generate strong incremental growth over the next three years, and thereby achieve its goal of exceeding €200 million mark in annual sales and generating an average profit margin of more than 10%.**

About Avanquest Software

Avanquest Software is a leading developer and global 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, Korea, and Japan, 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 2006, Avanquest Software posted revenues of €74.3M. Additional information on Avanquest Software is available at <http://www.avanquest.com>.

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