

Revenue & Earnings at September end 2007

Revenue in line with forecasts

Return to break-even (excluding non-recurring items)
before ramping up during the upcoming half-year

A Group ready to benefit from
optimized fixed costs, enhanced access to the market
and an unrivalled product offering

La Garenne-Colombes, France - November 14, 2007

The period from April through September 2007 represents the Avanquest Group's first six months since the acquisitions of Nova Development and the EMME Group.

This period was devoted entirely to integrating the new companies, setting up a new management organization, and formulating a development strategy for the products that will ensure the Group's growth in the years to come.

These acquisitions, which virtually doubled the size of the Group, significantly strengthened the distribution of Avanquest products throughout all sales channels. Avanquest is now positioned up there with the world's leading software publishers, in sixth place among consumer software publishers both in the United States and Europe, right behind Microsoft, Symantec, Intuit, Adobe and Apple, and in first place among multi-specialist publishers (excluding games, GFK and NPD sources).

Avanquest now commands strengthened access to key channels for establishing its product portfolio and its software developed in-house in the growth areas of mobility, multimedia and utilities.

Revenue in line with forecasts

The revenue for the April-September period was **€6.8 million**, which corresponds to the lower end of the Group's initial forecast, with a steady increase from one quarter to another.

All of the Group's divisions are either in line or above the forecasts, with the exception of the OEM division, which was negatively impacted by the disappointing performance of the Group's main OEM client. On its own, this lackluster performance resulted in a more than €2 million gap vs. the forecast for this division, and more than €5 million vs. the same period of the previous year. It was not offset by the progressive ramping-up of the many significant OEM contracts signed in the last year, which will be unable to restore a positive dynamic until the first calendar quarter of 2008.

The integration of Nova Development and the Group EMME is now complete and is beginning to bear fruit. Hence retail activity, despite the absence of the "Vista effect" that was initially projected to boost sales following the launch of Microsoft's latest operating system, is in line with the expectations of the Group's management. The American and English business units are posting excellent performance and Avanquest is gaining market share in the difficult and shrinking markets of France and Germany (GFK source).

The Web and Corporate business units posted increases of 22% and 19%, respectively, over the previous year, and confirm their strong at growth potential. The Web is one of the Group's main strategic focus areas and represents 15% of global sales, with the short-term potential to reach and surpass 20%. Corporate activity (sales to large accounts) will also benefit from the Group's Internet dynamic through the progressive implementation of a specific online offer rolled out initially throughout Europe and then in the United States.

Summarized income statement (IFRS standards, non audited)

In thousands of €uros	January – March 2007	April – June 2007	July – Sept. 2007	YTD Jan. – Sept. 2007	YTD Jan. – Sept. 2006 (1)	Variation
Software Sales	21,858	24,687	26,582	73,127	45,643	+60.2%
Sales of Services	1,872	1,939	2,540	6,351	5,385	+17.9%
Other sales	243	753	282	1,278	662	+93.1%
Consolidated revenue	23,973	27,379	29,404	80,756	51,690	+56.2%
Gross margin	14,067	15,173	15,871	45,111	34,306	+31.5%
% of revenue	58.7%	55.4%	54.0%	55.3%	66.4%	
Earnings before non-recurring items	-678	-1,222	66	-1,834	2,219	
% of revenue	-2.8%	-4.4%	0.2%	-2.2%	4.3%	
Non-recurring items (2)	-278	-1,497	-673	-2,448	-522	
EBIT	-956	-2,719	-607	-4,282	1,699	
Earnings before taxes	-913	-3,073	-1,147	-5,133	1,397	

(1) Data not directly comparable because of the change in scope: The January-September 2007 total includes eight months of activity for Nova Development and six months for the Emme Group.

(2) The non-recurring items are mainly composed of the costs associated with site closure and personal reduction

EBIT balanced in the third quarter of the 2007 calendar year

After two consecutive quarters posting negative operating income, as was expected, the Avanquest Group reached break-even during the last quarter. This performance was nonetheless lower than management's initial expectations by nearly €1.2 million, because of the very strong impact of the substandard OEM performance (described above), an activity in which the drop in revenue directly affects gross margin and hence EBIT.

However, the reduction in structural costs, associated with the downsizing of the teams implemented since April, and the good performance of the other divisions still made it possible to partially compensate for this shortfall.

For the nine months from January through September 2007, which only partially takes into account the activity of the acquired companies (eight months for Nova Development, six months for the EMME Group) and is therefore less representative of what the Avanquest Group is today, revenue was €80.8 million, up by 56% over the same period of 2006, and earnings before non-recurring items were -€1.8 million.

2007/2008 Outlook

As indicated in previous releases, most of the year's profitability will be realized in the second half (October 2007 - March 2008), particularly because of the strongly seasonal nature of the business during the end-of-year holiday period. The Avanquest Group is now poised to profit from the next two quarters, which are expected to be up sharply.

However, the lackluster performance of our leading OEM client (which will be only partly offset by the progressive ramping-up of new contracts) and the continuing fall of the dollar (the billing currency for nearly half the Group's revenue) will make it more difficult to reach the objective of earnings before non-recurring items of 8% to 10%.

Despite these two events, whose causes are external, and some delays in execution that made it impossible to compensate for their impact, the strategy of creating a leading software publisher commanding access to all sales channels has become a reality.

The Avanquest Group, which now benefits from a global organization that is optimized in terms of fixed costs, will now devote its investments to speeding up the development of its product offering and should therefore realize benefits in terms of growth and profitability in the coming months.

About Avanquest Software

Avanquest Software is one of the world's leading software publishers, marketing up to 1,500 software titles developed in-house or by developer partners via multiple sales channels on three continents – North America, Europe and Asia. Avanquest Software addresses the general public through its Retail, Online and Direct-to-Consumer channels; businesses through the Corporate channel; and key players in mobile telephony and IT through OEM (Original Equipment Manufacturers) licenses. With 650 employees and approximately 200 engineers in Research and Development distributed between France, China and the United States, the company is committed to constant innovation. The Group posted revenue of €74.3 million in 2006. Listed on Euronext (ISIN FR0004026714) since December 1996, Avanquest Software is part of Eurolist, SBF index 250, and belongs to the NextEconomy segment. For additional information: <http://www.avanquest.com>

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