



1st Quarter 2009/10 Earnings

Recovery confirmed starting from the first quarter
Return to profitability expected in the second half
Major product launches in the second quarter

Despite the still-difficult economic environment, Avanquest Software is confirming the recovery it expected in the first quarter of its 2009/10 financial year. The group is posting sales of €19.3 million for the period from April 1 through June 30. This figure is in line with the company management's anticipations: the resulting downward 16% compared to the same period of the previous year being related to the voluntary discontinuation of certain products and distribution channels – which were not remunerative enough - in favor of a narrower but more profitable line of products.

lowering of the break-even point by 20% compared to 2008/09.

The first quarter of 2009/10 FY, traditionally weak because of the seasonal nature of Avanquest business, is posting a negative EBIT (before expense associated with stock options, having no impact on cash) of €0.6 million, a loss reduced by half compared to the first quarter of 2008/09.

The indicators are progressively turning green

Progressively the key indicators are turning green again, with France and Germany back to breakeven after heavy losses in the previous two years.

Considering the seasonal nature of the business, the positive impact of the reorganization, and the new company objective targeting narrowed, but increasingly profitable consolidated sales, the management team is confirming its objective of a strong improvement in profitability beginning in September, and it is confident of its ability to re-establish a steady dynamic of rising results beginning in the 2009-10 financial year.

This rise will rely on the launches beginning in the second quarter of several innovative products, including the “Double Anti Spy” software in the United States, the first step in an ambitious strategy on the American market, which represents 44% of the company revenues.

In €M (April-June)	1Q 2009-10	1Q 2008-09	Var.
Consolidated sales	19.3	22.9	-16.0%
Gross margin	12.0	12.8	-6.7%
% of sales	62.2 %	56.0 %	
EBIT before costs related to stock options	-0.6	-1.3	
EBIT	-0.9	-1.6	
Earnings before taxes	-1.0	-1.9	

Margin increase and cost control

This decision to favor the profit margin, combined with the sharp reduction in overhead costs completed at the end of the previous year, is bearing fruit beginning in the first quarter with a very sharp rebound in the gross margin (+6 points) and costs kept under control, making possible a

Next financial com°	Half-Year Earnings	1 st Half 2009/10	November 12, 2009 (before SE)
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