



Annual Report 2003



Founders' Statement



20 years of passion, growth and innovation

The year 2003 was an outstanding year for the BVRP group. BVRP continued to confirm the value of the strategy it put in place during the 2001 financial year. Growth and profits were again the order of the day, and the pieces were put in place to create excellent development prospects for our mobility software, as well as our global software publishing network, Avanquest.

Therefore, it is with confidence and enthusiasm that we start 2004, a year which can already be called exceptional for BVRP since the Company is celebrating its 20th birthday. BVRP Software was founded in the month of May 1984, some 20 years ago now: 20 years during which the group did not interrupt its passionate development; 20 years of capitalizing on the extraordinary luck of being involved in real time in the booming growth of the personal computer and cellular industries, industries that were born with us in the 1980s.

What connection is there between the small French software publishing company we founded in 1984 and the BVRP Software of today, which has a presence on all continents and produces its software by the millions of units in 26 languages?

What connection can be made between the technology world such as it was in 1984 – an era when few people owned personal computers and mobile phone technology existed primarily in laboratories – and 2004, a year during which the number of people who own mobile phones worldwide exceeds 500 million?

For us, the link is obvious. By remaining committed to its values, BVRP Software has been able to evolve, while at the same time remaining one step ahead of the new needs of computer users. BVRP has been committed to Innovation, Change, Profitable Growth and Ethics throughout its existence, and will remain so for the next 20 years, and beyond.

► Innovation

No technology company can sustain its existence without anticipating changes in the needs of technology users, and changes in the capabilities of technologies, that are generated by technology's evolution. By offering solutions enabling communication with personal computers since 1986, and by imagining today, with new software products like Network Nomad, what the mobile user of tomorrow will be like, BVRP continues with its thrust to be a pioneer in the service of its customers.

► Change

For such a company, with an active presence in the high technology sector since its very beginnings, to be able to continue to grow and develop, it must evolve, anticipating change and adapting to an ever-changing environment. This is what BVRP has done for 20 years, and continues to do today with Avanquest, the first global software publishing network with a presence in Europe, the United States and Asia.

► Profitable growth

BVRP has enjoyed 18 years of profitability over its 20 years in existence, while multiplying its turnover 20-fold over the last decade. This year's results, you will see, are not an exception.

► Ethics

In an era when everyone is talking about the concept of sustainable development, it should be remembered that no performance can last without respect for each other: respecting the customer, of course, since this is the person who makes us exist, but also our shareholders who go hand in hand with our growth, our suppliers and partners, who are part of our team, and above all our 300 employees, present throughout the world, without whom we would never have been able to achieve such development. Respect for everyone in our business community remains our highest priority of all.

We are determined to continue applying and living by these values. For us, this is the best way to start the next 20 years, so as to create a new era of growth and development for the BVRP Software group!

Thank you for your trust in us.

Bruno Vanryb
Chairman & CEO

Roger Politis
Group General Manager

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Year 2003 Highlights

With a solid financial structure supporting it, the BVRP Software group is implementing a genuine growth strategy in 2004: development of the Avanquest publishing network and reinforcement of its R&D investment in mobility and wireless software.



1ST HALF-YEAR 2003

January

Corporate: Gilles Queru, entrepreneur and expert in the software world, became a member of the BVRP Group's Board of Directors.

BVRP Products: BVRP Software's Mobile PhoneTools® software saw its first successes. BVRP signed a partnership contract to deliver this software in association with the Compaq Multiport GPRS Module and with Mobicom to equip their GSM/GRPS cards.

Avanquest: AB Soft introduces version 5 of ACDSee™ in France, enabling digital photos and images to be managed faster than ever, and version 2 of ACD FotoSlate™, the ideal solution to optimize printing one's digital photos and images.

February

BVRP Products: BVRP Software's Mobile PhoneTools® software achieves distinction through the signing of a global agreement between BVRP and Motorola. Motorola chose BVRP Mobile PhoneTools® software to equip its entire new range of mobile phones.

Avanquest: In the United Kingdom, Ireland and in Scandinavia, Guildsoft publishes the whole range of V-Com best-seller software applications: Partition Commander, AutoSave, SystemSuite and other titles.



March

BVRP Products: At the CeBIT trade show in Hanover, Germany, BVRP unveils its new range of mobility products designed for mobile users: Mobile PhoneTools® 2, BVRP Connections Manager and Pocket PhoneTools 4.

In the same month, BVRP Software and Pretec Electronics conclude a license for Mobile PhoneTools® and Pocket PhoneTools® software to equip CompactGPRS™, the first GPRS/GSM card in the world using the Compact Flash format.

April

Corporate: BVRP Software is named "Gold Certified Partner" of Microsoft for the fourth consecutive year.

BVRP Products: LEGEND QDI, one of the first manufacturers of IT hardware in China, chooses BVRP Software's Classic PhoneTools® to equip its modems.

Avanquest: In France, AB Soft launches ISS' RealSecure Desktop Protection; a software solution for an intelligent firewall workstation.

May

Finance: The Group publishes its quarterly results. With consolidated turnover of €11.7m and operating profits of €0.6m, the good prospects predicted for the 2003 financial year are confirmed.

June

Strategy: BVRP Software unveils the development strategy and organisation for Avanquest Global Software Publishing, the first global software publishing network.

2ND HALF-YEAR 2003

July

Avanquest: Elibrium signs a partnership agreement with IncrediMail to put its dynamic multimedia e-mail software on the American retail market.

August

Corporate: BVRP receives the ANVAR award for the innovative nature of its R&D, notably in the domains of mobility and wireless. This certification enables BVRP to be eligible for the Innovation Venture Capital Fund (FCPI).

BVRP Products: BVRP Software announces the European launch of the eXPerT PDF range, a set of indispensable tools for converting and managing PDF files.

Avanquest: AB Soft releases Paint Shop™ Pro® 8, the new reference title for the digital photo and image software segment, and presents Paint Shop™ Photo Album 4™, the next-generation photo laboratory from publisher Jasc Software.

September

Finance: BVRP withdraws its subsidiary AB Soft from the stock exchange list, after a Public Buy-out Offer.

Corporate: BVRP increases its capital to pursue its development and its external growth operations, in accordance with its two-pronged strategy: reinforcement of R&D in the domains of mobility and wireless, and enlargement of its Avanquest network.

BVRP Products: BVRP releases version 2 of its famous BVRP DivX™ Video Duplicator, which continues to be wildly successful.

Avanquest: In the United Kingdom, Guildsoft releases the NetNanny software package which gives parental control over Internet exploring.



October

Finance: The Group publishes its half-year results for 2003. With turnover of €21.7m (+8.4%) and operating profits of €1.2m (+71.7%), BVRP records a very good first half. Activity in the United States represents 50% of consolidated sales.

Strategy: BVRP acquires MediaGold, a major player in software republishing in Germany and the United Kingdom, providing its global Avanquest network with a first class partner in Germany, and becoming the undisputed leader in software publishing in the United Kingdom.

BVRP Products: In the United States, BVRP launches Network Nomad™, a universal connection manager: from a cabled or wireless link, Network Nomad™ automatically detects all available network connections, configures the most suitable one and connects to it, wherever the user is.

Avanquest: Elibrium and CyberLink join up to deliver three new multimedia video software packages to the North American market.

November

Finance: BVRP publishes its results for the 3rd quarter of 2003. At the end of September, consolidated turnover for the 3 quarters reaches €33.2m, (21.1% growth vs. the previous year), and operating profits rise to €2.1m, or 6.5% of sales.

BVRP Products: BVRP launches the new version of PhoneTools®, PhoneTools eXPerT for fax and e-fax.

December

Finance: The group's annual results published in February 2004 confirm the trend observed since the beginning of the year. At the end of December, consolidated turnover reaches €48.6m, 29.1% growth compared to the same period in the previous year, and operating profits increase strongly by 140% compared to 2002.

Avanquest: The publisher Tenebril chooses Elibrium to distribute its GhostSurf software, which enables people to surf the Internet anonymously, in North America.



A Clear Strategy for Sustainable Growth

Avanquest: A Global Software Publishing Network

A Two-Pronged Strategy:



« Leading software developer for mobility and wireless»

« Global software publishing network»

BVRP Software has been a software developer since 1984 and today remains committed to being a leader in mobility and wireless related technologies. This ambition, which relies on a range of innovative software covering all mobile user needs, required a global publishing network capable of putting the group's software on the market across all channels, territories and languages.

This was the inspiration, in June 2003, for the launch of Avanquest Global Software Publishing, the first global software publishing network. With a presence on 5 continents, Avanquest offers all software publishers immediate access to the global market through an international publishing network, enabling them to quickly ensure, at the best cost, global presence when a new software package is brought to market.



«The current development of information technologies is leading to the design of an ever-increasing number of software applications. Publishers, however, are encountering difficulties in marketing their software, in their own markets but even more so on other continents. This is where Avanquest's interests lie: through a sole representative, Avanquest offers publishers an overall vision and a global network, supported by experienced and renowned local partners, for better market penetration.»



Andy Goldstein



Christina Seelye

Avanquest: a Unique Organisation, a Worldwide Network

The member companies of Avanquest, whether subsidiaries of the BVRP group or partners, are **software publishers** who have a tremendous amount of experience in their respective markets.

The purpose of the Avanquest network is to cover all territories where all distribution channels and market segments are present, from the consumer to companies and large groups, via e-commerce and corporate licensing.

- ▶ Avanquest has global coverage, with a strong local presence in markets covering almost 90% of the world's packaged software sales.
- ▶ Since the creation of Avanquest in June 2003 the network's partners have launched more than 120 software packages throughout the world.



Avanquest in the USA
Elibrium, a BVRP affiliate since 2002 based in San Mateo, California, represents Avanquest in the United States retail market. Since its first MySoftware title was put on the market, Elibrium has sold more than 20 million of its products through more than 10,000 retail outlets, including Wal-Mart, Staples, Office Depot, and others.



BVRP Software USA, based in Denver, Colorado since its founding in 1996, is responsible for selling the group's software in the American market via OEM and e-commerce.



Avanquest in France
Avanquest is represented in France and French-speaking countries by AB Soft, the French subsidiary of the BVRP group, acquired in May 2001. A leader in the French market, AB Soft localizes and markets a large range of software through a vast retail network: multi-specialists, mail order companies, second hand dealers, wholesalers, chains and e-commerce.



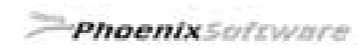
The company's headquarters are located in Levallois-Perret near Paris, and also house the **BVRP SA** teams, who are mainly responsible for OEM sales in Europe as well as global e-commerce sales outside of the United States and the United Kingdom.



Avanquest in Asia
P & A, a leader in the Asian market for 20 years, is Avanquest's Japanese partner, responsible for the localisation and retailing of Avanquest software there. Through its strategic agreement with P & A, Avanquest has opened up Asia, the world's 2nd largest software market.



Avanquest in Australia
A partner member of the Avanquest network and founded in 1986, Manacom is a major Australian software publisher and retailer, stocking both Australian and New-Zealand resellers with leading software titles.



Avanquest in South Africa
A partner member based in South Africa, Phoenix Software is the exclusive publisher and retailer of several best-selling software packages in the Sub-Saharan Africa region.



Avanquest in Germany
BVRP's 100% acquisition of MediaGold, a major player in software republishing based in Munich, Germany, greatly strengthened the group's position there. Through exclusive republishing agreements, MediaGold markets best-selling software to private individuals and professionals through a vast distribution network including multi-specialists, mail order companies, resellers, wholesalers, chains and e-commerce.



Avanquest in the UK
The acquisition of MediaGold in October 2003 made the Avanquest network the uncontested leader in the United Kingdom through its three entities: Guildsoft, Kommunicate and Mediagold. Guildsoft, acquired in September 2001, is responsible for the sale of software to private users and small and medium enterprises (SMEs) through IT resellers and wholesalers. Kommunicate, 100% owned by the group since December 1998, deals primarily with major corporate customers and complements BVRP Software's offering for SMEs. The English division of MediaGold, acquired in October 2003, ideally complements the group's presence in the United Kingdom by bringing a range of complementary productivity and office software for both private individuals and professionals.

Avanquest in Spain
Taking advantage of agreements between MediaGold and its local representative in Spain, the Avanquest network is now effectively represented in this significant Western European market, where developing a presence had been a top objective for the group.

Avanquest: the Group's Vision



Research & Development BVRP: 20 years' experience in Innovation

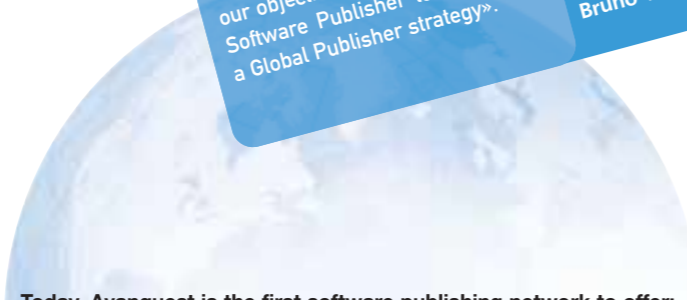


► The Group's vision: to become the first software publisher to implement a Global Publisher strategy

Mission: To offer BVRP group and publishing partner software through a strong presence in all continents. For the first time, the whole world's software developers have a single unique source for localizing, packaging, promoting, selling and supporting their products in North America, Europe, Australia, South Africa and Asia.

Synergies: Synergies between BVRP's development efforts and its publishing arm provide a key competitive advantage: BVRP and Avanquest software titles benefit from established development, global marketing and sales capabilities.

A winning situation for everyone: The very high cost of introducing new software on the global market prevents the majority of software publishers from launching new products in a complete and thorough way. By opening up its own network, created to globally market its software, to other publishers, the BVRP group enables them to sell their products throughout the world, under their own brand name or under the BVRP brand name. The Avanquest network, which offers access to global distribution with highly experienced and well-known local partners, also constitutes an asset for the BVRP group in its search for innovative software that deserves to be retailed on a global scale.



Today, Avanquest is the first software publishing network to offer:

- A presence on five continents
- Strong marketing power through all channels (OEM, Corporate, Retail, e-commerce)
- Technological know-how and R&D teams to adapt internally and externally developed software to each market.

The Avanquest development model is an opportunity for self-sustaining growth for the BVRP Software Group:

Avanquest on the Internet: BVRP Software's experience in e-commerce is a major advantage for Avanquest's development. In fact, through its e-commerce platform, the group offers global electronic distribution of publisher partner software.

E-commerce business activity grew by 12.5% in 2003. 50% of its turnover was achieved in Europe and 50% in the United States. Out of BVRP Software's 12 websites, nine are dedicated to selling software, both by shipping and download. E-commerce activity is sustained by the boom in broadband connections and strong growth in demand driven by consumers who clearly see the numerous advantages that buying on-line offers.

Avanquest, a software retailing powerhouse: ACDSsee®, Floorplan, Ghostsurf, Monarch, Musicmatch®, PaintShop Pro®, PowerDVD®, Power Translator, RightFax, V-Com and Winzip® are some examples of the best-selling third-party software titles marketed by the Avanquest network.

«With Avanquest's strong brand representing a major new axis of strategic development for the BVRP Software group, we are achieving our objective of becoming the first Software Publisher to implement a Global Publisher strategy».



Bruno Vanryb

«This year, BVRP is celebrating its twentieth birthday. For a person, twenty years is the start of life: everything is possible and there is still so much to discover. But for a company, and especially one in the technology sector, it means the full strength of age: the difficulties of youth and growth belong to the past: successfully overcome, they have made us wiser and stronger».



Roger Politis

BVRP's main asset, what has enabled it to ensure a continuity of knowledge and know-how while making rapid technological advancements, is its employees. Many of the Company's engineers have been with BVRP almost since its inception, preserving its technological leadership abilities while training and developing the new employees it has added through the years.

Their contribution has been the decisive factor in our continuing ability **to invent, innovate and create, on a daily basis**, in mobile telephony, wireless networks and mobility applications. This has enabled us today to be one of **the leading players in our sector**, and a leader in innovation and creativity. BVRP's products today cover almost all mobile phone users' communication and connectivity needs.

It is therefore above all to these people, all those who were involved and who are still involved in the BVRP story, that we would first like to dedicate this twentieth birthday. Without them, we would not be who we are today. And we are counting on our people for the next twenty years of BVRP!

Exclusive republishing agreements for all or part of the territories

Market launch of new software along with the BVRP range



Appeal to best-seller or future best-seller software publishers

Enhanced credibility and resources



Five Types of Software in one coherent range

The range of software developed by the BVRP Software group is based around five main themes: communication, troubleshooting, mobility, multimedia and productivity.

Internally designed and developed by teams of engineers at BVRP Software and its subsidiaries, these software packages are designed to improve users' productivity and serve as the reference in their category by covering all the needs their users might ever have.

► Communicate: Simplicity and ease-of-use

In 1995, BVRP Software released PhoneTools®. Now released as Classic PhoneTools®, to the global market, this communications best-seller has changed the habits of more than 50 million users. Professional and personal users have been able to dispense with much of the equipment "cluttering" their offices and restricting their movements. The PhoneTools®, range transforms a personal computer, linked to a modem, into a fully-fledged communications tool: fax, telephone, answering machine, video-conferencing, e-mail and more are combined in a single package.

Translated into more than 26 languages, this range responds to the demands of professionals with versions dedicated to faxing and e-fax – FaxTools®, and FaxTools®, eXPert – and a complete communications suite – PhoneTools®, eXPert.

► Troubleshooting: Saving time, saving money

Today's paradox is that technology is becoming increasingly complicated, yet is being used by a growing number of novice users. Hardware manufacturers are forced to invest in costly support services that do not always satisfy the most pressing needs of consumers. To respond to this very real need, BVRP Software is developing exciting new offerings for both manufacturers and end-users. Modem Medic® and Modem Xpert® are troubleshooting and auto-repair tools for modems. LAN Wizard® is a tool dedicated to troubleshooting both wireless and fixed network configurations. For manufacturers, these tools result in less need for technical support, fewer unnecessary hardware returns and, therefore, greater satisfaction for both manufacturers and end-users.

► Being mobile: The freedom of movement, the ability to be everywhere at once

Recording the strongest increase in three years, the global mobile phone market at the end of 2003 had more than 500 million users. Responding to the trend toward a new generation of phones and personal digital assistants, BVRP Software offers a range of tools, giving anyone who is often on the go a truly mobile office.

Mobile PhoneTools®, the mobile communications solution for the PC, provides the entire range of communications tools that end users regularly use at the office. It is the ideal solution for all mobile users, useful for business and personal communications needs. Recipient of an innovation award at the 2004 CES trade fair in Las Vegas, Mobile PhoneTools® has been updated and now helps users take advantage of the multimedia capacities of their mobile phones.



BVRP Software - Software products



The "Multimedia Studio" module, an integral part of Mobile PhoneTools®, is adapted to the constraints of the main mobile phone manufacturers (Motorola, Nokia, Siemens, Sony Ericsson, etc.) and allows the user to create their own melodies, edit digital photos and publish slide shows.

Pocket PhoneTools®, is specifically designed for users of Pocket PC PDAs. With Pocket Theme Manager, users are able to fully customise their PDA, while the GPRS Manager means a click is all it takes to connect to the GPRS network and obtain a high-speed email connection.

Network Nomad™ is the ideal connectivity tool for mobile users who have to have secure access to their company's network and the internet, without any set-up, wherever they may be.

► Entering the multimedia age

With DVD readers/re-writers, digital cameras, digital videos and MP3 players, computers are now real multimedia machines and have become a true "home video" tool. Having mastered the latest video compression technologies (DivX™, MPEG4, Flash™) and audio compression technologies (MP3, etc.), BVRP Software has designed a range of accessible tools to create, read and distribute new content using all available devices: PCs, DVD players, mobile telephones, and PDAs.

Hailed by many in the media as one of the best of its generation, BVRP DivX™ Video Duplicator 2 allows users to copy their own DVDs and videos in one click. With set up, compression and writing functions, DivX™ Video Duplicator 2 provides an extremely effective, user-friendly application.

► Becoming more productive: Efficiency and performance

The American subsidiary of the BVRP group, Elibrium, brings a strong presence in the American retail market, with more than 10,000 retail outlets. Elibrium develops and publishes the MySoftware product line, which makes the daily lives of millions of personal and business users easier than ever with its diverse range of software, which includes MyMailList, MyDatabase, and MyInvoices, among others.

"To view and download BVRP Software group products, please visit www.bvrp.com"





David Wright

«BVRP Software is dedicated to giving its OEM partners the best. Through our software, we provide unbeatable added-value and cost-effective solutions, thus making our partners' products stand out above the rest while being very competitive».



A major part of BVRP Software's business derives from selling OEM software to hardware manufacturers who want to integrate software into their products to improve functionality. A very large part of the 50 million BVRP software products sold to date have been put on the market by our modem, personal computer and mobile phone manufacturing partners.



► BVRP OEM Software (Original Equipment Manufacturing)

2003 proved to be a year of increased sales in every category for the OEM Division of BVRP.

Communications: Classic PhoneTools and FaxTools were sold by the millions to PC, modem and printer manufacturers. In this segment, Eastern Europe and Asia saw increased sales, while the well-developed markets of Western Europe and the United States were stable.

Diagnostic: Troubleshooting and auto-repair solutions sales were also up on the previous year. The development of this software helps our OEM partners, such as PC and modem manufacturers, reduce their maintenance and support costs. These products include Modem Helper, Modem on hold and Modem Xpert®.

Cellular: This market was very active, with a huge increase in sales of Mobile PhoneTools® to mobile phone manufacturers and the start of sales of Phone Swap and Internet Connections Manager to cellular phone operators. Toward the end of the year a significant increase in demand for software for cellular devices such as PC cards and CompactFlash cards was witnessed, which is expected to continue in 2004.

Mobile PhoneTools® shipped for the first time ever to Malaysia, Thailand and Singapore, and, perhaps most significantly, there was an important increase in sales of both simplified and traditional Chinese versions.



BVRP Software: OEM Activities



Microsoft GOLD CERTIFIED Partner



► Our success is based upon seven distinctive characteristics:

- 1. **Innovation:** Thanks to our in-house team of expert engineers, we ensure that the latest technological advances are integrated into our software, and that this is achieved in minimum time.
- 2. **Quality:** We deliver the solutions best-adapted to our OEM partner's hardware and services while satisfying their customer's needs with solutions that they can rely on.
- 3. **Look and Feel:** First impressions and usability are extremely important; BVRP is very proud of its ability to make products that are attractive and easy to use, yet also technologically advanced and full-featured. At the same time, the Company adapts its products by including partners' logos and trademarks and by fully integrating its technology with their solutions.
- 4. **Modularity:** All of BVRP's OEM software products are designed to be modular for flexibility; partners can choose 'à la carte' from the many existing software features developed by BVRP and receive a fully customized solution that matches their marketing and technical requirements very cost effectively.
- 5. **Responsiveness:** All partners have a single technical and business contact that can assist them when and where needed. Behind BVRP's many technical engineers exists a development team of over 50 specialized engineers, 20 quality control engineers and numerous localization personnel, ready to meet partners' demands.
- 6. **Localization:** BVRP localizes its software into the languages that are required for partners' products to meet their market requirements and be successful.
- 7. **International presence:** The group's OEM products are distributed in more than 100 countries across five continents. The BVRP group's worldwide OEM division, based in Denver, Colorado in the United States, is expanding its sales network beyond the U.S., into France, Italy, Japan, Taiwan and Australia.

► BVRP Software's OEM Partners

The quality and universal appeal of BVRP's products has brought it together with major brands from many different industries: PC, PDA, cellular phone, modem, printer and IT accessory manufacturers have all bundled BVRP's OEM offerings. Some of BVRP's partners in the OEM space include:

Amigo, Askey, Bewan, Bouygues, Billionton, British Telecom, Com1, Conexant, Creatix, Dell Computer, EADS, Falcom, France Telecom, Hayes, Hewlett Packard, Intel, Lexmark, Motorola PCS, Motorola iDEN, Motorola SPS, Mitsubishi, NEC, Novatel Wireless, Optimus, Packard Bell, Philips, Pretec, Sagem, Siemens, Sonic Blue, US Robotics, Xircom, Zcom and Zoom.

► New wireless solutions for 2004

The convergence of cellular and Wi-Fi technology will bring forth new challenges, both on a technical and a usability level. BVRP's R&D team has been working hard for over a year preparing a new product that is designed for this emerging new market. The product, called Network Nomad®, is the first universal network connectivity manager in the world. It will automatically locate, configure and connect to all networks via any wired or wireless connection, assuring those on the move that they can always get connected.

► Some Awards...

The year 2003 was particularly rich in terms of recognition. Other than numerous commercial successes, BVRP was given the ANVAR award for the innovative nature of its R&D, notably in the domains of mobility and wireless. The group was named a Gold Partner of Microsoft for the fourth consecutive year, and finally, two of its products were hailed as being the best in their categories: Pocket PhoneTools® was recognized by the independent professional experts of Pocket PC Magazine, and Mobile PhoneTools®, an integral part of the latest generation of Motorola mobile phones, was awarded the prize for innovation at the CES Global Conference which took place in November 2003 in Las Vegas.

An Organisation that is Celebrating its Twentieth Birthday



Bruno Vanryb
Founder & Chief Executive Officer



Roger Politis
Founder & Group General Manager in charge of R&D



Thierry Bonnefoi
Chief Financial Officer



Bob Lang
President of BVRP USA and Business Development Director



David Wright
Executive Vice president OEM Division Director



Christina Seelye
CEO Avanquest USA



Andy Goldstein
CEO Avanquest Deutschland



Chris Thompson
CEO Avanquest UK



Jo Wood
Assistant Manager Avanquest UK



Fabrice Le Camus
General Manager of Avanquest France



Avanquest UK



BVRP USA Headquarters



Avanquest France teammates



Avanquest USA teammates



2 founders in 1984, 282 employees in 2003

BVRP Software is made up of men and women who, for almost 20 years for some and a few months for others, accept new challenges every day. Since its creation in 1984, BVRP has stayed on course, irrespective of changes in the economic climate, and has stuck to its principles: transparency, team spirit and respect.

- ▶ **Transparency:** Thanks to a well-oiled communication machine, all employees in all around the world are kept up to date with group activities and achievements in real time. There is an ongoing dialogue between management and teams, within the group as well as its subsidiaries: Managers are always there to listen and open to any discussion.
- ▶ **Team spirit:** In BVRP, there is no time for overly-elaborate decision-making processes which would paralyse the company. The group is built on a compact hierarchical structure and services organized around key skills. What defines the men and women of BVRP the most? Team spirit, professionalism and, above all, a constant will to improve and go forward.
- ▶ **Respect:** BVRP is a group where the human being occupies a key position. Our aim is that each employee feels part of the group as our success naturally depends on everyone's personal development. Because talent is precious and energy valuable, it is vital that we listen to our employees' views and constantly strive for improvement. The group's Human Resources policy is clearly based on the confidence and respect of the Company toward the women and men who make BVRP Software what it is.

1984-2004: BVRP is celebrating its 20th Birthday!



What do the two founders, Bruno Vanryb and Roger Politis, think?

► How do you go from being a company founded by 2 friends to managing a group of nearly 300 employees?

Bruno Vanryb: You have to learn a new job, people management, and as with all jobs, it takes time to learn. Then, Roger and I instinctively felt we needed to delegate – although that doesn't mean we don't manage and control what's going on.

Roger Politis: We also succeeded in surrounding ourselves with quality employees, successfully maintaining a balance within the teams, between those who are the "memory of the company", who accumulate experience and train the new arrivals, and those who bring "new blood" to evolve and innovate.

► In your opinion, what are BVRP's successes and the greatest development stages after 20 years of existence?

Bruno Vanryb: Since 1986 we have been creating communications software that millions of people use, which is hugely satisfying. We launched ourselves into conquering the American market in 1989, but it was really in 1992, with the boom in our OEM sales throughout the world, that BVRP really took off. This is also what enabled us to offer shares in BVRP on the Nouveau Marché of the Paris Stock Exchange in 1996. Today, the creation of Avanquest, the first global software publishing network, clearly constitutes a key future development step for BVRP.

Roger Politis: I am also happy that we have left an imprint on the French IT landscape. I get a certain amount of pride out of that.

► How has BVRP been able to survive 20 years in the computer world?

B.V.: A company which survives 20 years is nothing like the small SME on the 1st day. The organisation and methods are completely different. Having said that, BVRP has been able to preserve the same values it had when it was created, throughout its evolution: A love of innovation, mental openness to change, respect of men and women and a strong sense of business ethics.

R.P.: Innovation is not just seen in our products, but for us it is a company approach to "think out of the box" and explore all angles, even the most unlikely ones.

► To succeed and endure, do you have to preserve the same "line of conduct"?

B.V.: Certainly! What makes an entrepreneur successful is more than anything his persistence. I am convinced that we have to judge an idea, a project or a relationship in the long-term. BVRP was created to design and publish software that we would like to use ourselves. It is inevitable that over the years we have been confronted with difficulties in staying on this course, difficulties that made us constantly question ourselves. You therefore have to integrate time as an essential part of developing a group and not let yourself be deviated from your first objective.

R.P.: In fact, we have preserved a prudent, as well as creative, approach. We are not afraid of shaking everything up in order to progress and, at the same time, we progress prudently. It is a wise dosage: prudent management linked with creativity and innovation.



BVRP in its early stages

► How would you define your entrepreneurial spirit?

Bruno Vanryb and Roger Politis: What distinguishes our approach is having an on-going dual vision: a strategy over the long-term, which is always very creative, along with short term tactics which may be opportunist in the sense of "seizing opportunities."

► Do your similarities and differences help you in managing BVRP?

B.V.: Absolutely. We are perfectly and completely complementary to each other. Our ways of proceeding are different but we agree on what matters and we share the same company vision. Neither Roger nor I are exceptional. It is the duo we form that is exceptional.

R.P.: We are driven by reciprocal intellectual honesty. We confront our points of view and if they are different, we attempt to convince each other with arguments. We never make any decision without a consensus. Often, we have the same opinion, even though it's not always for the same reasons.

► What advice would you give to a future head of a company?

R.P.: Just one piece of advice: be very modest in your approach, stop thinking you know everything, think creatively, look at a problem from all angles and never conventionally. You have to work on the assumption that you know less than you think you know.

B.V.: Do things with passion; do them for the right reasons and not for the wrong reasons. To succeed, you must have total belief in a business, in a market, in products, in your abilities to build something before thinking about your personal future.

► What hopes do you have for BVRP in the next 20 years?

Bruno Vanryb and Roger Politis: Our greatest hope: that the project survives its founders; that the company takes off and becomes an uncontested global leader!

Sustainable development and corporate governance



Bertrand Michels



Gilles Queru



Jean-Claude Vrignaud

As with any software publisher, BVRP Software's activity as such has no measurable impact on the environment. However, the question of sustainable development, as it stands today, is far from simply an ecological approach: **it is becoming one of the key factors in the running of a modern business, for which growth must mean progress, not only in the economic sector but also in other sectors.**

We understand that no company can be viable in the long term if it does not have a balanced economic and social structure that takes its environment into account. Therefore, from the outset BVRP has endeavoured to listen to its users to ensure it assumes its responsibility towards all of its stakeholders, be they stockholders, customers, suppliers or employees.

Hence the Company's drive for sustainable development, grounded in two key factors: **respect for stakeholders and transparent communication.**

► Relationship with stockholders

A public company since 1996, BVRP has voluntarily implemented a policy of constant information and permanent dialogue with its 10,000 stockholders:

- All financial updates, annual reports and main product press releases are automatically sent to those holding more than 400 shares.
- Financial analyst companies, the press, financial sites and investment funds receive company press releases by e-mail or fax.
- The company runs a 100% bilingual communication system, updated in real time on the group's websites, which contain all published information.
- BVRP regularly takes part in most events enabling direct contact with individual stockholders, analysts and fund managers.
- Business updates are an essential part of all general meetings and analysis reviews, held at least twice a year.
- The company answers all requests for information from stockholders, irrespective of the number of shares they hold.

By entering the **Euronext Next Economy** business segment, group management also commits the company to further transparency, publishing quarterly results and applying International Accounting Standards.

► Corporate Governance

The Board of Directors includes BVRP Software's two founders, and other directors in charge of Strategy, R&D, Human Resources, and finance. This collegial management ensures important decisions always take into account strategic, technical, human and financial factors. A broader Executive Committee, which also includes the general managers of subsidiaries in Germany, the UK, the US and France, meets on a regular basis. **A real decision-making body, the Executive Committee** is also a think-tank for sharing and analyzing strategic information before **collectively determining how the company will move ahead.**





Avanquest Deutschland Teammates



Jean-François Dufrasne, EURIDI



Olivier Hua, TURENNE

On the other hand, the **BVRP Board of Directors** includes a **high proportion of non-executive members**: Gilles Quéru, founder and CEO of Invigo, and Jean-Claude Vrignaud, President of Acoma Consulting Inc. will complement AB Soft founder Bertrand Michel in representing the industry world. Turenne Capital Partners and Euridi have also joined the group's Board of Directors as a consequence of the increase in capital that took place in September 2003. They represent the financial world at the Board.

The BVRP Software Board of Directors **mirrors the group's determination to grow in the USA**: in addition to Bob Lang, President of BVRP USA, Christina Seelye, CEO of Elibrium, and Andy Goldstein, founder of MediaGold, all of whom are American, Gilles Quéru and Jean-Claude Vrignaud also bring extensive experience in the American market, having worked there for all or part of their careers. Members of the Board of Directors have access to the same information as Group Executives, and a **Compensation Committee** has been put in place in 2002. They are consulted on a regular basis, each time important decisions need to be taken in real time.

► **Relationship with employees**

The founders have always tried to make **BVRP Software** a company that is "good to work for" by creating a pleasant, secure environment, independent of the economic climate or the need to remain constantly competitive.

For this reason, **dialogue** and **communication** are always a priority. BVRP Software has never had any major disputes with employees since its creation in 1984.

A number of practices and tools have been put in place during the Company's 20 years to promote internal communication, improve the working environment and foster career management:

- The BVRP Intranet is available to all and provides a source of company data, including press releases, financial data, corporate information and internal events.
- In addition to a permanent dialogue with employee representatives, the company has set up an impressive social welfare system, implemented the 35-hour working week in France since 2000, and organised regular sport events, tourism and parties through its works committee.
- Each salaried employee is free to meet with group executives on request and takes part in an annual, clearly structured, career development interview to promote constructive and objective communication.



Geert Meulenbelt
OEM Sales Director

"I am always attentive and listen to the technical evolution demands of our partner customers. These are the people that push us in the right direction!"

► Employee stock ownership was first implemented in 1996 when the Company went public, through a series of options schemes designed to allow a large number of employees to hold a stake in the company.

► **Supplier management**

Any company that wants to maintain margins and create value for stockholders through profits must purchase at the best possible price and obtain optimal payment terms.

To do so, we have developed long-term qualitative relationships with a wide range of service providers, based on a number of rules:

- Any investment involving an amount that exceeds a given threshold must be subject to a request to tender that gives all service providers access to the same level of information.
- On a comparable basis, preference is given to service providers that have already worked with the group to help foster long-term partnerships.
- We always seek agreement over terms of payment.

► **Relationship with customers**

Our long-term relationships with customers and partners have allowed us to develop and market software packages that become best-sellers in their market, while staying abreast of the major technological changes of the last twenty years.

This **quality relationship** can only be set up through a process that **combines sustainability, awareness and respect**:

- We constantly strive to update our product offering to reflect new technological developments and avoid any usability problems on release of new versions. For example, this includes upward compatibility of different software versions and ensuring smooth operation with later versions of Windows.
- BVRP draws on the quality of its technical support service, which deals with 85% of customer requests satisfactorily the first time they call, responds to emails within 24 hours, and systematically logs user upgrade and improvement requests.
- Products under guarantee will be exchanged or refunded if any related issues cannot be resolved to the customer's satisfaction.

BVRP group software solutions are primarily designed and conceived to meet customer requirements. Our development model is based on upgrade requests sent to the technical support service and the results of regular user/distributor satisfaction surveys.

BVRP Software is a company founded on responsibility and ethics. This social responsibility permeates all fields of company life: Human Resources, Customer Relations, Supplier Relations, Corporate Governance and all aspects of our Civil Partnership. It is daily awareness of these priorities that is the basis of our sustainable development.



An Excellent Year 2003

After a year 2001 which was devoted to implementing a new strategy to cope with a particularly difficult economic environment, the financial year 2002 went very well, enabling the company to restore its profitability with net profits exceeding 5 million Euros. The excellent results in the year 2003 confirmed the BVRP group's return to profitable growth, which achieved or exceeded all its turnover and profitability objectives, showing the validity of the new strategy that was put in place three years ago.

► Increase in turnover

Consolidated turnover increased from €37.6m to €48.6m, an increase of 29% in actual data, and 5% in pro-forma data (with constant exchange rates and scope). In accordance with the group's will to refocus on its core business, the Software activity today represents 77% of the turnover (57% growth compared to 2002), with the strongest increase coming from the retail activity - a logical consequence of the Avanquest global software publishing network.

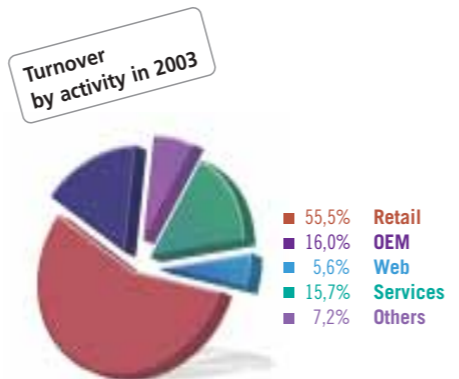
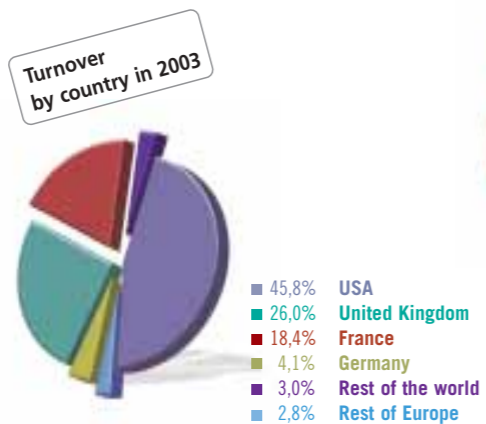
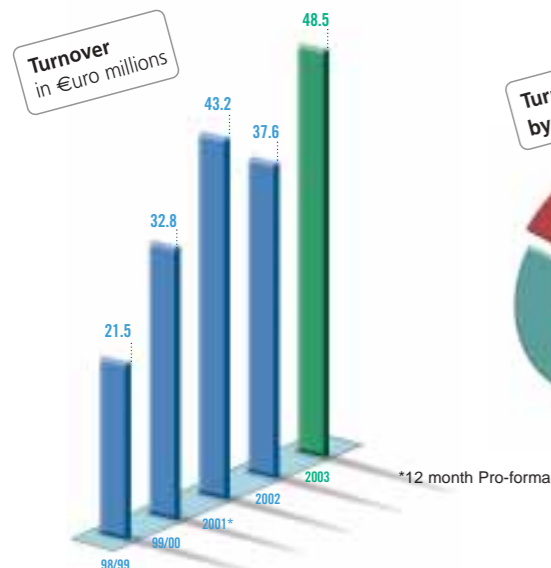
Noteworthy performance, all countries in which BVRP is present contributed to this growth.

► As in previous financial years, activity was excellent in the United States both in OEM with the sustained increase in diagnostic software sales, and in retail with the growth of Elibrium.

► After two years of quasi-stability, France saw a sustained uptake in activity from the fourth quarter on, which confirms a trend that began in the month of August 2003.

► The UK grew both in services and in the "retail" activity.

The contribution from newly acquired companies (Elibrium in the USA at the end of 2002, and Mediagold in the UK and Germany during 2003) was immediately significant, with profits that were more than or equal to forecasts, and the very quick synergies that were built between all the group's subsidiaries.

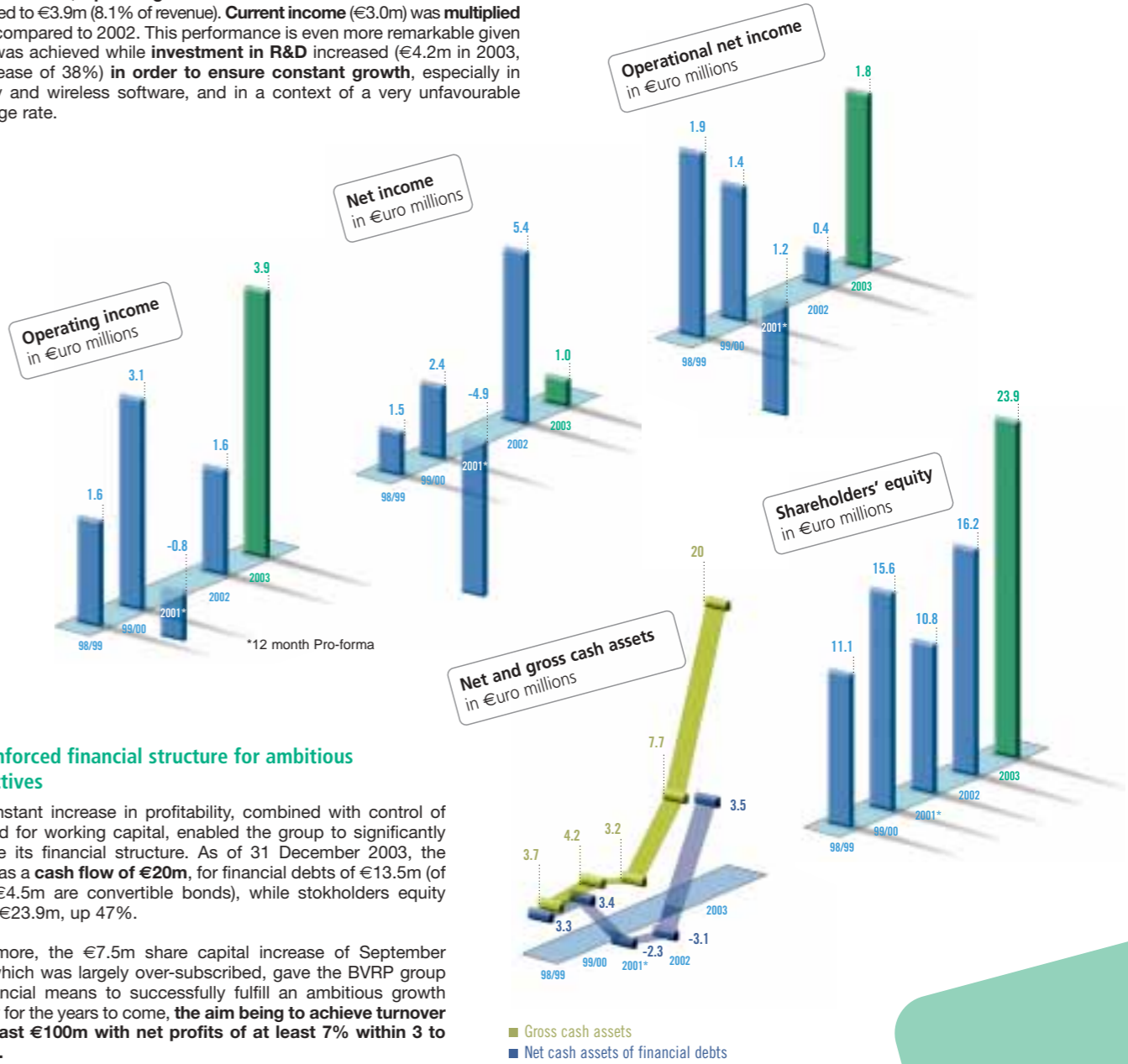


Turnover: €48.6 M Operating profit: €3.9 M (+145%) Net income: €1.0 M

► Continued increase in profitability

Growth in activity combined with a permanent focus on cost optimization, has enabled the BVRP group to record increases in its operating profits quarter after quarter. Profits increased from 4.3% for the year 2002 to more than 12% in the last quarter of 2003.

Over 12 months, operating income showed an increase of 145% and amounted to €3.9m (8.1% of revenue). Current income (€3.0m) was multiplied by 4.5 compared to 2002. This performance is even more remarkable given that it was achieved while investment in R&D increased (€4.2m in 2003, an increase of 38%) in order to ensure constant growth, especially in mobility and wireless software, and in a context of a very unfavourable exchange rate.



► A reinforced financial structure for ambitious objectives

The constant increase in profitability, combined with control of the need for working capital, enabled the group to significantly reinforce its financial structure. As of 31 December 2003, the group has a cash flow of €20m, for financial debts of €13.5m (of which €4.5m are convertible bonds), while stockholders equity rose to €23.9m, up 47%.

Furthermore, the €7.5m share capital increase of September 2003, which was largely over-subscribed, gave the BVRP group the financial means to successfully fulfill an ambitious growth strategy for the years to come, the aim being to achieve turnover of at least €100m with net profits of at least 7% within 3 to 5 years.

In fact, the dollar, the invoicing currency for almost 50% of consolidated turnover, saw a significant decline throughout the financial year which could only be partially hedged by a prudent exchange rate hedging policy.

As the Company recorded exceptionally strong capital gains during financial year 2002, when the Services activity was sold in France, net profits for 2003 logically show a decline of €1m compared to the €5.4m recorded in 2002.

This is not the case with net profits before goodwill amortization and exceptional items, which amounted to €1.8m (i.e. 3.7% of turnover), up by 322% compared to 2002. This constitutes a return to achievements comparable to those of 1999 and 2000, two financial years which were characterized by strong economic growth.



BVRP Group on the Stock Market



► Excellent Stock Market performance in 2003

Once again this year, BVRP's shares largely outperformed the main indices for technology stocks, with growth of 55% over the financial year. This growth was particularly strong in the last quarter, with the share price increasing by more than 40% in three months to reach €11.97 (the highest price since July 2001) before falling back to around €10. Daily traded volumes increased by 35% compared to the year 2002.

Recognised as one of the best stocks on the Nouveau Marché for six years, BVRP recorded the 10th best performance since IPO in 1996 of this market segment, and remains one of just a few companies whose stock remains above their IPO price, despite the stock market crisis in 2001/2002, which particularly affected technology stocks.

Two important market transactions took place in 2003:

- First of all, BVRP removed its subsidiary AB Soft from the stock exchange listing after a public buy-out offer followed by compulsory withdrawal (OPRO). AB Soft, a company that had been quoted on the Nouveau Marché since 1997, was more than 95% owned by BVRP following the successful tender offer of May 2001 and further purchases on the market. Through this operation, BVRP wanted to withdraw a company whose traded volumes were too low to ensure satisfying liquidity to the AB Soft shareholders and to eliminate the very heavy fees incurred by a stock market listing.
- In the month of September 2003, BVRP increased capital by €7.59m. This capital increase, with the company shareholders having a priority right was largely over-subscribed. It aimed at giving BVRP the financial means to pursue its development and external growth programme.

BVRP Software, which has always favoured the quality and transparency of information given to the market, entered the NextEconomy segment when it was created in 2002. Since 2003, our Company has fulfilled all the requirements from Euronext. In the current market context, membership in the NextEconomy or NextPrime segments seems to us to be a gauge of the seriousness and reliability of the company and an important vehicle for a return to confidence for investors and shareholders.

► Strengthened shareholding structure

The share capital increase of September 2003 also enabled BVRP's shareholder structure to be significantly reinforced, thanks to the investment by five investment funds, managed by Turenne Capital Partners and Euridi, which took a 20.3% share. These funds have signed a shareholder agreement with the company's management, thus showing their support for the company's strategy and their desire to invest in the long term.

The ANVAR certification, obtained by BVRP in recognition of the innovative nature of its products, has enabled the company to be eligible for the Innovation Venture Capital Fund (FCPI). This has contributed to the reinforcement of the weight of investment funds in BVRP's capital, observed in 2003. Hence, about 300 funds, including Fidelity Investment, who has been present since BVRP was listed on the stock exchange in 1996, own 57% of BVRP's capital (compared to 40% at the end of 2002).

Today, BVRP has 10,000 shareholders (*source: Sicovam December 2003*).

Share capital as of 12.31.03

	Number of Shares	%
Roger Politis	151,753	3.2%
Bruno Vanryb	102,733	2.2%
Bertrand Michels	100,984	2.1%
Funds managed by Turenne CP	556,550	11.8%
Funds managed by Euridi	400,000	8.5%
Fidelity*	376,603	8.0%
Afer Flore*	172,112	3.6%
Others	2,857,570	60.6%
TOTAL	4,718,305	100.0%

* Estimation

