



Avanquest Software Posts Double-Digit Financial Gains for 1H 2005

Turnover for the first half of 2005: +20%
Operating Income: +40%

Levallois-Perret, July 26, 2005

Avanquest Software today announced that it posted an excellent performance for the first half of 2005, with **turnover** increasing more than 20% to **32.9 M €**. At constant perimeter and exchange rate, the increase amounts to 9.5%.

In thousands of euros	January – June 2005	January – June 2004	Variation 2005 vs 2004	January – June 2004 Proforma	Variation 2005 vs proforma
Software	28.688	21.813	+31,5%	24.586	+16,7%
Services	3.273	4.355	-24,8%	4.310	-24,1%
Other	929	1.182	-21,4%	1.138	-18,4%
Total	32.890	27.351	+20,3%	30.034	+9,5%

Note: The proforma data is shown at constant foreign exchange rate and constant perimeter. It includes the turnover for V Communications, a company acquired in February 2005.

As in the first quarter of 2005, growth was driven by the Software division which experienced a 31.5% increase in turnover. This was a direct result of the successful OEM division and the strengthening of the Retail, Corporate and Web divisions.

OEM sales profited from numerous agreements that were signed in 2004 and 2005, posting a new quarterly record for April - June with 4.2M € in sales, and a total of 8.0M € for the half-year. Sales have grown by nearly 40% as compared to the first half of 2004, due to the mobile PhoneTools software that has proven to be the best-selling product of its kind.

Sales on the Retail/Corporate channel could improve by more than 20% (+10% in Proforma data) to 18.4M €, benefiting from the new versions of Utility software that were released under the VCom Fix-it and System Suite brands, and from excellent performance from the Productivity division with the MySoftware line in the U.S., as well as impressive sales figures in both Germany and Spain.

Only the Retail markets in France and England showed signs of decrease over the second quarter, however the release of numerous new software titles scheduled for the end of the second quarter or anticipated for the third quarter should cause growth in sales in all territories during the second half of 2005. Along with the recent worldwide release of the new Connection Manager and Mobile Media Studio software packages from Avanquest's "Mobility" division, VCom's Utility line of software is planned for release throughout all of Europe, as well as new versions of Avanquest Publishing software such as the best-selling Power DVD and Power Translator.

Today, web sales account for 8% of software sales (as opposed to 4% last year), mostly due to the integration of VCom at the beginning of the year, and a corporate re-organization designed to optimize the potential of this sales channel. This percentage should significantly increase over the course of the second half-year, following the recent launch of the Avanquest Online Internet store in numerous countries, and the imminent worldwide launch of download stores called Bluesquad – a result of the recently acquired German company called Magnaways.

Since the Group is focusing mainly on developing their core activity – software publishing – the Services division represents only about 10% of the consolidated turnover.

This excellent first half-year has enabled Avanquest Software to post an operating income in IFRS standards that is estimated at **4.2M €**, nearly **13% of turnover**, well within the upper range of annual projections, and representing an **increase of 40%** in relation to the previous financial year (figures not audited).

In relation to the 2005 financial year, the Group anticipates a third quarter that is traditionally not quite as successful since it spans over the summer months. It should be followed by a very strong fourth quarter, thus achieving the annual projections of a turnover between **70 and 75 M €**, and **operating income between 11 and 13%** (in IFRS standards).

The final, audited results will be presented to the market on September 20, 2005.

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, 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 2004, Avanquest Software posted record financial results, with revenue of €57.0M (\$72.0M), operating income of €6.9M (\$8.7M) and a net income of €5.3M (\$6.7M). Additional information on Avanquest Software is available at <http://www.avanquest.com>.

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