

A Group on the Move

- Faster-than-expected integration of recently acquired companies
- A new, more effective and streamlined organization for greater profitability and growth
- Greater insight as to the distribution of sales and profitability over the year

Objectives Confirmed

- 2007/2008 turnover between €130 and €135 million, an increase of at least 75% over 2006 turnover
- Profitability between 8% and 10% for 2007/2008
- Turnover above €200 million and average operating profitability over 10% within 3 years*

La Garenne-Colombes, June 28, 2007

Early in 2007, the Avanquest Software Group took a decisive step aimed at **creating a world leader in software development and publishing**, in terms of its software portfolio and market strengths in Europe and the United States.

The acquisitions of Nova Development in the American market, the world's largest software market, and EMME, one of Europe's major interactive software publishers, constitute a substantial strategic turning point that will enable Avanquest Software to almost double in size and provide new growth drivers for the Group.

These two acquisitions, finalized in a short period of time, enabled the Group to implement its new business strategy quicker than expected.

Merging teams and streamlining management within a stronger organization

In March the Avanquest Software Group began putting in place a new organization intended to promote rapid integration of the recently acquired companies and increase in market share.

Given its new size, Avanquest Software has been organized into three main regions, corresponding to the three continents covered by the Group: United States, Europe and Asia; and by global divisions for products developed in-house, OEM and e-Commerce, which operate across all the territories.

To take full advantage of its new size, the Group's management has speeded up implementation of a streamlined management structure worldwide.

* Note that this statement is a three-year objective and not a forecast in the sense of Regulation (CE) n. 809/2004 of April 29, 2004

The EMME and Nova Development management teams are now on the Avanquest Software Management Committee and hold prominent positions within the new organization:

- Olivier Wright, CEO of EMME, became CEO Europe of Avanquest Software. Alongside Andy Goldstein, VP Europe and founder of MediaGold, who joined Avanquest Software in 2003, they will put their 40 years of international experience to work in creating a new leader in software publishing in Europe.
- Nova Development's co-founders, Roger Bloxberg and Todd Helfstein, are heading up Avanquest Software in the United States as CEO & President of Avanquest North America. Under their leadership, Nova Development experienced more than 20 years of profitable growth.
- David Wright, formerly heading the OEM division, is becoming President of Avanquest Software Technology, a global division in charge of strategy and marketing for all the software developed in-house for all sales channels, whether OEM, Retail, Corporate or Web.

The Group's main objective for 2007/2008 is to implement a more effective, streamlined and hence more profitable organization, so consolidation of management has been achieved by merging teams at the local level, making certain that the best experts are kept in the new organization's key positions. These very significant changes in structure will appear during the year as nonrecurring reorganization costs that should be between €2.5 and €3 million.

Alignment of fiscal-year closing dates

On May 30, 2007, the General Shareholders Meeting approved the change in the closing date for the Group's financial year to align it with that of EMME, i.e., March 31. This date is better suited to the seasonal nature of the Retail business, which, after integration, will represent more than 60% of the Group's turnover.

Priority to this year's profitability

For the year under way, which began on April 1, 2007, and will end at March 31, 2008, the Group's management is anticipating a turnover of between €130 and €135 million.

This objective, which represents a 75% increase over 2006, does not focus on organic growth. On a like-for-like basis, growth should be between 2% and 4%.

In fact, since the objective is to increase profitability and put in place the growth drivers for the following year, activities and products that were considered not profitable enough were deliberately withdrawn from the budget, negatively impacting the forecasted turnover by at least €7 million.

Conversely, strong margin-generating activities like OEM and Web sales will benefit from an appreciable increase in investments, as will Research and Development for which expenditures will increase by 11% in order to support the creation and innovation effort for the Group's software.

Finally, this deliberate strategy lets us anticipate operational profitability beginning this year that should be between 8% and 10%, apart from nonrecurring factors associated with implementation of the new organization.

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Evolution of sales and profitability for the year

With a stronger organization to rely on, the new subsidiaries should be able to benefit from the full effect of their synergies beginning in the second half of 2007.

Revenues from the new OEM contracts signed in the second half of 2006, in particular with one of the giants of mobile telephony, will contribute to the rise in turnover beginning in September 2007. Consequently, OEM turnover, which should be stable over the entire year on a like-for-like basis, should almost double between the first and second half of the year.

Retail/Corporate, which is more seasonal, and which now represents almost 60% of the Group's turnover, should be stable on a like-for-like basis for the entire year, taking into consideration that more than €7 million in insufficiently profitable products or contracts were deliberately halted to favor profitable growth.

Web activity, which is one of the Group's main growth engines, should experience a progressive ramping up during the year, for a growth objective of at least 25% on a like-for-like basis for the entire year.

The new closing date, associated with a new distribution of sales by region and by division, offers a much better view of the evolution in sales and profitability during the year:

In terms of budget, the Group's management anticipates a first quarter (April-June) representing less than 20% of the sales for the year, a second quarter (July-September) constituting between 22% and 26% of sales for the year, a third quarter (October-December) at between 30% and 34% of sales for the year, and a fourth quarter (January-March) comprising between 24% and 28% of sales for the year. In all, the year's second half will represent between 54% and 60% of total sales.

Naturally the seasonal nature of the sales will have an equivalent impact on the seasonal nature of profits, with a first quarter that should show a small loss, a second quarter with a single-digit profit, followed by third and fourth quarters showing a double-digit profit.

Prospects: the dynamics of a future world leader

Buoyed by an expanded product portfolio brimming with more than 1,500 titles at the Group level, substantially strengthened positions on both sides of the Atlantic, and the very significant financial impact created by its new organization, the management of Avanquest Software is reaffirming its prospects for growth and profitability.

For Bruno Vanryb, Founder and Chairman and CEO of Avanquest Software:

“Avanquest has repeatedly demonstrated the relevance of its economic model and its ability to integrate new companies. Today, Avanquest Software has all the keys to its future success: a multinational scope in the software publishing industry, a strengthened organization, excellent financial health, a sharply increased presence in the American market, the world's largest software market, and a strong leadership position in France and Europe. We have entered into a new growth dynamic in the next three years, and we are reaffirming our confidence that we will reach our objectives: exceeding the threshold of 200 million Euros in turnover within three years, and creating an average operating profitability of more than 10%.*”

* Note that this statement is a three-year objective and not a forecast in the sense of Regulation (CE) n. 809/2004 of April 29, 2004

About Avanquest Software

Founded in 1984 as BVRP Software, Avanquest Software is one of the world's leading software publishers, marketing a broad range of best-selling software developed in-house or by developer partners, in all regions and sales channels. With up to 1,500 software titles, the Group today has one of the most extensive catalogues on the market, and unrivalled marketing strengths. Present on three continents – North America, Europe and Asia – Avanquest Software addresses the general public through its Retail, Online and Direct-to-customer channels; businesses through the Corporate channel; and key players in mobile telephony and IT through OEM (Original Equipment Manufacturers) licenses. Carried along by its constant innovation dynamic, Avanquest Software has more than 650 employees and relies on the expertise of some 200 engineers in Research and Development distributed between France, China and the United States. The Group posted a turnover 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 any additional information : <http://www.avanquest.com>

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