

Q4 2007 Revenues

Retail business sharply down across Europe

Very good performances from the USA,
e-commerce and corporate businesses

Downward revision of 2007/08 guidances

A stock price disconnected
from the Avanquest group's real value
and growth potential

La Garenne-Colombes - France, January 16, 2008

The fourth quarter of the 2007 calendar year was marked by an especially tense economic situation centering on the subprime crisis and the ongoing drop in the US dollar and English pound against the Euro, the Avanquest Software group's reference currency.

The first revenue estimates for the October-December 2007 period show that this unfavorable economic environment, heightened by the lack of any Vista effect and a mostly declining European retail software market (except for games and security), resulted in a sharp slowdown in retail sales in France and Germany, as well as a stagnant growth in England and Spain. Only Italy managed to end the quarter well above expectations.

The Group's other businesses performed very well, with web revenue of €3.8 million for the quarter, up 52% over the previous quarter, US retail revenue of €11 million, up 16% over the previous quarter, and corporate turnover of €5.1 million, up 9% over the previous quarter.

As it was for the whole year, OEM activity was still negatively impacted by the lackluster performance of the Group's leading OEM customer, whereas the new and major clients like Sony Ericsson are progressively ramping up, allowing for projections of a very good 2008/2009 FY for OEM, but not enough to make up for the lack of revenues registered since the start of 2007.

In all, the October-December 2007 quarter should post revenue estimated at €33.5 million, up 14% from the previous quarter but well below the initial estimate (€40 million to €45 million).

This performance below the Group's goals leads to a downward revision of the 2007/08 (the period from April 2007 to March 2008) forecast. Revenue is currently estimated at approximately €120 million for a close to breakeven operating income (before non-recurring items*), compared to respectively €130 to €135 million and 8 to 10%**.

This shortfall, compared with the targets announced for 2007 by Avanquest management, should, however, not hide the fact that the reorganization in the wake of the Nova Development and EMME acquisitions is now complete, the Group has almost doubled in size over the previous year, and the strategy of creating a world leader in software development and publishing controlling access to the market in all distribution channels has become a reality.

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

** Press release dated June 28, 2007

For 2008, the Avanquest Group will focus on organic growth and profitability and will rely on:

- A product strategy concentrated on a smaller number of lines but grouped into more buoyant and innovative sectors: Mobility, Utilities/Security, Multimedia and Casual Games.
- A concentration of investments to promote accelerated development of e-commerce, which, more than ever, is a growth channel for both consumer software and corporate sales.
- Development in all territories of Direct-to-Customer sales as a complement to the retail and web channels, taking inspiration from the model used by Nova Development which is key to the success of the Group's American strategy.
- A strong recovery is expected for the OEM business thanks to the significant contracts signed in the recent months, which will make it possible to move progressively at the beginning of FY 2008/09 from a quarterly OEM turnover that today is less than €1 million to a level in the neighborhood of €3 million.

All of these strategic directions together will quickly bring back a profitable growth dynamic for the following fiscal year, 2008/2009.

A market value unrelated to the company's real value

For all these reasons it seems obvious to the Group's management that Avanquest's market value today is completely disconnected from the company's real value, its potential for growth, and its excellent financial health.

As a reminder, the current market value, under €60 million, corresponds to Avanquest's share capital market value from nearly four years ago, a time when the Group was less than half its current size.

This value corresponds to nearly the purchase value of just the three top-performing acquisitions made by the Group in the United States since 2002 (Elibrium, V Communications and Nova Development). In this light, we can only note that the Group's other divisions – e-commerce , OEM, Corporate, and all R&D – are no longer valued by the market despite the fact that they show the greatest potential for growth for the coming years.

Convinced of the ability of the 2008/2009 strategy to produce results and of the potential for appreciation of Avanquest's shares, the Group's managers will propose to the next board of directors meeting that it make use of the share buyback authorization approved by Avanquest's general meeting in 2007 to purchase shares on the market during the first quarter of 2008.

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. For additional information: <http://www.avanquest.com>

Contacts

Thierry Bonnefoi, *Analysts/Investors Relations*
Tel.: +33 (0)1 41 27 19 74 – E-mail: tbonnefoi@avanquest.com

Tuba Kocaefe, *Press Relations*
Tel.: +33 (0)1 41 27 19 96 – E-mail: tkocaefe@avanquest.com

Christine Sauvaget, *Communications & Press Relations*
Tel.: +33 (0)1 41 27 19 82 – E-mail: csauvaget@avanquest.com

Ticker: AVQ
ISIN: FR0004026714
Reuters: AVQ.PA
Bloomberg : AVQ:FP
Indice SBF 250