



Half year turnover

Slower growth experienced during second quarter due to economic environment

Consolidated sales figures: +7.8%

Software sales: +10.4%

Levallois-Perret, July 21, 2006

After eight consecutive six month period of growth, and an excellent first quarter in 2006, Avanquest Software posted a more moderated growth during the second quarter. The consolidated sales figure for the six month period amounted to **35.4 M€** (non-audited figure) which represents a growth of just 8% (1% in proforma data).

In thousands of €	January – June 2006	January – June 2005	Change 2006 vs 2005	Proforma January – June 2005	Change 2006 vs proforma
Software	31,677	28,688	+10.4%	30,246	+4.7%
Services	3,276	3,273	+0.0%	3,957	-17.2%
Miscellaneous	487	929	-47.6%	960	-49.3%
Total	35,441	32,890	+7.8%	35,183	+0.8%

Note: the proforma data are presented on a like for like basis. These include the sales figures for Magnaways, acquired in July 2005, as well as IMR and FastTrak, companies acquired in May 2006.

This decrease in growth is largely due to a slowdown experienced in the retail business across all territories where the group is present, in Europe and the United States

The OEM and most particularly e-commerce activities, have posted very good performances in line with expectations.

Avanquest market shares have remained stable during this second quarter, it appears clearly that the worldwide software market was less dynamic during this period with decreases up to 35% over the last three months in the retail software business, like in Great Britain (source Chart Track).

Despite this cyclical slowdown, the group maintained its strategy of investment in the areas considered as the most strategic for the future of the group, most notably pursuing its efforts in R&D (+20%), reinforcing its sales teams (most notably in the USA and in Asia), and in developing the structure devoted to e-commerce.

The profitability of the half-year was therefore affected with an expected operating profit of +€1.8M, which is slightly more than 5% of the turnover, as compared to an initial forecast of 11%.

The Group management has therefore decided to anticipate the release of its quarterly figures, initially planned for August 2.

Management expects however a better trend for the retail market during the second half of the year but a stronger turnaround will rely upon the release of Vista, the new operating system from Microsoft, scheduled for January 2007.

The third quarter trend and the success of new products that will be released after the summer will be key to determine if guidance for the full year needs to be revised to take into account a less dynamic economic environment. The annual outlook will be evaluated following the publication of audited half-year accounts, on September 20th.

In any case the Avanquest Group strategy will not be affected by this cyclical decrease, and investment will be maintained or even increased with the objective of surpassing the 100M€ mark in sales by 2007.

To reach this milestone, Avanquest is relying on the development of new lines of products in their Mobility division (including a complete line of products for iPod), their Utilities line, as well as some acquisitions.

The company can rely on its excellent financial structure (cash net of debts exceeds €13M). This structure was once again strengthened in July through the implementation of committed lines of credit with five banks, over a period of 7 years, for a total amount of €26M.

About Avanquest Software

Avanquest Software is a global developer and leading publisher of best-selling personal and professional software designed for PC maintenance and security, office productivity, communications and mobility worldwide. Headquartered in France, with operating units, subsidiaries and offices located in United States, France, Germany, Great Britain, Italy, Spain, Japan, 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 Euro1st, NextEconomy segment and SBF 250 index. In 2005, Avanquest Software posted record financial results, with revenue of €70.6M (\$90.6M) and net income of €6.9M (\$8.8M). Additional information on Avanquest Software is available at <http://www.avanquest.com>.

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