

**2008/2009 First Quarter Earnings:
Revenues of €22.9M (\$35.9M)
Current EBIT before stock-options: -€1.3M**

**A seasonal operating result matching the Group's expectations
and in line with the annual objectives,
bulk of profits expected in the second half**

La Garenne-Colombes, France - July 31, 2008

The Avanquest Group is posting sales in line with expectations of €22.9M (\$35.9M) for the first quarter of its 2008/09 financial year. This quarter, traditionally the weakest of the year because of the seasonal nature of the retail business, is characterized by sales figures in line with or above budget for all sales channels and in all countries.

The heavy restructuring implemented in 2007 is starting to bear fruits, with for instance, the French business unit which exceeded, for the first time since the last 12 months, its forecasts by +31%. The OEM business confirms its ramping up over its customers' portfolio and the sales of internally developed software are progressing quite significantly.

Germany, the only country not yet having completed its reorganization and where the economic context is very difficult, remains behind expectations, both in terms of revenues and profit, whereas the USA, the Web division and Corporate sales continue to reach their objectives.

Income statement (unaudited figures)

In thousands of Euros	April – June 2008	April – June 2007	Variation 2008/09 vs 2007/08 (2)
Consolidated sales figures	22.908	27.379	-16,3%
Consolidated sales figures in US\$	35.9	37	-16,3%
Gross margin	12.835	15.173	-15,4%
% of sales	56,0%	55,4%	
Current EBIT	-1.573	-1.222	
Non-recurring items (1)	-125	-1.497	
EBIT	-1.698	-2.719	
Earnings before taxes	-1.906	-3.073	

(1) Non-recurring items consist basically of costs associated with site closings and personnel reductions.

(2) At a constant exchange rate and perimeter, 2008/09 sales are 6% below those of 2007/08.

Consolidated sales in Euros are down 16.3% which doesn't take into account the **major exchange rate impact**, Avanquest generating close to half of its revenues in US dollars, and a quarter in Sterling pounds, two currencies which dropped significantly. First 2007/2008 and 2008/2009 quarters when expressed in US dollars amount respectively \$37M and \$35.9M, meaning a **3% only decline**.

At a constant exchange rate and perimeter, 2008/09 sales are 6% below, totally justified by the fact that the carried out restructuring aims to concentrate the efforts, over the first half-year, on the ramping up of the annual profit, which involves the removal of operations or products generating not enough profitable revenues.

The current EBIT for the quarter year is at -€1.273K before stock-options and -€1.573K after assumption of the stock-options cost, which is line with the management's anticipations. A breakeven result is expected during the first half-year whereas the profitability is concentrated on the second half-year, because of the seasonal nature of the activity.

For information purpose, business in the first quarter is traditionally the weakest of the year and should represent slightly less than 20% of annual sales. The Group's management expects the following quarters to represent about 25%, 30% and 26% of annual sales, which explains the distribution of the profits.

About Avanquest Software

Avanquest Software is one of the world's leading software publishers, marketing its 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 600 employees and approximately 200 engineers in Research and Development distributed between France, China and the United States, the company is committed to constant innovation. Listed on Euronext (ISIN FR0004026714) since December 1996, Avanquest Software is part of Eurolist, SBF index 250. Additional information is available at <http://www.avanquest.com> or <http://about.avanquest.com>.

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