



## First Half-Year 2009-10 Turnover and Earnings

Semester at breakeven as expected

Ebit positive in the second quarter

## FSI joins Avanquest Software's capital to Speed up the Development of the Company

The turnaround in results noted in the first quarter of 2009/10 is confirmed over the entire period, with a current operating income (before charges associated with stock options) at breakeven and a net loss (due to the seasonal nature of the business) cut in half.

The company management's decision to favor the profit vs. the revenues is bearing fruit. In fact, the expected decrease of the turnover related to the halt in the less profitable product lines (-24%) has led to a significant rise in the gross margin rate (+3.8 points), with a resulting break-even point lowered by more than 20% compared to 2008/09.

As the Group's management expected, this turnaround puts Avanquest Software in a favorable position to take full advantage of the expected hike in activity in the second half.

enable to accelerate the expected profit increase in the second half-year.

### FSI: a new key shareholder to speed up Avanquest Software's development

The Fonds Stratégique d'Investissement (FSI) created by the government at the start of the year, has decided to invest in Avanquest in order to support a new company growth phase.

**Bruno Vanryb, President & Co-founder of Avanquest Software** *"is delighted of this recognition of the strategic value of the software industry for the French economy, and the decision to support Avanquest in its conquest of world markets".*

The total amount of the FSI's investment, possibly up to €20M, will occur in two stages, subject to the approval of Avanquest shareholders and the AMF (Financial Markets Authority):

1) FSI will subscribe a capital increase for €6M and to an issue of convertible bonds for €3M. The capital increase, planned for early 2010 in the amount of about €8M to €9M, will be done while maintaining the preferential subscription rights (PSR) at market price, with FSI undertaking to subscribe €6M with a maximum price (cost of the PSR included) of **€3.65** per share.

2) Depending on Avanquest's possible external growth projects, a complementary FSI investment is expected in the form of a combination of capital increase and convertible bonds. This second stage would take place before March 31, 2011, if one or more acquisition projects approved by the Avanquest Board of Directors require a capital increase.

The conditions of the FSI investment are detailed in separate joint press news released on November 11, 2009.

Avanquest having enough cash and share capital necessary to manage and develop its business, the additional resources contributed by FSI will make it possible to support a more aggressive build-up strategy, blending internal growth and external growth in a rapidly consolidating world market.

Ranked today among the Top 10 worldwide, FSI's presence will give Avanquest the means to realize its ambition of advancing towards the Top 5 consumer software publishers (games excluded).

Unaudited figures In €M	1Q	2Q	1 <sup>st</sup> Half 09-10	1 <sup>st</sup> Half 08-09
Consolidated sales	19,2	19,4	38,6	50,9
Gross margin	12,0	11,9	23,9	29,6
% of sales	62,2%	61,5%	61,8 %	58,0 %
<b>EBIT before costs associated with stock options</b>	<b>-0,6</b>	<b>+0,6</b>	<b>0,0</b>	<b>-0,3</b>
EBIT	-0,9	+0,5	-0,4	-0,9
<b>Net income (loss)</b>	<b>-1,3</b>	<b>-0,1</b>	<b>-1,4</b>	<b>-3,3</b>

Revenues in the second quarter were equivalent to those in the first quarter (€19.4M vs €19.2M), but the better product mix and the reduction in overhead expenses allowed to generate a positive operating result of €0.6M (€0.5M after stock-options) in the second quarter.

### Anticipated hike in business and profitability in the second half

The second half of the year will benefit from a busy publishing schedule with many new product releases. In order to approach the strategic end-of-year period in the best possible conditions, Avanquest Software has in fact been marketing a series of new software titles since September. This policy of innovation, which is an integral part of Avanquest Software's strategy, should

---

<b>Next announcement</b>	<b>3<sup>rd</sup> Quarter 2009/10 Earnings</b>	<b>February 11, 2010 (after stock exchange closure)</b>	
<b>Contacts</b>	Analysts - Investors Thierry BONNEFOI +33 (0)1 41 27 19 74 <a href="mailto:tbonnefoi@avanquest.com">tbonnefoi@avanquest.com</a>	Communication Christine SAUVAGET +33 (0)1 41 27 19 82 <a href="mailto:csauvaget@avanquest.com">csauvaget@avanquest.com</a>	Press Relations Nicolas SWIATEK +33 (0)1 41 27 19 96 <a href="mailto:nswiatek@avanquest.com">nswiatek@avanquest.com</a>
<b>Site Internet</b>	<a href="http://www.avanquest.com">http://www.avanquest.com</a>	<a href="http://groupe.avanquest.com">http://groupe.avanquest.com</a>	
<b>Codes</b>	<b>Ticker</b> : AVQ	<b>ISIN</b> : FR0004026714	<b>Reuters</b> : AVQ.PA <b>Bloomberg</b> : AVQ:FP

---

