



## 2008-09 Annual Earnings

### Positive EBIT

### Net earnings impacted by restructuring costs as already disclosed

### 2009-10 Outlook: innovation and profitability

#### Activity: A year of transition characterized by a very unfavorable economic environment

Avanquest Software announced sales of €104.1 million for the 2008-09 financial year closing March 31, 2009, down by 10.6% from the same period the previous year but only by 5% like-for-like. Despite an especially difficult market context and the drop in the British pound, Avanquest managed to limit the decrease thanks to a rapidly growing (+38%) OEM business and steady sales in the USA and on the Web (17% of sales).

In €million	2008-09 FY	2007-08 (2) FY	Var.
Consolidated turnover	104.1	116.4	-10.6%
Consolidated turnover like-for-like	104.1	109.8	-5.2%
Gross margin	61.3	63.3	-3.3%
% of turnover	58.9 %	54.4 %	
EBIT before stock options costs	1.9	0.3	x5.5
EBIT	1.0	-0.6	--
Net loss	-11.8	-12.9	--

(1) Comparative over 12 months. The 2007/08 year lasted 15 months.

#### Positive EBIT

The 2008/09 financial year is posting a positive EBIT of €1.9 million, as against €0.3 million (before expenses related to stock options) for the same period the previous year, due partly to a sharp improvement in the gross margin, and despite the difficult context and costly restructuring.

#### Bottom line impacted by restructuring costs

Major cost-reduction efforts were undertaken during the year in order to deal with a worsened economic environment, especially in Continental Europe, and with the more-difficult-than-expected integration of the Emme Group. Avanquest company's work force was reduced by nearly 100 people (16%), accompanied by a reduction in total space occupied. This restructuring, which costs €7.1 million, will have a positive impact on 2009/10.

Net income was €-11.8 million, which includes a financial result of €-3.4 million deriving from net interest on debt (€2.0 million) and currency exchange difference (€1.1 million). It should be noted that because the cost-reduction efforts were almost completely accrued for at year end, a significant share of the loss for the year is coming from items that have no impact on cash.

The Group's financial independence was strengthened by the successful capital increase completed in March (€7 million). And so at 31 March 2009, the net financial debts/shareholders' equity ratio remains under 15%.

#### 2009-10 Outlook: innovation and profitability

Despite the low-visibility market context that prevents precise forecasts, Avanquest Software expect a 2009/10 financial year showing a strong improvement in profitability that should take shape beginning in September, given the seasonal nature of sales.

To reach this objective, the Group will rely on the one hand on an optimized cost structure (about €6 million in savings associated with recent restructuring measures) and on the other on a sharp hike in the margin associated with a change in product mix. This strategy, associated with a revitalized line, new sales models (partner Internet portal, hosting solutions, and annual subscriptions) will promote a sustainable increase in results over the coming years.

**Next financial announcement**    **1<sup>st</sup> Quarter 2009/2010 Earnings:**    July 30, 2009 (after stock exchange closing)

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#### Codes

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Bloomberg : AVQ:FP