



## Third Quarter 2009-10 Turnover and Earnings

Substantial increase in profitability

Successful capital increase and convertible bonds issue,  
110% and 108% subscribed, respectively

FSI, a new key shareholder

As expected, the third quarter, traditionally the best of the year, marks a sharp change in trend in terms of activity (+41.2% compared to Q2) and profitability (Ebit of 13%).

The decision to favor the margin over sales to ensure an upturn in profits is showing results. The turnover for the first 9 months of the fiscal year (€66.0 million), which as expected is down 20% from the same period of the previous year, is accompanied by a strong rebound in margins.

The third quarter of the year was especially well oriented for Internet sales and sales to the English-speaking countries. Internet activity (direct-to-consumer download sales, through the group's e-commerce site and e-merchant partners) continues to grow and accounts for more than 25% of sales during this quarter, significantly contributing to the turnaround in profits.

After a first half-year at its lower level, OEM license sales also progressed strongly in the third quarter.

Unaudited figures (in €M)	Q1	Q2	Q3	9 months 09-10	9 months 08-09
Consolidated sales	19.2	19.4	27.4	66.0	82.1
Gross margin	12.0	11.9	16.8	40.6	48.0
% of sales	62.2%	61.5%	61.0%	61.4%	58.5%
Ebit before cost associated with stock-options	-0.6	+0.6	+3.8	+3.8	+1.6
% of sales	-3.2%	3.4%	13.8%	5.8%	2%
Ebit	-0.9	+0.5	+3.6	+3.2	+0.8

The drastic overhead-reducing measures, with a break-even point that dropped by more than 20% compared to 2008/09 and the new product strategy implemented by Avanquest to favor the more profitable lines resulted in a very strong increase in third-quarter results. Over 9 months, operating income quadrupled, reaching €3.2 million as against €0.8 million in 2008/09.

Successful capital increase and issue of convertible bonds:  
Avanquest raises €12 million to speed up its growth

Avanquest is delighted by the success of the two offerings launched on January 18, 2010, which have been subscribed:

- at 110 % for the share capital increase of €8 million at a subscription price of €3.60 per new share;
- at 108 % for the issue of convertible bonds of €4 million at a price of €4.60 per bond.

Payment-delivery of the 2,221,434 new shares and the 867,747 convertible bonds, and their acceptance for trading on the Paris Euronext market, are expected for February 15 and 16, 2010, respectively.

The new shares are similar to the Company's existing shares and will trade on the same quotation line (ISIN code FR0004026714). As of February 15, 2010, the total number of shares making up Avanquest's capital will be increased to 16,105,398 shares.

The Fonds Stratégique d'Investissement ("FSI"), with a 13.7% stake, including the Caisse des Dépôts investment, becomes a key, long-term shareholder, alongside the executives and main institutional shareholders. Subject to the approval of the company's Shareholders General Meeting, FSI will represent the Caisse des Dépôts' group on the Company's board of directors.

This operation gives Avanquest the means to be proactive in a consolidating sector making possible targeted acquisitions. It will also speed up the implementation of innovative projects, such as:

- The development of new recurring sales models (subscriptions, on-demand software, Software as a Service),
- The Corporate online sales portal intended for retailers and partners,
- The Softcity community platform project.

Buoyed by solid fundamentals and an innovative strategy, Avanquest is in a favorable position to win over new market shares and profit fully from this dynamic's positive impact on profitability.

Next announcement	4 <sup>th</sup> Quarter 2009/10 Turnover	May 12, 2010 (after stock exchange closure)
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