



FY 2009-10 Earnings: Return to Profits confirmed

Current operating income at 5.1% of Turnover

**Favorable outlook for 2010-11: Expected growth in sales and profits;
Positive impact of the rising dollar**

Recovery confirmed in the second half-year

Avanquest's business experienced a sharp recovery in the second half of the year (€49.6M in sales compared to €38.6M in the first half), benefitting from the seasonal effect, the group's innovation strategy and the release of new versions of best-selling software.

For the year, **sales amounted to €88.2M**, for an expected 15.3% drop deriving mainly from the overhaul and trimming of the product catalog, the objective having been to restore the margins in Continental Europe (where business – excluding the Web – dropped by 50%).

Web business (direct sales through the e-commerce sites of the Group and its e-merchant partners) continues to grow (+14% for the year) and now exceeds 20% of the Group's sales (as against 16% in 2008/09).

costs associated with stock options **rose to €5.3M, or 6.0% of 2009-10 sales**, and the current operating income reached €4.5M (5.1%), or 4.5 times the current operating income for 2008-09 (€1.0M).

After net financial charges (€1.5M) and taxes (€2.8M in the United States and the United Kingdom, which produce most of the profits), **the net result also shows a return to profit (€0.3M)**. This is a very strong advance after two years of losses marked by the group's thorough reorganization.

2010-11 Outlook: growth through e-commerce and several strategic innovations

Buoyed by the capital increase and the convertible-bond issue launched in early 2010 (€12M€ in funds raised), and a reduction in net debt to €9M (for shareholders' equity of €98M), Avanquest reaffirms its ambition to be a major player in the industry's consolidation and will pursue its innovation strategy focusing primarily on the Web in 2010-11.

At the beginning of the new fiscal year, the Group launched two innovative projects in this area: **SoftCity** (www.softcity.com), an INNOVATIVE "Social Commerce" concept that combines an online purchase site and a community network dedicated to software enthusiasts, and **Avanquest Partner Online**, the first "Corporate" portal featuring online sales (www.resellers.avanquest.com/fr), intended for Avanquest's partners and retailers. The Group will also be launching a series of applications for iPhone, iPad and Android in the second half of the year.

These new distribution channels will enable Avanquest Software to continue to grow its online sales and its recurring revenues over the next few years.

Considering these strategic moves, the trends we have seen over the last few months **and the dollar's rise, which favors the Group's results** (nearly half of sales are in dollars), **Avanquest is confident. For 2010-11, the Group expects higher sales figures associated with another increase in profitability in the second half.**

In €M at 03/31 (IFRS standards)	FY 2009-10	FY 2008-09	Var.
Consolidated sales figures	88.2	104.1	-15.3%
Gross margin	54.4	61.3	-11.2%
% sales	61.7%	58.9%	
Profit before tax and non-recurring item: before costs associated with stock options	5.3	1.9	+186%
Profit before tax and non-recurring item:	4.5	1.0	+370%
Net income (loss)	0.3	-11.8	--

Higher gross margin and earnings

The important task of refocusing on the most profitable products and on growing the more lucrative Web channel are having a positive impact on the gross margin rate, which went from 58.9% in 2008-09 to 61.7% of annual sales for the year, **thereby setting the stage for a sustained return to profit.**

Profit before tax and non-recurring items: €4.5M

The hike in the gross margin was accompanied by an approximate 18% reduction in overhead. Current operating income before

Next announcements	Sales and Earnings Q1 2010/11	July 29, 2010 (after stock exchange)		
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