



Q1 2010-11 Sales and Earnings

A first quarter meeting the Group's expectations, with a slight increase in activity and continued improvement in earnings

Growth in activity and improved earnings

In a still wait-and-see market context, Avanquest had a good first quarter, benefiting from the diversification of its product lines and its worldwide presence.

Sales increased slightly by 3.4% to €19.9 million, carried along by the good performance of the Web and OEM businesses and a favorable dollar impact, whereas the situation in Europe contrasts sharply: while the German market is still retreating, France is confirming its recovery and the United-Kingdom continues to post excellent performances.

In this context, the optimization of the product mix in recent months, and the strong growth in OEM (+56%) is positively impacting the gross margin, which has gained another point going from 62.2% to 63.5% of sales for the first quarter.

This quarter, traditionally the weakest of the year due to seasonality, matches the Group's expectations with current operating income before stock options slightly negative by €0.2 million (a strong improvement over Q1 2009-10 €0.6 million loss), this result being obtained by the rise in the gross margin and good control over overhead costs.

Confidence for 2010-11: growth in profitability in the second half-year

Avanquest can therefore confirm its 2010-11 objective of growth in annual sales associated with a new rise in profitability in the second semester.

The innovation strategy implemented over the past two years is bearing fruit and puts Avanquest in a favorable position to profit from the recovery of markets, especially in the United States: the renewal of the proprietary software line is contributing to the rise in profits, and the launch in 2010-11 of new products and services with recurring revenue will help reinforce Avanquest's business model over the coming years.

The Group also has a strengthened financial structure thanks to the capital increase and the issue of convertible bonds in early 2010 (€12 million in funds raised) giving it the resources to pursue its strategy of selective acquisition in a consolidating market.

Now among the 10 leading software publishers in the world, the Group's ambition is to become one of the Top Five actors in the industry in the medium term.

In €M at 06/30 (IFRS standards)	1Q 2010-11	1Q 2009-10	Var.
Consolidated sales	19.9	19.3	+3.4 %
Gross margin	12.6	12.0	+5.6 %
% of sales	63.5 %	62.2 %	
Current operating income before costs associated with stock options	-0.2	-0.6	--
Current operating income	-0.4	-0.9	--

Continued improvement in earnings despite the traditional seasonal effect

The improvement in earnings noted throughout the previous financial year is continuing in the first quarter of the financial year.

Next financial announcement	First Half-Year 2010-11 Earnings	November 10, 2010 (before stock exchange opening)	
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