



Growth in Sales and Operating Income in First Half-Year 2010-11*

Micro Application, n°1 French software developer & publisher for the consumer software (excluding games), joins the Avanquest Software group.

This acquisition confirms the Avanquest Software group's leadership strategy, focused on innovation, growth of web sales and a leading position in key geographic areas

H1 2010: Growth in revenue and operating income

Six month sales increased 4.8% to €40.5M, carried along by the good performance of web businesses both in Europe and the United States (+24% at a like for like exchange rate, +40% for download sales alone) and OEM (+14% at a like for like exchange rate), as well as a favorable dollar impact, whereas the situation in Europe contrasts sharply for the retail business, with mainland Europe retreating (-27%), while the United Kingdom continues to post excellent performances (+12%).

The gross margin remains stable at 61.8% of sales.

This growth in sales, combined with ongoing cost control measures, has enabled continued improvement in profits, with a second quarter showing operating profit up €0.4M, despite the traditional seasonal effect.

At end of September, current operating income before stock options, also posted positive results this year (+€0.3M), and **current operating income** reached breakeven, contrasting with a loss of €0.4M the previous year.

In €M(*)	Q1	Q2	H1 10-11	H1 09-10
Consolidated sales	19.9	20.6	40.5	38.6
Gross margin	12.6	12.4	25.0	23.9
% of sales	63.5%	60.2%	61.8 %	61.8 %
EBIT before costs associated with stock options	-0.2	+0.6	0.3	0.0
Profit before tax and non-recurring items	-0.4	+0.4	0.0	-0.4
Financial income (loss)	0.1	-1.0	-0.9	-0.3
Income taxes	-0.3	-0.5	-0.8	-0.8
Net income (loss)	-0.6	-1.4	-2.1	-1.5

After deducting financial costs and taxes, net loss stands at €-2.1M, in particular due to a negative exchange rate impact of €0.3M over the six month period (compared to a positive of €0.3M the previous year).

Continued growth in business and earnings in H2

Avanquest re-affirm its confidence for the whole fiscal year, which should see, as expected, growth in sales and profits.

Like each year, operating profits overall are expected in the second half of the year thanks to a predicted strong rise in sales compared with H1. Along with the seasonal effect, these sales will be boosted by the release of new generations of software such as SendPhotos, as well as new versions of best sellers such as Fix-It, Berlitz, Hallmark and FamilyTree Maker.

Acquisition of Micro Application, French N.1 B2C software publisher

Avanquest has announced the signing of a binding agreement for the acquisition of 100% of Micro Application Europe, into which the French Micro Application software activities have been grouped.

The undoubted leader in the French mass market software sector, Micro Application employs 70 people in France, posting sales of €20M. The company's profile is very complementary of Avanquest's one, in terms of products, type of customers and sales channels. Avanquest will thus strengthen its global positioning in France thanks to a portfolio ranging from mass market software to corporate licenses.

In a changing software sector, leaders benefit from a high premium when it comes to growing their market shares. The Avanquest group, which is already benefitting from this **premium** thanks to its position of **N ° 7 in the United States and N ° 2 in the United Kingdom, will also be N°1 in France after this acquisition**. As a result, a growth in profit on this territory is expected.

Immediate synergies

The implementation of synergies will be facilitated by the **similarity of economic models: software developers and publishers**, both groups boasting strong and complementary brands, and deploying an aggressive web strategy with 20% of sales already carried out online through a sales channel which has seen double digit sales growth and generated significant

* Figures having not yet been subject to a limited review

margins. **The addition of the 2 sites will again make the company the N°1 in web sales of consumer software in France.**

Avanquest Software and Micro Application have placed innovation at the heart of their strategy with the development of a new generation of multi-platform software, at the heart of technological convergence and new uses. The sharing of resources results in an extremely healthy catalogue comprising software for SmartPhones, for FaceBook, applications for the iPhone, iPad, Windows Phone 7 and the adaptation into SaaS mode of leading products.

The Avanquest Software and Micro Application brands will be kept in France so as to benefit from the complementary nature of their respective positioning: Micro Application focused on the mission of designing “Applications for everyone”, with user friendly software, and Avanquest Software focusing on the concept of “Premium” software offering an expanded functional scope, aimed at a different user base, one being more technologically savvy than the other.

This acquisition presents an interesting growth driver for the new group. Micro Application's growth model is mainly local and French speaking, therefore in perfect synergy with that of Avanquest Software.

Some Micro Application software titles already translated into several languages are ready for marketing by Avanquest Software business units, **with significant potential for international growth.** And the rapid localization of some Micro Application software in the 4 main languages used on Avanquest sites will make it possible to **grow web sales.**

Integration of Micro Application management

Philippe Olivier, founder, Chairman and CEO of Micro Application, will join the Executive Board of the Avanquest group, presiding

over French operations and working on increasing sales in Europe.

For Bruno Vanryb, Co-Founder, Chairman and CEO of the Avanquest Software Group: “The founders of Avanquest Software and Micro Application share the same vision, and we are delighted to welcome a man of Philippe Olivier’s stature into our group. Over 90% of Avanquest’s sales are international and it needed to strengthen its position in France, where the company was founded and is listed. The merger with Micro Application is a great opportunity for our two companies, as regardless of its leading position in the French market, Micro Application boasts a range of innovative software and applications directly transposable to the international and web segment.”

Terms of the operation

The acquisition of Micro Application shares will be carried out at an initial price of €8M (€1.5M in cash and €6.5M in Avanquest shares), to which can be added a €2M earn-out (payable in shares) should certain future profitability targets be met by the new Continental Europe division of the Avanquest group.

This operation, which has been supported and approved by the Avanquest Software investment committee, made up of the group's main shareholders, in particular the FSI and Oddo, will only become definitive after the meeting of certain conditions precedent, in particular the completion by Micro Application of operations to separate software activities, and approval of the terms by Avanquest shareholders at a meeting which will be convened to this end in January 2011.

Now ranked in the top 10 worldwide, Avanquest confirms, through this acquisition, its ambition to reach the top 5 in the consumer software segment (excluding games).

Next financial update:	Q3 2010/11	10 February 2011 (after listing)	
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See the 2010-11 Half-Year presentation on: www.avanquest.com 10 November 2010 after listing