

## 2010-2011 Annual Earnings (15 months) Accelerated shift towards online

### An exceptional 15-month financial year (April 1, 2010 to June 30, 2011)

Exceptionally, the 2010/11 financial year lasted 15 months and closed at June 30, 2011. This year saw the acquisitions of Micro Application (Number One in France among consumer application publishers) and PC Helpsoft (a start-up specialising in the sale of utility software over the Internet, with innovative marketing techniques), consolidated since March 1 and April 1, 2011, respectively, as well as an **upswing in online sales, which grew 24% and now account for 25% of consolidated sales figures.**

After taking into account nonrecurring cost (-1.2M), net financial expenses (-2.3M) and taxes (-1.5M), net earnings were -3.0M euros. However, the Avanquest Group is showing a **positive cash flow of €7.0M** (vs. €7.6M the previous year) enabling it to finance its R&D investments and its acquisitions while maintaining a cash and cash equivalent position **of more than €10M at June 30.**

**The Group's balance sheet remains just as solid, with the Group's share of shareholders' equity at €97.7M and net financial debt (debts minus cash and cash equivalents) of €13.6M.**

### Speeding up the online strategy

Given the rapid shift in software markets from offline to online, Avanquest, which already has a good presence on the Internet, is investing in the **development of online sales and online access to applications** focusing on three main areas:

- Launch of **mobile applications and software suites** on all Smartphone and tablet platforms (iPhone, iPad, Android and Windows) thanks to its proprietary content and technologies;
- Worldwide development of **Web to Print** (remote printing of graphic creations) based on the [Simply-to-Impress](#), [PhotoAffections](#), [PrintPratic](#) and [SendPhotos](#) sites;
- Switch to SaaS mode for the utility software line in order to **generate recurring revenue** and to online offers for offline contents.

### Outlook

Avanquest is reinforcing its investment policy to speed up the shift of its business model towards more online revenue and associated SaaS-type services. Avanquest is also staying alert to any opportunity for external expansion that may serve to deploy its online strategy.

Consolidated data in €M	2010/11 FY (15 months)	2009/10 FY (12 months)
Turnover	109.8	88.2
Current operating income	2.2	4.5
Net earnings	(3.0)	0.3
Earnings per share (in €)	(0.18)	0.02
Shareholders' Equity	97.9	98.4
Loans and other financial debt	24.5	30.2
Available cash	10.9	20.4
Ratio of net financial debt / shareholders' equity	0.14	0.10

Over the 15 months, Avanquest Software achieved sales of €109.8M for a current operating income of €2.2M.

The lower level of activity in the last quarter was impacted by the underlying downward trend in offline sales that has speeded up in the last few months, which automatically weighed on profitability. **However, it is not representative of the larger trend in the Group's activity,** because of:

1. The seasonal effect, with the April-June quarter traditionally being the weakest in retail and OEM;
2. An online dynamic that will gradually take over.

### CONTACTS

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