



SEMI-ANNUAL REPORT
DECEMBER 31, 2010

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE SEMI-ANNUAL REPORT

I hereby certify, that to the best of my knowledge, the condensed consolidated financial statements for the period ended December 31, 2010 have been established in accordance with applicable accounting standards and give a true picture of the assets, liabilities, financial position and results of the Company and all companies included in the consolidation, and the semi-annual report of activity herewith presents an accurate picture of important events that occurred during the first six months of the fiscal year, of their impact on the accounts, of major transactions between related parties and a description of the principal risks and uncertainties for the remaining six months of the fiscal year.

Les Ullis,

January 28, 2011

CEO

Philippe Ozanian

AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders' meetings and in accordance with article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- Our review of the condensed half-yearly consolidated financial statements of InfoVista S.A., for the period from July 1st, 2010 to December 31, 2010, and ;
- The verification of the information contained in the interim management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than can be obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

2. Specific validation

We have also verified the information provided in the interim management report in respect of the half-yearly financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-yearly financial statements.

Paris and Paris-La Défense, January 28, 2011

The Statutory Auditors

GRANT THORNTON

ERNST & YOUNG Audit

Pascal Leclerc

Pierre-Henri Pagnon

PART 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR SEMI-ANNUAL PERIOD ENDED DECEMBER 31, 2010

**INFOVISTA
CONSOLIDATED BALANCE SHEETS**
(Amounts in thousands)

	Note	As of	
		December 31, 2010	June 30, 2010
ASSETS			
Goodwill		€ 9 268	€ 9 268
Other intangible assets, net	5	1 186	1 379
Tangible assets, net		1 189	1 202
Deferred tax asset		928	894
Other non-current assets		547	619
Total non-current assets		13 118	13 362
Accounts receivables, net		10 554	13 207
Other current assets	5	2 599	2 071
Financial assets - current		8 029	11 538
Cash and cash equivalents		17 683	14 215
Total current assets		38 865	41 031
Total assets		€ 51 983	€ 54 393
EQUITY			
Issued capital		€ 9 564	€ 9 728
Share premiums and other reserves		31 725	30 961
Treasury shares		(3 754)	(4 164)
Total equity		37 535	36 525
LIABILITIES			
Deferred revenues – non-current		1 390	262
Other non-current liabilities		241	270
Total non-current liabilities		1 631	532
Accounts payables		1 694	2 904
Accrued salaries and commissions		2 141	2 820
Accrued social security and payroll taxes		928	1 932
Deferred revenues – current		7 139	8 716
Other current liabilities		915	964
Total current liabilities		12 817	17 336
Total liabilities and equity		€ 51 983	€ 54 393

The accompanying notes are an integral part of the consolidated financial statements.

INFOVISTA
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for share and per share data)

	Note	For the six months ended December 31,	
		2010	2009
Revenues			
Software products		€ 9 046	€ 6 709
Maintenance services		10 941	10 605
Professional services		2 857	2 915
Total revenues	4	22 844	20 229
Cost of revenues			
Cost of software product		918	500
Cost of services		4 328	4 245
Total		5 246	4 745
Gross profit		17 598	15 484
Operating expenses			
Sales and marketing expenses		8 319	7 138
Research and development expenses	5	4 716	4 711
General and administrative expenses		2 747	2 718
Amortization of acquired intangible assets		229	229
Total		16 011	14 796
Operating profit	4	1 587	688
Financial revenues		90	113
Financial costs		(11)	(13)
Net foreign currency transaction losses		(236)	(97)
Net financial (loss) profit		(157)	3
Profit before income taxes		1 430	691
Income tax expense		(256)	(92)
Net profit		€ 1 174	€ 599
Basic net and diluted profit per share		€ 0.07	€ 0.03
Basic weighted average shares outstanding		16 507 196	17 238 559
Diluted weighted average shares outstanding		16 868 646	17 359 099

INFOVISTA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(In thousands)

	Note	For the six months ended December 31,	
		2010	2009
Profit		€ 1 174	€ 599
Variation in currency translation difference	2	(22)	(14)
Comprehensive income		€ 1 152	€ 585

The accompanying notes are an integral part of the consolidated financial statements.

INFOVISTA
CONSOLIDATED CASH FLOW STATEMENTS
(In thousands)

	For the six months ended December 31, 2010	For the six months ended December 31, 2009
Cash flow related to operations		
Net profit	€ 1 174	€ 599
<i>Elimination of items that have no influence on cash flow or which are not directly related to operating activities:</i>		
Costs related to share payments	-	79
Loss on disposal of tangible assets	59	10
Amortization of intangible and tangible assets	645	699
Bad debt provisions	12	(11)
<i>Variation in working capital requirements related to operating activities:</i>		
Accounts receivable	2 442	(820)
Other current assets	(506)	(618)
Other non-current assets	(9)	306
Accounts payable	(1 173)	489
Deferred revenues	(1 324)	(3 630)
Accruals and other current liabilities	(1 734)	(237)
Non-current liabilities	1 164	(73)
<i>Net cash flow generated (used) by operating activities before sale (purchase) of Short-term deposits</i>	750	(3 206)
Sale (Purchase) of Short-term deposits	3 509	(13 070)
<i>Net cash flow generated (used) by operating activities after sale (purchase) of Short-term deposits</i>	4 259	(16 276)
Cash flow related to investing activities		
Purchase of intangible and tangible assets	(570)	(370)
<i>Net cash flow used in investing activities</i>	(570)	(370)
Cash flow related to financing activities		
Proceeds from the exercise of stock options	162	7
Proceeds from the issuance of stock warrants	-	309
Purchase of treasury shares	(535)	(2 212)
Sale of treasury shares	231	451
<i>Net cash flow used in financing activities</i>	(142)	(1 445)
Effect of variations in exchange rates on cash flow	(79)	(92)
Net increase (decrease) in cash and cash equivalents	3 468	(18 183)
Cash and cash equivalents at the beginning of the period	14 215	28 644
Cash and cash equivalents at the end of the period	€ 17 683	€ 10 461

The accompanying notes are an integral part of the consolidated financial statements

INFOVISTA
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands, except for number of shares)

	Number of ordinary shares	Number of treasury shares	Issued Capital	Share Premium	Currency translation differences	Accumulat ed deficit and others	Treasury shares	Total
June 30, 2009	18 007 329	541 156	€ 9 724	€ 79 215	€ (1 620)	€ (50 384)	€ (1 075)	€ 35 860
Variation in currency translation differences	-	-	-	-	(14)	-	-	(14)
Other comprehensive loss	-	-	-	-	-	-	-	(14)
Net profit	-	-	-	-	-	599	-	599
Total income and costs recognized for the period	-	-	-	-	-	-	-	585
Exercise of stock options	2 575	(800)	1	4	-	-	2	7
Issuance of stock warrants	-	-	-	309	-	-	-	309
Costs related to share payments	-	-	-	79	-	-	-	79
Purchase of treasury shares	-	759 650	-	-	-	-	(2 212)	(2 212)
Sale of treasury shares	-	(161 308)	-	128	-	-	323	451
December 31, 2009	18 009 904	1 138 698	€ 9 725	€ 79 735	€ (1 634)	€ (49 785)	€ (2 962)	€ 35 079
June 30, 2010	18 015 404	1 462 957	€ 9 728	€ 80 086	€ (1 168)	€ (47 957)	€ (4 164)	€ 36 525
Variation in currency translation differences	-	-	-	-	(22)	-	-	(22)
Other comprehensive loss	-	-	-	-	-	-	-	(22)
Net profit	-	-	-	-	-	1 174	-	1 174
Total income and costs recognized for the period	-	-	-	-	-	-	-	1 152
Exercise of stock options	36 400	(32 520)	19	73	-	-	70	162
Purchase of treasury shares	-	153 923	-	-	-	-	(535)	(535)
Cancellation of treasury shares	(340 000)	(340 000)	(183)	(572)	-	-	755	-
Sale of treasury shares	-	(63 217)	-	111	-	-	120	231
December 31, 2010	17 711 804	1 181 143	€ 9 564	€ 79 698	€ (1 190)	€ (46 783)	€ (3 754)	€ 37 535

The appendix is an integral part of the consolidated financial statements.

INFOVISTA
NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except for share and per share data)

1 – DESCRIPTION OF BUSINESS

InfoVista S.A. and its subsidiaries (the “Group” or “we”) are a software developer of service performance assurance solutions. We design and develop hi-tech software, which monitors, analyses, and reports on the performance and quality of service of information technology (“IT”) infrastructure, including networks, servers and applications. In addition, we provide service support for the installation, implementation, user training and maintenance of all our products. We market our solutions to communication service providers and large enterprises IT organizations. We maintain our headquarters in Les Ulis (near Paris), France with subsidiaries located in Europe, Americas and Asia.

2 – INTERIM FINANCIAL CONSOLIDATED STATEMENTS PRINCIPLES

Basis of presentation

Due to our listing in a country of the European Union and as per the European regulation no. 1606/2002 dated July 19, 2002, the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) published by IASB as of December 31, 2010, as adopted by the European union (available on the internet at the following address : http://ec.europa.eu/internal_market/accounting/ias/index_en.htm) at the date of finalization of the consolidated financial statements by the Board of Directors on January 26, 2011. These standards comprise of those approved by the International Accounting Standard Board (“IASB”), including the International Reporting Standards (“IFRS”), the International Accounting Standards (“IAS”) and its interpretations published by the International Financial Reporting Interpretation Committee (“IFRIC”) or its preceding Standing Interpretation Committee (“SIC”).

The interim consolidated financial statements of the Group for the six-months ended December 31, 2010 have been prepared in conformity with IAS 34 “Interim Financial Reporting”. The results of operations for the interim periods are not necessarily indicative of the results of operations expected for the entire fiscal year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2010.

Significant accounting principles

Accounting principles applied by the Group for the consolidated interim financial statements as of December 31, 2010 are identical to the accounting principles applied by the Group for the consolidated financial as of June 30, 2010 with the exception of:

- Amendments to IFRS 2 « Group Cash-settled Share-based Payment Transactions »
- Amendments to IFRS standards published in April 2009 relative to amendments IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 et IAS 39 and applicable after January 1st, 2010
- IFRIC 17, « Distributions of Non-cash Assets to Owners »,
- IFRIC 18, « Transfers of Assets from Customers »,
- IFRIC 19 « Extinguishing Financial Liabilities with Equity Instruments »
- Amendments to IFRS 5 « Annual improvements Mai 2008 »
- Amendment to IAS 32 « Classification of Rights Issues »

The adoption of these standards, amendments and interpretations does not have any significant impact on the valuation methods adopted for the preparation of our consolidated accounts for the six-months ended December 31, 2010.

Standards, amendments to standards and interpretations adopted in the European Union, adoption not obligatory as of July 1, 2010, and not anticipated by the Group:

- Amendments to IFRIC 14 « Defined benefit pension assets and their minimum funding requirements »
- IAS 24 revised « Related Party Disclosures »

Standards, amendments and interpretations published by the IASB that could be not anticipated for lack of adoption by the European Union and the possible incidence on the consolidated accounts is being analyzed:

- IFRS 9 « Financial Instruments »
- Amendments to IFRS 7 « Financial Instruments : Disclosures »
- Amendments to IAS 12 « Deferred tax : Recovery of underlying assets »
- Amendments to IFRS standards - May 2010 applicable after July 1st, 2010 excepting to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 applicable after January 1st, 2011.

As of December 31, 2010, the impact of these new standards on our consolidated accounts is being analyzed.

Modification of the Balance sheet presentation

During the six-months ended December 31, 2011, the Group's shareholders voted to debit the share premium account to reset the accumulated deficit to zero. Following this legal operation, the distinction between the "Share premium" account and the "Accumulated deficit" account is considered no longer appropriate. The Group has condensed the presentation of the stockholders' equity by merging the share premium account, the "Currency translation differences" account and the "Accumulated deficit" account into a new account named "Premiums and other reserves". The presentation of the previous fiscal has been condensed accordingly as well. The table of stockholders' equity shall continue to track the movements of the different capital accounts.

3 - ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IAS 34 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions are used most notably for provisions and accruals, estimated economic useful life of intangible and fixed assets, impairment of long term assets, the calculation of stock based compensation charges, the goodwill impairment test, the estimate of accrued French research and development tax credits, and the deferred tax valuation allowance. Actual results could differ from these estimates, so estimates used as of December 31, 2010 could be substantially modified as of June 30, 2011.

Goodwill Impairment test

A goodwill impairment test compares the net book value of the goodwill with its fair value. The Group performs such impairment test once per fiscal year, at June 30, or at any other date in case the Group has an indication of loss in value. As of December 31, 2010, the Group did not identify any indication of goodwill impairment.

Earn-out payment – acquisition of Accellent

In accordance with the Accellent acquisition agreement, an earn-out component is payable in 2011 for up to €6 000 thousand, which is determined on three year cumulative revenue growth objectives, ending June 30, 2010, for the 5View software product and service revenues. As of December 31, 2010, based on the analysis of the cumulative revenue achievement over three years ended June 30, 2010, no additional purchase price has been recognized in the acquisition cost. Nevertheless, this calculation is currently under discussion with the former shareholders of Accellent. These discussions may lead to a conclusion that is different than one currently estimated as of December 31, 2010.

4 – SEGMENT INFORMATION

The standard IFRS 8 requires that the internal reporting regularly examined by the Group's chief operating decision maker constitutes the point of departure for the determination of the operational segments. On this basis, the Group identified a single segment which is service performance assurance solutions. The services activity, dedicated to the Group's solutions, is considered by the Group's chief operational decision-maker as inseparable for the purposes of an identified segment.

Information by segment information

The relative information at the income statement, assets and liabilities of the sector are in direct reading in financial statements.

Information by geographical area

Information by geographical area is detailed below according to the invoicing location. The amounts are presented excluding intra-group transactions.

	Six months ended December 31, 2010					
	France	Other EMEA countries	Total EMEA	Americas	Asia-Pacific	Total
Revenues	€ 4 353	€ 8 444	€ 12 797	€ 7 333	€ 2 714	€ 22 844
Non-current assets	€ 12 363	€ 89	€ 12 452	€ 462	€ 204	€ 13 118

	Six months ended December 31, 2009					
	France	Other EMEA countries	Total EMEA	Americas	Asia-Pacific	Total
Revenues	€ 4 067	€ 7 556	€ 11 623	€ 5 240	€ 3 366	€ 20 229
Non-current assets	€ 12 046	€ 79	€ 12 125	€ 474	€ 149	€ 12 748

Information on main clients

During the six months ended December 31, 2010 and 2009, no client achieved revenues amounting to 10% of our consolidated net revenues.

5 – RESEARCH AND DEVELOPMENT EXPENSES

Research Tax Credit

For the six months ended December 31, 2010 and 2009, the Group accounted for a net French research and development credit amount of €542 thousand and €264 thousand, respectively. This French research and development tax credit was recognized in deduction of the research and development expenses in the income statement. As of December 31, 2010 and June 30, 2010, other current assets included €1 050 thousand and €451 thousand of research and development tax credit receivables, respectively.

Capitalization of development costs

Starting July 1, 2010, the Group implemented a time reporting system and process that allowed it to reliably track capitalized software development costs. During the six months ended December 31, 2010, the Group capitalized €124 thousand of development costs of which €4 thousand were amortized as cost of software product. As of December 31, 2010 and June 30, 2010, €120 thousand and zero of unamortized software development costs were recorded to intangible assets.

6 – RELATED PARTY DISCLOSURES

On December 15, 2010, Joe Liemandt, CEO of Trilogy Enterprises, Inc was appointed to the board of directors of InfoVista. Mr. Liemandt controls ESW Capital that holds approximately 6% of the Group's issued capital as of December 31, 2010. Since March 2010, the Group has received services from gDev, a subsidiary of Trilogy for an annual amount of US\$350 thousand. The charges recorded by the Group for these services amounted to €86 thousand during the six months ended December 31, 2010.

For the six months ended December 31, 2010, the Group did not record any other significant related party transactions.

7 – ISSUED CAPITAL AND SHARE PREMIUMS

As at December 31, 2010, InfoVista had a total of 17,711,804 and 16,530,661 shares issued and outstanding, respectively. On December 15, 2010, the Board of Directors cancelled 340,000 shares previously repurchased by the Group. During the six months ended December 31, 2010, the Group purchased 153,923 and sold 63,217 treasury shares. During the six months ended December 31, 2010, 36,400 subscriptions options were exercised. During the six months ended December 31, 2010, 32,520 purchase options were exercised.

8 – SUB SEQUENT EVENTS

None

PART 2 SEMI-ANNUAL REPORT

The present document includes opinions, assumptions or estimates. These are prepared in accordance with the Group's prospects; they contain risks and uncertainties and are based on assumptions.

Besides the cases envisaged by the law, it is not an obligation to disclose to the public an updated version or revised perspectives taking into account new information, future events or any other circumstances. Taking the risks into consideration, and its associated uncertainties and assumptions, it may be that future events mentioned in this document do not occur.

The following information should be read in conjunction with the consolidated financial statements and the notes thereto included in Item 1 of this semi-annual report. The Group also urges readers to review and consider its disclosures describing various factors that affect its business in its 2010 Annual Report, available on its website.

Significant events for the six months ended December 31, 2010

None

Six months ended December 31, 2010 and 2009

Revenues

Total revenues were €22.8 million and €20.2 million for the six months ended December 31, 2010 and 2009, respectively.

Software products revenues were €9.0 million and €6.7 million for the six months ended December 31, 2010 and 2009, respectively. The increase in software products revenues is primarily due to the EMEA (Europe, Middle East, Africa) and Americas region. EMEA benefited from emerging market revenues and from the launch of new products. Americas' revenues were enhanced by two large deals, one with a US bank and the other one with the US government. The Asia-Pacific software products revenues slightly decreased as compared to last year, primarily from a revenue recognition delay of a €0.5 million software order.

Maintenance and professional service revenues were €13.8 million and €13.5 million for the six months ended December 31, 2010 and 2009, respectively. This 2% increase was primarily due to maintenance revenues, where we benefited from solid maintenance contracts renewals from our worldwide customer base.

Cost of Revenues

Cost of revenues was € 5.3 and €4.7 million for the six months ended December 31, 2010 and 2009, respectively.

Cost of software products revenues consists primarily of license fees paid to third party software vendors whose software is embedded in our products as well as equipment costs for our 5View probes. Cost of software product revenues, as a percentage of license revenues, were 10% and 7% respectively for the six months ended December 31, 2010 and 2009. This increase in percentage is mainly due to the increase of the 5View product line revenues, that carries higher costs.

Cost of service revenues consist primarily of salaries and related benefits, employee travel costs, third party subcontract fees and related facility expenses. Cost of service revenues, as a percentage of service revenues, were 31% for the six months ended December 31, 2010 and 2009. The €0.1 million costs of service increase results mainly from higher personnel costs. Average headcount in customer services was 58 and 52 employees for the six months ended December 31, 2010 and 2009, respectively.

Sales and Marketing Expenses

Sales and marketing expenses primarily consist of salaries, sales commissions, employee travel costs, promotional activities and related facility expenses. Sales and marketing expenses were €8.3 million and €7.1 million for the six months ended December 31, 2010 and 2009, respectively. This 17% increase can be primarily attributed to higher personnel costs linked

to software products revenue growth. Sales and marketing expenses, as a percentage of total revenues, were 36% and 35% for the six months ended December 31, 2010 and 2009, respectively. Average headcount in sales and marketing for the six months ended December 31, 2010 and 2009 was 71 employees.

Research and Development Expenses

Research and development expenses primarily consist of personnel costs associated with software product development, and related facility expenses. Research and development expenses were €4.7 million for the six months ended December 31, 2010 and 2009. Research and development expenses, as a percentage of total revenues, were 20% and 23% for the six months ended December 31, 2010 and 2009, respectively. Average headcount in research and development was 73 and 75 employees for the six months ended December 31, 2010 and 2009, respectively.

General and Administrative Expenses

General and administrative expenses primarily consist of salaries and related facility costs for financial, administrative and management personnel, professional fees for accounting and legal services, insurance costs and allowances for doubtful accounts. General and administrative expenses were €2.7 million for the six months ended December 31, 2010 and 2009. General and administrative expenses, as a percentage of total revenues, were 12% and 13% for the six months ended December 31, 2010 and 2009, respectively. Average headcount in general and administration was 30 and 32 for the six months ended December 31, 2010 and 2009, respectively.

Financial Income (Expense)

Financial losses were €157 thousand for the six months ended December 31, 2010, as compared to a €3 thousand financial income for the six months ended December 2009. This decrease is mainly due to higher exchange rate losses.

Income Tax Expense

For the six months ended December 31, 2010 and 2009, the Group recorded an income tax charge of €256 and €92 thousand, respectively. For the six months ended December 31, 2010, income tax expense are primarily due to withholding taxes and to a business tax in France.

Liquidity and Capital Resources

Cash, cash equivalents, and short-term deposits totaled €25.7 million as of December 31, 2010 as compared to € 25.8 million as of June 30, 2010.

Net cash generated by operating activities for the six months ended December 31, 2010 and excluding the purchase and sales of short-term deposits was €0.8 million and net cash used by operating activities for the six months ended December 31, 2009 was €3.2 million.

Cash used by investing activities totaled € 0.6 million and €0.4 million for the six months ended December 31, 2010 and 2009, respectively. During the six months ended December 31, 2009, investing activities primarily consisted of purchased computer and office equipment acquired for € 0.3 million and purchased software acquired for €0.1 million. During the six months ended December 31, 2010, investing activities primarily consisted of purchased computer and office equipment acquired for € 0.3 million and purchased software acquired for €0.3 million.

Cash used by financing activities totaled € 0.1 million and €1.5 million for the six months ended December 31, 2010 and 2009, respectively. During the six months ended December 31, 2010, cash used on financing activities was primarily from the net purchase of treasury shares for € 0.3 million. During the six months ended December 31, 2009, cash used on financing activities was primarily from the net purchase of treasury shares for € 1.8 million less cash generated from the issuance of stock warrants for €0.3 million.