

2008 first half results

A half marked by investments driving growth Favourable trends for the whole financial year

Lyon, September 16, 2008 — **ARKOON Network Security is positioned as one of the main publishers of IT system security solutions on the European market. The company has been listed on NYSE Alternext since July 2007.**

Introduction: as with most software publishers, ARKOON Network Security's business is subject to a strong seasonal effect, with the second half making a major contribution to the company's sales and annual results.

Simplified profit and loss statement for H1 (1st January – 30th June)

In K€	30.06.2008	30.06.2007
Turnover	5 537	5 739
Ebitda	163	569
Ebit	- 557	- 94
Net result	- 360	- 287

Good sales performance in a difficult context

For the 1st half of 2008, ARKOON Network Security posted a turnover of €5,537K, generated as follows:

- The **Network Security** business (UTM Fast) accounted for 72.5% of total turnover at €4,016K.
- **Data Security** sales (Security Box) stood at €1,521K.

The order book increased and deferred revenue from service contracts rose by +8% to €4,636K, reflecting a growing share of recurrent revenue.

Investments driving growth

In a highly competitive market, ARKOON Network Security favours a strategy based on profitability, quality and proximity to our customers. During the period, the gross margin was, however, slightly affected by this environment and fell by 3.2% compared to the 2007 financial year as a whole.

At the same time, the company is continuing to make investments to boost its European outreach. These new sites are generating additional business costs which have not yet been offset by the sales volume. The recent launch of these sales offices in Italy (2nd half of 2007), Spain (Barcelona in 1st half of 2008) thus penalised the operating result by 36% (€202K) on 30th June 2008.

The net result is composed of an extraordinary loss of – €250K and a tax credit of €438K. On a like-for-like basis, excluding the impact of the Italian and Spanish sites, the pro forma result came out at a loss of €160K, compared with – €287K on 30th June 2007, marking a 45% improvement.



A very sound balance sheet structure

On 30th June 2008, ARKOON Network Security had an extremely healthy financial structure with equity at €10,961K and a net cash position of €5,110K. Financial debt only accounted for 2.63% of equity.

Favourable trends forecast for the whole financial year

Despite the current uncertainties of the economic context, ARKOON Network Security is expected to benefit from a business volume which tends to be more sustained in the second half. The company is also determined to sustain its margins.

For the financial year as a whole, given the trends recorded in the 3rd quarter, the company's sales performance will increase compared to 2007.

ARKOON Network Security's momentum is also illustrated by the official release of version 7.0 of the Security BOX Enterprise, a data protection software solution, on 3rd September. This new version which includes Microsoft Vista has improved the ergonomics of the tool and increased security. It followed the April 2008 marketing of version 2.10 of the Security BOX Mobile, a security solution for mobile terminals (Smartphones and PDAs).

Contact

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About ARKOON Network Security

A recognised pioneer in IT infrastructure protection, Arkoon - www.arkoon.net – has always striven to offer certified solutions tailored to protect sensitive information and infrastructure.

Arkoon solutions are grouped together in a protective system for its clients, regardless of their size, to meet their security objectives while minimising operational costs.

Arkoon protects information, communication and infrastructure through complementary solutions:

- The Security BOX software suite meets companies' data confidentiality, integrity and authenticity needs. The Security BOX encoding engine is certified Common Criteria EAL4+.

- The range of FAST360 appliances natively integrates FAST (Fast Applicative Shield Technology), patented by Arkoon, to protect infrastructure and communications. FAST360 is certified Common Criteria EAL2+.

The identity of the Arkoon company allows it to meet the needs of European private and public organisations precisely.

Established in 2000, with its head office in Lyon, Arkoon Network Security is listed on NYSE Alternext. Arkoon has subsidiaries in Italy and Spain. Its solutions are marketed worldwide by its certified partner network. The majority of Arkoon's clients are on Eurostoxx 100, include civil service departments and thousands of medium sized businesses. Arkoon solutions are deployed in more than 60 countries.

ARKOON Network Security has obtained the OSEO "Entreprise Innovante" label.

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