

Activity – 1st half 2009

Slight downturn due to difficult environment

Increase in recurring revenue

Lyon, 15 July 2009 — **ARKOON Network Security is one of the main information system security solution providers in Europe. The company is listed on the Paris NYSE-Euronext Alternext market.**

Turnover for the period 1 January to 30 June

As a rule, ARKOON Network Security enjoys much more sustained activity in the second half of the year due to the seasonal effect.

In thousands of euros	30.06.2009	30.06.2008
Turnover	4,829	5,537

In an extremely difficult economic environment marked by a reduction in IT investment, the turnover of ARKOON Network Security decreased to €4,829K.

This change can be explained by two main factors:

- Activity outside France fell sharply from €527K as of 30 June 2008 to €107K as of 30 June 2009; Italian and Spanish markets being particularly affected by the crisis.
- **Network Security** sales (UTM appliances and security services) amounting to €3,302K (vs. €4,016K as of 30 June 2008) has been more severely affected by the current economic situation than **Data Security** (Security Box) sales which stood up well at a figure of €1,526K, showing slight growth (+ 0.4%).

Over the period, Network Security accounted for 68% of total sales and Data Security for 32%. Professional Services stood up well reaching a figure of €470K.

It should be noted that the Company made its first "Touch & Go" OEM sales which amounted to €116K for the period.

Increase in recurring revenue

Deferred revenue (unearned revenue) was up slightly at €4,196K vs. €4,142K as of 31 December last. Sales linked to maintenance contracts and subscriptions continued to perform well reaching €2,723K vs. €2,518K as of 30 June 2008, a rise of 8.1%. This recurring revenue linked to the excellent renewal rate for maintenance contracts, achieved to the detriment of equipment renewals (economic climate effect), has set part of the sales figure on a secure footing.

A very sound balance sheet with financing capability preserved

In this difficult climate, ARKOON Network Security has endeavoured to preserve its financial balance. The financial structure of ARKOON Network Security as of 30 June 2009 was sound, with capital in the region of €12M, available cash of €6M and financial debt amounting to less than 4% of its capital.



Continued conservative strategy and confidence in the future

To get through the current period and reinforce its position among the principal IT security publishers, ARKOON Network Security is placing emphasis on its technological and commercial performance. As a result, significant progress was made during the first half of the year:

- Version 2.2 of Security Box Mobile, a communicating Smartphone and PDA security package, was successfully launched last March.
- The Appliances Network Processor (ANP) range was expanded to include a Small-250 version directed towards the small & medium business segment.
- A new distribution agreement was signed with D2B Informatique. This agreement comes in addition to those already concluded with a dense network of security expert partners.
- ARKOON Network Security and SOPHOS have joined forces to undertake a "Tour de France" to meet with their retailer and integrator partners.
- And, to coordinate and maintain local relations with the network of partners (distributors, retailers and operators, etc.), three new sales representatives have been recruited for the South, Rhône-Alpes and Ile-de-France/North regions. During July, ARKOON Network Security will also be taking on two other sales staff who will be directly in charge of major account customers with a strong focus on the Security Box offering.

With its sound fundamentals and robust financial structure, ARKOON Network Security is still on the lookout for acquisition opportunities that would enable it to reinforce its offering and acquire new technology.

2009 half-yearly results will be published on 15 September 2009 after close of trading.

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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+.

Established in 2000, with its head office in Lyon, ARKOON Network Security is listed on NYSE Alternext. Its solutions are marketed worldwide by its certified partner network and subsidiaries. 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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