SIGNIFICANT IMPROVEMENT IN ARKOON NETWORK SECURITY'S TURNOVER AND EARNINGS IN H1 2011

Lyon, 27 September 2011. **ARKOON NETWORK SECURITY is a major player in IT security solutions, offering communications, data and endpoint protection, as well as secure SaaS and cloud computing. The company is listed on Alternext by Euronext Paris.**

SIGNIFICANT IMPROVEMENT IN EARNINGS

H1 2011 turnover was up 11.9% compared to H1 2010 (16% at Group level), an upward trend expected to continue into the second half. This performance translated into significantly improved earnings.

in €000	H1 2011	H1 2010	H1 2009
TURNOVER FROM BUSINESSES	4,602	4,063	4,828
TOTAL TURNOVER (including intra-Group)	4,938	4,413	4,828
EBITDA	342	(453)	(44)
EBIT	(633)	(1,463)	(944)
NET INCOME	(210)	(4,467)	(622)

Arkoon Network Security's total turnover stood at €4,938 thousand vs. €4,413 thousand the previous year. The "FAST" networks security business contributed €3,193 thousand, an increase of 11%, and "Security BOX" data protection posted strong growth, up 18.9% to €1,408 thousand. Other operating revenue (intra-Group sales and services) totalled €366 thousand.

The gross margin increased slightly over the period, gaining one point.

Operating expenses excluding internal purchases, depreciation, amortisation and provisions were down 10.4%. Through cost control and growth in the business, EBITDA returned to positive territory, at €342 thousand, up €794 thousand on the year-earlier period.

Operating losses totalled €633 thousand, an improvement of €829 thousand compared to H1 2010.

Although the company still recorded a net loss for the period, this was greatly reduced, at €210 thousand compared to a net loss of €4,467 thousand in H1 2010. The net loss included a net financial profit of €17 thousand, an exceptional profit of €147 thousand and R&D tax credit of €259 thousand. As a reminder, in H1 2010, Arkoon had to book an exceptional write-down of €3,384 thousand linked to difficulties at its subsidiary SkyRecon Systems in 2010 (net loss of €1,084 thousand excluding the impact of the SkyRecon write-down).

Following the principle of conservatism, given the macroeconomic context, no provisions for write-downs had been reversed as of 30 June 2011.

As of 30 June 2011, Arkoon Network Security's financial structure was robust, with €7,500 thousand in equity, €4,133 thousand in cash and cash equivalents, and €1,805 thousand in net cash.

RECOVERY OF SKYRECON SYSTEMS UNDER WAY

The initiatives to inject fresh growth into SkyRecon Systems' business with StormShield, its range of endpoint protection solutions, are beginning to bear fruit.

In its phase of redeployment, with turnover increasing 35.6% to €646 thousand and invoicing 41%, SkyRecon Systems has almost reached breakeven, recording an operating loss of €198 thousand in H1 2011 compared to a loss of €913 thousand in H1 2010.

GROWTH IN BUSINESS AND IMPROVED EARNINGS EXPECTED FOR FY 2011

In the second half, the Group's businesses are expected to continue to improve compared to 2010. This combined with our tight control over costs enables us to anticipate a clear improvement in the full year's earnings.

Arkoon Network Security also reaffirms its position as a major player in the field of security with the launch of new products (P series of FAST360 UTM appliances, Client Smart SSL, Security Box for SharePoint V2.0, StormShield Server Side Edition) and the development of new solutions based on virtualisation, online security services and dedicated cloud infrastructure solutions.

This growth trajectory and SkyRecon Systems' significant recovery show the capacity of Arkoon Network Security to withstand difficult economic conditions and act as necessary to protect earnings, so as to be ready to bounce back when market conditions allow for it.

The above results were audited by the Statutory Auditor and presented to the company's Supervisory Board at their meeting of 21 September 2011.

Next publication: 2011 turnover, on 24 January 2012 after the market closure

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About ARKOON NETWORK SECURITY

As a recognised pioneer in IT infrastructure protection, ARKOON (www.arkoon.net) has made the commitment to offer the appropriate certified solutions for the protection of sensitive data and infrastructures.
ARKOON solutions are incorporated into the protection system of the client organisation, regardless of its size, thereby providing a cost-effective response to its security objectives.

Arkoon protects information, communications, infrastructures and computers with a range of complementary solutions:

- Security BOX software suite, preserving the confidentiality, integrity and authenticity of any information stored or shared within the organisation, as required, whether between PCs or a PC and a smartphone. Security BOX encryption is certified Common Criteria EAL4+.

- FAST360 appliance range, integrating native Fast Applicative Shield Technology (FAST), patented by Arkoon, to protect infrastructures and communications. FAST360 is certified Common Criteria EAL2+.

- StormShield software application, designed and marketed by SkyRecon, a subsidiary of Arkoon specialising in behavioural security software solutions, offers comprehensive protection for the system, applications and data on any desktop or laptop computer.

Founded in 2000, its registered office situated in Lyon, Arkoon Network Security is listed on the Paris NYSE Alternext market. Its solutions are marketed all over the world through a network of certified partners and subsidiaries. A large majority of Arkoon's clients are formed of companies listed on Eurostoxx 100, public bodies and thousands of medium-sized enterprises. Arkoon solutions are rolled out in more than 60 countries.

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Arkoon Network Security has OSEO "Innovative Enterprise" certification and has been distinguished as a member of the OSEO Excellence network composed of 2,000 companies.

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