Interim Report 2008

For the six months ended 30 September 2008

NORKOM
TECHNOLOGIES

Contents

Norkom Group plc
Paul Kerley - Chief Executive Officer
Liam Davis - Chief Financial Officer

Telephone - +353 873 9600

Interim Results for the Six Months Ended 30 September 2008:

Norkom has announced a 37% increase in revenues and a 30% improvement in EBITDA (earnings before interest, tax, depreciation and amortisation) for the six months ending 30th September 2008 (2008).

Financial Highlights

The company reports the following key financials:

- Revenue up 37% to €24.2 million (2007: €17.6 million).
- EBITDA up 30% to €4.0 million (2007: €3.1 million).
- Adjusted Diluted EPS up 18% to 3.95 cents (2007: 3.35 cents).
- Net assets of €55.0 million (2007: €48.4 million).
- Net cash inflow generated from operations of €0.6 million (2007: €3.0million).

Key business highlights for the period included the following:

- 10 new clients added during the period including 3 of the world's largest banks
- Partnership with IBM announced to deliver new financial crime and compliance (FCC) software solutions to the world's leading financial institutions
- Announcement of first deal using pre-packaged compliance solutions with Newcastle Permanent Building Society in Australia, developing new opportunities for Norkom with smaller financial institutions
- First deal in the Middle East financial services market with sale to Dubai Islamic Bank
- Global spread of revenue continues with strong performance in AsiaPac where revenue increased by 250% to €4.6m

Commenting on the half year results, Norkom's Chief Executive Officer, Paul Kerley, said:

"We are very pleased with the strong performance achieved in the first half of the year especially given the extraordinary conditions being experienced in the global financial markets. Our strategy of diversifying risk across clients and geographies has allowed Norkom to achieve strong growth in revenues and profits, while adapting to significant change in our core markets during the period. Norkom, however is, not immune to the impacts of the global financial crisis, although we expect to benefit in the medium-term from a push for greater regulatory oversight and an increase in demand for solutions that help financial institutions manage risk at a more granular level and in real-time. Our strong commitment to growth with profits together with uncertainty in our core market, dictates that we adopt a more prudent approach to expanding our costs base. The company now anticipates managing our business to deliver growth in revenues and EBITDA in the region of 20% for the full year to March 2009."

Trading Overview

Notwithstanding the extraordinary turbulence in our core market during the last 6 months, we continued to produce a strong operating performance as a result of reinvestment by our client franchise and significant new sales wins in the period. Our current clients contributed over 75% of our performance and the remainder was as result of new contracts, with 10 new clients secured in the six months ended 30th September 2008 (2008). These include both a number of Top 20 Global banks and also regional institutions.

The prevailing stressful environment in our core markets is impacting on the timing of purchasing decisions. The disruptive nature of mergers and demergers in North America and Europe is impacting on decision cycles, which, in turn, are impacting on the sales cycle. A number of deals in our pipelines have been stalled as some institutions shift-short term focus to integrating or being integrated as part of the shake-out in the banking sector. This is a feature that has been more evident in the North American market. While we have experienced some similar activity in Europe, it has been less of an issue as we have been able to compensate with significant contract wins in Germany, Scandinavia and Eastern Europe during the period, which will convert into revenue mainly in the current period. AsiaPac continues to outperform facilitated by the cycle of regulation currently being implemented, and UK/Ireland and Rest of World regions experienced broadly flat revenue growth as the recent wave of regulatory-driven implementations were completed.

The turmoil in financial markets has had the impact of softening demand in the US market temporarily to allow time for the current wave of M&A activity to be absorbed. We expect a step-up in demand driven by the current pipeline of regulations, complemented by new regulation and fraud mitigation initiatives already signalled by some of the major European markets as well as the new US administration. These trends will remain long-term drivers of demand for Norkom solutions to the financial services sector. We expect Asia and the Middle East to provide additional opportunities for Norkom to expand its addressable market, while new account wins in Europe will add run rate revenue to our European businesses, thereby, improving visibility in that market.

Whilst Norkom continues to receive a strong level of RFIs/RFPs, and the demand for Norkom's solutions continues to support historical levels of growth, the current dislocation in the market is impacting on near-term buying decisions of financial institutions.

Norkom has always budgeted on the basis of having 65% visibility on its revenues. The short-term unpredictability of the market is causing management to take a more prudent approach to expansion of our cost base to prioritise growth with profits . Therefore, based on Norkom's existing model of visibility, the company anticipates managing its business to deliver growth in revenues and EBITDA in the region of 20% for the full year to March 2009.

Business Highlights

Norkom increased revenue to €24.2 million for 2008 versus €17.6 million for the same period in 2007 (+37%). Of particular significance was the strong revenue growth of 250% (€4.5 million) recorded by AsiaPac in the current period. Revenue growth came from both incremental contracts, with over 75% of existing clients re-investing, and from new contracts, with 10 new clients secured in 2008. These wins were achieved in all of Norkom's key markets (including Continental Europe, North America and UK/Ireland), as well as newer markets like Asia and Middle East. Of particular note were a number of new client wins in the Germanic speaking area of Europe. This brings our client franchise to 9 of the top 20 global banks.

Norkom has also released a series of pre-packaged applications specifically designed for small-to-medium sized financial organisations with the announcement of its first deal with Newcastle Permanent Building Society to help them comply with both anti-money laundering and counter terrorist financing regulations. Whilst more standard in nature than offered to our global tier one target financial organisations, this is another means to expand Norkom's market franchise and global reach.

During the six month period to September 2008, Norkom closed its first deal in the Middle East with Dubai Islamic Bank, the world's first fully-fledged Islamic Bank. This marks Norkom's strategic foray into the Middle Eastern financial services market where there is a strong demand for Norkom's sophisticated suite of financial crime and compliance solutions (FCC).

Channels and Alliances

Norkom has more than doubled its partner enabled revenue to 12% (€2.9 million) in 2008, up from 7% (€1.2 million) in 2007. This has been substantially achieved by virtue of our global alliance with IBM. Both organisations recently announced collaboration to deliver new FCC solutions to the market. We have aligned research and development around the IBM software portfolio, including integration of key capabilities of IBM Infosphere Entity Analytic Solutions (EAS) within the Norkom product portfolio. This is part of a continued investment by Norkom to deliver partner friendly solutions which will allow Norkom to take advantage of competing in deals in regions where it does not have a physical presence. This will also allow Norkom to gain an operating leverage in our sales and marketing investments whilst still maintaining a strong global presence to market and to continue to strategically win market share.

Market Endorsement

During the period, Norkom's market recognition as a leader in financial crime and compliance rose significantly, with a favourable review of its Enterprise Fraud Management Solutions by a leading analyst firm. Norkom was also invited to be key note speakers at a number of prestigious industry events including the SIBOS conference held recently in Vienna.

Financial Highlights

2008 was another period of strong progress for Norkom with revenue increasing by 37% to €24.2 million for the six months ended 30th September 2008 (2007: €17.6 million). AsiaPac returned the strongest revenue increase with an overall 250% increase to €4.6 million in the six monthly period (2007: €1.3 million). North America also returned strong growth of 48% to €10.3 million (2007: €6.9 million). Revenue in Europe increased by 6% to €5.0 million (2007: €4.8 million) and in Ireland, UK & ROW revenue declined by 6% to €4.3 million (2007: €4.6 million). Revenue growth came from both incremental contracts, with over 75% of existing clients re-investing and from new contracts, with 10 new clients secured in 2008.

Norkom has also delivered strong revenue growth across its main revenue line items of license, professional services and post contract support (PCS). License revenue grew by 33% to €6.3 million (2007: €4.7 million), Professional Services grew by 38% to €15.6 million (2007: €11.4 million), whilst PCS grew by 50% to €2.3 million (2007: €1.5 million). These are key contributors to the overall gross profit increase of 29% to €14.9 million (2007: €11.5 million) for the current period.

The current market challenges have increased our emphasis on managing costs and generating leverage from operating investments. Norkom generally has 65% revenue and gross profit visibility, which delivers a consistent level of EBITDA with the residue invested across Sales and Marketing, Research and Development and General and Admin costs. With the ongoing challenge to close and ramp-up deals, operating costs have been reduced to 45% of revenue in 2008 (€10.9 million excluding depreciation) from 48% in 2007 (€8.4 million excluding depreciation) as management seek to proactively manage all cost investments and drive operating leverage on it's global investments. Management will continue also to use its strongly held culture of project accounting across the organisation to manage projects to desired profitability levels above the line and its return from investments in operating costs.

Foreign exchange has impacted the revenue and operating margin for the Group. Our main trading currencies of the US dollar, Australia dollar, Canadian dollar and Sterling have been weaker on translation in the current six month period against the same period in 2007. This led to a €1.7 million negative effect on reported revenue and a negative €0.9 million impact on operating profit.

Our cash balance has strengthened from €20.7 million at 31 March 2008 to €22.8 million at 30 September 2008. Net Operating cash for 2008 was €0.6 million as we have seen an increasing challenge to collect cash on a timely basis, particularly at the end of each quarter as our clients concentrate on end of quarter liquidity. This is particularly evident with payments received of over €1.5 million in the first week of October.

Overall, Norkom's balance sheet has again strengthened during the period. Net assets increased from €50.3 million at 31 March 2008 to €55.0 million at 30 September 2008. A strong bank balance with substantial cash flow places the Group in a very strong financial position to continue to grow its operations on a global basis.

Business Strategy and Future Outlook

Norkom has had a very successful H1 given the extraordinary conditions in the market. Despite these conditions, Norkom is experiencing a strong sales performance. While sales performance is strong, we are seeing the market pushing for harder terms on deals. Norkom will continue to ensure that it focuses on both the quality and quantity of new business. Growth with profits is one of the main pillars of our strategy and management believe that this is even more important in the current environment.

We expect the impacts of the current shake out to soften demand in the US market temporarily to allow time for the M&A activity to play out. We then expect to see a step up in demand that is initiated by the current pipeline of regulations complemented by the activities of the new administration in the US. We expect Asia and the Middle East to provide additional opportunities for Norkom to expand its addressable market, while new account wins in Europe will add run rate revenue to our European business, thereby, improving visibility in that market.

The short term unpredictability of the market will cause management to take a more prudent approach to expansion of our cost base as we continue to prioritise growth with profits. Our systems and controls have so far facilitated our growth, while retaining the levers to manage costs to maintain our profit margins.

In recognition of the fluidity of the market, management will adopt a strategy of winning and delivering the revenue where there is the greatest assurance.

Our strong commitment to growth with profits, together with uncertainty in our core market, dictates that we adopt a more prudent approach to expanding our costs base. Therefore, based on Norkom's existing model of visibility, the company anticipates managing its business to deliver growth in revenues and EBITDA in the region of 20% for the full year to March 2009.

Interim Consolidated Income Statement for the 6 Months Ended 30 September 2008

	Note	6 Months Ended 30 September 2008 €'000	6 Months Ended 30 September 2007 €'000
Continuing Operations			
Revenue	5	24,184	17,595
Cost of sales		(9,467)	(6,133)
Gross Profit		14,717	11,462
Sales and marketing costs		(4,724)	(3,704)
Research and development costs		(3,723)	(2,834)
Administrative expenses		(2,714)	(2,183)
Amortisation of intangible assets		(826)	(717)
Operating profit		2,730	2,024
Share of loss of associate		(272)	-
Finance revenue		351	252
Finance costs		(30)	(33)
Profit before tax		2,779	2,243
Income tax expense:			
Current tax charge	6	(268)	(102)
Deferred tax charge	6	(319)	
Profit for the period from continuing operations		2,192	2,141
Attributable to:			
Equity holders of the parent		2,182	2,016
Minority interest		10	125
		2,192	2,141
EPS:			
		Euro Cent	Euro Cent
Basic earnings per ordinary share	*3*	*2.46c*	*2.44c*
Diluted earnings per ordinary share	*3*	*2.40c*	*2.35c*
Adjusted EPS:			
EPS adjusted for amortisation and non-cash charges	*3*	*3.95c*	*3.35c*
EBITDA EPS	*3*	*4.42c*	*3.59c*

Interim Consolidated Balance Sheet at 30 September 2008

	30 September 2008	31 March 2008
	€'000	€'000
Assets		
Non-Current Assets		
Property plant and equipment	1,751	1,532
Intangible assets	26,490	24,971
Investment in associate	1,827	2,099
Deferred tax asset	1,248	1,560
	31,316	30,162
Current assets		
Trade and other receivables	19,441	17,284
Prepayments	1,316	565
Financial assets	-	402
Cash and cash equivalents	22,790	20,715
Total assets	74,863	69,128
Equity and liabilities		
Issued share capital	894	893
Share premium	42,451	42,445
Other reserves	29,127	28,894
Cumulative translation adjustment	(1,653)	(3,954)
Retained loss	(15,811)	(17,993)
Equity attributable to equity holders of the parent	55,008	50,285
Minority interest	0	0
Total Equity	55,008	50,285
Non-current liabilities		
Interest bearing loans and borrowings	1,000	1,000
Finance lease obligations	193	234
Supplier loan	-	18
Other payables	64	133
Total non-current liabilities	1,257	1,385
Current liabilities		
Trade and other payables	11,052	10,843
Income taxes payable	273	104
Financial liabilities	306	-
Finance lease obligations	125	197
Supplier loan	52	68
Deferred revenue	6,790	6,246
Total current liabilities	18,598	17,458
Total liabilities	19,855	18,843
Total equity and liabilities	74,863	69,128

Interim Consolidated Statement of Changes in Equity for the 6 Months Ended 30 September 2008 and 2007

Attributable to equity holders of the parent	*Issued capital €'000*	*Share premium €'000*	*Retained loss €'000*	*Other reserves €'000*	*Translation reserve €'000*	*Total €'000*	*Minority interest €'000*	*Total equity €'000*
At 31 March 2008	893	42,445	(17,993)	28,894	(3,954)	50,285	0	50,285
Movement in translation reserve	-	-	-	(25)	2,301	2,276	-	2,276
Total income and expenses recognised directly in equity	-	-	-	(25)	2,301	2,276	-	2,276
Profit retained for the financial period	-	-	2,182	-	-	2,182	10	2,192
Total income and expense for the period	-	-	2,182	(25)	2,301	4,458	10	4,468
Issue of ordinary shares	-	-	-	-	-	-	-	-
Expenses arising on share issues	-	-	-	-	-	-	-	-
ESOP issue of ordinary shares	1	6	-	-	-	7	-	7
Expensing of share-based payment	-	-	-	258	-	258	-	258
Dividends of subsidiaries	-	-	-	-	-	-	(10)	(10)
At 30 September 2008 (unaudited)	894	42,451	(15,811)	29,127	(1,653)	55,008	0	55.008

Attributable to equity holders of the parent	*Issued capital €'000*	*Share premium €'000*	*Retained loss €'000*	*Other reserves €'000*	*Translation reserve €'000*	*Total €'000*	*Minority interest €'000*	*Total equity €'000*
At 31 March 2007	809	27,501	(23,941)	28,531	(262)	32,638	0	32,638
Movement in translation reserve	-	-	-	-	(1,442)	(1,442)	-	(1,442)
Total income and expenses recognised directly in equity	-	-	-	-	(1,442)	(1,442)	-	(1,442)
Profit retained for the financial period	-	-	2,016	-	-	2,016	125	2,141
Total income and expense for the period	-	-	2,016	-	(1,442)	574	125	699
Issue of ordinary shares	81	15,385	-	-	-	15,466	-	15,466
Expenses arising on share issues	-	(467)	-	-	-	(467)	-	(467)
ESOP issue of ordinary shares	2	11	-	-	-	13	-	13
Expensing of share-based payment	-	-	-	142	-	142	-	142
Dividends of subsidiaries	-	-	-	-	-	-	(125)	(125)
At 30 September 2007 (unaudited)	892	42,430	(21,925)	28,673	(1,704)	48,366	0	48,366

Interim Consolidated Cash Flow Statement for the 6 Months Ended 30 September 2008

	6 Months to 30 September 2008	6 Months to 30 September 2007
	€'000	€'000
Cash flows from operating activities		
Profit before tax	2,779	2,243
Adjustment to reconcile profit before tax to net cash flows		
Non-cash:		
Depreciation of property, plant and equipment	457	345
Amortisation of intangibles	826	717
Share-based payments	258	142
Share of loss of associate	272	-
Finance income	(351)	(252)
Finance costs	30	33
Working capital adjustments:		
Increase in debtors and prepayments	(5,305)	(2,204)
Increase in creditors and accruals	1,650	1,964
Cash generated from operations	616	2,988
Income tax paid	(166)	(28)
Net cash from operating activities	450	2,960
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	1,524	(24,031)
Purchase of property, plant and equipment	(200)	(451)
Interest received	396	252
Net cash provided / (used) by investing activities	1,720	(24,230)
Financing activities		
Proceeds from issue of share capital	-	15,466
Proceeds from ESOP issue of shares	7	13
Payment of expenses arising on issue of share capital	-	(467)
Capital element of finance lease payable	(113)	(139)
Capital element of supplier loan	(34)	(32)
Finance lease interest paid	(28)	(30)
Supplier loan interest paid	(2)	(3)
Dividends paid to minority interests	(100)	(165)
Net cash flows (used) / provided by financing activities	(270)	14,643
Increase/(decrease) in cash	1,900	(6,627)
Net foreign exchange difference	175	(47)
Cash and cash equivalents at 1 April	20,715	29,364
Cash and cash equivalents at 30 September	22,790	22,690

Notes to the Interim Consolidated Financial Statements for the 6 Months Ended 30 September 2008

(1) Corporate information

Norkom Group plc is incorporated as a public limited company under the laws of Ireland and is domiciled in Ireland. Its shares have been listed on the IEX and AIM markets since June 2006. Norkom Group plc and its subsidiaries, all of which are wholly owned (collectively the "Group") operate in one business segment: enterprise financial crime and compliance software.

The interim condensed consolidated financial statements of the Norkom Group plc for the six months ended 30 September 2008 were authorised for issue in accordance with a resolution of the directors on 11 November 2008.

(2) Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 September 2008 have been prepared in accordance with IAS 34 *"Interim Financial Reporting"*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at and for the year ended 31 March 2008, which have been prepared in accordance with IFRS.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008, except for the adoption of new Standards and Interpretations, noted below:

IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions*
This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments, to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2008 and have not been early adopted:

IFRS 2 Share-based Payment – *'Vesting Conditions and Cancellations',* effective for annual periods beginning on or after 1 January 2009. The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

IFRS 8, *'Operating Segments',* effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, *'Segment Reporting',* and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears no change in the number of reported segments will occur.

Notes to the Interim Consolidated Financial Statements for the 6 Months Ended 30 September 2008

(2) Basis of preparation and accounting policies

Significant accounting policies *(continued)*

IAS 23 (amendment), *'Borrowing Costs',* effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group does not currently have borrowing costs on qualifying assets.

IFRS 3 (amendment), *'Business Combinations' and consequential amendments to IAS 27,* 'Consolidated and *'Separate Financial Statements',* IAS 28, *'Investments in Associates'* and IAS 31, *'Interests in Joint Ventures',* effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any joint ventures.

IAS 1 (amendment), *'Presentation of Financial Statements',* effective for annual periods beginning on or after 1 January 2009.

IAS 32 (amendment), *'Financial Instruments: Presentation',* and consequential amendments to IAS 1, *'Presentation of financial statements',* effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group, as the Group does not have any puttable instruments.

IFRIC 13, *'Customer Loyalty Programmes',* effective for annual periods beginning on or after 1 July 2008. Management is evaluating the effect of this interpretation on its revenue recognition but does not anticipate any change in policy.

(3) Earnings per Share (€'000 except share and per share data)

	6 Months to 30 September 2008	6 Months to 30 September 2007
Numerator for Basic and diluted earnings per share	€'000	€'000
Profit for the financial period attributable to ordinary shareholders	2,182	2,016
Denominator for Basic earnings per share	Number of Shares	Number of Shares
Weighted average number of shares	88,855,588	82,777,576
Effective of dilutive potential shares (share options)	1,864,424	3,060,033
Denominator for diluted earnings per share	90,720,012	85,837,609
Earnings per Share		
- Basic	2.46c	2.44c
- Diluted	2.40c	2.35c

Adjusted Earnings per Share (€'000 except share and per share data)

	6 Months ended 30 September 2008	6 Months ended 30 September 2007
(i) Adjusted EPS	Cent	Cent
Adjusted diluted earnings per ordinary share	3.95c	3.35c

	6 Months ended 30 September 2008	6 Months ended 30 September 2007
(ii) EBITDA EPS	Cent	Cent
EBITDA diluted earnings per ordinary share	4.42c	3.59c

Earnings reconciliations:	6 Months ended 30 September 2008	6 Months ended 30 September 2007
Earnings for adjusted EPS reconciliation:	€'000	€'000
Operating profit	2,730	2,024
Add back:		
IFRS 2 non-cash charge	258	142
Amortisation of intangibles	826	717
Net interest	321	219
Deduct:		
Share of loss of associate	(272)	-
Minority interest	(10)	(125)
Tax on ordinary profits – current tax	(268)	(102)
Earnings for adjusted EPS	3,585	2,875
EBITDA reconciliation		
Operating profit	2,730	2,024
Add back:		
Depreciation	457	345
Amortisation of intangibles	826	717
EBITDA	4,013	3,086

This reconciliation is presented because adjusted earnings per share, is an external measure used by analysts to help understand the investment potential of the Group.

(4) Business Combinations

On 30 July 2007 the group acquired, 100% of the voting equity in Digital Harbor Inc., a Delaware Corporation. Digital Harbor Inc. develops advanced composite applications software for both the U.S. government and commercial companies.

The carrying valuations of the identifiable assets and liabilities of Digital Harbor Inc. as at the date of acquisition, have been finalised to 31 July 2008 in accordance with IFRS 3. The significant adjustments in valuations recognised in the period from 1 April 2008 to 31 July 2008 are as detailed below:

	Finalisation of Carrying value	*Fair Value Recognised on Acquisition*
	€'000	*€'000*
Property, plant and equipment	96	96
Cash and cash equivalents	506	506
Trade receivables	377	432
Prepaid expenses	135	135
Capital lease obligations	(61)	(61)
Trade payables	(267)	(267)
Accrued expenses and deferred revenue	(2,935)	(2,822)
Intangible assets	9,041	9,041
Net assets (liabilities)	6,892	7,060
Goodwill arising on acquisition	17,367	17,199
Total consideration	24,259	24,259

Final adjustments were made to the fair valuations of receivable and accrued expenses to restate the estimation of fair valuations at the acquisition date to reflect the full information made available reflecting conditions existing at 31 July 2007.

(5) Segmental Information

Primary reporting format – business segments

The Group operates in one reportable segment, the provision of software and services for enterprise financial crime and compliance.

The primary segment reporting format is determined to be the business segment as the Group's risks are affected predominantly by the nature of its business and the products and services it supplies.

The information in the Group consolidated financial statements for the period ended 30 September 2008 is the same as those used by the Group for its internal reporting purposes to provide a reliable assessment of its risks and returns.

Secondary reporting format – geographical segments

For management reporting purposes, secondary information is reported geographically. Disclosures in respect of geographical areas are based on the location of the Group's customers and the location of the Group's assets.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions between third parties.

An analysis of revenue from external customers by type of revenue is as follows:

	6 Months Ended 30 September 2008	*6 Months Ended 30 September 2007*
	€'000	*€'000*
Licence	6,269	4,714
Professional services	15,644	11,366
Post contract support	2,271	1,515
Total	24,184	17,595

An analysis of revenue from external customer by location is as follows:

	6 Months Ended 30 September 2008	*6 Months Ended 30 September 2007*
	€'000	*€'000*
Europe	5,035	4,768
North America	10,289	6,945
Ireland, UK & ROW	4,302	4,581
Asia Pacific	4,558	1,301
Total	24,184	17,595

The analysis of revenue from external customers by origin is not materially different from the figures shown above.

(6) Income and deferred tax

Tax based on the profit for the period:	*6 Months Ended 30 September 2008*	*6 Months Ended 30 September 2007*
	€'000	*€'000*
Current income tax		
Irish tax on passive income	(77)	(102)
Foreign tax	(191)	-
Total current tax charge	(268)	(102)
Deferred tax		
Deferred tax charge	(319)	-
Total deferred tax credit	(319)	-
Total (charge) in the income statement	(587)	(102)

No taxation has been credited or charged directly to equity.

(7) Property, plant and equipment

Additions for the six months were €677,000 (2007 :€451,000).

There are no material capital commitments.

(8) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense, together with a corresponding increase in equity, over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest and the achievement or otherwise of non-market conditions. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in other reserves.

The Group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards so as to apply IFRS 2 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 April 2007.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

During the period ended 30 September 2008, 1,314,500 stock options were granted, under the 2006 option plan. The exercise price of the options ranges from 1.69 to 2.10 and is equal to the market price of the share on the date of grant. The options will become exercisable based on the same performance conditions as applied to the 4,250,292 options granted under this plan in the year ended 31 March 2007. The fair value of the options granted is estimated as of the date of grant using a Monte Carlo simulation to calculate the fair value using the following assumptions :

Dividend Yield	0%
Expected Volatility	50%
Risk Free Interest Rate Range	4.7% - 5.65%
Average Expected life	3.5 Years
Contractual Life	7 Years

(9) Interest bearing loans and borrowing costs

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process. Borrowing costs are recognised as an expense immediately when incurred.

(10) Events after the balance sheet date

There were no significant events after the balance sheet date.

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Ireland	55 Strand Street Great, Millennium Walkway, Dublin1, Ireland	Tel: +353 1 873 9600	Fax : +353 1 873 9601
Belgium	Geldenaaksebaan 329, B - 3001 Heverlee, Belgium	Tel: +32 16 387 880	Fax : +32 16 400 380
North America	260 Franklin Street, Boston MA 02110, USA	Tel : +1 617 737 4170	Fax : +1 617 737 4190
Asia Pacific	Level12, 20 Bridge Street, Sydney, NSW2000, Australia	Tel: +61 2 9255 0400	Fax : +61 2 9255 0401