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F-SECURE®

ANNUAL REPORT 2006

CONTENTS

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ABOUT F-SECURE CORPORATION

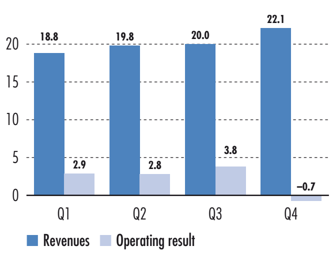
F-Secure Corporation protects consumers and businesses against computer viruses and other threats from the Internet and mobile networks. We want to be the most reliable provider of security services in the market. One way to demonstrate this is the speed of our response. According to independent studies in 2004, 2005 and 2006 our response time to new threats is significantly faster than that of our major competitors. Our award-winning solutions are available for workstations, gateways, servers and mobile phones. They include antivirus and desktop firewall with intrusion prevention, antispam and anti-spyware solutions.

Founded in 1988, F-Secure has been listed in the Helsinki Exchanges since 1999, and has been consistently growing faster than all its publicly listed competitors. F-Secure headquarters are in Helsinki, Finland, and we have regional offices around the world.

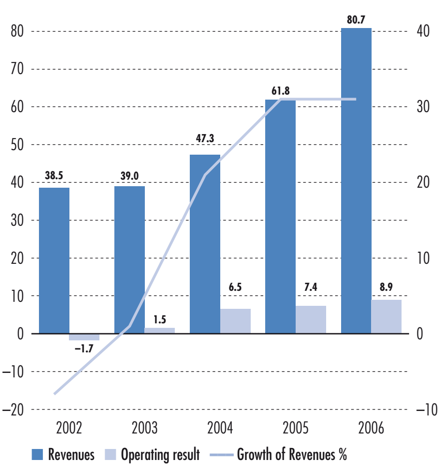
F-Secure protection is also available as a service through major ISPs, such as France Telecom, TeliaSonera, PCCW and Charter Communications. F-Secure is the global market leader in mobile phone protection provided through mobile operators, such as T-Mobile and Swisscom and mobile handset manufacturers such as Nokia.

The latest real-time virus threat scenario news is available at the F-Secure Data Security Lab weblog at http://www.f-secure.com/weblog

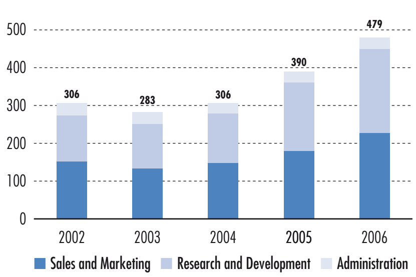
Revenues and Operating Results 2006 (EUR million)



Revenues and Operating Results 2002–2006 (EUR million)



Personnel 2002–2006



CEO'S LETTER

F-Secure is pleased to have occupied a pioneering role for years in delivering Security as a Service in co-operation with a multi-tude of channel partners.

Dear F-Secure customers, shareholders, partners and employees,

The year 2006 proved to be an exciting period for the Information and Communication Technology (ICT) industry as well as for its security segment. Content and data security is high on the agenda for ordinary people and businesses around the world due to its continuing role in making communications and electronic transactions safe and trusted.

The usage of new communication devices and applications is picking up speed, and with it the pace of technological innovation. At the same time the underlying technology itself is becoming more and more complex. With this trend of increasing complexity, there is a growing need to develop service concepts that can make the effective adoption of technology easier for users, for example in the form of software as a service. F-Secure is pleased to have occupied a pioneering role for years in delivering Security as a Service in co-operation with a multitude of channel partners. This long term development process is enabling customers to concentrate on their core business by relying on the service of dedicated experts for their daily security challenges.

For F-Secure, 2006 was characterized by record revenues, strong profitability and continued high quality in our partnerships, products, services and security research. In the course of the year we also opened up a new office in Kuala Lumpur, Malaysia, combining our Asian headquarters with our third global Security Response operation. In 2006 we also continued to take strong strides forward in our market leading position of delivering Security as a Service solutions. During the year our Internet Service Provider (ISP) business grew by 57 % in revenues and we added 51 new ISP partners, the total now being 136 partners across 34 countries. Also, our new service centric Protection Service for Business saw its market introduction towards the end of 2006.

The year also signified an evolutionary phase in the company as Mr. Risto Siilasmaa, founder of the company and CEO for the first 18 years, transferred his role to that of the Chairman of the Board. Given the long-term close collaboration between the former

and the current CEO, the company maintains a very consistent strategy and prioritizes growth and industry differentiation over short term profitability.

While the content security industry grew on average of 10 % during 2006, F-Secure was able to achieve a 31 % revenue growth. From a longer-term perspective this is seen as a consistently positive development as the company continues to gain market share in its core businesses. By year's end, F-Secure proved itself to have been the fastest growing publicly listed anti-virus company in the world for 14 consecutive quarters.

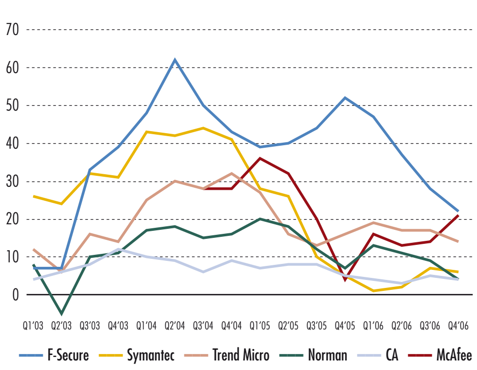
The connected world of communication and Internet Protocol (IP)

The pace of change in telecommunications continues to drive innovation across the globe – with direct implications for security companies such as F-Secure. We have a unique opportunity to enable a trusted user experience, whether connected by traditional PC or mobile phone. Today we are experiencing a rate of innovation, which sees rural villages in emerging countries getting telephone and Internet access for the first time through more efficient access methods such as mobile broadband. Today, teenagers and business professionals alike can readily participate in life and commercial enterprise through the Internet, independent of geographical location or access methods.

This ever-present connectivity is in a sense equalizing or flattening our world. This phenomenon is accelerating globalization, and opening up incremental opportunities for both business and life enhancement through new network-based services. At the same time, we must recognize that Internet threats are global by nature. And as organized crime today is most often behind these threats, there is an increasing challenge for maintaining privacy and trust within the new Internet economy. This is where F-Secure can aid the development of the global economy by enabling trusted services in a world permanently connected. This makes it possible for people, at home or at the office, to enjoy and benefit from network-based services in a manner where privacy and confidentiality are assured.

Increasing connectivity and the proliferation of various access methods underline the necessity of good protection – not only at the perimeter or operator firewall, but right where the information is created, stored or accessed. With our strong solution and service portfolio for gateway, server, PC and mobile security, we

Industry player growth 2003–2006 (%)



For the Internet user, security software should be invisible, automatic, reliable, always on and up-to-date. Also, corporate Internet users need a service-minded security solution that is easy to adopt, to manage and to maintain thus allowing them to focus more on their core business.

are in a very healthy position to continue our growth strategy as more businesses and consumers come online.

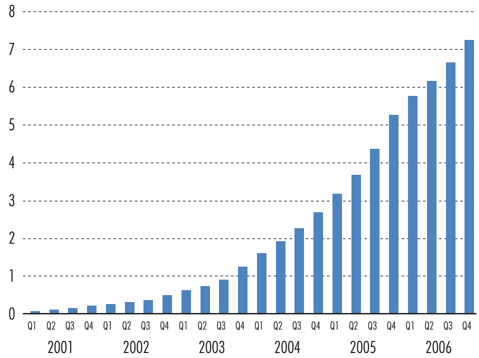
Convergence – a growth driver for F-Secure

While the term convergence has been used for a variety of purposes in the last few years, we believe the term has a specific purpose and need that applies to the ICT environment. For us the term "convergence" describes two main topics. First, it is the combination of the fixed and mobile networks into a unified access network whereby the customer does not need to worry whether the connection is established via fixed or mobile networks. Second, it is the unification of end user services (such as email), where the customer can use the same service over both fixed and mobile networks.

The world of convergence is important to the ICT industry as new end user services are deployed across the world more efficiently than ever before. The relevance of convergence to F-Secure is all-encompassing, as we already provide industry-leading solutions both to the fixed and mobile sides of telecommunications. The existing solution portfolio coupled with our strategic emphasis on delivering Security as a Service through Service Providers positions F-Secure very strongly to meet the future needs of both home and business users.

Our key partners, the Service Providers, are increasingly shifting their business models from technology-driven "silos" to customer group oriented business units. We support this development through offering service platforms that are independent of the network technology, but designed for the specific needs of each end customer segment.

ISP Business Growth (MEUR)



Security threat development poses significant challenges

Content security related challenges continue to increase in their complexity and in the absolute number of malware (viruses, worms, Trojan horses etc.) that are penetrating the IT environments of both home and business customers. At the end of 2006 there were approximately 230,000 known viruses and new viruses are added to this number each day. This development continues to place significant challenges for content security companies to develop methods for proactive protection and accelerate the actual speed of their security response capabilities as new threats emerge.

While the amount of high profile attacks and outbreaks has decreased, we are now seeing an ever-increasing amount of targeted attacks and a new level of sophistication in the types of malware spreading around the Internet. At the same time, the objective of malware authors is becoming more to defraud the public for pure monetary benefit. During 2006 there was a significant increase in the number, complexity, and professionalism of phishing attacks (stealing personal information like account numbers and passwords for unauthorized or criminal use). They primarily targeted individuals using electronic banking, online gaming, and other applications that involve financial transactions over the Web.

In the era of mobile communications, we experienced the first "professional" creations of mobile malware with characteristics similar to PC-based malware. The example set by Commwarrior.Q signifies the pressing need to protect client devices from unwanted software in today's smartphones. While Commwarrior.Q is at an "early stage" of propagation, it has elevated the mobile security discussion to a new level as mobile phone users experienced uncontrolled MMS-messages being randomly sent out from their de-

vices. If IP-based mobile communications follow even closely the developments of the PC-era in the last 20 years, mobile communications will require a combination of network and device level security to protect users. This mobile security enablement will save users from potential financial loss through the misuse of their identity over the network.

F-Secure has continuously invested in preventive, proactive security technologies and a strong response team, backed by world class researchers. We have continuously demonstrated industry-leading response times against new and unknown virus and malware attacks.

The future of security is a service

Residential Internet users should not be troubled with security issues more than is absolutely necessary, nor should they worry about installing and updating security applications. For the Internet user, security software should be invisible, automatic, reliable, always on and up-to-date. Also, corporate Internet users need a service-minded security solution that is easy to adopt, to manage and to maintain thus allowing them to focus more on their core business.

The model of software delivery that F-Secure has focused on since the beginning of the 21st century, Security as a Service, anticipates this need. In this, the ISP plays a central role in delivering the software to its customers, providing the necessary expertise and service, as well as billing the customers. The consumer pays a fixed fee per month to the ISP for the security service. In return, the consumer is allowed to use the software including the automatic software upgrades and virus database updates as long as the monthly subscription payments are paid (pay-as-you-use). The business model works in the same way with mobile operators.

Security as a Service has turned out to be a very exciting business. This operational model of providing a high quality and easy-to-use security solution for end-users has proved to be a "leading edge" proposition which has enabled us to free the end customer from the daily challenges of managing security and pushing the more technical areas of expertise to the source where it most naturally belongs – the F-Secure team. At the same time we have continuously supported our ISP partners to offer security according to their own brand preferences, pricing models and interests to promote the "trusted user experience". Some of our partners have avoided the trap of price fighting in commodity services and found a more profitable way of differentiating through a high-level of security and premium services. We're always there to make security not only a necessity, but a sustainable asset in a Service Provider's portfolio.

Partnership forms a strong cornerstone of our company's operations. F-Secure has a long tradition of operating through channel partners in all of its businesses. Our corporate business has developed over the last 18 years as one of our core assets, whereby we serve business customers across 50 markets with the leading security protection in the industry. Recently we have also launched an incremental opportunity and business model for this market, the Protection Service for Businesses. This is a platform product enabling our partners to offer security services to business customers, whereby both our channel partners and business customers can benefit from the service enabling business model.

Security as a Service with Passion

From a strategic perspective, the past year solidified our long term aim for achieving competitive differentiation through innovating our security solutions as services, and achieving new partnerships and geographic expansion to Asia. With these developments, the opportunities to continue both differentiation and high growth are seen as attractive. Our aim is to continue increasing our presence and share within the Service Provider market around the world and to continue expanding our solution offering based on customer segment requirements.

I would like to express the greatest gratitude to our customers, partners, employees, shareholders and interest groups for supporting the F-Secure drive to continue building and developing a strong future within the extremely exciting arena of technology. Together with our passion and partnerships, I believe we can build an inspiring and exciting future!

Sincerely,

Kimmo Alkio

F-SECURE'S STRATEGY

Geographically F-Secure will continue to strengthen its operations in its key markets in Europe, Asia and North America.

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The Group continues to invest in its leadership position in Security as a Service with the goal of maximizing the revenues from F-Secure's already significant "footprint" in the Internet Service Provider space while developing new partnerships also with other types of service providers.

Mobile operators represent a significant growth potential for the Group as they are among the key partners to make F-Secure's mobile security solutions as accessible as possible to large amounts of mobile subscribers; also traditional channels have woken up to an increasing demand for mobile security solutions both from corporate IT managers and from consumers.

Geographically F-Secure will continue to strengthen its operations in its key markets in Europe, Asia and North America. In the traditional license sales, a special emphasis is placed on the Group's continuing competitiveness and execution in reseller channels.

Security services grow to the next level

F-Secure has pioneered the Security as a Service offering in the industry, and has been very successful with Internet Service Provider (ISP) partners serving the consumer and small businesses market. While the corporate segment of the Security as a Service model is still at an early stage of development, it is a clear growth opportunity for the Group.

The total number of ISP partners was 136, operating in 34 countries at the end of the year, an increase of 51 partners during 2006. In addition, the Group has some tens of corporate security service provider partners and mobile operator partners.

F-Secure has strengthened its service provider account management resources to facilitate fast service rollout and has developed partner programs to increase service adoption rate among ISP partners. The quarter-over-quarter revenue growth rate improved to 10% towards the end of 2006.

F-Secure continues to have a leading market share in the European ISP security services business, an excellent partner retention track record and the fastest speed of signing new partners in the industry. The overall share of the entire broadband ISP market of the Group's partners was approximately 34% in Europe and approximately 10% in North America at the end of 2006. (Source: Dataxis and F-Secure.)

Some of the major partnership announcements in 2006 include Reliance Communications (India), Exatnet (India), Wind Communications (Italy), Gamania (Taiwan), UPC (several European countries), Liwest (Austria), KPN (Netherlands), Multikabel (Netherlands), VSNL (India), Arcor (Germany), Brazil Telecom and the U.S. operators Cincinnati Bell and Echostar.

The key solution platform offered through the ISPs is the F-Secure Protection Service for Consumers. F-Secure Protection Service for Businesses is offered through various types of value added resellers and business IT service providers. Partnership development and recruitment will continue actively and the Group is well positioned to benefit from the strengthening trend of acquiring Security as a Service. F-Secure has a comprehensive, leading product offering and an ever-stronger position with service providers in Europe, North America and Asia.

Mobile security solutions gaining ground

F-Secure has maintained its leadership in the gradually developing mobile security market. Revenues for mobile security solutions continued to grow at a steady pace.

F-Secure Mobile Anti-Virus showed an increase in consumer and corporate sales through the traditional reseller channels in the Nordic countries at the end of 2006.

During the year, new operator partnerships were signed with Orange Switzerland, Orange UK, ONE (Austria), Mobitel (Slovenia) and T-Mobile UK. These, and previously announced partnerships, such as T-Mobile Germany, Swisscom, TeliaSonera and Elisa, are a prime vehicle to make security applications available to a large number of end users. The adoption rate among end users is expected to steadily increase over the coming years.

F-Secure continued close cooperation with Nokia. F-Secure Mobile Anti-Virus was the first antivirus software for the S60 3rd edition operating systems and it will be available for a majority of the currently shipping or upcoming Nokia S60 3rd edition devices, including Nokia Nseries & Eseries devices.

The visibility in mobile security business is improving constantly through increased operator and corporate customer awareness of mobile security issues. The value of up-to-date security solutions for smartphones will gradually increase as a result of applications such as mobile email. Mobile security solutions will be sold through device manufactures, resellers and operators.

BOARD OF DIRECTORS' REPORT

Business in Brief

Total revenues were 80.7m (61.8m), representing growth of 31%. EBIT was 8.9m (7.4m), representing growth of 20%. Without the impairment loss of 4.8m from Network Control EBIT was 13.7 (7.4m). Cash flow was 5.4m positive including paid dividend of 10.8m in April (12.1m with no dividend paid). Deferred revenues were 27.6m at the end of the year (23.2m).

The Group capitalizes some of its development expenses according to the accounting rules. This decreases costs by approximately 0.9m.

2006 revenues materialized in line with the original future outlook of the previous Board of Directors' report, quarterly EBIT improvement (excluding the non-recurring impairment loss) towards the end of the year was also in line with the original forecast, but the annual EBIT level was lower than originally expected.

The geographical breakdown of the business was as follows: Nordic Countries 37% (36%), Rest of Europe 44% (45%), North America 10% (10%) and Rest of the World 9% (9%). Anti-virus and intrusion prevention represented 98% of the total revenues.

High customer satisfaction is one of the Group's core values. Overall satisfaction was measured at 4.26 (4.27) on a scale of 1 to 5 in the summer of 2006.

Business in different segments

Revenues through the service provider channel were 26.0m (16.6m), representing 33% of the anti-virus and intrusion prevention business and a growth of 57% from the previous year. Development in this strategically important segment was strong and the Group signed 51 new ISP (Internet Service Provider) partnerships. The total number of ISP partners was 136 at the end of the year.

Revenues in the corporate customer segment through resellers and IT services companies were 36.7m (32.5m), representing 47% of the anti-virus and intrusion prevention business and a growth of 13% from the previous year.

Revenues in the consumer segment were 15.2m (9.6m), representing 19 % of the anti-virus and intrusion prevention business and growth of 59 % from the previous year. One key contributor to the growth in this segment was electronic licenses sold through the Group's eStore.

Mobile security revenues represented approximately 1% of the anti-virus and intrusion prevention business. The interest in the Group's solutions among phone vendors, mobile operators and corporate customers remained at a high level. F-Secure Mobile Anti-Virus showed an increase in both consumer and corporate channel sales in the Nordic market.

Research, Development and Products

The Group has increased its R&D resources and restructured its product portfolio in order to offer more comprehensive solutions to its service provider partners and to offer new, more dynamic solutions for businesses. Proportionally the expenditure level has remained stable.

The Group released new products throughout the year. The key product announcement for consumer customers and small businesses was the F-Secure Internet Security 2007. For large enterprises and service providers, the F-Secure Messaging Security Gateway P-Series was launched in Q1. For corporate customers the F-Secure Client Security 7 was pre-released at the end of the year with a full release due in early 2007.

Other releases included a new version of F-Secure Protection Service for Businesses, as well as beta versions of F-Secure Anti-Virus for the Vista operating system.

The Group launched a proactive protection technology against unknown threats, F-Secure Deep-

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Guard. Much emphasis is also placed on the speed of response against malware outbreaks.

Competitive situation

Competitive situation in the anti-virus and intrusion prevention business has remained mostly unaltered and price levels have remained relatively stable. Competitiveness of the Group's service provider solutions has remained very high.

The consumer market has seen new entrants, who follow traditional retail license sales models. The entrants have not had a material effect to the Group's competitive position. However, there have been signs of price competition in individual countries, especially during competitors' product launches. In the consumer market it has become increasingly common to offer three licenses as a basic "family pack" offering for a discounted price.

Based on analyst estimates, Microsoft, with its OneCare security product, is expected to become an active player during 2007 especially in the traditional consumer market.

The Group will provide its security solutions on Microsoft's new Vista operating system. F-Secure was one of the first three anti-virus vendors whose product beta for Vista could be downloaded from Microsoft's web site.

Personnel & Organization

The Group counted 479 personnel at the end of the year (390).

The Group has progressed as planned to set up the Malaysia office, which focuses on the Asia Pacific (APAC) area leadership and carries certain global responsibilities in R&D and customer support. The Malaysia office improves the Group's overall efficiency, product and support competitiveness, and commercial presence in one of the world's key market areas.

Corporate Governance, Management and Auditors

F-Secure applies principles of sound corporate governance and high ethical standards, complying with the Finnish Companies Act, Securities Market Act and other regulations on the administration of public companies issued by the authorities.

F-Secure complies with the Corporate Governance recommendations for publicly listed companies published in December 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers as explained in the company's web pages.

The dividend policy of F-Secure Corporation is to pay approximately half of its annual profit as dividends. However, the company may refrain from paying dividends to accrue funds to finance other long-term strategic investments, for example acquisitions.

The Annual General Meeting of F-Secure Corporation, held on March 22, 2006, made a decision that the amount of Board members would be four. The following members were elected: Mrs. Sari Baldauf, Mr. Pertti Ervi, Mr. Risto Siilasmaa, and Mr. Alex Sozonoff. Ari Hyppönen was re-elected deputy member. The Board elected in the first meeting Mr. Pertti Ervi as Chairman of the Board. On November 6th, 2006, Mr. Siilasmaa was appointed Chairman of the Board. Former Chairman Mr. Pertti Ervi was appointed Vice Chairman of the Board.

Mr. Kimmo Alkio assumed the responsibilities of President & CEO on November 6th, 2006. The Group's Executive Team consisted of the following persons: Pekka Kuusela (Executive Vice President, Sales and Marketing), Aki Mänttäri (Director, Human Resources), Pirkka Palomäki (Executive Vice President, Research and Development), Risto Siilasmaa (President and CEO until November 6th), Kimmo Alkio (President and CEO from November 6th onwards), Taneli Virtanen (Chief Financial Officer) and Travis Witteveen (Senior Vice President, Products & Services).

After the reporting period, in early January 2007, the Group enhanced its Executive Team and refined the responsibilities as follows: Ari Alakiuttu (Products and Services), Kimmo Alkio (President and CEO), Aki Mänttäri (Human Resources), Trond Neergaard (Marketing - effective February 15th), Pirkka Palomäki (Research & Development), Antti Reijonen (Strategy), Taneli Virtanen (Finance & Administration) and Travis Witteveen (Sales and Geography Operations). The Group also launched an extension to its Executive Team, called the Global Leadership Team, which consists of regional and business line directors.

The Group's auditors continued to be Ernst & Young Oy. Mr. Tomi Englund, Authorised Public Accountant, continued as responsible partner.

During 2007 the Group's Service Provider business is anticipated to grow several times the overall industry growth rate.

Business risks and risk management

The Group's business risks are related mostly to the good management of partner relationships and customer satisfaction and the timeliness and competitiveness of the Group's products and solutions.

The responsibility for the company's risk management lies with the CEO and the Executive Team. The Board of Directors closely monitors all risk management processes and assumes the final responsibility for them. The risk management issues are described in the Notes and the Corporate Governance section of the Annual Report 2006.

Financing

The Group's financial position remained strong. The Group's equity ratio on December 31, 2006, was 80% (81%). Financial income for 2006 was 1.5m (1.9m).

During the year the cash flow was 5.4m positive and a dividend of 10.8m was paid in April (12.1m positive without dividend).

The market value of the liquid assets of the Group was 66.7m (61.8m) on December 31, 2006.

The change in the USD-EUR exchange has not had material effect on revenues and results.

Merger of Rommon Oy

In March 2006, the Group decided to merger its subsidiary Rommon Oy that was acquired in November 2005 to F-Secure Corporation. The merger was completed on August 31, 2006.

Impairment loss of Network Control product

Changes in the product strategy related to the Network Control product caused a significant change in the earnings model used in the impairment test. This resulted in a non-recurring impairment loss of EUR 4.8m for the year 2006, impact on result being EUR 3.9m negative. The difference was due to deferred tax liabilities. The impairment loss is recognized on goodwill and intangible assets. The Group will aim to utilize the technology and competencies in its future products.

Dispute with SRV Viitoset Oy

The dispute process with SRV Viitoset Oy remains open. F-Secure is accruing the costs sentenced by the Helsinki District Court in September 2005. F-Secure has appealed to change the verdict.

Capital Expenditures

The Group's capital expenditures for 2006 were 3.7m (8.3m). These consisted mainly of IT hardware, software and capitalization of development expenses.

Shares, Shareholders' Equity, and Option Programs

In 2006, A total of 138,250 F-Secure shares were subscribed for with the A1/A2 warrants and a total of 86,400 F-Secure shares were subscribed for with the B1/B2/B3 warrants attached to the F-Secure 2002 Warrant Plan. In aggregate the number of shares was increased by 224,650. The corresponding increase in the share capital, in total EUR 2246.50, was registered in the Finnish Trade Register. F-Secure

received as additional shareholders' equity a total of EUR 160,710.

After the reporting period, a total of 51,900 F-Secure shares were subscribed for with the A1/A2 warrants and a total of 41,700 F-Secure shares were subscribed for with the B1/B2/B3 warrants attached to the F-Secure 2002 Warrant Plan. In aggregate the number of shares was increased by 93,600. The corresponding increase in the share capital, in total EUR 936 was registered in the Finnish Trade Register. F- Secure received as additional shareholders' equity totalling EUR 68,670.

As a result of the increases, the share capital of F-Secure currently is EUR 1,550,300.68 and the total number of shares is 155,030,068. The corresponding number of shares fully diluted would be 161,464,443 including all stock option programs.

There is one series of F-Secure shares. The Group doesn't own any of its own shares and is not authorized to acquire any of its own shares.

Authorization to increase share capital

On March 22, 2006, the Annual General Meeting authorized the Board of Directors to decide on an increase of the share capital of the company by one or more new share issues or by launching one or more convertible bonds or option rights. As a result of such share issues, option rights or convertible loans, the share capital of the company may be increased by a maximum of 280,000 Euros. The maximum number of new shares to be issued is 28,000,000. To the extent the authorization is used to create incentive systems for the personnel of the group, the share capital may increase by a maximum of 70,000 EUR, in which case a maximum amount of 7,000,000 shares may be issued. The authorization is valid for one year. The authorization remained unused.

Strategic Goals and Future Outlook

The Group's three key goals in 2007 are:

1) To continue to expand the anti-virus and intrusion prevention business clearly faster than the industry. The Group continues to prioritize growth over profitability.

2) To continue capitalizing on the Group's industry leadership in the Service Provider segment, both with Internet Service Providers and Mobile Operators. During 2007 the Group's Service Provider business is anticipated to grow several times the overall industry growth rate. The Group aims to further increase its market share in this segment. Quarter-over-quarter growth is expected to accelerate towards the end of the year.

3) To further develop the Group's leading position in mobile security, and, as the market matures, start turning the leadership into revenues. The management expects to see tangible mobile security revenues at the end of the year 2007.

The Group continues to invest in new sales and marketing activities and new projects expanding the Group's offering to service providers.

The management remains somewhat cautious about traditional license sales in the corporate and consumer market through resellers. This is partially due to decreased visibility with reference to the launch and adoption of Microsoft's new operating system, Vista.

The management expects total revenues to be 95m ±10% throughout the year 2007.

Profit is anticipated to remain in line with 2006 levels, as further investments are taking place to build scalability for future growth in the Service Provider segment. The management expects an EBIT of 14%–18% for the full year 2007.

In the medium, 3–5 year horizon the Group aims to steadily exceed market growth rates in revenues and seeks profitability levels around 25%.

Dividend proposal

The distributable shareholder's equity of F-Secure Corporation is in total 15.4m. The Board proposes to the Annual General Meeting that a dividend of EUR 0.02 per share would be paid, a total of 3.1m based upon the number of shares. The total dividend is about 42% of the profit of 2006. There have been no material changes in the financial situation of F-Secure Corporation after the closing of 2006. The Company's solvency is good and the proposed dividend will not jeopardise it.

F-Secure Corporation

Board of Directors

Helsinki, February 14, 2007

Risto Siilasmaa
Sari Baldauf
Pertti Ervi
Alexis Sozonoff

FINANCIAL INFORMATION

F-Secure Consolidated

F-Secure Corporation

Calculation of key ratios

Equity ratio, %

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance total – received advance payments}}$$

ROI, %

$$\frac{\text{Result before taxes + financial expenses}}{\text{Balance total – non-interest bearing liabilities (average)}}$$

ROE, %

$$\frac{\text{Result before taxes – taxes}}{\text{Shareholders' equity + minority items (average)}}$$

Gearing, %

$$\frac{\text{Interest bearing liabilities – cash and bank accounts, liquid financial assets}}{\text{Shareholders' equity + minority items}}$$

Earnings per share, euro

$$\frac{\text{Result before taxes – taxes} \pm \text{minority interest}}{\text{Adjusted number of shares (average)}}$$

Shareholders' equity per share, euro

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares, Dec 31}}$$

P/E ratio

$$\frac{\text{Share price closing, Dec 31}}{\text{Earnings per share}}$$

Dividend per earnings (%)

$$\frac{\text{Dividend per share}}{\text{Earnings per share}}$$

Effective dividends (%)

$$\frac{\text{Dividend per share}}{\text{Share price closing, Dec 31}}$$

F-SECURE CONSOLIDATED
INCOME STATEMENT

INCOME STATEMENT Jan 1-Dec 31, 2006			(EUR 1000)
		Consolidated IFRS 2006	**Consolidated IFRS 2005**
NET SALES	(1)	80 695	61 816
Material and service		–7 274	–5 910
GROSS MARGIN		73 421	55 906
Other operating income	(2)	622	836
Sales and marketing	(3,4)	–38 648	–31 627
Research and development	(3,4)	–22 477	–14 653
Administration	(3,4)	–4 056	–3 092
OPERATING RESULT		8 862	7 370
Financial income and expenses	(5)	1 486	1 928
Share of profit of associate	(9)	21	–9
PROFIT BEFORE TAXES		10 369	9 289
Income taxes	(6)	–3 051	–2 684
RESULT FOR THE FINANCIAL YEAR		7 318	6 606
Earnings per share			
– basic	(7)	0,05	0,04
– diluted		0,05	0,04

F-SECURE CONSOLIDATED BALANCE SHEET

BALANCE SHEET December 31, 2006 **(EUR 1000)**

		Consolidated IFRS 2006	Consolidated IFRS 2005
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	(8)	3 227	2 952
Intangible assets	(8)	4 499	7 752
Goodwill	(10)		1 185
Investments in associated companies	(9)	21	
Deferred tax assets	(11)	796	4 279
Other financial assets	(13)	141	61
Total non-current assets		8 684	16 229
CURRENT ASSETS			
Inventories	(12)	181	76
Trade and other receivables	(13)	19 371	15 739
Income tax receivables	(13)	20	14
Available-for-sale financial assets	(14)	54 663	53 452
Cash and bank accounts	(15)	12 211	8 528
Total current assets		86 446	77 809
TOTAL ASSETS		95 130	94 038
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	(16)		
Share capital		1 549	1 547
Unregistered share issues		69	38
Share premium		33 619	33 459
Fair value reserve		–51	227
Translation differences		32	35
Retained earnings		18 953	21 825
Total shareholders' equity		54 171	57 131
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(11)	109	1 265
Provisions	(18)	1 187	1 113
Other non-current liabilities	(19)	4 419	3 779
Total non-current liabilities		5 716	6 157
CURRENT LIABILITIES	(19)		
Trade and other payables		11 783	11 181
Income tax liabilities		306	159
Other current liabilities		23 155	19 410
Total current liabilities		35 243	30 750
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		95 130	94 038

F-SECURE CONSOLIDATED
CASH FLOW STATEMENT

CASH FLOW STATEMENT December 31, 2006 **(EUR 1000)**

	Consolidated IFRS 2006	Consolidated IFRS 2005
Cash flow from operations		
Result for the financial year	7 318	6 606
Adjustments	14 082	5 866
Cash flow from operations before change in working capital	21 399	12 472
Change in net working capital		
Current receivables, increase (–), decrease (+)	–3 677	–3 559
Inventories, increase (–), decrease (+)	–106	–76
Non-interest bearing debt, increase (+), decrease (–)	648	3 022
Provisions, increase (+), decrease (–)	74	949
Cash flow from operations before financial items and taxes	18 338	12 807
Interest expenses paid	–6	–1
Interest income received	624	857
Other financial income and expenses	1 010	1 237
Income taxes paid	–468	–520
Cash flow from operations	19 498	14 381
Cash flow from investments		
Investments in intangible and tangible assets	–3 454	–2 660
Investments in subsidiary shares		–3 063
Other investments		–38
Proceeds from sale of intangible and tangible assets		2
Cash flow from investments	–3 454	–5 758
Cash flow from financing activities		
Increase in share capital	188	3 472
Dividends paid	–10 834	
Cash flow from financing activities	–10 646	3 472
Other adjustments		
Change in cash	5 397	12 095
Translation difference	–137	101
Cash and bank at the beginning of the period	61 844	50 097
Cash and bank at period end	67 104	62 292
Change in net fair value of current available-for-sale assets	–375	–449
Cash and bank at period end	66 730	61 844

F-SECURE CONSOLIDATED STATEMENT OF CHANGES IN SHARE-HOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY December 31, 2006 **(EUR 1000)**

Consolidated
IFRS

	Share capital	Share issue	Share premium fund	Fair value reserve	Translation differences	Retained earnings	Total equity
Equity Dec 31, 2004	1 495	42	28 535	536	–13	14 676	45 270
Available-for-sale financial assets, net				–309			–309
Translation difference					48		48
Cost of share based payments						546	546
Result of the financial year						6 606	6 606
Share Issue	8		1 492				1 500
Registration of share issue	2	–42	40				
Exercise of options	42	38	3 391				3 472
Equity Dec 31, 2005	1 547	38	33 459	227	35	21 827	57 132
Available-for-sale financial assets, net				–277			–277
Translation difference					–4		–4
Cost of share based payments						630	630
Result of the financial year						7 318	7 318
Dividends						–10 834	–10 834
Registration of share issue	1	–38	38				
Exercise of options	2	69	121				191
Other changes			1			14	15
Equity Dec 31, 2006	1 549	69	33 619	–51	31	18 955	54 171

F-SECURE CONSOLIDATED
NOTES TO THE FINANCIAL STATEMENTS

Corporate information
F-Secure produces services and software protection to individuals and businesses against computer viruses and other threats coming through the Internet or mobile networks.

The parent company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. The company's registrant address is Tammasaarenkatu 7, 00180 Helsinki. A copy of consolidated financial statement can be received from Internet address www.f-secure.com or parent company's registrant address.

ACCOUNTING PRINCIPLES
Basis for presentation
The consolidated financial statements of F-Secure Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The disclosures also conform to Finnish Accounting legislation.

Use of estimates
The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during reporting periods. Although these estimates are based on managements' best knowledge of current events and actions, actual results may ultimately differ from those estimates. The key assumptions concerning the future and other key sources of estimation, that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities, are impairment of assets and development expenditures carried forward. More details are given in disclosure 10. Impairment testing of goodwill.

Principles of consolidation
Subsidiaries in which F-Secure Corporation's holding exceeds 50 percent are consolidated in the financial statements. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Company's holding in the associated companies is also consolidated. The Group's investment in its associate is accounted for under the equity method of accounting. The income statement reflects the share of the results of operations of the associate. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred or guaranteed obligations in respect of the associated company.

All intra-group transactions and balances, including unrealized profits arising from intra-group transactions, have been eliminated on consolidation. Where necessary, the accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Goodwill
Mutual ownership of shares has been eliminated using the purchase method of accounting. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Goodwill represents the excess of purchase cost over the fair value of assets less liabilities of acquired companies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Foreign currency translation
The presentation currency of F-Secure Group is the euro, which is the measurement currency of the parent. For purposes of inclusion in the consolidated financial statements, the balance sheet of each foreign entity is translated into euros at the exchange rates prevailing at the balance sheet date. The income statement of each foreign entity is translated at the average exchange rates for the financial year. The resulting net translation difference is recorded in the shareholders' equity.

The Consolidated Cash Flow Statement has been prepared by translating each subsidiary's individual cash flow statements at the average exchange rates for the financial year.

Foreign currencies are translated into the local currency using fixed monthly exchange rates. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate gains and losses of financial transactions are recognized in the income statement under financial items.

Tangible and intangible assets
Other tangible assets include renovations costs of rented office space. Intangible assets include software licenses. Intangible assets recognized separately from goodwill in acquisitions consist of technology-based intangible assets. Tangible and intangible assets are recorded at historical cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible and intangible assets are as follows:

Machinery and equipment	3–8 years
Other tangible assets	5–10 years
Capitalized development costs	3 years
Intangible assets	5–10 years

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the assets' carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard or performance of the existing asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Government grants
Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on systematic basis to the costs that it is intended to compensate. These grants are recognized as other operating income in the income statement. Government grants related to an asset are deducted from the acquisition cost of the asset and recognized as income by reducing the depreciation charge of the asset they relate to.

Research and development costs
Research costs are expensed as incurred. Development expenditures incurred on individual projects of totally new products or product versions with significant new features are carried forward when they are technically feasible and their future recoverability can reasonably be regarded as assured.

Inventories
Inventories are valued at the lower of cost and net realizable value with cost being determined by first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Group has only operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Leases of unused office space are recognized as other operating income in the income statement on straight-line basis over the lease term.

Impairment of assets
At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use

and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment losses relating to Goodwill cannot be reversed in future periods.

Pensions
All of F-Secure Group's pension arrangements are of local statutory arrangements and defined contribution plans. Contributions to defined contribution plans are recognized in income statement in the period to which the contributions relate. The Group recognizes disability commitment of Finnish TEL pension plan when disability appears.

Share-based payment transactions
In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments, warrants. The Company's warrant programs cover the key personnel. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using Binomial model. The cost of equity-settled transactions is recognized, together with a corresponding entry in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves company before vesting the warrant is forfeited. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest. Group has two warrant programs in force, which were issued before the new Company Act 1st September 2006. Proceeds from exercised warrants concerning these programs are recognized in shareholders' equity under share capital and share premium fund.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

As the market price of the Company's share rises, the value of the warrant program rises accordingly. This will generate taxable income to the personnel when the warrants are realized. In certain countries the employer must pay social charges based on the taxable income triggered by the realization of the warrants. The provision has been matched against the realized social costs. The provision is measured based on the fair value of the options, and the amount of provision is adjusted to reflect the change in the share price. The market price of the Company's share as of December 31, 2006 was 2.25 euro.

In September 2005, by the decision of Helsinki District Court, F-Secure was sentenced to pay additional construction and refurbishment work done at the Group's headquarter premises and litigation costs plus interest to SRV Viitoset Oy. F-Secure considers that the work was already covered by the original rental agreement and has appealed to change the verdict.

Even though the process is still open F-Secure decided to recognize the obligation. Construction costs are allocated over the rental period until the year 2010 starting September 2005.

Income taxes
Direct current taxes are calculated on the results of all Group companies in accordance with the local tax and accounting rules in each country. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available.

Revenue recognition
Revenue is primarily derived from software license agreement sales and monthly content security service sales. License agreements consist of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the license fee revenues as the product is delivered, and the maintenance revenues are recognized ratably over the period covered by the maintenance contract, and the service revenue is recognized at the time of delivery. Indirect taxes, discounts granted and exchange rate differences are excluded from net sales.

Other operating income
Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

Presentation of expenses
Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated on the various functions by allocating directly allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of average headcount in each location.

Financial assets
According to IAS 39 standard, financial assets have been classified into financial assets at fair value through profit or loss, held-to-maturity, loans and receivables originated by the enterprise and available-for-sale financial assets. The classification is dependent on the purpose for which the assets were acquired. Purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase the asset. The cost of purchase includes transaction costs. Financial assets are currently classified as loan and receivables and available-for-sale financial asset.

Loans and receivables originated by the enterprise are measured at amortized cost. Trade receivables are carried at the original invoice amount to customers less an estimate made for doubtful receivables. Outstanding receivables are reviewed periodically and bad debts are written off when identified.

Available-for-sale financial assets consist of interest-bearing debt securities and shares in mutual funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, the fair value of which cannot be measured reliably, are recognized at cost less impairment. The fair value changes of available-for-sale financial assets are recognized in shareholders' equity under fair value reserve. When financial assets recognized as available-for-sale is sold, the accumulated fair value changes are released from equity and recognized in the income statement.

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and other highly liquid short-term investments.
For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Derivative financial instruments and hedging
The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Any gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Adoption of new and revised standards
The Group has not applied the following new or revised Standards and Interpretations that have been issued, but are not yet effective.

IFRS 7 Financial Instruments: Disclosures. The Group expects that adoption of the revised Standard will have impact on the disclosures of Group's financial statements in the period of initial application.

IAS 1 Amendment: Capital Disclosures. The Group expects that adoption of the revised Standard will have impact on the disclosures of Group's financial statements in the period of initial application.

IFRIC 8: Scope of IFRS 2. The Group expects that adoption of the Interpretation will have no impact on the Group's financial statements in the period of initial application.

IFRIC 9: Reassessment of Embedded Derivates. The Group expects that adoption of the Interpretation will have no impact on the Group's financial statements in the period of initial application.

(EUR 1000)

1. Segment information

The Group's primary reporting format is business segment and its secondary format is geographical segment. The Group has one business segment; data security. The Group's geographical segments are determined by the location of the Group's assets and operations.

Geographical segments

Consolidated Dec 31, 2006	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Sales to external customers	30 219	35 186	8 081	7 209	80 695
Segment assets	90 246	367	2 967	1 550	95 130
Capital expenditures	3 167	76	73	449	3 765
Consolidated Dec 31, 2005	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Sales to external customers	22 219	27 344	6 486	5 767	61 816
Segment assets	89 684	410	2 258	1 685	94 037
Capital expenditures	8 065	55	87	105	8 312

2. Other operating income

	Consolidated 2006	**Consolidated 2005**
Rental revenue	445	524
Goverment grants	127	263
Other	50	49
Total	622	836

3. Depreciation and reduction in value

	Consolidated 2006	**Consolidated 2005**
Depreciations from non-current assets		
Other cap.expenditure	–958	–423
Capitalized development	–405	–138
Intangible assets	–1 363	–561
Machinery & equipment	–1 036	–741
Other tangible assets	–212	–123
Tangible assets	–1 248	–864
Total depreciation	–2 611	–1 425
Reduction in value from non-current assets		
Goodwill	–1 185	
Other cap.expenditure	–3 645	
Capitalized development	–149	
Total reduction in value	–4 979	
Total depreciation and reduction in value	–7 590	–1 425
Depreciations by function		
Sales and marketing	–956	–659
Research and development	–1 576	–722
Administration	–79	–44
Total Depreciation	–2 611	–1 425

4. Personnel expenses

	Consolidated 2006	**Consolidated 2005**
Personnel expenses		
Wages and salaries	–25 598	–20 272
Pension expenses - defined contribution plan	–3 638	–2 721
Share-based payments	–630	–546
Other social expenses	–2 152	–1 797
Total	–32 018	–25 336

Employee benefits of Management are stated in disclosure 24. Related party transactions

Average number of personnel	439	354
Personnel by function Dec 31		
Sales and marketing	228	181
Research and development	221	181
Administration	30	28
Total	479	390

(EUR 1000)

5. Financial income and expenses

	Consolidated 2006	Consolidated 2005
Interest income	168	94
Interest expense	–85	–266
Available-for-sale, net	1 352	1 966
Other financial income	31	29
Exchange gains and losses	31	53
Other financial expenses	–12	51
Total financial income and expenses	1 485	1 928

6. Income taxes

Income taxes of the business activity	–809	–524
Income taxes from previous years	182	
Deferred tax	–2 424	–2 159
Total	–3 051	–2 684

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Groups' effective income tax rate for the years ended 31 December 2006 and 2005 is as follows:

Result before taxes	10 369	9 289
Income taxes at statutory rate of 26%	–2 696	–2 415
Taxes on foreign subsidiaries' net income in excess of income taxes at statutory rates	–69	–60
Non-deductible expenses	–626	–218
Unrecognised tax losses	3	209
Income taxes from previous years	182	
Other	154	–200
Total taxes	–3 051	–2 684

7. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable on ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options.

Net profit attributable to equity holders from continuing operations	7 318	6 606
Weighted average number of ordinary shares (1 000)	154 860	151 760
Effect of dilution: share options	6 605	10 635
Adjusted weighted average number of ordinary shares for diluted earning per share	161 464	162 395
Basic earnings per share (EUR/share)	0,05	0,04
Diluted earnings per share (EUR/share)	0,05	0,04

(EUR 1000)

8. Non-current assets

	Intangible assets				Tangible assets		
	Other cap. expenditure	Capitalized development	Goodwill	Total	Machinery & equip.	Other Tangible	Total
Acquisition cost Jan 1, 2005	4 163	293		4 456	6 976	772	7 748
Translation difference	18			18	147	26	174
Additions	516	838		1 355	1 184	927	2 111
Additions/acquisition	4 557		1 185	5 742			
Disposals					–9		–9
Acquisition cost Dec 31, 2005	9 255	1 131	1 185	11 571	8 298	1 725	10 023
Translation difference	–39			–39	–124	–37	–161
Additions	1 019	902		1 921	1 269	272	1 541
Disposals					–131		–131
Acquisition cost Dec 31, 2006	10 235	2 033	1 185	13 453	9 312	1 960	11 272
Acc. depreciations Jan 1, 2005	–2 051	–8		–2 059	–5 492	–564	–6 056
Translation difference	–17			–17	–128	–20	–147
Depreciation of the financial year	–422	–138		–560	–744	–125	–869
Depreciation of decreases					5		5
Acc. depreciations Dec 31, 2005	–2 490	–146		–2 636	–6 358	–709	–7 067
Translation difference	21			21	110	27	137
Depreciation of the financial year	–955	–405		–1 360	–1 017	–226	–1 243
Depreciation of decreases					128		128
Reduction in value	–3 645	–149	–1 185	–4 979			
Acc. depreciations Dec 31, 2006	–7 069	–700	–1 185	–8 954	–7 137	–908	–8 045
Book value as at Dec 31, 2005	6 765	985	1 185	8 935	1 940	1 016	2 956
Book value as at Dec 31, 2006	3 166	1 333		4 499	2 175	1 052	3 227

9. Investments in associate

	2006	2005
Book value as at Jan 1		9
Share of associated companies' results	21	–9
Book value as at Dec 31	21	

Associate's balance sheet, revenue and profit

Assets	860	827
Liablities	794	830
Revenue	1 722	1 428
Profit	67	53

Associated companies	Group (%)
Vineyard International Ltd, Helsinki Finland	32,9

Group has discontinued the equity accounting when the carrying amount of the investment in an associated company reached zero. Group has not incurred or guaranteed any obligations in respect of the associated company.

10. Impairment testing of goodwill

Allocation of goodwill
Network Control unit is an individual cash-generating unit. Goodwill is tested against this unit.

Impairment of goodwill
Impairment loss of 4.8 million euro was recognized on the period, from which 1.2 million euro was allocated to goodwill and 3.6 million euro to other capitalized expenditures. Impairment loss was caused by change in product strategy that caused a significant change in the earnings model.

Testing
The recoverable amount has been determined based on a value in use calculation using cash flow projections for the coming next four year period that are based on financial budgets approved by senior management. The discount rate applied to cash flow projections is 10.4 % (2005: 10.5%). The key assumption is the operating margin of the unit.

Sensitivity analysis
The carrying amount of the Network Control unit exceeding its recoverable amount was written down using first goodwill and then capitalized expenditures. The value of 418 thousand euro capitalized expenditure on balance sheet is equal to its recoverable amount from cash flow calculations. The estimated useful life of the remaining capitalized expenditure was adjusted to four years. Management believes that variation in estimates will have no material impact on the value of the capitalized expenditures belonging to Network Control unit.

(EUR 1000)

11. Deferred tax

	Consolidated 2006	Consolidated 2005
Deferred tax assets		
Other temporary differences	495	273
From provisions	151	96
Losses carried forward	132	3 910
Tax charged to shareholders' equity		
-Change in fair value, available-for-sale	18	
	796	4 279
Deferred tax liability		
Fair value adjustments on acquisition	109	1 185
Tax charged to shareholders' equity		
-Change in fair value, available-for-sale		80
Total	109	1 265

At December 31, 2006 the Group had loss carry forwards of EUR 0.5 million (EUR 15.5 million in 2005) for which deferred tax asset was recongnized as stated before.

12. Inventories

Other inventories	181	76

13. Receivables

Non-current		
Loan receivables	141	61
Non-current receivables total	141	61
Current receivables		
Trade receivables	15 139	11 774
Loan receivables	12	10
Other receivables	488	717
Prepaid expenses and accrued income	3 733	3 237
Accrued income tax	20	14
Current receivables total	19 391	15 752
Material items included in prepaid expenses and accrued income		
Uninvoiced sales	278	48
Prepaid expenses	863	771
Prepaid expenses, royalty	2 422	2 108
Accrued interest	170	310
Accrued tax	20	14
Total	3 753	3 251

14. Available-for-sale financial assets

Available-for-sale financial assets consist of interest-bearing debt securities and shares in funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, which fair value cannot be measured reliably, are recognized at cost less impairment. The fair value changes of available-for-sale financial assets are recognized in shareholders' equity under fair value reserve.

Fair value as at Jan 1	53 452	42 366
Additions/deductions, net	1 585	11 606
Change in fair value	–375	–520
Fair value as at Dec 31	54 662	53 452
Shares - unlisted	144	136
Maturity date more than 6 months	5 226	12 325
Maturity date less than 6 months	49 292	40 991
Fair value as at Dec 31	54 662	53 452

(EUR 1000)

15. Cash and short-term deposits	Consolidated 2006	Consolidated 2005
Cash at bank and in hand	12 211	8 528

Available-for-sale financial assets are recognized as liquid short-term investments and held as part of the Group's ongoing cash management activities. See note 20. Financial risk management objectives and policies

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at December 31:

Cash at bank and in hand	12 211	8 528
Available-for-sale	54 519	53 315
Total	66 730	61 844

16. Shareholders' Equity

During the year, ordinary shares of 0.01 euro each were subscibed with warrants attached to F-Secure option programs and converted as follows
Issued and fully paid

	Number of shares	Share capital	Share premium fund	Total
31.12.2004	149 509 650	1 495	28 535	30 030
Registration of share issue	161 788	2	40	42
Exercise of options	4 248 574	42	3 391	3 433
Direct issue	791 806	8	1 492	1 500
31.12.2005	154 711 818	1 547	33 459	35 006
Registration of share issue	60 400	1	38	38
Exercise of options	164 250	2	121	122
31.12.2006	154 936 468	1 549	33 617	35 166

The share capital amounted to 1,549,364 euro and the number of shares 154,936,468 at the end of the year 2006.

Translation differences
The translation difference is used to record exchange difference arising from the translation of the financial statements of foreign subsidiaries.

Fair value reserve
The reserve is used to record increments and decrements in the fair value of available-for-sale financial assets.

	Fair value, available-for-sale Before tax	Tax	After tax	Total
Equity Dec 31, 2004	754	–219	535	535
Available-for-sale, net	164	–20	144	144
Fair value gaines/losses to PL	–613	159	–453	–453
Equity Dec 31, 2005	306	–80	226	226
Available-for-sale, net	–210	55	–156	–156
Fair value gains/losses to PL	–164	43	–122	–122
Equity Dec 31, 2006	–69	18	–51	–51

17. Share-based payment transactions

The Company has had warrant programs since April 1998. During the period the Group had two warrant programs. The Company's warrant programs cover the key personnel. Warrants entitle the holder to subscribe for company shares with subscription price and time defined on each warrant program. If the holder of the warrant leaves company before vesting, the warrant is forfeited. The Group has applied IFRS 2 to equity-settled awards granted after November 7, 2002 that had not vested on or before January 1, 2005.

On March 27, 2002, the shareholders' meeting decided to issue a total of 5,500,000 warrants. Each warrant entitles the holder to subscribe for one share. On March 23, 2005, the shareholders' meeting decided to cancel a total of 3,089,275 unallocated warrants. The subscription in full would increase the capital stock by 24,107 euro, which represents 1.6 percent of the Company's share capital and voting power on December 31, 2006. The subscription price of a share in each series is the weighted average price of the Company's shares quoted on the Helsinki Exchanges during the following periods: 2002 A-series: July 1, 2002 – September 30, 2002; 2002 B-series: July 1, 2003 – September 30 2003; 2002 C-series: July 1, 2004 – September 30, 2004. During the financial period, a total of 224,650 shares were subscribed with the warrants attached to this warrant program and consequently share capital was raised by 2,247 euro.

Plan	Issued	Category	Start	End	Exercise price
		2002A	01.11.2003	31.12.2008	0,60
		2002B	01.11.2004	31.12.2008	0,90
		2002C	01.11.2005	31.12.2008	1,60
2002	2 410 725				

On March 23, 2005, the shareholders' meeting decided to issue a total of 4,500,000 warrants. Each warrant entitles the holder to subscribe for one share. The subscription in full would increase the capital stock by 45,000 euro, which represents 2.9 percent of the Company's share capital and voting power on December 31, 2006. The subscription price of a share in each series shall be the trade volume weighted average price of the Company's share quoted on the Helsinki Exchange as follows: 2005A on March 2005; 2005B on March 2006; 2005C on March 2007 and 2005D on March 2008, rounded off to the nearest cent. The subscription price of the stock options shall, as per the dividend recorded date, be reduced by the amount of dividend per share. However, only such dividends whose distribution has been agreed upon after of the period for determination of the share subscription price and which have been distributed prior to the share subscription are deducted from the subscription price. Pursuant to the Companies Act, the share subscription price shall, nevertheless, always be at least the accounting equivalent value per share.

(EUR 1000)

Plan	Issued	Category	Start	End	Exercise price
		2005A	01.03.2008	30.11.2009	1,75
		2005B	01.03.2009	30.11.2010	3,17
		2005C	01.03.2010	30.11.2011	–
		2005D	01.03.2011	30.11.2012	–
2005	4 500 000				

The shares subscribed for on the basis of the warrants shall entitle the holder to dividend for the financial period in which the subscription takes place. Other shareholder rights shall commence upon the entry into the Trade Register of increase of the share capital.

The maximum dilution effect of the issuance of the warrants is 6,527,975 shares on aggregate or 4.0 percent of the Company's share capital after dilution. 21.8 million warrants have been issued as of December 31, 2006, and the remaining 5.0 million warrants are held by the subsidiary company DF-Data Oy.

Options outstanding and weighted average exercise price

	Jan 01 – Dec 31, 2006		Jan 01 – Dec 31, 2005	
	Number of options	Weighted average exercise price EUR	Number of options	Weighted average exercise price EUR
Outstanding Jan 01	2 716 906	1,34	8 728 495	1,80
Granted	2 280 800	2,39	528 531	1,82
Forfeited	153 884	2,25	189 941	1,08
Exercised	224 650	0,72	4 410 362	0,79
Expired	0	0,00	1 939 817	4,81
Outstanding Dec 31	4 619 172	1,85	2 716 906	1,34
Exercisable Dec 31	1 579 505	1,18	1 312 008	1,08

For options exercised during the period the weighted average share price was 2.65 euro (1.84 euro in year 2005). Options were execised on a regular basis throughout the period. The Group received 191 thousand euro for exercised option, from which 2 thousand euro was recorded to share capital and the rest to share premium account (42 thousand euro to share capital and 3,391 thousand euro to share premium in year 2005).

The options outstanding by range of exercise prices

	December 31, 2006			December 31, 2005		
Execise price EUR	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price
0,60 – 1,00	722 250	2,00	0,74	953 150	3,00	0,73
1,10 – 3,17	3 896 922	3,66	2,06	1 763 756	3,28	1,67
	4 619 172			2 716 906		

Expense arising from share-based payment transactions during the period was 630 thousand euro (546 thousand euro in year 2005). The weighted fair value of options granted at the date of grant date was 0.93 euro (0.68 euro in year 2005). The fair value of options granted during the period was determined at the date of grant by using Binomial model. Used arguments:

	2006	**2005**
Weighted average share price EUR	2,51	1,82
Weighted average exercise price EUR	2,65	1,84
Expected volatility	32,19 %	36,85 %
Option life in years	4,8	4,7
Risk-free interest rate	3,90 %	3,10 %
Expected dividends	–	–

Expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Based on previous years, the company has estimated that 2–3 % of granted options will be forfeited. When subscription price has not yet been defined closing share price as of 31 December 2006 has been used.

18. Provisions

A provision is recognized for the employer's liability for social security contributions on share option gains, which will arise on exercise of the relevant share options, by employees. The provision is calculated based on the number of options outstanding at the balance sheet date outside Finland that are expected to be exercised, and using the market price of the share at the balance sheet date as the best estimate of market price at the date of exercise. It is expected that the costs will be incurred during the exercise period of 1 January 2007 to 30 November 2012.

By decision of Helsinki District Court on September 2005 a provision is recognized for Group's liability for payment of additional construction work done by SRV for headquarter premises.

	Consolidated 2006	**Consolidated 2005**
Book value as at Jan 1	1 113	164
Arising during the year	79	1 104
Utilised	–5	–156
Book value as at Dec 31	1 187	1 113
Social costs	4	9
SRV	1 183	1 104

(EUR 1000)

19. Liabilities	Consolidated 2006	Consolidated 2005
Non-current liabilities		
Deferred revenues	4 419	3 779
Total non-current liabilities	4 419	3 779
Current liabilities		
Deferred revenues	23 155	19 410
Trade payables	2 423	2 773
Other liabilities	1 265	2 124
Accrued expenses	8 094	6 284
Accrued expenses	306	159
Total current liabilities	35 243	30 750
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	5 525	4 143
Deferred royalty	1 211	1 203
Accrued expenses	1 358	938
Accrued tax	306	159
Total	8 400	6 444

20. Financial risk management objectives and policies

General

The goal of risk management is to identify risks that may hinder the group from achieving its business objectives. The responsibility for the company's risk management lies with the Board of Directors. The risks related to the Group's financial instruments are mainly related to credit risks and foreign currency fluctuations. The Group's available-for-sale assets are also exposed to interest rate fluctuations.

Credit risk

The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

Foreign currency risk

The Group invoices mainly in Euros. However, there are some transactional currency exposures that arise from sales or purchasing in other currencies. The other main measurement currencies are USD, JPY, SEK and GBP. In order to minimize the impact of the fluctuation of the exchange rates the goal is to to use forward currency contracts to eliminate the currency exposure of the estimated cash flow of these currencies for a period of six months.

Derivatives	2006	2005
Currency instruments -	EUR	EUR
Currency forward contract		
nominal value	3 808	3 137
fair value	34	–3

F-Secure Corporation has hedged receivables denominated in USD, JPY, SEK and GBP with a forward rate contract. The forward rate contract expires on January 19 and April 19, 2007. The company does not have other derivatives.

F-Secure Corporation does not hedge investements made in its subsidiaries because the impact of changes of exchange rates would not be relevant in the Group's balance sheet.

Interest rate risk

The Group does not have any interest bearing liabilities. Based on the Group's conservative investment policy, it invests its cash mainly in short term and low risk funds. These available-for-sale investments are exposured to market risk for changes in interest risks.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and available-for-sale financial assets. See note 14. Available-for-sale financial assets

21. Notes to cash flow statement

Adjustments		
Deferred income	4 320	4 433
Depreciation and amortization	2 612	1 425
Profit / loss on sale of fixed asset	3	3
Other adjustments	5 581	–749
Financial income and expenses	–1 485	–1 928
Income taxes	3 051	2 684
Total	14 082	5 866

(EUR 1000)

22. Operating lease commitments

	Consolidated 2006	Consolidated 2005

The Group has entered into commercial leases on office space and on motor vechicles. Motor vechicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

	Consolidated 2006	Consolidated 2005
Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows		
As lessee		
Within one year	3 155	2 886
After one year but not more than five years	7 753	9 710
Total	10 908	12 596

The Group has entered into commercial leases on unused office space. Leases have an average life between one and three years with renewal terms included in the contracts. Future minimum rental receivables under non-cancellable operating leases at 31 December are as follows

	Consolidated 2006	Consolidated 2005
As lessor		
Within one year	256	410
After one year but not more than five years	23	291
Total	279	701

23. Contingent liabilities

	Consolidated 2006	Consolidated 2005
Guarantees for other group companies		
Other liabilities		
Others	246	102

24. Related party disclosures

	Consolidated 2006	Consolidated 2005
Compensation of key management personnel of the Group		
Wages and other short-term employee benefits	–1 526	–831
Share-based payments	–311	–401
Other compensations		–43
Total	–1 837	–1 275
Wages and other short-term employee benefits		
Managing directors	–339	–524
members of the boards of directors	–171	–60

Board of directors 2006 and managing directors	Wages	Fees	Granted warrants
Risto Siilasmaa, managing director until 6th Nov	305	–	–
Kimmo Alkio, managing director from 6th Nov	34	–	527
Ari Hyppönen	103	–	–
Sari Baldauf	–	19	13
Pertti Ervi	–	28	19
Alexis Sozonoff	–	19	13
Antti Vasara	–	4	–
Total	442	68	571

Warrants granted to board members as an annual remuneration are measured to the fair value at the date at which they were granted. Warrants granted to managing director are measured to the fair value at the date which they were granted and the cost is recognized over the period in which the performance conditions are fullfilled. Warrants can be exercised from 1 march 2009 until 30 November 2011.

The CEO's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TEL). The period of notice for the CEO is twelve (12) months both ways and there are no separate compensations for dismissal.

The consolidated financial statements include the financial statements of corporations listed in the following table.

Name	Country of incorporation	Group (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure Ltd, London	Great-Britain	100
Nihon F-Secure Corp., Yokohama	Japan	100
F-Secure GmbH, München	Germany	100
DF-Mobile GmbH, München	Germany	100
F-Secure SARL, Poissy	France	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o.,Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, Mumbai	India	100
F-Secure Pte Ltd, Singapore	Singapore	100

25. Shares and shareholders

Shares and share ownership distribution, December 31, 2006

Shares	Number of shareholders	Percentage of shareholders	Total shares	Percentage of shares
1–100	3 215	13,06 %	210 785	0,14 %
101–1 000	16 297	66,20 %	5 733 277	3,70 %
1 001–10 000	4 708	19,12 %	13 991 055	9,03 %
10 001–50 000	330	1,34 %	6 356 469	4,10 %
50 001–100 000	26	0,11 %	2 006 079	1,29 %
100 001–	43	0,17 %	126 638 803	81,74 %
Total	24 619	100,00 %	154 936 468	100,00 %

Shareholder category, December 31, 2006	Total shares	Percentage of shares
Corporations	5 177 783	3,34 %
Financial and insurance institutions	39 797 481	25,69 %
General goverment	6 893 729	4,45 %
Non-profit organizations	1 740 241	1,12 %
Households	100 902 445	65,13 %
Other countries and international organizations	424 789	0,27 %
Total	154 936 468	100,00 %

Largest shareholders and administrative register

Owner	Shares	Percentage of shares
Risto Siilasmaa	62 599 775	40,40 %
Ari Hyppönen	7 079 460	4,57 %
Keskinäinen henkivakuutusyhtiö Suomi	7 000 000	4,52 %
Bergroth Ismo	6 084 565	3,93 %
Keskinäinen henkivakuutusyhtiö Ilmarinen	2 527 150	1,63 %
OP-Suomi pienyhtiöt	2 317 250	1,50 %
Eläke-Fennia	1 872 000	1,21 %
Sijoitusrahasto Nordea Nordic small cap	1 160 200	0,75 %
Evli Pankki Oyj	1 160 100	0,75 %
FIM Fenno sijoitusrahasto	1 101 528	0,71 %
Administrative register		
OMSBS/Skandinaviska Enskilda Banken Ab	13 037 949	8,42 %
Nordea Pankki Suomi Oyj	8 749 334	5,65 %
Svenska Handelsbanken Ab	1 449 402	0,94 %
Other registers	1 515 014	0,98 %
Other shareholders	37 282 741	24,06 %
Total	154 936 468	100,00 %

Ownership of management

Board of Directors	Shares	% shares	Warrants	% shares
Risto Siilasmaa	62 599 775	40,40 %	431 225	0,28 %
Ari Hyppönen	7 079 460	4,57 %	120 000	0,08 %
Sari Baldauf	54 000	0,03 %		
Pertti Ervi	5 000	0,00 %	25 000	0,02 %
Alexis Sozonoff			10 000	0,01 %
Total	69 738 235	45,01 %	586 225	0,38 %

Executive team	Shares	% shares	Warrants	% shares
Kimmo Alkio	14 051	0,01 %		
Kuusela Pekka	5 000	0,00 %		
Aki Mänttäri				
Pirkka Palomäki			51 000	0,03 %
Taneli Virtanen	3 000	0,00 %	56 000	0,04 %
Travis Vitteween			27 000	0,02 %
Total	22 051	0,01 %	134 000	0,09 %

Ownership of management

The Board of Directors and CEO owned a total of 69,752,286 shares on December 31, 2006. This represents 45.0 percent of the Company's shares and votes. In addition, the warrants of the management accounted for 0.46 percent of the total amount of F-Secure shares. With these stock options 720,225 new shares can be issued.

26. Key ratios

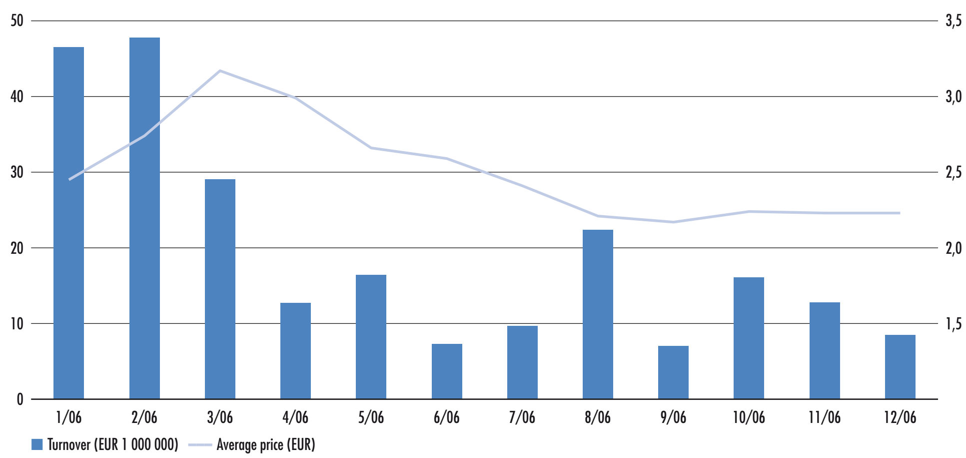
	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2002
Economic indicators						
Net sales (MEUR)	80,7	61,8	47,3	47,3	39,0	38,5
Net sales growth %	31 %	31 %	21 %	21 %	1 %	–8 %
Operating result (MEUR)	8,9	7,4	6,5	6,8	1,5	–1,7
% of net sales	11,0 %	11,9 %	13,8 %	14,4 %	3,8 %	–4,4 %
Result before taxes	10,4	9,3	7,7	7,4	4,3	–0,8
% of net sales	12,8 %	15,0 %	16,3 %	15,7 %	11,0 %	–2,1 %
ROE (%)	13,1 %	12,9 %	35,9 %	36,7 %	7,0 %	–3,6 %
ROI (%)	19,3 %	19,0 %	21,3 %	22,1 %	11,5 %	–1,3 %
Equity ratio (%)	80,2 %	80,6 %	84,2 %	84,4 %	78,1 %	73,4 %
Investments (MEUR)	3,7	8,3	2,9	2,9	0,6	1,2
% of net sales	4,6 %	13,4 %	6,1 %	6,1 %	1,5 %	3,0 %
R&D costs (MEUR) *)	17,7	14,7	10,7	10,7	9,0	9,8
% of net sales	21,9 %	23,8 %	22,6 %	22,5 %	23,0 %	25,5 %
Capitalized development (MEUR)	0,9	0,8	0,3			
Gearing %	–123,2 %	–108,2 %	–110,7 %	–110,3 %	–130,7 %	–128,1 %
Personnel on average	439	354	291	291	295	315
Personnel on Dec 31	479	390	306	306	283	306

*) excluding impairment loss of 4,8 MEUR in year 2006

	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2002
Key ratios						
Earnings / share (EUR)	0,05	0,04	0,09	0,09	0,01	–0,01
Earnings / share diluted	0,05	0,04	0,09	0,09	0,01	x)
Shareholders' equity per share	0,35	0,37	0,30	0,30	0,21	0,19
Dividend per share **)	0,02	0,07	–	–	–	–
Dividend per earnings (%)	40,0 %	175,0 %	–	–	–	–
Effective dividends (%)	0,9 %	3,4 %	–	–	–	–
P/E ratio	47,6	46,9	19,8	19,5	97,1	–
Share price, lowest (EUR)	2,05	1,55	1,22	1,22	0,65	0,44
Share price, highest (EUR)	3,48	2,14	1,98	1,98	1,50	1,43
Mean share price (EUR)	2,54	1,82	1,67	1,67	1,06	0,93
Share price Dec 31	2,25	2,04	1,81	1,81	1,33	0,75
Market capitalization (MEUR)	348,6	317,2	270,6	270,6	194,9	108,0
Trading volume (millions)	93,8	69,3	60,1	60,1	44,5	50,4
Trading volume (%)	60,6 %	45,7 %	40,6 %	40,6 %	30,6 %	35,2 %
Adjusted number of shares						
average during the period	154 859 859	151 759 785	147 973 590	147 973 590	145 246 290	143 078 536
average during the period, diluted	161 464 443	162 394 953	163 197 747	163 197 747	163 237 460	163 256 465
Dec 31	154 936 468	154 711 818	149 509 650	149 509 650	146 533 104	143 951 405
Dec 31, diluted	161 464 443	161 464 443	163 185 050	163 185 050	163 230 484	163 256 465

x) Not given, as the effect of dilution would improve the figure
**) Board proposal

Turnover and average share price per month



F-SECURE CORPORATION
INCOME STATEMENT

INCOME STATEMENT Jan 1 – Dec 31, 2006			(EUR 1000)
		FAS 2006	**FAS 2005**
NET SALES	(1)	71 048	53 421
Material and service		–6 969	–5 766
GROSS MARGIN		64 078	47 655
Other operating income	(2)	1 232	1 267
Sales and marketing	(3,4)	–29 485	–24 562
Research and development	(3,4)	–21 877	–14 412
Administration	(3,4)	–4 009	–2 883
OPERATING RESULT		9 939	7 065
Financial income and expenses	(5)	1 473	1 743
PROFIT BEFORE TAXES		11 412	8 808
Income taxes	(6)	–4 005	–2 555
RESULT FOR THE FINANCIAL YEAR		7 407	6 254

F-SECURE CORPORATION
BALANCE SHEET

BALANCE SHEET December 31, 2006 **(EUR 1000)**

		FAS 2006	FAS 2005
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	(7)	1 722	1 606
Intangible assets	(7)	5 162	4 010
Investments in associated companies	(8)	41	41
Investments in group companies	(8)	223	5 020
Total non-current assets		7 147	10 677
CURRENT ASSETS			
Inventories	(10)	148	76
Long-term receivables	(11)	930	896
Short-term receivables	(11)	20 072	15 346
Deferred tax assets	(9)	18	3 723
Short-term investments	(12)	54 662	53 451
Cash and bank accounts		7 888	5 448
Total current assets		83 717	78 939
TOTAL ASSETS		90 864	89 617
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	(14,15)		
Share capital		1 549	1 547
Unregistered share issues		69	38
Share premium		36 034	35 875
Fair value reserve		–51	227
Retained earnings		7 977	12 557
Profit for the financial year		7 407	6 254
Total shareholders' equity		52 985	56 498
MANDATORY PROVISIONS	(17)	1 183	1 113
LIABILITIES			
Deferred tax liabilities	(9)		80
Long-term liabilities	(18)	3 290	2 774
Short-term liabilities	(18)	33 405	29 151
Total liabilities		36 695	32 005
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		90 864	89 617

F-SECURE CORPORATION
CASH FLOW STATEMENT

CASH FLOW STATEMENT December 31, 2006 **(EUR 1000)**

	FAS 2006	FAS 2005
Cash flow from operations		
Result for the financial year	7 407	6 254
Adjustments	11 553	5 083
Cash flow from operations before change in working capital	18 960	11 337
Change in net working capital		
Current receivables, increase (–), decrease (+)	–4 709	–3 081
Inventories, increase (–), decrease (+)	–71	–76
Non-interest bearing debt, increase (+), decrease (–)	1 663	3 310
Provisions, increase (+), decrease (–)	70	949
Cash flow from operations before financial items and taxes	15 914	12 438
Interest expenses paid	0	0
Interest income received	598	849
Other financial income and expenses	1 013	1 206
Income taxes paid	–217	–277
Cash flow from operations	17 307	14 216
Cash flow from investments		
Investments in intangible and tangible assets	–2 833	–2 382
Investments in subsidiary shares	–39	–3 375
Other investments	0	–38
Cash flow from investments	–2 873	–5 795
Cash flow from financing activities		
Increase in share capital	191	3 472
Dividends paid	–10 834	
Cash flow from financing activities	–10 643	3 472
Other adjustments *)	226	
Change in cash	4 018	11 893
Cash and bank at the beginning of the period	58 763	47 318
Cash and bank at period end	62 781	59 212
Change in net fair value of current available-for-sale assets	–375	–449
Cash and bank at period end	62 406	58 763

*) Rommon Oy merger

F-SECURE CORPORATION NOTES TO THE FINANCIAL STATEMENTS

Corporate information

F-Secure produces services and software protection to individuals and businesses against computer viruses and other threats coming through the Internet or mobile networks.

Parent company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. The company's registrant address is Tammasaarenkatu 7, 00180 Helsinki. A copy of consolidated financial statement can be received from Internet address www.f-secure.com or parent company's registrant address.

ACCOUNTING PRINCIPLES

The financial statement of F-Secure Corporation has been prepared in accordance with Finnish Accounting Standards (FAS).

Foreign currency translation

Foreign currencies are translated into the local currency using fixed monthly exchange rates. At the balance sheet date, assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate gains and losses of financial transactions are recognized in the income statement under financial items. Forward rate contracts for hedging purposes are recorded using the exchange rate prevailing at the balance sheet date.

Tangible and intangible assets

Intangible assets include software licenses. Intangible assets recognized on merger consist technology-based intangible assets. Tangible and intangible assets are recorded at historical cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible and intangible assets are as follows:

Machinery and equipment	3–8 years
Capitalized development costs	3 years
Intangible assets	5–10 years

Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the assets' carrying amount when it is probable that the Company will derive future economic benefits in excess of the originally assessed standard or performance of the existing asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures incurred on individual projects of totally new products or product versions with significant new features are carried forward when they are technically feasible and their future recoverability can reasonably be regarded as assured.

Inventories

Inventories are valued at the lower of cost and net realizable value with cost being determined by method first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. The Company has only operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term. Leases of unused office space are recognized as other operating income in the income statement on straight-line basis over the lease term.

Pensions

Pension arrangement is of local statutory arrangement and defined contribution plans. Contributions to defined contribution plans are recognized in income statement in the period to which the contributions relate. The Company recognizes disability commitment of TEL pension plan when disability appears.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

In September 2005, by the decision of Helsinki District Court, F-Secure was sentenced to pay additional construction and refurbishment work done at the Group's headquarter premises and litigation costs plus interest to SRV Viitoset Oy. F-Secure considers that the work was already covered by the original rental agreement and has appealed to change the verdict.

Even though the process is still open F-Secure decided to recognize the obligation. Construction costs are allocated over the rental period until the year 2010 starting September 2005.

Income taxes

Direct current taxes are calculated with the local tax and accounting rules. Deferred taxes, resulting from temporary differences between the financial statement and the income tax basis of assets and liabilities, use the enacted tax rates in effect in the years in which the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available.

Revenue recognition

Revenue is primarily derived from software license agreement sales and monthly content security service sales. License agreements consist of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure recognizes the license fee revenues as the product is delivered, and the maintenance revenues are recognized ratably over the period covered by the maintenance contract, and the service revenue is recognized at the time of delivery. Indirect taxes, discounts granted and exchange rate differences are excluded from net sales.

Other operating income

Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

Presentation of expenses

Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated on the various functions by allocating directly allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of average headcount in each location.

Financial assets

Short-term investments are measured at fair value. Short-term investments consist of interest-bearing debt securities and shares in mutual funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, the fair value of which cannot be measured reliably, are recognized at cost less impairment. The fair value changes of short-term investments are recognized in shareholders' equity under fair value reserve. When financial assets recognized as available-for-sale is sold, the accumulated fair value changes are released from equity and recognized in the income statement.

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and other highly liquid short-term investments.

(EUR 1000)

1. Net Sales

	FAS 2006	FAS 2005
Geographical segments		
Finland and Scandinavia	27 617	20 184
Rest of Europe	35 174	27 344
North America	3 792	2 387
Rest of the world	4 465	3 506
Total	71 048	53 421

2. Other operating income

Rental revenue	445	503
Goverment grants	127	263
Other	661	501
Total	1 232	1 267

3. Depreciation and reduction in value

Depreciations from non-current assets		
Other cap.expenditure	–802	–435
Capitalized development	–405	–138
Intangible assets	–1 208	–573
Machinery & equipment	–827	–599
Tangible assets	–827	–599
Total depreciation	–2 035	–1 172
Reduction in value from non-current assets		
Other cap.expenditure	–3 874	
Capitalized development	–149	
Total reduction in value	–4 023	
Total depreciation and reduction in value	–6 058	–1 172
Depreciations by function		
Sales and marketing	–717	–445
Research and development	–1 239	–683
Administration	–79	–44
Total Depreciation	–2 035	–1 172

4. Personnel expenses

Personnel expenses		
Wages and salaries	–17 591	–14 729
Pension expenses	–3 035	–2 377
Other social expenses	–1 083	–890
Total	–21 709	–17 997
Compensation of key management personnel		
Wages and other short-term employee benefits	–1 147	–367
Other compensations		–43
Total	–1 147	–410
Wages and other short-term employee benefits		
Managing directors	–339	0
members of the boards of directors	–171	–60

Wages and other short-term employee benefits of the board of directors and managing director see group disclosure 24. Related party disclosure

The CEO's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TEL). The period of notice for the CEO is twelve (12) months both ways and there are no separate compensations for dismissal.

Average number of personnel	331	289
Personnel by function Dec 31		
Sales and marketing	107	103
Research and development	202	181
Administration	26	28
Total	335	312

(EUR 1000)

5. Financial income and expenses	FAS 2006	FAS 2005
Interest income	142	87
Interest expense	–80	–265
Available-for-sale, net	1 352	1 966
Other financial income	2	2
Exchange gains and losses	54	41
Other financial expenses	2	–88
Total financial income and expenses	1 473	1 743

6. Income taxes

Income taxes of the business activity	–465	–277
Income taxes from previous years	182	
Deferred tax	–3 723	–2 277
Total	–4 005	–2 555

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Groups' effective income tax rate for the years ended 31 December 2006 and 2005 is as follows:

Result before taxes	11 412	8 808
Income taxes at statutory rate of 26%	–2 967	–2 290
Non-deductible expenses	–1 182	12
Income taxes from previous years	182	
Other	–38	–277
Total taxes	–4 005	–2 555

7. Non-current assets

	Intangible assets			Tangible assets		
	Other cap. expenditure	Capitalized development	Total	Machinery & equip.	Other Tangible	Total
Acquisition cost Jan 1, 2005	4 501	293	4 794	5 466		5 466
Additions	1 294	838	2 132	1 024		1 024
Acquisition cost Dec 31, 2005	5 795	1 131	6 926	6 490		6 490
Additions	1 028	902	1 930	938	5	943
Additions/merger	4 452		4 452			
Acquisition cost Dec 31, 2006	11 275	2 033	13 308	7 428	5	7 433
Acc. depreciations Jan 1, 2005	–2 336	–8	–2 344	–4 285		–4 285
Depreciation of the financial year	–435	–138	–573	–599		–599
Acc. depreciations Dec 31, 2005	–2 771	–146	–2 917	–4 884		–4 884
Depreciation of the financial year	–803	–405	–1 208	–827		–827
Reduction in value	–3 874	–149	–4 023			
Acc. depreciations Dec 31, 2006	–7 448	–700	–8 148	–5 711		–5 711
Book value as at Dec 31, 2005	3 024	985	4 009	1 606		1 606
Book value as at Dec 31, 2006	3 827	1 333	5 160	1 716	5	1 721

8. Investments

	Group comp. shares	Associated comp. shares	Total
Book value as at Jan 1	5 020	41	5 061
Additions	39		39
Disposals/merger	–4 836		–4 836
Book value as at Dec 31	223	41	264

Name	Country of incorporation	Share of ownership (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure Ltd, London	Great-Britain	100
Nihon F-Secure Corp., Yokohama	Japan	100
F-Secure GmbH, München	Germany	100
DF-Mobile GmbH, München	Germany	100
F-Secure SARL, Poissy	France	98
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o.,Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, Mumbai	India	100
F-Secure Pte Ltd, Singapore	Singapore	100
Associated companies		
Vineyard International Ltd, Helsinki	Finland	32,9

(EUR 1000)

9. Deferred tax

	FAS 2006	FAS 2005
Deferred tax assets		
Losses carried forward		3 723
Tax charged to shareholders' equity		
– Change in fair value, available-for-sale	18	
Total	18	3 723
Deferred tax liability		
Tax charged to shareholders' equity		
Other temporary differences		
– Change in fair value, available-for-sale		80
Total		80

At December 31, 2006 the Company had no loss carry forward. (Year 2005 EUR 15.5 million, for which deferred tax asset was recongnized as stated before.)

10. Inventories

Other inventories	148	76

11. Receivables

Non-current		
Receivables from group companies		
Other receivables	930	896
Non-current receivables total	930	896
Current receivables		
Trade receivables	11 557	8 991
Loan receivables	12	10
Other receivables	41	332
Prepaid expenses and accrued income	3 465	3 071
Total	15 075	12 404
Receivables from group companies		
Trade receivables	4 595	1 970
Other receivables	402	972
Total	4 997	2 942
Current receivables total	20 072	15 346
Material items included in prepaid expenses and accrued income		
Uninvoiced sales	278	48
Prepaid expenses	595	605
Prepaid expenses, royalty	2 422	2 108
Accrued interest	170	310
Total	3 465	3 071

12. Short-term investments

Short-term investments consist of interest-bearing debt securities and shares in funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, which fair value cannot be measured reliably, are recognized at cost less impairment. The fair value changes of short-term investments are recognized in shareholders' equity under fair value reserve.

Fair value as at Jan 1	53 451	42 365
Additions/deductions, net	1 586	11 606
Change in fair value	–375	–520
Fair value as at Dec 31	54 662	53 451
Shares - unlisted	143	135
Maturity date more than 6 months	5 226	12 325
Maturity date less than 6 months	49 292	40 991
Fair value as at Dec 31	54 662	53 451
Book value as at Dec 31	54 730	53 145

13. Cash and short-term deposits

For the purposes of the cash flow statement, cash and cash equivalents comprise the following at December 31:

Cash at bank and in hand	7 888	5 448
Available-for-sale	54 519	53 315
Total	62 407	58 763

(EUR 1000)

14. Statement of changes in shareholders's equity

FAS	Share capital	Share issue	Share premium fund	Fair value reserve	Retained earnings	Total equity
Equity Dec 31, 2004	1 495	42	30 951	536	12 558	45 581
Available-for-sale financial assets, net				–309		–309
Result of the financial year					6 254	6 254
Share Issue	8		1 492			1 500
Registration of share issue	2	–42	40			
Exercise of options	42	38	3 391			3 472
Equity Dec 31, 2005	1 547	38	35 875	227	18 812	56 498
Available-for-sale financial assets, net				–277		–277
Result of the financial year					7 407	7 407
Dividend					–10 834	–10 834
Registration of share issue	1	–38	38			
Exercise of options	2	69	121			191
Equity Dec 31, 2006	1 549	69	36 034	–51	15 385	52 985

15. Shareholders' Equity

On December 31, 2005, the Company had 154,711,818 shares issued and outstanding. The registration process of 60,400 shares converted through the use of warrants was pending as of December 31, 2005.

During the year, 224,650 ordinary shares of 0.01 euro each were subscibed with warrants attached to F-Secure option programs.

The Company's share capital amounted to 1,549,365 euro and the number of shares 154,936,468 at the end of the year 2006. The registration process of 93,600 shares converted through the use of warrants was pending as of December 31, 2006. The registration will increase the Company's share capital with 936 euro and the rest will be booked into the share capital premium account.

See group disclosure 16. Shareholders' Equity

Distributable shareholders' equity on December 31, 2006	
Retained earnings	7 978
Result of the financial year	7 407
Distributable shareholders' equity on December 31, 2006	15 385

16. Share-based payment transactions

See group disclosure 17. Share-based payment transactions

17. Provisions

By decision of Helsinki District Court on September 2005 a provision is recognized for Group's liability for payment of additional construction work done by SRV for headquarter premises.

	FAS 2006	FAS 2005
Book value as at Jan 1	1 113	164
Arising during the year	79	1 104
Utilised	–9	–156
Book value as at Dec 31	1 183	1 113
Social costs		9
SRV	1 183	1 104

18. Liabilities

	FAS 2006	FAS 2005
Non-current liabilities		
Deferred revenues	3 290	2 774
Total other non-current liabilities	3 290	2 774
Current liabilities		
Deferred revenues	18 008	15 450
Trade payables	1 892	2 331
Other liabilities	799	844
Accrued expenses	6 955	5 404
Total	27 655	24 030
Liabilities to the group companies		
Advance payments	3 138	2 482
Other liabilities	2 613	2 640
Total	5 750	5 122
Total current liabilities	33 405	29 151

(EUR 1000)

	FAS 2006	FAS 2005
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	4 778	3 484
Deferred royalty	1 211	1 203
Accrued expenses	900	717
Accrued tax	66	
Total	6 955	5 404

19. Financial risk management objectives and policies

See Group disclosure 20. Financial risk management objectives and policies

20. Notes to cash flow statement

Adjustments		
Deferred income	2 920	4 403
Depreciation and amortization	2 035	1 172
Other adjustments	4 065	–1 304
Financial income and expenses	–1 473	–1 743
Income taxes	4 005	2 555
Total	11 553	5 083

21. Operating lease commitments

The Group has entered into commercial leases on office space and on motor vechicles. Motor vechicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows

As lessee		
Within one year	2 468	2 482
After one year but not more than five years	7 204	9 173
Total	9 672	11 655

The Group has entered into commercial leases on unused office space. Leases have an average life between one and three years with renewal terms included in the contracts.

Future minimum rental receivables under non-cancellable operating leases at 31 December are as follows

As lessor		
Within one year	256	410
After one year but not more than five years	23	291
Total	279	701

22. Contingent liabilities

Guarantees for other group companies	15	15
Other liabilities		
Others	246	102

Derivatives see Group disclosure 20. Financial risk management objectives and policies

23. Shares and shareholders

See Group disclosure 25. Shares and shareholders

24. Key ratios

See Group disclosure 26. Key ratios

AUDITOR'S REPORT

To the shareholders of F-Secure Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of F-Secure Corporation for the financial year 2006. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements and the report of the Board of Directors give a true and fair view of the parent company's result of operations and of the financial position. The report of the Board of Directors is consistent with the consolidated financial statements.

The parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, February 14, 2007

ERNST & YOUNG OY
Authorized Public Accountant Firm

Tomi Englund
Authorized Public Accountant

CORPORATE GOVERNANCE

General

F-Secure Corporation utilizes principles of sound corporate governance and high ethical standards, complying with the Finnish Companies Act, Securities Market Act and other regulations on the administration of public companies issued by the authorities.

The company complies, as explained below, with the Corporate Governance recommendations for publicly listed companies published in December 2003 by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. All details can be found from Group's web pages (http://www.europe.f-secure.com/investor-relations/corporate_governance.shtml)

Annual General Meeting of Shareholders

F-Secure Corporation's highest governing body is the Annual General Meeting of Shareholders. The Annual General Meeting (AGM) shall be held within a period from the end of the financial year as proposed by the Board of Directors and as defined by the law. The AGM shall confirm remunerations to the Board members and auditors, decide the number of members on the Board of Directors, appoint Board members, approve the financial statement and balance sheet, determine the amount of dividends, select the auditors and decide on other issues as described in Article of Associations of F-Secure Corporation and in Finnish Companies Act.

Board of Directors

The Board of Directors of F-Secure Corporation shall contain a minimum of 3 and a maximum of 7 permanent members and one deputy member. The Board members will select a chairman and secretary for the Board among its members. The term of the Board members is one year and the term ends at the end of the first annual shareholders' meeting following the election of the Board members. The number of terms of the Board members is not restricted. The distribution of the tasks or areas of responsibility of the Board members is not specified.

The Companies Act, the Articles of Association of F-Secure Corporation and decisions at the annual shareholders' meeting govern the operation of the Board of Directors. The Board of Directors represents all shareholders. The Board of Directors shall always put the interests of the company above the interests of any particular shareholders. The aim of the Board of Directors is to guide the company's business in such a way that it will in the long term generate the best possible return to its shareholders. The Board's tasks include matters that have a far-reaching impact on the operations of the Group. These include confirming the strategic guidelines, the annual budget, investments and operational plans. The Board of Directors shall evaluate its procedures annually.

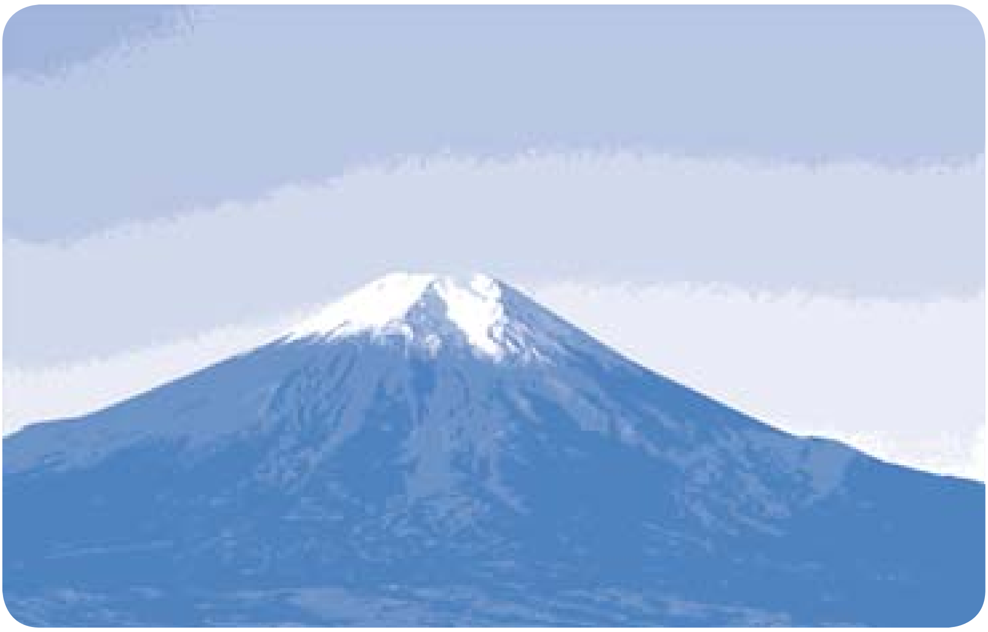
There are no committees in F-Secure Corporation. Due the size of the group, all the members of the Board of Directors will participate in both preparatory work and decision making .

The Annual General Meeting of F-Secure Corporation held on March 22, 2006 confirmed the number of Board members to be 4 members and one deputy member. Ms. Sari Baldauf, Mr. Pertti Ervi, Mr. Risto Siilasmaa and Mr. Alexis Sozonoff were re-elected as members of the Board and Mr. Ari Hyppönen was re-elected as deputy member of the Board for the period ending at the close of the next Annual General Meeting. In its assembly meeting, F-Secure's Board of Directors elected Mr. Pertti Ervi to chair the Board. Since November 6 Mr. Risto Siilasmaa assumed responsibilities of the Chairman of the Board and Mr. Pertti Ervi continued as Vice Chairman.

The Annual General Meeting decided that the annual compensation for the member of the Board is EUR 20,000 and 10,000 stock options (2005 B-series) and for the chairman of the Board EUR 30,000 and 15,000 stock options (2005 B-series). Members of the board that are employed by the Group will not be compensated. Travelling expenses will be paid according to the company's travel policy.

During 2006 the Board has had 13 meetings and the attendance has been close to 100%.

Mr Risto Siilasmaa acted as the CEO of the F-Secure Corporation before assuming the responsibilities of the chairman. Mr Risto Siilasmaa is as major shareholder of the company. Other members are independent from the shareholders.



The Board considers that granted options are not significant enough to endanger the independency of the Board.

CEO

The Board of Directors shall appoint the CEO and decide upon his/her remuneration and other benefits. CEO's duties include managing the business according to the instructions issued by the Board of Directors, present the matters to be dealt with in the Board of Directors' meeting, implement the matters resolved by the Board of Directors and other issues determined in the Companies Act. The CEO's retirement age and the determination of his/her pension conform to the standard rules specified by Finland's Employee Pension Act. The period of notice for the CEO is twelve (12) months both ways and there are no separate compensations for dismissal. During 2006, the CEOs (Mr. Siilasmaa until November 5, 2006 and Mr. Alkio since November 6, 2006) of F-Secure Corporation were paid EUR 339,000 including all the bonuses.

Executive Team

F-Secure Corporation's Executive Team assists the CEO in the management and development of the Group. The CEO appoints the executive team members and negotiates the terms and conditions of their employment. The Board of Directors approves the compensation for the executive team. The bonuses and grant of stock options are based on performance of the group and the individual.

The corporate executive team consists of CEO and six persons. It assembles regularly once a month and separately as needed.

Auditors and Internal Controls

F-Secure Corporation's auditor is Ernst & Young Oy, a firm of Authorized Public Accountants. The auditor's term of service is one year. Mr Tomi Englund, Authorized Public Accountant, acts as principal auditor, and is responsible for the direction and coordination of the audit work. The auditor will report to the Board of Directors at least once a year. During 2006, the group paid totally EUR 111,860 for auditing activities and EUR 39,860 for other services.

F-Secure's Executive Team, Financial Management and Security Team are responsible for the internal control and instructions. Regular audits will be performed in the different business units as well as in the subsidiaries. The purpose is to ensure the compliance to the consistent administration, accounting practices and the information security in the Group.

Risk Management

The goal of risk management is to identify risks that may hinder the group from achieving its business objectives. The responsibility for the company's risk management lies with the CEO and the Executive Team. The Board of Directors approve and follow up the reporting procedures, and monitor the adequacy, appropriateness and effectiveness of the Group's business and administrative processes.

Weekly and monthly financial reporting that covers the entire Group is used to monitor how well financial targets are being met. The reports include actual figures, plans and up-to-date forecasts.

The company has sought to manage the risks relating to its business operations by developing its operating processes and control systems. F-Secure's risk management team is regularly monitoring and coordinating activities to mitigate the threats.

F-Secure Corporation does not provide financing outside industry standard payment terms. Invoicing is mainly done in Euros. There is exchange rate risk with some currencies. In order to minimize the impact of the fluctuation of the exchange rates the goal is to hedge the estimated cash flow of these currencies.

The investment policy of the company for cash reserves is conservative. Cash is mainly invested in short-term funds and other low risk investments.

Company's critical IT systems are reviewed externally to ensure their security. Company monitors systems constantly internally as well.

Insider Regulations

F-Secure Corporation follows the insider regulations of the Helsinki Stock Exchange. Insiders are divided into three categories: (1) permanent insiders including the members of the Board, the auditors, and the Group's Executive Team, (2) permanent company-specific non-public insiders including persons who by virtue of their position or tasks learn inside information on a regular basis, and, (3) project based insiders.

Risto Siilasmaa is the founder of F-Secure Corporation and served as the President and CEO of the company until November 5, 2006. Since then he has held the position of Chairman of the Board of Directors of F-Secure Corporation. He is a member of the Board of Directors of Blyk Ltd., a Chairman of the Board of Ekahau Inc., a member of the Board of the Federation of Finnish Technology Industries and a Vice Chairman of the Board of Finnish-American Chamber of Commerce. Mr. Siilasmaa serves also on the Communications Administration advisory board of the Ministry of Transport and Communications Finland and is a member of permanent stakeholder group of European Network and Information Security Agency (Enisa). Risto Siilasmaa is a member of the advisory boards of the Helsinki University of Technology and Helsinki University of Economics.

Pertti Ervi is an independent consultant and investor. He is a Deputy Chairman of the Board of Directors of F-Secure Corporation. Ervi is also Chairman of the Boards of Mentorium Venture Connection Oy, Holtron Technology Management Oy, Forte Netservices Oy, Intstream Oy and Stockway Oy and Stonesoft Corporation. He co-founded Computer 2000 Finland Oy and served as the MD for the company until 1995. After that he worked as Co-President for Computer 2000 AG international headquarters in Munich, Germany. Ervi has worked closely at international management level with major IT-vendors like Cisco, IBM, Intel, HP and Microsoft. Ervi holds B.Sc/Electronics degree from Tekniska Läroverket (Swedish Institute of Technology) in Helsinki. He has also completed several financial and management studies.

Sari Baldauf headed Nokia Networks, a leading global provider of mobile and IP network infrastructure and related services from 1998 to 31.01.2005. She served as a member of the Group Executive Board of Nokia Corporation from 1994 to 31.01.2005. She worked in several strategic planning and business development positions at corporate headquarters and in different divisions both in Finland and in USA. From 1988 to 1996 Sari was President of Nokia Cellular Systems and together with her team built the global foundation for Nokia´s mobile networks business. She was promoted Executive Vice President, Nokia, Asia-Pacific in 1997 and named head of Networks 1998.

Sari serves on the boards of Hewlett Packard Company (USA), SanomaWSOY (Finland) and YIT Corporation (Finland).

Sari earned a B. Sc. degree in 1977 and Master of Science (Business Administration) in 1979 from the Helsinki School of Economics and Business Administration, Finland and she holds an honorary doctorate degree from the Helsinki University of Technology.

BOARD OF DIRECTORS

Alex Sozonoff has been working for Hewlett-Packard Company since 1967. In 1981 he worked for Harris Information Systems as Vice President of International Operations. He later rejoined HP and has been working in several positions, as HP's European General Manager of the Computer Products Sales and Distribution Organization, Vice President and General Manager of HP's Worldwide Channel Business and as General Manager of Computer Marketing and Operations, developing the e-World Vision for HP, which eventually became HP's e-services strategy. In 1997, he was named Executive of the Year by the North American National Account Management Association (NAMA). Mr. Sozonoff was Vice President of Customer Advocacy for Hewlett-Packard until his retirement in 2002. From this time onwards, he served as senior advisor to the CEO of HP.

In addition to acting as Chairman of Global Beach, a privately held interactive marketing organization based in London, Mr. Sozonoff serves as Chairman of European Wholesale Group (EWG), Switzerland. In addition to being Chairman of HP Finland, Alex is also on the HP Russia Advisory Board. He has been a Member of the Board of the second largest Russian mobile operator VimpelCom until June 2005. He is also Vice Chairman of the Geneva-based Sir Peter Ustinov Charity Foundation.

Mr. Sozonoff holds a Bachelor's degree in economics from the University of Tennessee in Knoxville and a degree from the Nijenrode University in Breukelen, Netherlands. He also graduated from the Wharton Advanced Management Program in 1995.

Ari Hyppönen is Chief Technology Officer at F-Secure and deputy member of the Board. Prior to joining the company in 1989, Mr. Hyppönen worked for State's Computing Facility, Nixu Ltd., the Dipoli Institute and Wise Man Ltd. He has served in the State of Finland's Advisory Committee for Information Security and participated in the development of the National Information Security Strategy. He holds a CISSP (Certified Information Systems Security Professional) certification granted by the International Information Systems Security Certification Consortium. Hyppönen studied computer science, international marketing and occupational psychology at Helsinki University of Technology, and graduated with a M.Sc. degree at the Centre of Supercomputing and Astrophysics at Swinburne University of Technology, Melbourne.

Risto Siilasmaa is the founder of F-Secure Corporation and served as the President and CEO of the company until November 5, 2006. Since that he holds the position of Chairman of the Board of Directors of F-Secure Corporation. He is a member of the Board of Directors of Blyk Ltd., a Chairman of the Board of Ekahau Inc., a member of the Board of the Federation of Finnish Technology Industries and a Vice Chairman of the Board of Finnish-American Chamber of Commerce. Mr. Siilasmaa serves also on the Communications Administration advisory board of the Ministry of Transport and Communications Finland and is a member of permanent stakeholder group of European Network and Information Security Agency (Enisa). Risto Siilasmaa is a member of the advisory boards of the Helsinki University of Technology and Helsinki University of Economics.

Kimmo Alkio started as the President and CEO of F-Secure Corporation on November 6th, 2006. Mr. Alkio joined F-Secure from Nokia where he was the Vice President for the Consulting & Integration business (April 2005 – Oct 2006) and served as a member of the Global Services Business Unit management team within Networks. Prior to Nokia Mr. Alkio was with F-Secure as the Chief Operating officer (2001-2005).

In the earlier stages of his career, Mr Alkio spent 14 years with Digital Equipment Corporation and Compaq Computer in numerous management positions with both European and global responsibilities out of the headquarter operations in Switzerland, Germany and the United States. During his 20 years working in the IT, Software, and Telecommunications industries, he has held senior management positions for product and service businesses for Operator, Enterprise and Distribution-based customer segments.

Mr Alkio holds a BBA degree from Texas A&M University and Executive MBA degree from Helsinki University of Technology. Mr. Alkio also serves as Vice-Chairman on the Board of Directors of Aldata Solutions (HEX:ALD).

Pekka Kuusela is the Executive Vice President, Sales and Marketing of F-Secure. Mr. Kuusela joined F-Secure in February 2005. Prior to F-Secure he has worked more than 11 years at Nokia in various senior sales and marketing positions in Finland and Germany. His most recent position at Nokia was General Manager of Global Sales of Nokia Home Communications. Mr. Kuusela has an extensive global experience in sales, account management, distribution, and consumer marketing. He holds a Master of Science degree in Marketing and Business Administration from the University of Jyväskylä.

Pirkka Palomäki is the Executive Vice President, Research & Development of F-Secure Corporation. He has joined F-Secure in 1997 and has previously held positions in Product Management and Marketing. Prior to joining F-Secure, Mr. Palomäki has worked at Telecom Finland (currently TeliaSonera) in the field of marketing, business development and development management for data communication services. He holds a Master of Science degree in International Marketing and Business Strategy from the Helsinki University of Technology.

EXECUTIVE TEAM

Aki Mänttäri is the Human Resources Director of F-Secure. Prior to joining F Secure in 2004, Mr. Mänttäri worked for Capgemini as Leader of Helsinki Accelerated Solutions Environment (ASE). He holds a Master of Science degree in Engineering from the Helsinki University of Technology and Bachelor of Science degree in Economic and Business Administration from the Helsinki School of Economics.

Taneli Virtanen is Chief Financial Officer of F-Secure. Prior to joining F-Secure in 1999, Mr. Virtanen worked for Santasalo-JOT Group as Group Controller. He holds a Master of Science degree in Economics from the Helsinki School of Economics.

Travis Witteveen is Senior Vice President of Products and Services of F-Secure Corporation. Before that he held the position of the Vice President of F-Secure North America and prior to that he was the General Manager of F-Secure GmbH in Munich, Germany, also responsible for operations in Austria and Switzerland. Prior to joining F-Secure in 1999, Mr. Witteveen worked as a Country Manager for Axent Technologies, Raptor Systems Inc, and FTP Software. He holds a Bachelor of Arts and Bachelor of Science degrees in Finance and Business Administration from Northeastern University in Boston, Massachusetts.

Finland: Helsinki (Main office)
F-Secure Corporation
Tammasaarenkatu 7
PL 24, 00181 Helsinki, Finland
Tel. +358 9 2520 0700
Fax +358 9 2520 5001
helsinki@f-secure.com

Finland: Oulu
F-Secure Corporation
Elektroniikkatie 3
90570 Oulu
Finland
Tel. +358 9 2520 0700
Fax +358 8 551 3701

France
F-Secure SARL
3, rue Gustave Eiffel
Espace Media - Le Technoparc
78306 POISSY Cedex
France
Tel. +33 (0) 820 000 759
Fax +33 (0) 820 025 508
france@f-secure.com

Germany
F-Secure GmbH
Ganghoferstraße 29 a
80339 München
Germany
Tel. +49 89 787467-00
Fax +49 89 787467-99
germany@f-secure.com

Hong Kong
F-Secure Corporation
Suite 3703, Level 37, Office Tower
Langham Place, Mongkok, Kowloon
HONG KONG
Tel. +852 2989 1933
Fax +852 2989 1922
hongkong@f-secure.com

India
F-Secure Pvt Ltd
410, Fourth Floor, Peninsula Plaza,
Veera Industrial Estate
Andheri (West)
Mumbai 400 053
India
Tel. +91-22-2674-4137
Tel. +91-22-2674-4147
Fax +91-22-2674-4347
india@f-secure.com

Italy
F-Secure Corporation
Via Giovanni da Udine, 34
20156 Milan
Italy
Tel. +39 02 38093590
Fax +39 02 38093591
italy@f-secure.com

Japan
Nihon F-Secure Corporation
Sky Bldg. 23F,
2-19-12 Takashima, Nishi-ku, Yokohama
220-0011 Japan
Tel. +81-45-440-6610
Fax +81-45-440-6616
japan@f-secure.com
www.f-secure.co.jp

Malaysia
F-Secure Malaysia
Suite 2A-18-2 Plaza Sentral,
Jalan Stesen Sentral 5,
50470 Kuala Lumpur
Malaysia
Tel. +603 22640200
Fax +603 22640299
malaysia@f-secure.com

Norway
F-Secure Corporation
Nydalsveien 33
0484 Oslo
Norway
Tel. +47 21 52 00 62
Fax +47 21 52 00 10

Poland
F-Secure Sp.z.o.o.
ul. Hrubieszowska 6a
00-209 Warszawa
Poland
Tel. +48 22 431 82 21
Fax +48 22 431 82 20

Singapore
F-Secure Pte Ltd
No. 9 Jurong Town Hall Road
#02-06 The iHub
Singapore 609431
SINGAPORE
Tel. +65 62553720
Fax +65 62555846
singapore@f-secure.com

Sweden
F-Secure AB
Box 717 (postal address)
16927 SOLNA, Sweden
Gårdsvägen 18 (visiting address)
16970 SOLNA
Sweden
Tel. +46 8 507 440 00
Fax +46 8 507 440 01
sweden@f-secure.com

United Kingdom
F-Secure (UK) Ltd
Westfields
London Road
Loudwater
Buckinghamshire
HP11 1HA
United Kingdom
Tel. + 44 (0) 845 890 3300
Fax + 44 (0) 845 890 3301
uk@f-secure.com

USA
F-Secure Inc.
100 Century Center Court, Suite 700
San Jose, CA 95112, USA
Tel. (888) 432-8233
Fax (408) 350-2339
sanjose@f-secure.com

More information:
www.f-secure.com
http://support.f-secure.com
info@f-secure.com
sales@f-secure.com

www.f-secure.com

Finland | France | Germany | Hong Kong | India | Italy | Japan | Malaysia | North America | Norway | Poland | Singapore | Sweden | United Kingdom