

F-SECURE CORPORATION

STOCK EXCHANGE RELEASE
Translation from Finnish
August 1, 2006 at 9.00am

F-SECURE GROUP FINANCIAL RESULTS JANUARY 1 - JUNE 30, 2006

Solid and profitable growth continues

(Unless otherwise stated comparisons are made to the same period one year ago.)

Q2 Highlights

- Total revenue increased by 35% to a record level of 19.8m
- Corporate business increased by 16% to 9.1m
- Service provider business increased by 67% to 6.2m
- Consumer business increased by 63% to 3.6m
- Other revenues 0.8m
- EBIT increased by 88% to 2.8m (1.5m); 14% of revenues
- Deferred revenues increased by 0.2m to 25.3m during Q2

Business at the Group level

Steady and profitable growth continued across all business segments in anti-virus and intrusion prevention. For the first six months of 2006 total revenues were 38.6m (28.1m), representing 38% growth. EBIT was 5.8m (2.3m), representing 153% growth. Cash flow was 4.5m negative due to paid dividends of 10.8m (5.5m positive) and deferred revenues were 25.3m at the end of June (20.3m).

The strong development in Security as a Service, especially establishing a strong foothold in Asia, continued during the first six months of 2006. Mobile security showed steadily increasing sales traction.

The total fixed costs were 29.8m (23.6m), representing 27% growth. The Group's short-term strategy continues to be to prioritize growth over profitability. Above all, investments into achieving a strong sustainable position in the fast growing security service market are seen as vital for the Group's future growth.

The Q2 costs were slightly greater than expected. This was mainly due to strong sales (revenues were in the upper end of the guidance range), successful recruitments during the period (44 new employees) and the write-off of some development costs based on impairment rules. The write-off increased costs by approximately 0.2m. The Group capitalizes some of its development expenses according to the accounting rules. This decreases costs by approximately 0.3m.

The geographical breakdown of the business was as follows: Nordic Countries 37% (36%), Rest of Europe 43% (44%), North America 11% (11%) and Rest of the World 9% (9%). Anti-virus and intrusion prevention represented 97% of the total revenues.

According to the latest global survey made in the autumn of 2005 customer satisfaction has remained at strong levels. Overall satisfaction was 4.27 (4.30) on a scale of 1 to 5. Relentless focus on customer satisfaction is one of the Group's core philosophies. Our target remains to reach 4.50 in customer satisfaction.

Business in different segments in Q2

In the second quarter of 2006, revenues in the corporate customer segment through resellers and IT services companies were 9.1m (7.9m), representing 48% of the anti-virus and intrusion prevention business and growth of 16% from the previous year. Competitive solutions, a strong focus on partners and support continued to contribute to the growth in this segment.

Revenues through the service provider channel were 6.2m (3.7m), representing 32% of the anti-virus and intrusion prevention business and growth of 67% from the previous year. Service-like security is the prime F-Secure way to deliver value to its customers. The revenue growth in this segment in Q2 was slightly slower than expected. This was due to declining revenues from T-Com, promotional campaigns made by some major service provider partners and some key ISP partners reaching high market penetration levels. Service provider partners can be categorized in two groups based on size, growth and duration of partnership. The first group consists of long term partners whose revenues are growing but the growth rate is declining due to higher market penetration levels. The second group consists of newly signed partners that are growing fast but starting from small revenues. At the moment, the second group, although growing fast, represents a relatively small absolute portion of our overall revenues and, consequently, do not offset the decline in growth from the first category.

Consumer revenues were 3.6m (2.2m), representing 19% of the anti-virus and intrusion prevention business and growth of 63% from the previous year. Comprehensive products and solutions along with continuing successes in pc integrator recruitment and online sales were key contributors to growth. The Group is investigating new types of channels to consumer market. A promising category is online banking where the group announced a partnership with Barclays Bank.

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

Competitive situation

Competitive situation in the anti-virus and intrusion prevention business has remained unaltered and price levels have remained relatively stable. However, there have been signs of price competition in some countries, especially in the consumer segment. The Group's outstanding support and high customer satisfaction have helped the group maintain a high level of competitiveness.

Security as a Service

The Group sees that there is an ongoing, fundamental change in customers' buying behaviour. Consumers and businesses will prefer to purchase security as a subscription service to all other alternatives. The Group has been a leader in supporting this change with a dedicated Service Platform offering for different target audiences: Enterprises, Businesses, Consumers, Gateways, Mobile Phones and Operator Networks.

The total number of ISP partners has exceeded 100 and is currently 111 in 29 countries. The Group is clearly the global market leader in providing Security as a Service solutions through ISPs. The Group's strength in the ISP market is clear: leading market share globally, excellent partner retention track record and fastest speed of signing new partners. F-Secure's market share in the combined North-American and European broadband ISP markets based on number of subscribers is approximately 25% and approximately 36% in Europe (source: Dataxis and F-Secure).

In Q2 the Group launched several partnerships (Service Platform for Consumers), e.g. Reliance Communications (India), Exattnet (India), Gamania (Taiwan), UPC (several European countries) and Liwest (Austria). The Group has successfully expanded its offering for the SMB segment (Service Platform for Businesses) with current partners like TeliaSonera (Finland) and Bredsbandsbolaget (Sweden).

Mobile security

The Group's long-term pioneering investment to provide solutions for mobile security continued to yield results.

The sales of F-Secure Mobile Anti-Virus increased during the quarter signaling increased end user awareness of security threats.

In Q2 the Group announced partnership with ONE (Austria) to offer antivirus service from ONE's mobile portal and with Mobitel (Slovenia).

The German magazine c't announced F-Secure as the clear winner over five other mobile data security products. The tests were conducted by AV-Test.org, an independent company specializing in testing antivirus and security products.

At the end of Q2, the group also signed an agreement with Orange to provide a mobile antivirus service to Orange smartphone users. At first, the service will be available through Orange UK in Q3.

F-Secure continued close cooperation with Nokia. F-Secure Mobile Anti-Virus was launched also for the new S60 3rd edition, making it the first antivirus software for this platform. F-Secure Mobile Anti-Virus will be easily available for majority of the currently shipping or upcoming Nokia S60 3rd edition devices, including: N71, N73, N80, N92, N93, E50, E60, E61 and E70.

Products & Services

During Q2 there were some minor releases like Japanese F-Secure Internet Security 2006 and F-Secure Internet Gatekeeper for Windows. The next major launches are scheduled for Q3.

The Group has set up a support center in Malaysia as one key entity in the Group's global 24/7 support organization for its customers and partners.

Personnel and Organization

The Group's personnel numbered 454 at the end of the quarter (366). The Group has successfully managed to employ new resources in sales, R&D and support functions.

The Group's Executive Team consists of the following persons: Pekka Kuusela (Executive Vice President, Sales and Marketing), Aki Mänttari (Director, Human Resources), Pirkka Palomäki (Executive Vice President, Research and Development), Risto Siilasmaa (President and CEO), Taneli Virtanen (Chief Financial Officer) and Travis Witteveen (Senior Vice President, Products & Services).

Financing

The Group's financial position remained strong. The Group's equity ratio on June 30, 2006, was 80% (84%). Financial income for first six months was 0.3m (0.8m).

During first six months cash flow was 4.5m negative (5.5m positive). This is due to paid dividends of 10.8m in April. The market value of the liquid assets of the Group was on June 30, 2006 56.9m (56m).

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

Capital Expenditures

The Group's capital expenditures for the first six months were 2.2m (1.3m). These consisted mainly of IT hardware, software and capitalization of development expenses.

Shares, Shareholders' Equity, and Option Programs

In Q2, A total of 69,800 F-Secure shares were subscribed for with the A1/A2 warrants and a total of 39,550 F-Secure shares were subscribed for with the B1/B2 warrants attached to the F-Secure 2002 Warrant Plan.

In aggregate the number of shares was increased by 109,350. The corresponding increase in the share capital, in total EUR 1093.50 was registered in the Finnish Trade Register during Q2. F-Secure received as additional shareholders' equity a total of EUR 77,475.

As a result of the increases, the share capital of F-Secure currently is EUR 1,548,815.68 and the total number of shares is 154,881,568. The corresponding number of shares fully diluted would be 161,464,443 including all stock option programs.

Corporate Governance

F-Secure complies with the Corporate Governance recommendations for public 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 on company's web pages.

Future Outlook

The Group's three key goals in 2006 are:

1) To continue to grow the anti-virus and intrusion prevention business significantly faster than the industry. The recent estimates (gathered by F-Secure from various industry analysts) for market growth vary between 10-15% in the corporate segment and between 25-30% in the consumer segment.

2) To continue capitalizing on the Group's industry leadership in Security as a Service, both with consumer and corporate end customers.

The prime vehicle for the Group's future growth is Security as a Service. This growth will also be pursued through systematically growing various channels in the key European markets, an increasingly comprehensive product offering, impeccable service and a carefully increased geographical scope.

Partnership recruitment will continue vigorously in all service platform segments and the Group is well positioned to benefit from

the development of Security as a Service trend with a comprehensive, leading product offering and an ever-stronger position with service providers in Europe, North America and Asia. F-Secure Network Control will present new opportunities in this segment.

3) To further develop Group's position in mobile security, and, as the market matures, start turning the leadership into revenues.

The visibility in mobile security business is improving constantly through increased operator and corporate customer awareness in mobile security issues. The Group expects to see the number of mobile malware outbreaks continue growing steadily. This will further underline the value of an up-to-date security solution for handheld multimedia terminals and will gradually escalate the uptake of mobile security solutions.

The management estimates the strong growth in anti-virus and intrusion prevention to continue, especially in Security as a Service businesses. 2006 total revenues are expected to be around 85m, with an error margin of +/-10%.

Based on its strategy to prioritize growth over short term profitability, the Group continues to invest in new sales and marketing activities as well as in major new development efforts and new projects expanding the Group's offering to service providers and facilities management companies. The management is aiming at an EBIT slightly below 20% in 2006. The latter half of 2006 is expected to be stronger than the first half.

The estimation for Q306 revenues are 19-21m. The estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts and a EUR/USD exchange rate of 1.25. The quarter-over-quarter growth of the ISP business is expected to remain weak in the seasonally challenging third quarter and improve again for the fourth quarter.

The actual cost level due to recent recruitments is still increasing. However, due to seasonality cost level is traditionally lower during summer time. Fixed costs are estimated to be below 16m in Q3.

This interim report is prepared in accordance with IAS 34 standards.

Key figures (unaudited):

Euro million

INCOME STATEMENT	2006	2005	2006	2005	Chge	2005
	4-6	4-6	1-6	1-6	%	1-12
Revenues	19.8	14.7	38.6	28.1	38	61.8
Cost of revenues	1.6	1.3	3.4	2.7	27	5.9
Gross margin	18.2	13.4	35.2	25.4	39	55.9
Other operating income	0.2	0.3	0.4	0.5	-18	0.8
Sales and marketing	10.3	7.7	19.8	15.1	31	31.6
Research and development	4.3	3.6	8.0	6.8	18	14.7
Administration	0.9	0.8	1.9	1.7	17	3.1

Operating result	2.8	1.5	5.8	2.3	153	7.4
Financial net	0.1	0.3	0.3	0.8		1.9
Result before taxes	2.9	1.8	6.1	3.0		9.3
Income taxes	-0.8	-0.4	-1.7	-0.6		-2.7
Result for the period	2.1	1.4	4.5	2.4		6.6

Earnings per share, e			0.03	0.02		0.04
EPS, diluted, e			0.03	0.02		0.04

BALANCE SHEET

ASSETS	30/6/2006	30/6/2005	31/12/2005
Intangible assets	9.6	2.7	8.9
Tangible assets	3.2	2.1	3.0
Other financial assets	3.2	6.2	4.3
Non-current assets total	16.1	11.0	16.2
Inventories	0.2	0.0	0.1
Other receivables	15.9	12.1	15.8
Available-for-sale financial assets	48.7	52.2	53.5
Cash and bank accounts	8.3	4.0	8.5
Current asset total	73,1	68.3	77.8
Total	89.2	79.3	94.0

SHAREHOLDERS' EQUITY

AND LIABILITIES	30/6/2006	30/6/2005	31/12/2005
Equity	50.9	49.7	57.1
Other non-current	1.2	0.4	1.3
Provisions	1.1	0.1	1.1
Deferred revenues	4.1	3.1	3.8
Non-current liabilities total	6.4	3.5	6.2
Other current	10.6	8.9	11.3
Deferred revenues	21.3	17.2	19.4
Current liabilities total	31.9	26.1	30.7
Total	89.2	79.3	94.0

Cash flow statement	31/3/2006	30/6/2005	31/12/2005
Cash flow from operations	8.4	5.4	14.4
Cash flow from investments	-2.1	-1.3	-5.8
Cash flow from financing activities	-10.8	1.5	3.5
Change in cash	-4.5	5.5	12.1
Cash and bank at 1 Jan	61.8	50.2	50.2
Change in net fair value of Available-for-sale	-0.4	0.4	-0.4
Cash and bank at 30 Jun	56.9	56.0	61.8

Statement of changes in shareholders' equity

	share capital	share premium fund	transl. diff.	reval. reserve	retained earnings	total
Equity on 31.12.2005	1.5	33.5	0.0	0.2	21.8	57.1
Available-for-sale financial asset, net				-0.3		-0.3

Translation diff.			0.0			0.0
Cost of share based payments					0.3	0.3
Profit					4.5	4.5
Dividend					-10.8	-10.8
Exercise of options	0.0	0.1				0.1
Equity on 30.6.2006	1.5	33.6	0.0	0.0	15.7	50.9
Key ratios			2006	2005	2005	
			6 m	6 m	12 m	
Operating result, % of revenues			15.0	8.2	11.9	
ROI, %			23.6	13.5	19.0	
ROE, %			16.5	10.1	12.9	
Equity ratio, %			79.7	84.2	80.6	
Debt-to-equity ratio, %			-111.9	-112.7	-108.2	
Earnings per share (EUR)			0.03	0.02	0.04	
Earnings per share diluted			0.03	0.02	0.04	
Shareholders' equity per share, e			0.33	0.33	0.37	
P/E ratio			44.9	58.9	46.9	
Capitalized expenditures (Me)			2.2	1.3	8.3	
Contingent liabilities (Me)			11.8	13.4	12.7	
Personnel, average			418	336	354	
Personnel, Jun 30			454	366	390	

Segment information

The Group has only one primary segment; data security.

Quarterly development

	1/05	2/05	3/05	4/05	1/06	2/06
Revenues	13.3	14.7	15.7	18.1	18.8	19.8
Cost of revenues	1.3	1.3	1.2	2.1	1.7	1.6
Gross margin	12.0	13.4	14.5	16.0	17.0	18.2
Other operating income	0.2	0.3	0.2	0.2	0.2	0.2
Sales and marketing	7.4	7.7	7.4	9.1	9.6	10.3
Research and development	3.2	3.6	3.7	4.2	3.7	4.3
Administration	0.8	0.8	0.6	0.8	1.0	0.9
Operating result	0.8	1.5	3.0	2.1	2.9	2.8
Financial net	0.5	0.3	-0.1	1.2	0.2	0.1
Result before taxes	1.2	1.8	2.9	3.3	3.2	2.9

Financial Reporting

A press and analyst conference will be arranged today, August 1, at 11 am Finnish time at the Group's Headquarters, Tammasaarekatu 7, Helsinki. A conference call for international investors and analysts will be arranged at 1530 Finnish time (1430 CET, 1.30 pm UK time).

Instructions can be found at <http://www.europe.f-secure.com/investor-relations/>

Quarterly report for Q3 2006 will be published on October 24 (Q3). A Stock Exchange bulletin will be sent at 9 am Finnish time to the Helsinki Exchanges, a press and analyst conference will be arranged at 11 am Finnish time in Helsinki, and an international conference call will be arranged in the afternoon. Full details will be provided later on the Group's web site.

F-Secure Corporation

Board of Directors

Additional information:

F-Secure Corporation

Risto Siilasmaa, President and CEO

tel.358 9 2520 5510

Taneli Virtanen, CFO

tel.358 9 2520 5655