BE SURE

Annual Report 2005

F-SECURE®

Contents

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 and 2005 our response time to new threats is significantly faster than 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 antispyware solutions, as well as network control solutions for Internet Service Providers.

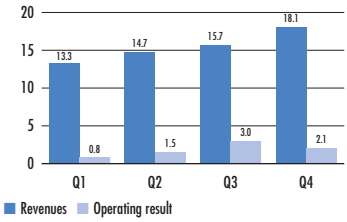
Founded in 1988, F-Secure has been listed on the Helsinki Exchanges since 1999, and has been consistently growing faster than all its publicly listed competitors. F-Secure headquarters are in Helsinki, Finland, and we have regional offices around the world.

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.

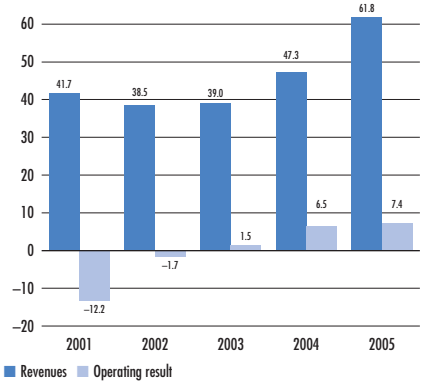
The latest real-time virus threat scenario news are available at the F-Secure Data Security Lab weblog at http://www.f-secure.com/weblog/

Quarterly reports for 2006 will be published on April 26 (Q1), August 1 (Q2) and October 24 (Q3). The Annual General Shareholders' meeting will be held on March 22, 2006. Investor inquiries may be directed to F-Secure Corporation, Investor Relations Department, at +358 9 2520 5688.

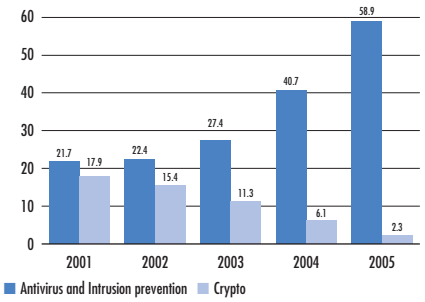
Revenues and Operating Results 2005 (EUR million)



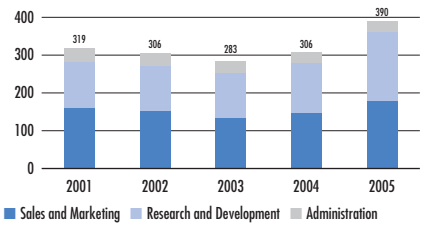
Revenues and Operating Results 2001–2005 (EUR million)



Revenues by product areas 2001–2005 (EUR million)



Personnel 2001–2005



A transformational year

2005 has been a year of improving clarity on our corporate strategic priorities. F-Secure has always had a strong focus on long-term success. During 2005 we had a strong focus on doing things that increase our competitiveness in the long term, even at the cost of short-term profits.

Realizing that this sounds simplistic, the most important thing a company's management can aspire to accomplish is to achieve sustainable competitive advantages for the company. Self-evident, you say. Maybe so, but ask any executive how many percent of her day she spends focused on long term competitive advantages, and the answer will most likely be an ashamed 'too little'.

Companies operate with an increasingly short-term focus, partially created by the stock market with its quarterly tunnel vision. We worry too much about putting out small fires today, while we should be more focused on setting the entire industry ablaze tomorrow.

Market leaders have a lot going for them. Their competitive advantages typically include, at least, strong brands, high market shares and significant control of distribution channels. Their strength is also their biggest weakness as market leaders have too much to loose for them to truly think out-of-the-box while challengers find it easier to, well, challenge.

F-Secure is a challenger. We have always been innovative with technology. For the last five years we have been quite focused on being innovative with business models and the way we partner as well. The results have been quite good and not just for the past years, but especially for the forthcoming years, as much of what we have done was designed to create ongoing momentum.

Our key focus has been to do things that are very difficult for the incumbents to copy quickly and which, if we are left free to operate long enough, create significant challenges to any players to replicate later on. In essence, doing things that create sustainable competitive advantages for F-Secure.

We started offering security as a service through consumer ISPs during the year 2000. Initially the concept was too difficult to accept for the conservative industry. We had less than 10 ISPs working with us at the beginning of 2003, after almost three years of work. A year later we had 23 ISP partners. We started the year 2005 with 48 and, at the beginning of 2006, we had 85 consumer ISP partners.

Revenues from the ISP channel have continued to grow at, or close to, 100% annually. What is more important, however, is that we have never yet lost a single ISP partner to a competitor after launching the service. What we have apparently built is a business model that scales well and creates positive stickiness between our partners and us.

And what great partners! ISPs are the ideal service providers for security as they benefit from the service almost as much as their customers. Our ISP partners have experienced strengthening brands, decreased churn, better ability to resist price erosion and, very importantly, high margins on fast growing revenues from the security services.

Progressing in an orderly fashion we have expanded in two directions from the original Nordic consumer ISP focus. Geographically we stepped up our ISP operations in Europe, entered the North-American market two years ago and finally, in the autumn of 2005, started operations in Asia. We have also expanded our customer offerings. After starting with a consumer offering we have added mobile operator solutions, enterprise service provider solutions and, early 2006, an operator centric SMB solution.

At the beginning of 2005 we told the financial markets that we would prioritize growth over profitability. We started an aggressive recruiting campaign and added roughly 30% more people to the company and asked them to build the Service Provider Platform for Businesses (SPB) and the Service Provider Platform

The unique F-Secure® Service Platform™ allows us to tailor solutions for different customer segments

<table>
<tr><th></th><th>Enterprises</th><th>SMEs</th><th>Consumers</th></tr>
<tr><td>Mobile devices</td><td colspan="3">F-Secure® Service Platform™ for Mobile Phones</td></tr>
<tr><td>Desktops and laptops</td><td rowspan="3">F-Secure® Service Platform™ for Enterprises</td><td>F-Secure® Service Platform™ for Businesses</td><td>F-Secure® Service Platform™ for Consumers</td></tr>
<tr><td>File servers</td><td rowspan="2">F-Secure® Service Platform™ for Businesses v.2</td><td></td></tr>
<tr><td>Email and web servers</td><td></td></tr>
<tr><td>Gateways</td><td colspan="3">F-Secure® Service Platform™ for Gateways</td></tr>
<tr><td>Network Control</td><td colspan="3">F-Secure® Network Control™ for Network Operators</td></tr>
</table>

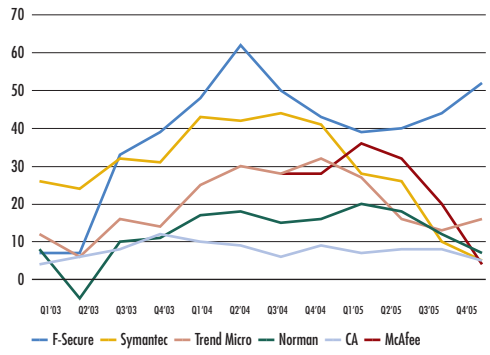
for Enterprises (SPE). Progress was rapid and we just launched the SPB commercially in early February with successful launches already accomplished in Finland, Italy, Hong Kong and UK.

While working with the Service Platforms for Businesses and Enterprises we also continued to develop the Service Platform for Mobile Operators (SPM). With the constant increase of new mobile malware, and very significant growth of operator attention, we achieved steady progress in the area. At the same time, we had expected the mobile operators to move even faster and cannot be completely satisfied with our progress.

Focusing on being the best security vendor to partner with for all types of service providers also lead us to close the second acquisition of F-Secure's history. In early December we announced the acquisition of Rommon Oy, a very innovative and successful Finnish start-up. Through the acquisition we were able to announce F-Secure Network Control, which completely automates the process of detecting and quarantining rogue PCs in a large network. This is an invaluable tool to any organization that manages a large and diverse network.

With the combination of our great track record in the consumer ISP and mobile operator spaces and the introduction of new platforms for the SMB and Enterprise markets, we have created the foundation for continued development of a business that provides good long-term visibility and is well protected against competitors.

Growth of business (%)



2005 was a successful year. We achieved and exceeded the goals we set ourselves in the beginning of the year.

In 2005 we had our 10th consecutive quarter of faster growth than any of our publicly reporting competitors. Our competitiveness even increased during the year. In Q4 the contrast was especially striking as our growth in the antivirus business improved from 44% in Q3 to 52% in Q4 while the volume weighted average growth of our competitors dropped from roughly 20% to less than 10%.

While investing up to 30% of our revenues into R&D in order to achieve long-term competitive advantages we have been also able to improve profitability. For 2006 we are aiming at raising our EBIT to close to 20%.

Our key value is reliability. That is the number one thing I hope to hear when I ask a partner or customer how they would describe us. Reliability is also reflected in our company slogan: Be Sure. Our success is best measured by customer satisfaction that, unfortunately, dropped a little bit from 4.30 to 4.27 on a scale from one to five. This means that one-third of our customers rate us excellent while two-thirds rate us very good. Our target remains to raise customer satisfaction levels to 4.5.

I would like to take this opportunity to congratulate all the wonderful men and women who worked very hard to make all this happen. Once again, it was a pleasure and a privilege to work alongside you during 2005!

Overall, 2005 was a successful year. From my point-of-view the industry leading growth we achieved was less important than the strong work we did for longer-term competitiveness. Great companies are not about quarters, but rather about decades and it feels good to have been able to do a lot for the next decade already during 2005.

Risto Siilasmaa

Board of Directors' Report 2005

Business in Brief

2005 was another year of rapid and profitable growth for the Group. The targets set and communicated to the market were met and exceeded.

The key goal for 2005 was to grow the anti-virus and intrusion prevention business faster than the industry's overall growth that was around 15%. This was clearly exceeded as the Group presented 44% growth.

As stated at the beginning of the year, the Group's position has become stronger in the key European markets and in North America, especially in the ISP channel. The Group has gained a strong position in the corporate market segment in Japan, and has now entered the ISP channel in other parts of Asia.

Year 2005 became the breakthrough year for the Group's Security as a Service (SaaS) concept. Growth in the segment continued very strong and total SaaS revenues, including the consumer, SMB and Enterprise segments, represented almost one third of all anti-virus and intrusion prevention revenues.

Retail in Europe and global web sales to consumers also grew rapidly during 2005 due to highly competitive products and recruitment of new channels.

The visibility and awareness in mobile security issues clearly increased though the mobile business itself remained in the early market stage.

According to the latest global survey made in the autumn of 2005 customer satisfaction has stabilized at very good 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. Reliability is a core value and the one that is most visible to customers and partners.

Financial results overview

Total revenues were 61.8m (47.3m), representing 31% growth. EBIT was 7.4m (6.5m). Cash flow was 12.1m positive (9.9m) and deferred revenues were 23.2m at the end of the year (18.4m).

The Group's variable costs were 5.9m (3.7m) and they increased proportionally towards the end of the year due to the costs from appliance hardware, consumer boxes and adjustments of paid royalties. Q4 variable costs were at a higher than normal level due to the adjustments mentioned above and gross margin is expected to improve from Q4 levels during 2006.

The total fixed costs were 49.4m (38m), representing 30% 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 provisioning market are seen as vital for the Group's long term growth.

The cost increase during 2005 was due to new product development especially related to products in the Service Platform concept and the increase in sales resources in the field. The Group has established and expanded sales offices Europe and Asia.

The Group capitalizes some of its development expenses according to the IFRS rules. This decreases costs by approximately 0.8m.

The gradual exit from the encryption business continued steadily and encryption revenues declined by 63%.

The geographical breakdown of the business was as follows: Nordic Countries 36% (34%), Rest of Europe 45% (47%), North America 10% (10%) and Rest of the World 9% (9%). Anti-virus and intrusion prevention represented 95% of the business (86%), encryption 4% (13%) and other products and services less than 1% (1%).

Business in different customer segments

Annual revenues in the corporate customer segment through resellers and IT services companies increased

by 16% and were 32.5m, representing 55% of the anti-virus and intrusion prevention business.

The year started with dissatisfying growth in the corporate segment. Competitive solutions, a strong focus on support and a renewed partner program have contributed to the growth that accelerated towards the end of the year. Growth percentages improved from 13% in Q1 to 20% in Q4.

Revenues through the service provider channel increased by 95% and were 16.6m, representing 28% of the anti-virus and intrusion prevention business. The number of service provider partnerships doubled over the year to 85. The area was further reinforced through the development and introduction of F-Secure Service Platforms and the acquisition of Rommon Oy, as described below.

Consumer revenues increased by 134% to 9.6m, representing 16% of the anti-virus and intrusion prevention business. Sales were boosted by a large number of new retail and reseller partners, positive press visibility through review wins, increased web sales, innovative new channels e.g. through on-line banking providers, and the release of key new products alongside with the "All in One" marketing campaign.

Mobile security is strategically a core area for the Group. The interest in the Group's solutions among phone vendors, mobile operators and corporate customers remained at a high level. The number of received RFPs/RFIs (Requests for Proposal or Information) from operators increased towards the end of the year, showing continuously increasing operator interest in this area. However, lead times have remained long.

Antivirus and intrusion prevention market and competitive situation

In the Consumer market, growth is driven by an increasing number of high-speed Internet connections and continuously growing threat awareness. Based on various market analyses, the Group estimates the overall market growth in this segment to be 25–30% annually until 2008.

In the Small and Medium Business segment annual market growth is expected to be 10–15% until 2008. The large Enterprise segment is over 95% satisfactorily protected and new business comes mostly from replacements, either from switching vendors or buying security as a service. As corporate software purchasing patterns evolve towards a service model, the latter is expected to become a significant new market opportunity for the Group in the coming years.

Competitive situation in the anti-virus and intrusion prevention business has remained unaltered and price levels have remained relatively stable. Some competitors have even been raising their prices moderately. However, in some countries there have been signs of increasing price competition. The Group has successfully flanked these attacks through offering a premium product with richer functionality and better service. Especially the Group's outstanding response times to virus outbreaks have received a lot of positive attention, e.g. in BusinessWeek magazine in December.

There were no signs of Microsoft's OneCare "PC health service" taking any business away from the Group.

Staying one step ahead both in product feature richness and service channel development is the cornerstone of the Group's competitive positioning.

Security as a Service

Security as a Service is the F-Secure way to smoothly safeguard the modern information society in every aspect, with the best up-to-date knowledge.

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 over all other alternatives. The Group has been a leader in supporting this change with its Service Platform offering.

In 2005, The Group launched various F-Secure Service Platforms that take into account the different business models and needs that the different types of service providers have. There are different platforms for target groups: Enterprises, Businesses, Consumers, Gateways, Mobile Phones and Operator Networks.

With the launch, the Group aims to embrace all the different, fast developing business models in security service provisioning. The platforms cater for the needs and provide new business opportunities for the Security Service Provider, the business-focused Internet or IT service provider, the consumer-focused ISP and the mobile operator.

The Group is clearly the leading vendor in Europe in this category with over 70 service providers offering exclusively F-Secure solutions to their subscribers. During the year, the total number of ISP partners was doubled to 85, out of which 12 are in North America and 1 in Asia.

The Group has progressed well in creating solutions to provide Security as a Service for the SMB and Enterprise segments. In these segments, the partners are facilities management and outsourcing companies and various types of service providers. During the year, the Group has signed more partnerships with these types of companies and revenues have increased clearly.

Mobile security

The Group's long-term pioneering investment to raise awareness in mobile security issues was gradually yielding results during the year.

Leading global mobile operators chose F-Secure as their preferred partner in Mobile Security. These include T-Mobile (Germany), TeliaSonera (Finland), Elisa (Finland) and Swisscom (Switzerland). Orange Switzerland launched a pilot antivirus service for mobile phone customers in Switzerland and Liechtenstein.

In addition, the Group continued to receive an increasing number of RFPs/RFIs from mobile operators. F-Secure Mobile Filter was of particular interest.

The key vendor partner continued to be Nokia with whom the Group works in various forms to create a secure mobile user experience. F-Secure Mobile Anti-Virus will be available through Nokia to the users of four recently announced devices based on S60 3rd Edition - Nokia N71, Nokia E60, Nokia E61 and Nokia E70. For the Nokia N71, F-Secure Mobile Anti-Virus will be distributed on the memory card in the standard device sales package, while for the Nokia E-series devices, the antivirus client will be available at Nokia Catalogs service.

F-Secure Anti-Virus 2.0 for Windows Mobile was released at the end of the year. It is available through standard and electronic corporate and consumer channels.

Research and development

The Group has increased its R&D resources and restructured its product portfolio in order to offer solutions to the service provider partners (as described above) and to offer new, more dynamic solutions for businesses under increasing threat from online criminals and malware authors.

One of the key technology announcements during the year was the F-Secure BlackLightTM Rootkit Elimination Technology for Host based Intrusion Prevention (HIPS). It is aimed against the use of advanced stealth techniques called rootkits.

For corporate customers the Group released the F-Secure Messaging Security Gateway, a security solution for e-mail combining an enterprise-class messaging platform with perimeter security, antispam, antivirus, secure messaging and outbound content security capabilities in an easy-to-deploy appliance.

For SMB and enterprise customers, the Group announced F-Secure Anti-Virus Client Security 6.0 that raises the bar for the whole industry. It is unique in combining protection against spyware, adware, hackers, viruses, worms, browser hijacking, code injections and zero-day attacks into the same solution. The Group also announced F-Secure Policy Manager 6.0, a centralized management system for all the above mentioned functionalities.

For consumers, the key product announcements of the year were F-Secure Anti-Virus 2006 and F-Secure Internet Security 2006 that is a comprehensive, "all in one" security solution. It includes antivirus, integrated antispyware, rootkit detection, a personal firewall, spam filtering and parental control.

The acquisition of Rommon Oy

In November, The Group acquired Rommon Oy, a Finnish company that provides network level malicious traffic control solutions for ISPs.

The new combined offering, titled F-Secure Network Control, will be targeted against network anomalies and network based attacks that typically cause bandwidth disruption or Denial of Service (DoS). The product provides visibility and control over network behaviour and the ability to automatically place rogue network nodes, such as contaminated virus-spreading home PCs, into quarantine.

The acquisition supports the Group's strategy to develop its Service Platform concept and its offering in the ISP customer segment. In the future it will be developed for other Service Platforms as well.

Personnel and Organization

The Group's personnel numbered 390 at the end of the year (306).

Corporate Governance, Management, 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.

The Group complies to the Corporate Governance recommendations for public listed companies published in December 2003 by HEX Plc (OMXH Plc), the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. A full description of the Group's Corporate Governance is available on the Group's web site.

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; e.g. acquisitions.

The responsibility for the company's risk management lies with the Board of Directors. The risk manage-

ment issues are described in the notes and Corporate Governance section in the annual report 2005.

The Annual General Meeting of F-Secure Corporation held on March 23, 2005 confirmed the number of Board members to be five, plus one deputy member. The following members of the Board were re-elected for the period ending at the close of the next Annual General Meeting: Mr. Pertti Ervi, Mr. Antti Vasara, Mr. Alexis Sozonoff, Mr. Risto Siilasmaa and deputy member Mr. Ari Hyppönen. Ms. Sari Baldauf was elected a new member. In the Board's assembly meeting, Mr. Pertti Ervi was elected Chairman.

The Group's Executive Team at the end of the year consists of the following persons: Risto Siilasmaa (President and CEO), Pekka Kuusela (Executive Vice President, Sales and Marketing), Pirkka Palomäki (Executive Vice President, Research and Development), Aki Mänttäri (Director, Human Resources) and Taneli Virtanen (Chief Financial Officer).

The Group's auditors continued to be Ernst & Young Oy. Responsible partner was Mr. Tomi Englund, Authorized Public Accountant.

Financing

The Group's financial position remained strong throughout the year. The Group's equity ratio on December 31, 2005, was 81% (84%). Financial income for 2005 was 1.9m (1.2m) including SRV accrual for interest.

During 2005 cash flow was positive 12.1m (9.9m). The market value of the liquid assets of the Group on December 31, 2005 was 61.8m (50.1m).

The change in the USD-EUR exchange rate has had no effect on either revenues or results.

Capital Expenditures

The Group's capital expenditures for the year were 8.3m (2.9m). These consisted mainly of IT hardware, software, capitalization of development expenses and acquisition of Rommon Oy.

Shares, Shareholders' Equity, and Option Programs

During the year, a total of 4,410,362 new F-Secure Corporation shares were subscribed with the Warrants attached to the F-Secure Option Programs and entered into the Trade Register. The corresponding increase in the share capital, in total EUR 44,103.62, was registered in the Finnish Trade Register in six installments during the year. F-Secure received as additional shareholders' equity a total of EUR 3,476,040.48

In March the Annual General Meeting accepted the Board proposal to authorize the Board, during the period of one year from the date of the shareholders' meeting, 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 loans or option rights. As a result of such share issues, option loans, 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 EUR 70,000, in which case a maximum amount of 7,000,000 shares may be issued. The authorization was partially used as described below.

In December the Board of Directors of F-Secure Corporation, based on the authorization given by the Annual General Meeting of Shareholders on 23 March 2005, executed a share offering directed to the shareholders of Rommon Oy as a partial payment of the acquisition price according to the acquisition agreement. A total of 791,806 F-Secure shares were subscribed for with price of ca EUR 1.89 per share. In aggregate the number of shares was increased by 791,806. The corresponding increase in the share capital, in total EUR 7,918.06 was registered in the Finnish Trade Register on December 2, 2005.

After the reporting period, a total of 60,400 F-Secure shares were subscribed for with Warrants attached to the F-Secure Option Programs. In aggregate the number of shares was increased by 60,400. The corresponding increase in the share capital, in total EUR 604 was registered in the Finnish Trade Register on January 9, 2006. F-Secure received as additional shareholders' equity a total of EUR 38,415.

As a result of all the increases mentioned above, the share capital of F-Secure is EUR 1,547,722.18 and the total number of shares is 154,772,218. The corresponding number of shares fully diluted would be 161,464,443 including all stock option programs.

Activity on Equity accounts can be seen in financial statements.

The Company does not own its own shares and there is no authorization to purchase them.

Dispute with SRV Viitoset Oy

In September, by the decision of Helsinki District Court, F-Secure was sentenced to pay the amount of EUR 793,230.53 and litigation costs plus interest to SRV Viitoset Oy for the additional construction and refurbishment work at the Group's headquarter premises.

F-Secure considers the work was already covered by the original rental agreement and is appealing to change the verdict.

Even though the process is still open F-Secure decided to start accruing the costs. Construction costs are periodized for the duration of the rental period until the year 2010 starting September 2005. The impact is roughly 0.1m per quarter.

IFRS Reporting

F-Secure has published interim reports and annual financial statement in accordance with the IFRS standards for 2005. The group published on February 15, 2005 its IFRS impacts and comparison data for 2004.

Future Outlook

The Group's three key goals in 2006 will follow the track implemented during the recent years:

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

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. The Group sees tangible business opportunities in North America and Asia.

Key opportunities to be pursued in the consumer business are new, innovative channel models, as was showcased in early 2006 with an announcement with Barclays Internet Bank. On the corporate side, extra leverage is expected to come from security appliances, i.e. F-Secure Messaging Security Gateway.

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

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 advance in mobile security, and, as the market matures, start turning leadership into revenues.

The visibility in mobile security business is improving constantly through increased operator and corporate customer awareness in mobile security issues and increased vendor interest. 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 business. 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.

The estimation for Q106 revenues are 18.5m ±1m and cost level around 15m. The estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts, previous experience on low purchasing activity at the beginning of the year and a EUR/USD exchange rate of 1.20.

Dividend proposal

The result for the period of the parent company is KEUR 6,254 and retained earnings is KEUR 12,557 that is totally KEUR 18,811. The distributable shareholder's equity in the Group is totally KEUR 21,825.

The Board proposes to the Annual General Meeting that a dividend of EUR 0.07 per share would be paid, a total of EUR 10,834,055.26 based upon the number of shares. The total dividend is about the half of the profit from 2004 and 2005.

Helsinki, February 13, 2006

Sari Baldauf
Pertti Ervi
Risto Siilasmaa
Alexis Sozonoff
Antti Vasara

Financial information

CALCULATION OF KEY RATIOS:

Equity ratio, %	Shareholders' equity + minority interest / Balance total – received advance payments
ROI, %	Result before extraordinary items + financial expenses / Balance total – non-interest bearing liabilities (average)
ROE, %	Result before extraordinary items – taxes / Shareholders' equity + minority items (average)
Gearing, %	Interest bearing liabilities – cash and bank account, liquid financial assets / Shareholders' equity + minority items
Earnings per share, EUR	Result before extraordinary items – taxes +/– minority interest / Adjusted number of shares (average)
Shareholders' equity per share, EUR	Shareholders' equity / Adjusted number of shares, Dec 31
P/E ratio	Share price closing, Dec 31 / Earnings per share

Income statement

INCOME STATEMENT Jan 1–Dec 31, 2005					(EUR 1000)
		Consolidated IFRS 2005	Consolidated IFRS 2004	Parent FAS 2005	Parent FAS 2004
NET SALES	(1)	61 816	47 268	53 421	39 807
Material and service		–5 910	–3 734	–5 766	–3 626
GROSS MARGIN		55 906	43 534	47 655	36 181
Other operating income	(2)	836	937	1 267	1 023
Sales and marketing	(3,4)	–31 627	–24 573	–24 562	–18 784
Research and development	(3,4)	–14 653	–10 740	–14 412	–10 401
Administration	(3,4)	–3 092	–2 657	–2 883	–1 863
OPERATING RESULT		7 370	6 502	7 065	6 155
Financial income and expenses	(5)	1 928	1 182	1 743	1 067
Share of profit of associate	(9)	–9	9		
PROFIT (LOSS) BEFORE TAXES		9 289	7 693	8 808	7 222
Extraordinary items					–500
Income taxes	(6)	–2 684	5 802	–2 555	5 835
RESULT FOR THE FINANCIAL YEAR		6 606	13 495	6 254	12 557
Earnings per share					
– basic	(7)	0,04	0,09		
– diluted		0,04	0,09		

Balance sheet

BALANCE SHEET December 31, 2005					(EUR 1000)
		Consolidated IFRS 2005	Consolidated IFRS 2004	Parent FAS 2005	Parent FAS 2004
ASSETS					
NON-CURRENT ASSETS					
Tangible assets	(8)	2 952	1 690	1 606	1 181
Intangible assets	(8)	7 752	2 398	4 010	2 451
Goodwill	(11)	1 185			
Investments in associated companies	(9)		9	41	41
Investments in group companies	(10, 11)			5 020	145
Deferred tax assets	(12)	4 279	6 422	3 723	6 000
Other financial assets	(14)	61	203	896	1 079
Total non-current assets		16 229	10 721	15 296	10 897
CURRENT ASSETS					
Inventories	(13)	76		76	
Trade and other receivables	(14)	15 752	11 209	15 346	11 440
Available-for-sale financial assets	(15)	53 452	42 366	53 451	42 365
Cash and bank accounts	(16)	8 528	7 829	5 448	5 051
Total current assets		77 809	61 405	74 321	58 856
TOTAL ASSETS		94 038	72 126	89 617	69 753
SHAREHOLDERS' EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(17)				
Share capital		1 547	1 495	1 547	1 495
Unregistered share issues		38	42	38	42
Share premium		33 459	28 535	35 875	30 951
Fair value reserve		227	536	227	536
Translation differences		35	–13		
Retained earnings		21 825	14 674	18 811	12 557
Total shareholders' equity		57 131	45 269	56 498	45 581
NON-CURRENT LIABILITIES					
Deferred tax liabilities	(12)	1 265	219	80	219
Provisions	(19)	1 113	164	1 113	164
Other non-current liabilities	(20)	3 779	2 710	2 774	2 176
Total non-current liabilities		6 157	3 093	3 967	2 560
CURRENT LIABILITIES	(20)				
Trade and other payables		11 181	8 006	13 701	10 248
Other current liabilities		19 569	15 758	15 450	11 364
Total current liabilities		30 750	23 763	29 151	21 612
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		94 038	72 126	89 617	69 753

Cash flow statement

CASH FLOW STATEMENT December 31, 2005				(EUR 1000)
	Consolidated IFRS 2005	Consolidated IFRS 2004	Parent FAS 2005	Parent FAS 2004
Cash flow from operations				
Result for the financial year	6 606	13 495	6 254	12 557
Adjustments	5 866	–3 371	5 083	–3 468
Cash flow from operations before change in working capital	12 472	10 124	11 337	9 089
Change in net working capital				
Current receivables, increase (–), decrease (+)	–3 559	1 363	–3 081	–8
Inventories, increase (–), decrease (+)	–76		–76	
Non-interest bearing debt, increase (+), decrease (–)	3 022	–479	3 310	464
Provisions, increase (+), decrease (–)	949	9	949	9
Cash flow from operations before financial items and taxes	12 807	11 017	12 438	9 554
Interest expenses paid	–1		0	
Interest income received	857	682	849	675
Other financial income and expenses	1 237	274	1 206	261
Income tax paid	–520	–321	–277	
Cash flow from operations before extraoridinary items	14 381	11 652	14 216	10 490
Cash flow from extraordinary items (net)				–674
Cash flow from operations	14 381	11 652	14 216	9 816
Cash flow from investments				
Investments in intangible and tangible assets	–2 660	–2 831	–2 382	–2 494
Investments in subsidiary shares	–3 063		–3 375	
Other investments	–38		–38	–5
Proceeds from sale of intangible and tangible assets	2	2		
Cash flow from investments	–5 758	–2 829	–5 795	–2 499
Cash flow from financing activities				
Increase in share capital	3 472	1 028	3 472	1 028
Cash flow from financing activities	3 472	1 028	3 472	1 028
Change in cash	12 095	9 851	11 893	8 345
Translation difference	101	–106		
Cash and bank at the beginning of the period	50 097	39 738	47 318	38 147
Cash and bank at period end	62 292	49 483	59 212	46 492
Change in net fair value of current available-for-sale assets	–449	614	–449	827
Cash and bank at period end	61 844	50 097	58 763	47 319

Statement of changes in shareholders' equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY December 31, 2005 **(EUR 1000)**

Consolidated IFRS	Share capital	Share issue	Share premium fund	Fair value reserve	Translation differences	Retained earnings	Total equity
Equity Dec 31, 2003	1 465	32	56 848		–18	–28 094	30 233
Effect of adopting IFRS 1			–2 418			2 038	–380
Effect of adopting IAS 39				95		56	151
Equity Dec 31, 2003 (restated)	1 465	32	54 430	95	–18	–26 000	30 004
Available-for-sale financial assets, net				441		16	457
Translation difference					4	–8	–4
Cost of share based payments						290	290
Result of the financial year						13 495	13 495
Registration of share issue	3	–32	29				
Exercise of options	27	42	960				1 029
Other changes			–26 883			26 883	
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

Parent Company FAS	Share capital	Share issue	Share premium fund	Fair value reserve	Translation differences	Retained earnings	Total equity
Equity Dec 31, 2003	1 465	32	56 846			–26 882	31 460
Result of the financial year						12 485	12 485
Registration of share issue	3	–32	29				
Exercise of options	27	42	960				1 029
Other change			–26 883			26 883	
Equity Dec 31, 2004	1 495	42	30 951			12 486	44 974
Available-for-sale financial assets, net				536		72	608
Equity Dec 31, 2004 (restated)	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

Notes to the financial statements

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. Company's registrant address is Tammasaarenkatu 7, 00180 Helsinki. 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. Up until December 31, 2004, the consolidated financial statements had been prepared in accordance with Finnish Accounting Standards (FAS). The comparative figures in respect of 2004 are restated to reflect IFRS. The disclosures also conform to Finnish Accounting legislation.

The financial statement of F-Secure Corporation has been prepared in accordance with Finnish Accounting Standards (FAS). The comparative figures in respects of 2004 are restated to reflect new 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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. 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 assets' or cash-generating units' 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 haven been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Pensions

All of F-Secure Group's pension arrangements are of local statutory arrangements and mainly 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

The Group has applied IFRS 2 only to equity-settled awards granted after November 7, 2002 that had not vested on or before January 1, 2005. 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). 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.

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.

In the Company's industry it is common practice internationally that incentives are provided to employees in the form of warrants. The Company's warrant programs cover the key personnel. 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, 2005 was 2.04 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.

NOTES TO THE FINANCIAL STATEMENTS

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 are 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.

NOTES TO THE FINANCIAL STATEMENTS (EUR 1000)

1. SEGMENT INFORMATION

The Group's primary reporting format is business segment and its secondary format is geographical segment. The operating businesses are organised and managed separately according to the nature of the products and services provided. The Group's geographical segments are determined by the location of the Group's assets and operations. The Group has one business segment; data security.

Geographical segments

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

Consolidated Dec 31, 2004	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Sales to external customers	16 102	22 356	4 457	4 353	47 268
Segment assets	68 290	606	1 710	1 511	72 117
Investment in associate	9				9
Capital expenditures	2 550	63	159	90	2 862

Net sales

Parent Dec 31, 2005	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Total
Sales to external customers	20184	27 344	2 387	3 506	53 421

Parent Dec 31, 2004	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Total
Sales to external customers	13 429	22 356	1 969	2 053	39 807

NOTES TO THE FINANCIAL STATEMENTS (EUR 1000)

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
2. OTHER OPERATING INCOME				
Rental revenue	524	674	503	577
Goverment grants	263	64	263	64
Other	46	199	501	382
Total	833	937	1 267	1 023
3. DEPRECIATION AND REDUCTION IN VALUE				
Depreciations from non-current assets				
Other cap. expenditure	–423	–261	–435	–283
Capitalized development	–138	–8	–138	–8
Intangible assets	–561	–269	–573	–291
Machinery & equipment	–741	–583	–599	–431
Other tangible assets	–123	–42		
Tangible assets	–864	–625	–599	–431
Total depreciation	–1 425	–894	–1 172	–722
Depreciations by function				
Sales and marketing	–659	–495	–445	–323
Research and development	–722	–360	–683	–360
Administration	–44	–39	–44	–39
Total Depreciation	–1 425	–894	–1 172	–722
4. PERSONNEL EXPENSES				
Personnel expenses				
Wages and salaries	–20 272	–16 515	–14 729	–11 143
Pension expenses – defined contribution plan	–2 721	–1 994	–2 377	–1 682
Share-based payments	–546	–290		
Other social expenses	–1 797	–1 529	–890	–796
Total	–25 336	–20 328	–17 997	–13 621
Employee benefits of Management are stated in disclosure 25. Related party transactions				
Average number of personnel	354	291	289	231
Personnel by function Dec 31				
Sales and marketing	181	149	103	84
Research and development	181	130	181	129
Administration	28	27	28	27
Total	390	306	312	240
5. FINANCIAL INCOME AND EXPENSES				
Interest income	94	89	87	82
Interest expense	–266	–8	–265	–8
Available-for-sale, net	1 966	914	1 966	914
Other financial income	29	3	2	2
Exchange gains and losses	53	168	41	114
Other financial expenses	51	16	–88	–37
Total	1 928	1 182	1 743	1 067

NOTES TO THE FINANCIAL STATEMENTS **(EUR 1000)**

6. INCOME TAXES

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Income taxes of the business activity	–524	–465	–277	–165
Deferred tax	–2 159	6 267	–2 277	6 000
Total	–2 684	5 802	–2 555	5 835

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 2005 and 2004 is as follows:

Result before taxes	9 289	7 693	8 808	6 722
Income taxes at statutory rate of 26%/29 %	–2 415	–2 231	–2 290	–1 949
Taxes on foreign subsidiaries' net income in excess of income taxes at statutory rates	–60	–40		
Non-deductible expenses	–218	–180	12	62
Unrecognised tax losses	209	8 933		7 887
Other	–200	–681	–277	–165
Total taxes	–2 684	5 802	–2 555	5 835

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.

	2005	2004
Net profit attributable to equity holders from continuing operations	6 606	13 495
Weighted average number of ordinary shares (1 000)	151 760	147 974
Effect of dilution: share options	10 635	15 224
Adjusted weighted average number of ordinary shares for diluted earning per share	162 395	163 198
Basic earnings per share (EUR/share)	0,04	0,09
Diluted earnings per share (EUR/share)	0,04	0,09

NOTES TO THE FINANCIAL STATEMENTS (EUR 1000)

8. NON-CURRENT ASSETS

Consolidated	Intangible assets				Tangible assets		
	Other cap. expenditure	Capitalized development	Goodwill	Total	Machinery & equip.	Other Tangible	Total
Acquisition cost Jan 1, 2004	2 476			2 476	6 266	772	7 038
Translation difference	–10			–10	–85		–85
Additions	1 697	293		1 990	872		872
Disposals					–77		–77
Acquisition cost Dec 31, 2004	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
Acc. depreciations Jan 1, 2004	–1 797			–1 797	–5 119	–523	–5 642
Translation difference	8			8	80		80
Depreciation of the financial year	–261	–8		–269	–576	–42	–618
Depreciation of decreases					123		123
Acc. depreciations Dec 31, 2004	–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
Book value as at Dec 31, 2004	2 112	285		2 397	1 484	207	1 691
Book value as at Dec 31, 2005	6 765	985	1 185	8 935	1 940	1 016	2 956

Parent	Intangible assets			Tangible assets		
	Other cap. expenditure	Capitalized development	Total	Machinery & equip.	Other Tangible	Total
Acquisition cost Jan 1, 2004	2 886		2 886	4 829		4 829
Additions	1 615	293	1 908	637		637
Acquisition cost Dec 31, 2004	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
Acc. depreciations Jan 1, 2004	–2 053		–2 053	–3 854		–3 854
Depreciation of the financial year	–283	–8	–291	–431		–431
Acc. depreciations Dec 31, 2004	–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
Book value as at Dec 31, 2004	2 165	285	2 450	1 181		1 181
Book value as at Dec 31, 2005	3 024	985	4 009	1 606		1 606

NOTES TO THE FINANCIAL STATEMENTS (EUR 1000)

9. INVESTMENTS IN ASSOCIATE

Consolidated	**2005**	**2004**
Book value as at Jan 1	9	
Share of associated companies' results	–9	9
Book value as at Dec 31	0	9

Associate's balance sheet, revenue and profit	**2005**	**2004**
Assets	827	567
Liablities	830	622
Revenue	1 428	1 383
Profit	53	80

Associated companies	Group (%)	Parent (%)
Vineyard International Ltd, Helsinki Finland	32,6	32,6

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. INVESTMENTS

Parent	Group comp. shares	Associated comp. shares	Total
Book value as at Jan 1	145	41	186
Additions	4 875	0	4 875
Book value as at Dec 31	5 020	41	5 061

Group companies, see note 25. Related party transactions

11. BUSINESS COMBINATION

On 30 November 2005, the Group acquired 100% of the voting shares of Rommon Oy, an unlisted company based in Finland specialising in the network protection. The fair value of the indentifiable assets and liabilities of Rommon Oy as at the date of acquisition were:

	recognised on acquisition	carrying value
Intangible assets	4 557	
Tangible assets	29	29
Trade receivables	80	80
Cash and cash equivalents	274	274
	4 940	383
Deferred tax liability	–1 185	
Trade payables	–104	–104
	–1 289	–104
Fair value of net assets	3 652	280
Goodwill arising on acquisition	1 185	
	4 837	

The total cost of the combination was 4,837 thousand euros and comprised cash, an issue of equity instruments and costs directly attributable to the combination. The Group issued 791,806 ordinary shares with a fair value of 1.89 euro each, being the published price of the shares of F-Secure Corporation at the date of exchange.

Cost	
Shares issued, at fair value	1 500
Cash paid	3 251
Cost associated with the acquisition	86
Total	4 837
Cash outflow on acquisition	
Net cash acquired with the subsidiary	274
Cash paid	–3 337
Net cash outflow	–3 063

From the date of acquisition, Rommon Oy has contributed 18 thousand euros to the net profit of the Group. If the combination had taken place at the beginning of the year, the profit for the Group would have been 6,811 thousand euros and revenue from continuing operations would have been 62,474 thousand euros.

Impairment testing of goodwill

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets used by senior management in the initial investment decision covering a five-year period.The following describes each key assumption on which managment has based its cash flow projections to undertake impairment testing of goodwill.

Budgeted gross margins – the basis used to determine the value assigned of the budgeted gross margins is the average gross margins achieved in the year immediately before budgeted year, increased for expected efficiency improvements

Discount rate used was 10.5%.

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
12. DEFERRED TAX				
Deferred tax assets				
Other temporary differences	273	379		
From provisions	96	43		
Losses carried forward	3 910	6 000	3 723	6 000
Total	4 279	6 422	3 723	6 000
Deferred tax liability				
Fair value adjustments on acquisition	1 185			
tax charged to shareholders' equity				
-Change in fair value, available-for-sale	80	219	80	219
Total	1 265	219	80	219

At December 31, 2005 the Group had loss carry forwards of EUR 15.5 million (EUR 24.5 million in 2004) for which deferred tax asset was recongnized as stated before. These loss carry forwards will expire in years 2010 through 2012.

13. INVENTORIES				
Other inventories	76		76	
14. RECEIVABLES				
Non-current				
Loan receivables	61	203		147
Total	61	203		147
Receivables from group companies				
Other receivables			896	932
Total			896	932
Non-current receivables total	61	203	896	1 079

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Current receivables				
Trade receivables	11 774	7 599	8 991	5 894
Loan receivables	10	13	10	13
Other receivables	717	446	332	297
Prepaid expenses and accrued income	3 251	3 151	3 071	2 959
Total	15 752	11 209	12 404	9 163
Receivables from group companies				
Trade receivables			1 970	2 046
Loan receivables				231
Other receivables			972	
Total			2 942	2 277
Current receivables total	15 752	11 209	15 346	11 440
Material items included in prepaid expenses and accrued income				
Uninvoiced sales	48	542	48	542
Prepaid expenses	771	531	605	560
Prepaid expenses, royalty	2 108	1 784	2 108	1 575
Accrued interest	310	282	310	282
Accrued tax	14	12		
Total	3 251	3 151	3 071	2 959

15. 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	42 366	33 967	42 365	33 966
Additions/deductions, net	11 606	7 785	11 606	7 785
Change in fair value	–520	614	–520	614
Fair value as at Dec 31	53 452	42 366	53 451	42 365
Shares - unlisted	136	99	135	98
Maturity date more than 6 months	12 325	10 915	12 325	10 915
Maturity date less than 6 months	40 991	32 352	40 991	31 352
Fair value as at Dec 31	53 452	43 366	53 451	42 365

16. CASH AND SHORT-TERM DEPOSITS

Cash at bank and in hand	8 528	7 829	5 448	5 051

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 21. 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	8 528	7 829	5 448	5 051
Available-for-sale	53 315	42 267	53 315	42 267
Total	61 844	50 096	58 763	47 318

17. SHAREHOLDERS' EQUITY

On December 31, 2004, the Company had 149,509,650 shares issued and outstanding. The registration process of 161,788 shares converted through the use of warrants was pending as of December 31, 2004.

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

Subscription/conversion	Registration date	Number of new shares	Increase in share capital EUR	Cumulative num. of shares	Cumulative share capital EUR
Subscr./warrants	Jan 12, 2005	161 788	1 618	149 671 438	1 496 714
Subscr./warrants	Apr 11, 2005	1 310 304	13 103	150 981 742	1 509 817
Subscr./warrants	Jun 8, 2005	940 160	9 402	151 921 902	1 519 219
Subscr./warrants	Aug 17, 2005	535 670	5 357	152 457 572	1 524 576
Subscr./warrants	Oct 7, 2005	1 448 440	14 484	153 906 012	1 539 060
Subscr./warrants	Nov 28, 2005	14 000	140	153 920 012	1 539 200
Subscr./direct issue	Dec 2, 2005	791 806	7 918	154 711 818	1 547 118

The Company's share capital amounted to 1,547,118 euro and the number of shares 154,711,818 at the end of the year 2005. The registration process of 60,400 shares converted through the use of warrants was pending as of December 31, 2005. The registration will increase the Company's share capital with 604 euro and the rest will be booked into the share capital premium account.

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, 2003				
Effect of adopting IAS 39	133	–39	95	95
Equity Dec 31, 2003 (restated)	133	–39	95	95
Available-for-sale, net	725	–210	515	515
Fair value gaines/losses to PL	–104	30	–74	–74
Equity Dec 31, 2004	754	–219	536	536
Available-for-sale, net	164	–20	144	144
Fair value gains/losses to PL	–613	159	–453	–453
Equity Dec 31, 2005	306	–80	227	227

Distributable shareholders' equity on December 31, 2005	**Group**	**Parent**
Retained earnings	15 219	12 558
Result of the financial year	6 606	6 254
Distributable shareholders' equity on December 31, 2005	21 825	18 812

NOTES TO THE FINANCIAL STATEMENTS

18. SHARE-BASED PAYMENT TRANSACTIONS

The Company has had warrant programs since April 1998. 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. The Company's warrant programs are widely distributed and cover almost the entire personnel. Warrants entitles the holder to subscribe for company shares with subscripton price and time defined on each warrant program. If the holder of the warrant leaves company before vesting the warrant is forfeited.

The number of warrants presented below are adjusted by the share dividends and share splits decided by the shareholders' meetings held on February 19, 1999, October 8, 1999 and April 12, 2000.

On April 22, 1998 the shareholders' meeting decided to issue a total of 12,000,000 warrants, consisting of 4,200,000 series A warrants, 4,200,000 series B warrants and 3,600,000 series C warrants. Each warrant entitles the holder to subscribe for one share during the following periods: Series A warrants April 1, 2000 – March 31, 2003; Series B warrants April 1, 2001 – March 31, 2004; and Series C warrants April 1, 2002 – March 31, 2005. On March 27, 2002, the shareholders' meeting decided to cancel a total of 1,840,000 unallocated warrants, consisting of 590,000 series A warrants, 450,000 series B warrants and 800,000 series C warrants. The exercise price of the warrant was 0.1137174 euro. The subscription periods expired on March 30, 2003, on March 3, 2004 and on March 30, 2005. The subscription in full would have increased the share capital by 100,885.85 euro. A total of 9,769,866 shares were subscribed, which represents 6.3 percent of the share capital and voting power on December 31, 2005. During the financial period, a total of 1,111,688 shares were subscribed with warrants attached to this warrant program and consequently the share capital was raised by 11,117 euro.

On August 10, 1999 the shareholders' meeting decided to issue 5,340,000 warrants expiring September 30, 2005. Each warrant entitles the holder to subscribe for one share at 0.5226667 euro per share. On March 27, 2002 the shareholders' meeting decided to cancel a total of 1,916,288 unallocated warrants. The subscription period expired on September 30, 2005. The subscription in full would have increased the share capital by 34,237 euro. A total of 3,408,087 shares were subscribed, which represents 2.2 percent of the share capital and the voting power on December 31, 2005. During the financial period, a total of 205,462 shares were subscribed with warrants attached to this warrant program and consequently the share capital was raised by 2,055 euro.

In addition, on August 10, 1999, the shareholders' meeting authorized the Board of Directors to issue a maximum of 9,000,000 warrants, the subscription price of which will be determined later. Each warrant entitles the holder to subscribe for one share between January 1, 2001 and September 30, 2005. On March 27, 2002, the shareholders' meeting decided to cancel a total of 1,743,712 unallocated warrants. Of the remaining total of 7,256,288 warrants of this program, 2,550,000 have been allocated to the personnel located in the United States. On March 23, 2005, the shareholders' meeting decided to cancel a total of 1,628,721 unallocated warrants. The two latter option programs established on August 10, 1999, were allocated into series A, B, C and D, depending on the period they were granted. The subscription period expired on September 30, 2005 for each series. The subscription price of a share in each series is the weighted average price of the Company's shares quated during last five Helsinki Exchanges' business days before the start of each series' time for distribution. The subscription price for 1999D-series is 1.54 euro, for 2000A-series 5.58 euro for 2000B-series 13.82 euro, 2000C-series 12.50 euro, 2000D-series 7.80 euro, 2001A-series 5.71 euro, 2001B-series 0.90 euro, 2001C-series 1.00, 2001D-series 0.70 euro, 2002A-series 1.10 euro, 2002B-series 1.30 euro, 2002C-series 0.70 euro, 2002D-series 0.50 euro, 2003A-series 0.80 euro, 2003B-series 0.70 euro, 2003C-series 0.70 euro and 2003D-series 1.00 euro. The subscribtion in full would have increased the capital share by 56,275 euro. A total of 3,667,494 shares were subscribed, which represents 2.4 percent of the share capital and the voting power on December 31, 2005. During the financial period, a total of 2,942,362 shares were subscribed with the warrants attached to this warrant program and consequently the share capital was raised by 29,424 euro.

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, 2005. 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 150,850 shares were subscribed with the warrants attached to this warrant program and consequently share capital was raised by 1,509 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				

NOTES TO THE FINANCIAL STATEMENTS

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, 2005. 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.

plan	issued	category	start	end	exercise price
		2005A	01.03.2008	30.11.2009	1,82
		2005B	01.03.2009	30.11.2010	–
		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 6,752,625 shares on aggregate or 4.2 percent of the Company's share capital after dilution. 21.7 million warrants have been issued as of December 31, 2005, and the remaining 5.4 million warrants are held by the subsidiary company DF-Data Oy.

Options outstanding and weighted average exercise price

	Jan 01 – Dec 31, 2005		Jan 01 – Dec 31, 2004	
	number of options	Weighted average exercise price EUR	number of options	Weighted average exercise price EUR
Outstanding Jan 01	8 728 495	1,80	10 592 456	1,40
Granted	528 531	1,82	1 291 400	1,60
Forfeited	189 941	1,08	145 258	1,24
Exercised	4 410 362	0,79	2 976 546	0,34
Expired	1 939 817	4,81	33 557	0,11
Outstanding Dec 31	2 716 906	1,34	8 728 495	1,80
Exercisable Dec 31	1 312 008	1,08	6 543 792	1,97

For options exercised during the period the weighted average share price was 1.84 euro (1.64 euro in year 2004). Options were execised on a regular basis throughout the period. The Group received 3,472 thousand euro for exercised option, from which 42 thousand euro was recorded to share capital and the rest to share premium account (27 thousand euro to share capital and 960 thousand euro to share premium in year 2004).

The options outstanding by range of exercise prices

	December 31, 2005			December 31, 2004		
Execise price EUR	number of options	Weighted average remaining contractual life in years	Weighted average exercise price EUR	number of options	Weighted average remaining contractual life in years	Weighted average exercise price EUR
0,11 – 0,52				1 342 118	0,33	0,18
0,60 – 1,00	953 150	3,00	0,73	3 209 259	1,96	0,82
1,10 – 1,82	1 763 756	3,28	1,67	2 723 678	2,29	1,49
5,58 – 7,80				1 405 940	0,75	5,76
12,50 – 13,82				47 500	0,75	13,31
	2 716 906			8 728 495		

Expense arising from share-based payment transactions during the period was 546 thousand euro (290 thousand euro in year 2004). The weighted fair value of options granted at the date of grant date was 0.38 euro (0.61 euro in year 2004). The fair value of options granted during the period was determined at the date of grant by using Binomial model. Used arguments:

	2005	2004
Weighted average share price EUR	1,82	1,67
Weighted average exercise price EUR	1,84	1,64
Expected volatility	36,85 %	38,00 %
Option life in years	4,7	4
Risk-free interest rate	3,10 %	3,00 %
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.

19. 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 2006 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 2005	Consolidated 2004	Parent 2005	Parent 2004
Book value as at Jan 1	164	155	164	155
Arising during the year	1 104	112	1 104	112
Utilised	-156	-103	-156	-103
Book value as at Dec 31	1 113	164	1 113	164
Social costs	9	164	9	164
SRV	1 104		1 104	

20. LIABILITIES

Non-current liabilities				
Deferred revenues	3 779	2 710	2 774	2 176
Total other non-current liabilities	3 779	2 710	2 774	2 176
Current liabilities				
Deferred revenues	19 410	15 671	15 450	11 364
Trade payables	2 773	1 875	2 331	1 407
Other liabilities	2 124	1 676	844	694
Accrued expenses	6 444	4 541	5 404	3 735
Total	30 750	23 763	24 030	17 200
Liabilities to the group companies				
Advance payments			2 482	2 420
Other liabilities			2 640	1 992
Total			5 122	4 412
Total current liabilities	30 750	23 763	29 151	21 612
Material amounts shown under accruals and deferred income				
Accrued personnel expenses	4 143	2 731	3 484	2 358
Deferred royalty	1 203	957	1 203	957
Accrued expenses	938	637	717	291
Accrued interest		129		129
Accrued tax	159	87		
Total	6 444	4 541	5 404	3 735

21. 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	2005	2004
Currency instruments -	EUR	EUR
Currency forward contract		
nominal value	3 137	3 218
fair value	–3	77

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 20, 2006. 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 15. Available-for-sale financial assets

22. NOTES TO CASH FLOW STATEMENT

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Adjustments				
Deferred income	4 433	3 063	4 403	2 769
Depreciation and amortization	1 425	895	1 172	722
Profit / loss on sale of fixed asset	3	–61		
Other adjustments	–749	–284	–1 304	–57
Financial income and expenses	–1 928	–1 182	–1 743	–1 067
Income taxes	2 684	–5 802	2 555	–5 835
Total	5 866	–3 371	5 083	–3 468

23. 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	2 886	2 883	2 482	2 459
After one year but not more than five years	9 710	9 010	9 173	8 677
More than five years		2 632		2 632
Total	12 596	14 525	11 655	13 768

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	410	319	410	319
After one year but not more than five years	291	151	291	151
Total	701	471	701	471

24. CONTINGENT LIABILITIES

Guarantees for other group companies				
			15	14
Other liabilities				
Others	102	56	102	56

NOTES TO THE FINANCIAL STATEMENTS (EUR 1000)

25. RELATED PARTY DISCLOSURES

	Consolidated 2005	Consolidated 2004	Parent 2005	Parent 2004
Compensation of key management personnel of the Group				
Wages and other short-term employee benefits	–831	–995	–367	–520
Share-based payments	–401	–139		
Other compensations	–43	–133	–43	–133
Total	–1 275	–1 267	–410	–653
Wages and other short-term employee benefits				
Managing directors	–524	–475	0	0
members of the boards of directors	–60	–48	–60	–48

Board of directors 2005	**Wages**	**Fees**	**Granted warrants**	**Others**
Risto Siilasmaa, managing director	–	–	250	–
Ari Hyppönen	–	–	72	–
Sari Baldauf	–	11	7	–
Pertti Ervi	–	21	10	43
Alexis Sozonoff	–	14	7	–
Antti Vasara	–	14	7	–
Total	0	60	353	43

Warrants granted as an annual remuneration are measured to the fair value at the date at which they were granted. Warrants can be exercised from 1 March 2008 until 30 November 2009.

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 (%)
Parent F-Secure Corporation, Helsinki	Finland		
DF-Data Oy, Helsinki	Finland	100	100
Rommon Oy, Helsinki	Finland	100	100
F-Secure Inc., San Jose	United States	100	100
F-Secure Ltd, London	Great-Britain	100	100
Nihon F-Secure Corp., Yokohama	Japan	100	100
F-Secure GmbH, München	Germany	100	100
DF-Mobile GmbH, München	Germany	100	100
F-Secure SARL, Poissy	France	100	98
F-Secure AB, Stockholm	Sweden	100	100
F-Secure Srl, Milano	Italy	100	100

26. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

This is first consolidated financial statement of F-Secure Corporation, a Finnish company with domicile in Helsinki, and all its subsidiaries that has been prepared in accordance with International Financial Reporting Standards (IFRS). Up until 31 December 2003, the consolidated financial statements had been prepared in accordance with Finnish Accounting Standards (FAS). The comparative figures in respect of 2003 and 2004 are restated to reflect IFRS.

ASSETS		FAS 31.12.2003	change	IFRS 1.1.2004	FAS 31.12.2004	change	IFRS 31.12.2004
Non-current							
Intangible assets	1	883	–192	691	2 560	–161	2 398
Tangible assets	1	1 192	192	1 384	1 528	161	1 690
Deferred tax asset	5		155	155	6 422		6 422
Other financial assets	2	710	–102	608	311	–98	212
Current							
Trade and other receivables		11 578	174	11 752	11 209		11 209
Available-for-sale	2	33 652	314	33 967	41 441	925	42 366
Cash and bank accounts		5 874		5 874	7 829		7 829
Total		53 890	542	54 431	71 300	827	72 126

NOTES TO THE FINANCIAL STATEMENTS (EUR 1000)

LIABILITIES		FAS 31.12.2003	change	IFRS 1.1.2004	FAS 31.12.2004	change	IFRS 31.12.2004
Non-current							
Deferred tax liabilities	2		62	62		219	219
Provisions		155		155	164		164
Deferred revenues		2 120		2 120	2 710		2 710
Current							
Other current	5	8 332	710	9 042	8 093		8 006
Deferred revenues		13 049		13 049	15 671		15 758
Total		23 656	771	24 427	26 638	219	26 857
Difference between assets and liabilities		30 234	–230	30 004	44 662	608	45 269
SHAREHOLDERS' EQUITY							
Share capital		1 465		1 465	1 495		1 495
Share premium	3	56 880	–2 418	54 462	30 995	–2 418	28 578
Retained earnings	2–5	–28 111	2 188	–25 923	12 171	3 025	15 197
Total		30 234	–230	30 004	44 662	608	45 269

Adjustments of retained earnings			
Available-for-sale	2	212	826
Transaction costs of listing	3	3 358	3 358
OEM-agreement correction	5	–536	0
Taxes from previous		–847	–1 159
		2 188	3 025

Income statement		FAS 1–12/2004	change	IFRS 1–12/2004
Revenue		47 268		47 268
Cost of revenues		3 734		3 734
Gross margin		43 534		43 534
Other operating income		937		937
Sales and marketing	4	24 385	188	24 573
Research and development	4	10 658	82	10 740
Administration	4	2 637	20	2 657
Operating result		6 791	–290	6 502
Financial net		1 155	35	1 191
Result before taxes		7 947	–254	7 693
Extraordinary items	5	–500	500	
Income taxes		5 957	–155	5 802
Result for the period		13 404	91	13 495
Earnings per share				
– basic		0,09		0,09
– diluted		0,09		0,09

Notes to the comparative data:

1) The Group has redefined intangible and tangible assets according to IAS 16.
2) IAS 39 classifies financial assets in four components: financial assets at fair value through profit or loss, held-to-maturity, loans and receivables originated by the enterprise and available-for-sale. F-Secure has recognized marketable securities as available-for-sale financial assets and measured them at their fair value adjusted by deferred tax liability. Fair value adjustment has been booked under fair value reserve in equity.
3) The transaction costs of an equity transaction in year 1999 listing are accounted for as a deduction from equity, net of any related income tax benefit (SIC-17).
4) IFRS 2 requires expensing of employees share options at their fair value by using option-pricing model. The Group has applied IFRS 2 only to equity-settled awards granted after November 7, 2002 that had not vested on or before January 1, 2005. IFRS 2 has no effect on starting balance January 1, 2004.
5) Nokia OEM refunded royalty has been adjusted to the comparative data so that previous years are shown in opening balance and year 2004 quarterly basis in revenue.

27. CHANGE IN COMPARATIVE FIGURES - PARENT FINANCIAL ASSETS

The comparative figures in respects of financial assets are restated to reflect new Finnish Accounting legislation. F-Secure has measured marketable securities at their fair value adjusted by deferred tax liability. Fair value adjustment has been booked under fair value reserve in equity.

Assets	31.12.2004	change	31.12.2004
Non-current	10 995	–98	10 897
Current			
Trade and other receivables	11 440		11 440
Available-for-sale	41 441	924	42 365
Cash and bank accounts	5 051		5 051
Total	68 927	826	69 753

Shareholders' equity and liabilities	31.12.2004	change	31.12.2004
Shareholders' equity and liabilities			
Share capital	1 537		1 537
Share premium	30 951		30 951
Fair value reserve		536	536
Retained earnings	12 485	72	12 557
Non-current liabilities	2 341	219	2 560
Current liabilities	21 612		21 612
Total	68 927	826	69 753

Income statement	1–12/2004	change	1–12/2004
Revenue	39 807		39 807
Expenses	33 652		33 652
Operating result	6 155		6 155
Financial net	995	72	1 067
Extraordinary items	–500		–500
Income taxes	5 835		5 835
Result for the period	12 485	72	12 557

28. SHARES AND SHAREHOLDERS

Shares and share ownership distribution, December 31, 2005

Shares	Number of shareholders	Percentage of shareholders	Total shares	Percentage of shares
1–100	3 330	13,02 %	216 656	0,14 %
101–1 000	17 160	67,10 %	5 869 132	3,79 %
1 001–10 000	4 725	18,48 %	13 938 079	9,01 %
10 001–50 000	296	1,16 %	5 623 333	3,63 %
50 001–100 000	21	0,08 %	1 689 502	1,09 %
100 001–	42	0,16 %	127 375 116	82,33 %
Total	25 574	100,00 %	154 711 818	100,00 %

Shareholder category, December 31, 2005	Total shares	Percentage of shares
Corporations	4 441 013	2,87 %
Financial and insurance institutions	27 156 132	17,55 %
General goverment	6 216 964	4,02 %
Non-profit organizations	709 840	0,46 %
Households	111 707 435	72,20 %
Other countries and international organizations	4 480 434	2,90 %
Total	154 711 818	100,00 %

NOTES TO THE FINANCIAL STATEMENTS

Largest shareholders and administrative register

Owner	Shares	Percentage of shares
Risto Siilasmaa	69 599 775	44,99 %
Ari Hyppönen	9 079 460	5,87 %
Ismo Bergroth	8 084 565	5,23 %
Valtion eläkerahasto	2 650 000	1,71 %
Eläke-Fennia	2 502 150	1,62 %
OP-Suomi kasvu sijoitusrahasto	2 425 850	1,57 %
Evli Pankki Oyj	1 235 939	0,80 %
Sijoitusrahasto Nordea Nordic small cap	1 160 200	0,75 %
Evli-Select sijoitusrahasto	847 375	0,55 %
Pohjola Finland kasvu sijoitusrahasto	750 000	0,48 %
Administrative register		
HSS/Skandinaviska Enskilda Banken Ab	9 273 258	5,99 %
Nordea Pankki Suomi Oyj	5 841 844	3,78 %
Northern Trust Global Services Ltd	4 000 000	2,59 %
Svenska Handelsbanken Ab	2 990 721	1,93 %
Other registers	976 610	0,63 %
Other shareholders	33 294 071	21,52 %
Total	154 711 818	100,00 %

Ownership of management

Board of Directors	Shares	% shares	Warrants	% shares
Risto Siilasmaa	69 599 775	44,99 %	403 225	0,26 %
Ari Hyppönen	9 079 460	5,87 %	120 000	0,08 %
Sari Baldauf	54 000	0,03 %		
Pertti Ervi	5 000	0,00 %	17 500	0,01 %
Alexis Sozonoff			5 000	0,00 %
Antti Vasara	10 000	0,01 %	15 000	0,01 %
Total	78 748 235	50,90 %	560 725	0,36 %

Executive team	Shares	% shares	Warrants	% shares
Risto Siilasmaa	69 599 775	44,99 %	403 225	0,26 %
Kuusela Pekka	5 000	0,00 %		
Aki Mänttäri				
Pirkka Palomäki			70 000	0,05 %
Taneli Virtanen	9 500	0,01 %	50 000	0,03 %
Total	69 614 275	45,00 %	523 225	0,34 %

Ownership of management

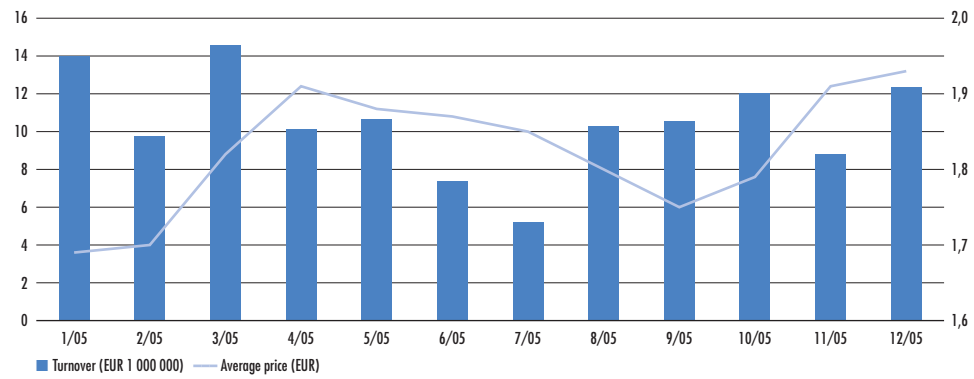
The Board of Directors and CEO owned a total of 78,748,235 shares on December 31, 2005. This represents 50.9 percent of the Company's shares and votes. In addition, the warrants of these individuals accounted for 0.44 percent of the total amount of F-Secure shares. With these stock options 680,725 new shares can be issued.

NOTES TO THE FINANCIAL STATEMENTS (EUR 1000)

29. KEY RATIOS	IFRS 2005	IFRS 2004	FAS 2004	FAS 2003	FAS 2002	FAS 2001
Economic indicators						
Net sales (MEUR)	61,8	47,3	47,3	39,0	38,5	41,7
Net sales growth %	31 %	21 %	21 %	1 %	–8 %	2 %
Operating result (MEUR)	7,4	6,5	6,8	1,5	–1,7	–12,2
% of net sales	11,9 %	13,8 %	14,4 %	3,8 %	–4,4 %	–29,3 %
Result before taxes	9,3	7,7	7,4	4,3	–0,8	–9,9
% of net sales	15,0 %	16,3 %	15,7 %	11,0 %	–2,1 %	–23,7 %
ROE (%)	12,9 %	35,9 %	36,7 %	7,0 %	–3,6 %	–31,5 %
ROI (%)	19,0 %	21,3 %	22,1 %	11,5 %	–1,3 %	–28,3 %
Equity ratio (%)	80,6 %	84,2 %	84,4 %	78,1 %	73,4 %	73,4 %
Investments (MEUR)	8,3	2,9	2,9	0,6	1,2	1,4
% of net sales	13,4 %	6,1 %	6,1 %	1,5 %	3,0 %	3,3 %
R&D costs (MEUR)	14,7	10,7	10,7	9,0	9,8	12,4
% of net sales	23,8 %	22,6 %	22,5 %	23,0 %	25,5 %	29,7 %
Gearing %	–108,2 %	–110,7 %	–110,3 %	–130,7 %	–128,1 %	–113,2 %
Personnel on average	354	291	291	295	315	376
Personnel on Dec 31	390	306	306	283	306	319
Key ratios						
Earnings / share (EUR)	0,04	0,09	0,09	0,01	–0,01	–0,07
Earnings / share diluted	0,04	0,09	0,09	0,01	x)	x)
Shareholders' equity per share	0,37	0,30	0,30	0,21	0,19	0,19
Dividend per share	–	–	–	–	–	–
Dividend per earnings (%)	–	–	–	–	–	–
Effective dividends (%)	–	–	–	–	–	–
P/E ratio	46,9	19,8	19,5	97,1	–	–
Share price, lowest (EUR)	1,55	1,22	1,22	0,65	0,44	0,50
Share price, highest (EUR)	2,14	1,98	1,98	1,50	1,43	5,49
Mean share price (EUR)	1,82	1,67	1,67	1,06	0,93	1,56
Share price Dec 31	2,04	1,81	1,81	1,33	0,75	1,21
Market capitalization (MEUR)	317,2	270,6	270,6	194,9	108,0	171,9
Trading volume (millions)	69,3	60,1	60,1	44,5	50,4	112,8
Trading volume (%)	45,7 %	40,6 %	40,6 %	30,6 %	35,2 %	79,9 %
Adjusted number of shares						
average during the period	151 759 785	147 973 590	147 973 590	145 246 290	143 078 536	141 210 333
average during the period, diluted	162 394 953	163 197 747	163 197 747	163 237 460	163 256 465	163 256 465
Dec 31	154 711 818	149 509 650	149 509 650	146 533 104	143 951 405	142 071 768
Dec 31, diluted	161 464 443	163 185 050	163 185 050	163 230 484	163 256 465	163 256 465

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

Turnover and average price per month



Auditor's Report

To the shareholders of F-Secure Corporation

We have audited the accounting records, the financial statements and the administration of F-Secure Corporation for the financial year 2005. The Board of Directors and the Managing Director have prepared the Report of the Board of Directors and the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU and the parent company's financial statements prepared in accordance with prevailing regulations in Finland, that includes parent company's balance sheet, income statement, cash flow statement and the notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, the parent company's financial statements and on the administration of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures 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 administration is to examine that 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 referred to in the International Financial Reporting Standards as adopted by the EU and defined in the Finnish Accounting Act, of the consolidated result of operations as well as of the financial position. The consolidated financial statements can be adopted.

Parent company's financial statements and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Finnish Accounting Act, of the parent company's result of operations as well as of the financial position. The financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of distributable funds is in compliance with the Companies' Act.

Helsinki, February 13, 2006

ERNST & YOUNG OY
Authorized Public Accountant Firm

Tomi Englund
Authorized Public Accountant

Corporate Governance

General

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.

The company complies as explained below the Corporate Governance recommendations for public listed companies published in December 2003 by OMX Exchanges, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. All details can be found in 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 and select the auditors and 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. Due the size of the group, all the members of the Board of Directors will participate in preparation and making decisions.

The Annual General Meeting of F-Secure Corporation held on March 23, 2005 confirmed the number of Board members to be 5 members and one deputy member. The following members of the Board were re-elected for the period ending at the close of the next Annual General Meeting: Mr. Pertti Ervi, Mr. Antti Vasara, Mr. Risto Siilasmaa, Mr. Alexis Sozonoff and deputy member Mr. Ari Hyppönen. Ms. Sari Baldauf was elected as a new member. In its assembly meeting, F-Secure's Board of Directors elected Mr. Pertti Ervi to chair the Board.

The 2004 Annual General Meeting decided that the annual compensation for the member is 14,000 EUR and 10,000 stock options (2005 A-series) and for the chairman 21,000 EUR and 15,000 stock options (2005 A-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 2005 the board has had 13 meetings and average attendance has been close to 100%.

Mr Risto Siilasmaa acts as the CEO of the F-Secure Corporation. Chairman Pertti Ervi has consulted the Group companies The group has paid EUR 42,566 to Pertti Ervi for the consultancy. Mr Risto Siilasmaa is the major shareholder of the Company. Other members are independent from the shareholders.

The Board considers that consultancy work and granted options are not that significant to endanger the independency of the Board.

CEO

The Board of Director 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 Board of Directors confirms the salary and other benefits of the CEO. 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. For 2005,

the CEO will be granted 367,467 stock options as an annual remuneration.

Executive Team

F-Secure's Executive Team assists the CEO in the management and development of the Group.

The CEO appoints the executive team members and decides upon the terms and conditions of their employment. The Board of Directors approves the compensation for the executive teams. The bonuses and grant of stock options are based on performance of the group and the individual.

At present the corporate executive team consists of five persons and assembles regularly once a month and separately as needed. The CEO acts as the chairman and the company's legal counsel as the secretary at the meetings.

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 2005, the group paid totally EUR 79,757 for auditing activities and EUR 49,254 for other services.

The Group 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 to achieve its business objectives. The responsibility for the company's risk management lies with the Board of Directors. 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. The company's legal unit assists sales operations and controls legal risks by writing and reviewing contracts and Terms&Conditions.

F-Secure doesn't 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 for a period of six months.

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

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

Insider Regulations

The company follows the insider regulations of the OMX Exchanges (Helsinki). Permanent insiders include the members of the Board, the auditors, the Group's executive team and other nominated persons.

Board of Directors

Antti Vasara
born 1965, D.Sc. (Tech.), member of the Board
Member of the Board of Directors of F-Secure Corporation since 2002. Term ends in 2006. Serves as Vice President of Corporate Strategy at Nokia Corporation. Previously served as CEO of SmartTrust AB and prior to that as Senior Project Manager at McKinsey & Company, Finland. Before that he served as a researcher in the field of optical communications at the Helsinki University of Technology, Finland. Mr. Vasara holds a patent in the field of optics and radio technology.
Board memberships: Supervisory Board of Symbian Plc

Alex Sozonoff
born 1938, B.Sc. (Economics), member of the Board
Member of the Board of Directors of F-Secure Corporation since 2004. Term ends in 2006. Executive of the Year by the North American National Account Management Association (NAMA) 1997. Served as Vice President of International Operations for Harris Information Systems. Prior to that he served at HP in several management positions in sales, distribution and marketing.
Alex Sozonoff was Corporate 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.
Board memberships: Global Beach (UK), non executive Chairman
European Wholesale group (Switzerland),Chairman
Hewlett Packard Finland, Chairman
Stonesoft Corporation, Chairman
Sir Peter Ustinov Charity Foundation, Vice Chairman

Risto Siilasmaa
born 1966, member of the Board
Member of the Board of Directors of F-Secure Corporation since 1988. Term ends in 2006. Founder and President and CEO of F-Secure Corporation.
Board memberships: Federation of The Finnish Information Industries (deputy chairman), Founding member of the Association of Software Entrepreneurs in Finland, State of Finland's Advisory Committee for Information Security, Permanent stakeholder group of European Network and Information Security Agency (Enisa), Finnish – American Chamber of Commerce (member of the board), Helsinki University of Technology (member of advisory board), Helsinki University of Economics (member of advisory board), Finnish Foreign Trade Association (Finpro) (member of supervisory board)

Pertti Ervi
born 1957, B.Sc. (Electronics), Chairman of the Board
Member of the Board of Directors of F-Secure Corporation since 2003. Term ends in 2006. An Independent consultant and investor. Mr. Ervi founded Computer 2000 with his team, the company grew in few years the biggest wholesaler in Finland and Baltic countries. After that Ervi was invited as CEO of Computer 2000 headquarters in Munich where he served till 2000.
Board memberships:
Mentorium Venture Connection Oy, chairman of the board
Holtron Technology Management Oy, chairman of the board
Forte Netservices Oy, chairman of the board
Intstream Oy, chairman of the board
Stockway Oy, chairman of the board
Stonesoft Corporation, member of the board

Sari Baldauf
born 1955, M.Sc. (Business Administration), member of the Board
Doctor of Science in Technology honoris causa, Helsinki University of Technology. Honorary Doctor in Economics and Business Administration, Turku School of Economics and Business Administration. Member of the Board of Directors of F-Secure Corporation since 2005. Term ends in 2006. Served as Executive Vice President and General Manager of Networks, Nokia Corporation 1998-2005 and a member of the Nokia Group Executive Board 1994–2005. Previously served as Executive Vice President of Nokia APAC and prior to that, as President of Nokia Telecommunications, Cellular Systems.
Board memberships: SanomaWSOY
Savonlinna Opera Festival Ltd (chairman)
Finnish Cultural Foundation (Finland) (Board of Trustees)
International Youth Foundation (Baltimore, USA)
Foundation for Economic Education

Ari Hyppönen
born 1967, M.Sc (Centre for Astrophysics and Supercomputing),
deputy member of the Board
Member of the Board of Directors of F-Secure Corporation since 1991. Term ends in 2006. Chief Technology Officer of F-Secure Corporation. Served earlier State's Computing Facility, Nixu Ltd., the Dipoli Institute and Wise Man Ltd.

Executive Team

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.

Risto Siilasmaa is the founder and President and CEO of F-Secure Corporation. He is a member of the board of directors of The Federation of The Finnish Information Industries, the leading trade and labour organization for companies operating in the IT software and services sector in Finland. Mr. Siilasmaa is also a founding member of the Association of Software Entrepreneurs in Finland. He has been actively involved in helping the Finnish government to create a data security strategy, to implement security policies and to establish a legal framework related to computer crimes and is a member of State of Finland's Advisory Committee for Information Security. Risto Siilasmaa is a member of board of the Finnish – American Chamber of Commerce, a member of the advisory boards of the Helsinki University of Technology and Helsinki University of Economics and a member of supervisory board of Finnish Foreign Trade Association (Finpro). He is also a member of permanent stakeholder group of European Network and Information Security Agency (Enisa).

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.

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.

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.

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