It's all about peace of mind

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It's all about peace of mind

ANNUAL REPORT 2011

Protecting the irreplaceable

F-Secure

CONTENTS

F-SECURE IN BRIEF

F-SECURE HAS BEEN PROTECTING THE DIGITAL LIVES OF CONSUMERS AND BUSINESSES FOR OVER 20 YEARS. OUR INTERNET SECURITY AND CONTENT CLOUD SERVICES ARE AVAILABLE THROUGH OVER 200 OPERATORS IN MORE THAN 40 COUNTRIES AROUND THE WORLD AND ARE TRUSTED IN MILLIONS OF HOMES AND BUSINESSES.

IN 2011, THE COMPANY'S REVENUES WERE EUR 146 MILLION AND IT HAS OVER 900 EMPLOYEES IN MORE THAN 20 OFFICES WORLDWIDE. F-SECURE CORPORATION IS LISTED ON THE NASDAQ OMX HELSINKI LTD. SINCE 1999.

Key Figures 2011

		2011	2010	Change %
Revenues	MEUR	146.0	130.1	+12
Operating profit	MEUR	23.6	19.8	+19
% of revenues	%	16	15	
Profit before taxes	MEUR	23.5	19.9	+18
Earnings per share	EUR	0.11	0.10	+10
At the end of period: Deferred revenues	MEUR	38.3	37.2	+3
Equity ratio	%	68	69	
Debt-to-equity ratio	%	-47	-63	
Personnel		942	812	+16

PROTECTING THE IRREPLACEABLE

F-Secure's promise, 'Protecting the irreplaceable' captures the essence of what we do. We want to protect our customers' valuable digital content across devices – now and in the future – as our customers' needs and technologies evolve. By protecting and preventing the loss of valuable content, as well as enabling people to access and share their content anytime, anywhere, F-Secure's trusted services provide peace of mind for consumers and businesses in all their online activities.

STRATEGY

F-Secure works together with Operator partners by providing security and content cloud services. The Company's large operator network covers over 200 operator partners in over 40 countries. F-Secures first priority is to drive growth and market expansion. Based on the Company's strong technology assets in security, cloud computing and content cloud, F-Secure continues to create new innovative offerings to augment traditional security services, especially in the content cloud space.

MARKET TRENDS

The long-term market opportunities are attractive for F-Secure. The growth of Internet users and Internet connected devices will drive demand for security and content cloud services. The global security software market keeps growing. The global security software revenue grew 12% in 2010 and the worldwide security software revenue totaled $16.5 billion in 2010 (Gartner Jun.2011). The volume of user generated digital content is expected to continue to increase rapidly during coming years, driven by digital photos and music. The use of social media is increasing and people look for services to share, store and control of their personal data.

CUSTOMERS

F-Secure protects tens of millions of customers' irreplaceable digital content and online interactions. Anytime, anywhere, on any device. Behind our over 200 operator partners there are currently more than 250 million broadband and mobile customers. Our services help customers enjoy the web to the fullest, whether it's surfing, sharing content or social networking.

PRODUCTS AND SERVICES

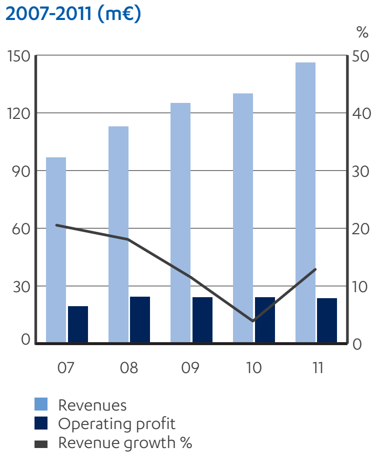
F-Secure's service portfolio consists of a broad range of internet security and content cloud services. F-Secure Internet Security provides complete protection for computers and online life. Internet Security keeps viruses, worms, spyware, and harmful Internet sites away from computers efficiently and intuitively. F-Secure content cloud services offer a simple and easy way to backup content, to the cloud, access it securely from anywhere on the web and share it directly with friends or through social media. F-Secure Mobile Security is a complete security solution for smartphones and tablet computers. It helps protect the contents of devices, enables safe mobile web browsing, and can assist if the device is lost or stolen.

YEAR 2011 IN BRIEF

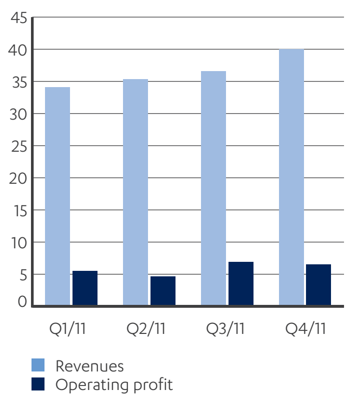
FOR F-SECURE THE YEAR WAS FILLED WITH THE FOLLOWING MILESTONES:

- Strong growth continued driven by the operator business
- Software as a service business model continued as a primary growth driver
- New large operator deals were signed, geographical expansion continued
- F-Secure's content cloud services have strengthened the company's position as Operators' strategic partner
- Award-winning F-Secure Internet Security 2012 was launched

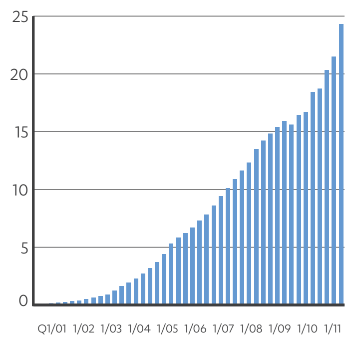
Revenues and operating profit 2007-2011 (m€)



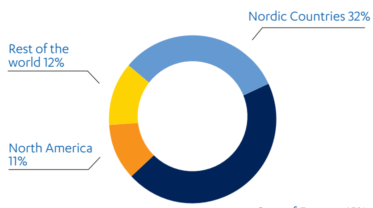
Revenues and operating profit by quarter 2011 (m€)



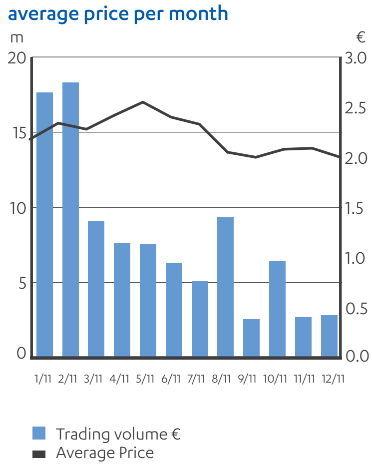
Revenues by the operator business (m€)



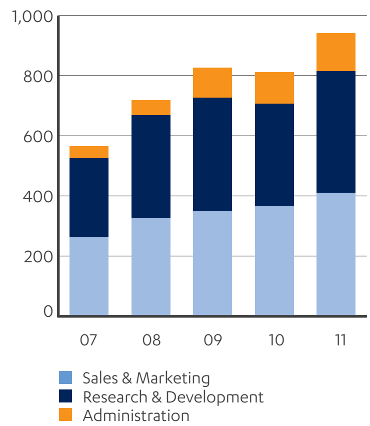
Regional revenue split (%)



Share trading volume and average price per month



Personnel



CEO LETTER

2011 – Accelerating and profitable growth of revenues driven by the operator channel

"The year 2011 has been a busy one for us. Thanks to our relentless efforts we were able to demonstrate good performance in our business resulting in strong revenues and healthy profitability."

This years' CEO letter is written in the heart of Silicon Valley in Northern California. The San Francisco Bay Area is still unique when it comes to innovation. It is a source of inspiration for growing businesses and those in the process of venturing into something new, and although several countries have tried to mimic the area's success, it has always retained its edge. It provides a good environment to reflect on F-Secure and where the market is heading.

The entire world has lived through challenging times during 2011 in terms of where the global economy has been heading. The media has been covered with news of the economic turmoil in Europe and the USA alike. Unemployment in both America and Europe remains high and the European debt crisis still remains an issue.

Strong position in operator business

The year 2011 was a busy one and full of changes for us. Thanks to our relentless efforts we were able to demonstrate good performance in our business as forecasted, resulting in strong revenues and healthy profitability. During 2011, we executed our strategy offering internet security and content cloud services through our 200-plus operator partners globally. There were globally more than 250 million Internet broadband subscribers behind these operators. Our product and service offering is based on the development of easy to use products and services for customers for distribution by operators. The common target group of F-Secure and the operators is consumers, who value good quality of service, ease of buying, uncomplicated invoicing and local customer support. This creates added value for our operator partners. Together with our operator partners, we differentiate ourselves from both commercial and free Internet services, thereby strengthening our long-term growth and competitiveness.

The use of Internet has quickly expanded from the PC-based world into various types of terminal devices. As a consequence, consumers need to be able to access their files regardless of the device they are using, which is creating demand for services enabling files to be accessed elsewhere than just on the devices on which they were created, also allowing for files to be shared easily. F-Secure's background in data security and the local presence of operators form a natural basis for the release of personal content and other files from the chains of local hard drives into the so-called cloud services. Our entry into the content cloud market has strengthened our attractiveness as a long-term strategic partner. Our operator business has continued to perform very well proving the functioning of our strategy. This is a good basis on which to continue.

Changing over

I have been taking care of the CEO's duties in addition to my regular work for close to three months. Now that our new CEO Christian Fredrikson is taking up the reins, I will continue to focus on my duties as the CTO here in Silicon Valley. I warmly welcome Christian to the company and look forward to the new challenges that we will take on during the forthcoming period. At the same time, I would like to thank our personnel for their significant contribution and flexibility during the year. I also extend my deepest thanks to our shareholders, customers and partners for trusting F-Secure.

Pirkka Palomäki
CTO and interim CEO
Nov.1, 2011–Jan.16, 2012

Exciting times are ahead

"Lots of opportunities are on the horizon in the current market as operators are developing new services for their customers, creating entirely new kinds of business models. It is our goal to support the operators in the implementation of these services as an innovative and professional partner."

I accept the duties of F-Secure's CEO with an enthusiastic attitude. F-Secure is a global, strongly growing company, with excellent opportunities to continue this growth.

The long-term market is attractive for F-Secure. The number of Internet users is growing significantly as a result of increased numbers of both fixed and mobile broadband connections and devices using the Internet, such as tablets and smartphones. These factors increase the demand for information security services and cloud-based storage services and create needs for new services. Even with better and safer operating systems than before, the number of security threats is still on the increase, which highlights the need for separate information security solutions. Cloud services, such as backup, storage, sharing and synchronisation, are expected to create major business opportunities for the entire software industry in the near future. The volume of digital content produced by users is expected to increase rapidly in the coming years; this applies especially to digital photos and music. People are looking for services to manage their personal files. F-Secure works with operators to offer information security and back-up services that help the operators compete with Internet-based services.

Strong growth and improved profitability

I will continue to develop F-Secure based on the existing strategy in close co-operation with our personnel and our operator partners. I will use my time to meet customers and refine our growth strategy. We will focus on strong growth and drive for a sustainable improvement in profitability from the next year onwards. The development of our products and services, utilising new business opportunities, and strengthening our market position, especially in the western markets and in certain developing geographical areas, is important for us. Supporting this growth will also require some new experts to join us.

Lots of opportunities are on the horizon in the current market as operators are developing new services for their customers, creating entirely new kinds of business models. It is our goal to support the operators in the implementation of these services as an innovative and professional partner.

Christian Fredrikson
CEO from 16 January 2012

BOARD OF DIRECTORS' REPORT 2011

In 2011, F-Secure Corporation's business performed well mainly because of strong sales by the operator channel and solid performance in the traditional license business. Revenue growth was driven by healthy demand for Internet security and content cloud services in the operator channel. F-Secure signed several new significant operator partnerships during the year. The Board of Directors approved a renewed growth strategy and appointed new CEO.

Financial performance and key figures

In 2011, F-Secure continued its profitable growth. Annual revenues were in total of 146.0 million (130.1m), representing a growth of 12%. Revenue growth through the operator channel remained strong with 26% growth from the previous year, totaling 84.8 million (67.1m). Revenues through other channels were, as anticipated, down by 3%, totaling 61.2 million (63m). EBIT was 23.6 million (19.8m/21.8m excl. re-structuring costs in Q410), representing 16% of revenues (15%/17%). Operating profit somewhat increased from the previous year.

Earnings per share were EUR 0.11 (EUR 0.10). Operating margin was 16%, approximately on the same level than in 2010. Cash flow from operations was 20.8 million positive (23.2m positive). Deferred revenues were 38.3 million at the end of December (37.2m) due to good sales in the license business.

Total fixed costs were 115.9 million (103.2m), 12% higher than in the previous year. The cost increases were mainly allocated to well-progressing geographic expansion in Latin America, content cloud project deliveries, and R&D to increase the competitiveness of PC and mobile device (e.g. iOS, Android, Windows) solutions and content cloud development.

In the beginning of the year, F-Secure gave guidance for company revenues and profitability, which was further defined in connection with the publication of interim reports. The company's revenues and profitability were in accordance with the given guidance (latest guidance: revenue growth 10-12 % and operating profit 16-18 % of revenues).

In 2011, the geographical breakdown of revenues was as follows: Finland and Scandinavia 32% (33%), Rest of Europe 45% (46%), North America 11% (9%) and Rest of the World 12% (12%).

Further information on the key financial data is presented in note 27 to the financial statements.

Operator channel

The Operator channel, which includes Internet service providers, mobile operators and cable operators, is the main channel through which F-Secure services are delivered. F-Secure has more than 200 partners in over 40 countries with an addressable market of over 250 million fixed and mobile broadband customers. The total number of F-Secure's operator partners is significantly larger than that of any other security service vendor.

F-Secure provides, through Operators, security and content cloud services that are easy and intuitive to use for mainstream consumers. F-Secure currently generates a majority of its revenues from the Security as a Service business where Operators sell security service subscriptions to protect their customers against Internet threats. Revenue growth in this area has been driven by increasing security subscriber numbers within the customer base of existing and new operator partners.

Business potential has been supported by the growth of fixed and mobile broadband connections, natural demand for security services as well as relatively low take-up rates. Internet security services for smartphones and tablet devices currently generate a small portion of F-Secure and market-wide volumes. The mobile security landscape has started to change recently due to smartphone and tablet sales growth. Internet users connect to the Internet increasingly often with other devices besides computers. F-Secure monitors this development closely and enhances its service portfolio according to market development.

Content cloud services, such as cloud-based storage, sharing and synchronization, are expected to become a major business opportunity for the software industry. F-Secure's entry into content cloud services has strengthened the Company's position as a strategic partner to the Operators. Overall interest in the content cloud business among Operators is high. Currently, F-Secure has tens of Operator partners, which offer content cloud services, mostly standard on-line backup. Growth potential is seen both in expanding new services to the current customer base as well as providing new services for the partners already selling F-Secure's Internet security.

F-Secure has increased its investments, mostly in the content cloud business but also in security services. In addition to new mainstream operating systems, such as Android, iOS and Windows, the Company is investing in platform development. These investments ensure the scalability and competiveness of these services and allow Operators to offer F-Secure services, both PC and mobile, to a wide subscriber base. These investments in R&D made during the past two years will increase the Company's depreciation level affecting profitability during the next few years.

The co-operation with AT&T in the area of content cloud services has proceeded very well. F-Secure has delivered a new version of the content cloud platform for the company. The delivery was made in schedule and according to expectations. Financials for 2011 include revenues from AT&T project deliveries and initial commitment of subscriber revenues. User-based subscriber revenues are expected to grow after the public launch of services.

During 2011, F-Secure has entered into partnerships with Telefonica and several other operators in Latin America, one of the fastest growing Internet user markets. These long term regional partnerships enable F-Secure to reach major wireless and mobile broadband subscriber bases with its Internet protection and storage related services. Additional operator partner launches in several Latin American countries are expected to take place in the upcoming quarters.

Annual revenues by the operator channel showed growth of 26% and totaled 84.8 million (67.1m), representing 61% (52%) of the Company's total revenues. The growth was driven by good security sales and increases in subscriber numbers and supported by content cloud revenues.

Other channels

Other channels consist mainly of traditional license sales to consumers through eStore and retail, i.e. new licenses and renewals of Internet security and online backup for PCs and mobile devices. The other channels business also includes a wide range of Internet security services to corporate customers through the global reseller network.

Annual revenues in the other channels business were as anticipated, showing a decline of 3% and totaled 61.2million (63.0m), which is 39% (48%) of the company's total revenues. Customer satisfaction in security services continued at a high level, which was visible in healthy license renewal sales. Deferred revenues at the end of December were 38.3 million (37.2m).

Products, services and technologies and key product announcements
F-Secure develops and sells Internet security and content cloud services that support personal computers, servers and an increasing set of major smartphone and tablet operating systems. Services include broad security suites such as anti-virus, browsing protection and parental control as well as content cloud services like on-line back-up, synching, and sharing.

F-Secure is investing further in the content cloud business and in security services. In addition to mainstream operating systems, such as Android, iOS and Windows, the Company is investing in platform development. These investments ensure the scalability and competiveness of services and allow Operators to offer F-Secure services, both PC and mobile, to a wide subscriber base.

Cloud computing has for the past few years been at the center of the company's technology strategy and choices. F-Secure uses cloud for two purposes: for Real-time Protection Network and for content cloud. Real-time Protection Network moves certain processing and memory intensive functions from the end-user device to the cloud, making the client software one of the fastest in the industry. Furthermore, by harnessing the collective intelligence of client systems, the real-time protection network is able to detect and react to new emerging threats a magnitude faster, and to provide protection to different device categories, such as smartphones. This technology provides reputations of files, sites and URLs and is utilized broadly in F-Secure solutions.

F-Secure has made significant investments in content cloud technology. F-Secure's carrier-grade cloud storage platform gives F-Secure the scalability and flexibility to tackle even the most complex requirements of the largest operators in the world, while at the same time making small deployments feasible to enable new solutions to be trialed in a fast and incremental manner.

The combination of security and content cloud-based technologies will in the future allow F-Secure to create new and innovative solutions for personal computers, smartphones and other devices.

F-Secure puts emphasis on user experience design when developing services. User experience designers, marketers and developers utilize consumer research, focus groups and usability tests to explore consumer needs and validate new product and service prototypes with consumers, thereby ensuring that they are appealing and usable when introduced to the public. User experience, along with technical performance, is crucial for the commercial success of solutions and services.

During 2011 the key product announcements were as follows:

- In December, F-Secure introduced a new version of F-Secure Online Backup, which automatically makes backup copies of pictures, music and other important content saved on the computer and stores these backups on secure servers on the Internet. Backup occurs automatically whenever the computer is connected to the Internet.
- In December, F-Secure introduced F-Secure Mobile Backup, which offers a worry-free way to back up a user's mobile specific content such as contacts, sms's, photos and videos. The solution can also be used to ease swapping from one phone to another and it only takes a couple of clicks to share content stored on the device with friends and family. The solution supports Android, Symbian, iOS and Blackberry operating systems.
- In November, F-Secure unveiled a new version of Mobile Security, F-Secure Mobile Security 7.5, which features improved cloud based security and a number of new features for Parental Control, such as Safe Applications, Safe Contacts and an End User Web Portal for managing the Anti-Theft functionalities. F-Secure Mobile Security is also available for BlackBerry.
- In November, F-Secure broadened its Security as a Service offering to cover also resellers. F-Secure is the first security vendor to offer its complete business portfolio as a service.
- In October, F-Secure announced a new version of its flagship Internet security service, F Secure Internet Security™ 2012. F-Secure Internet Security 2012 is based on new technology architecture and offers extraordinary ease-of-use, with multi-layered protection and fast performance for computers.
- In June, F-Secure introduced a new version of its mobile security product, F-Secure Mobile Security 7. F-Secure Mobile Security 7 is a complete security solution for smartphones and tablet computers.
- In May, F-Secure launched F-Secure Anti-Virus for Mac for home users and businesses. The product has been designed with performance in mind, making it easy and fast to use. It gives real-time protection against all Mac-based threats, automatically detecting and removing any malware.
- In May, F-Secure launched F-Secure Protection Service for Email, which is an effective and hassle-free email security service for small and medium enterprises. F-Secure Protection Service for Email is a cloud-based offering powerful real-time protection for email against unwanted content, viruses and spyware, as well as spam control.
- In March, F-Secure introduced a new Partner Portal for its resellers. The portal provides advanced online tools for resellers that help them to react quickly and efficiently to end-customers' needs, boosting sales and customer service.
- In March, F-Secure Policy Manager 10 was introduced to the corporate segment. F-Secure Policy Manager 10 delivers a new level of effectiveness by automating daily security operations. IT security management now requires less manual work. F-Secure Policy Manager 10 automates daily operations like protecting new computers and the removal of disconnected hosts.
- In February, a new version of F-Secure's Protection Service for Mobile (PSM 7) was introduced. The Protection Service for Mobile enables operators to offer comprehensive protection and parental control for their customers' mobile devices.
- In January 2011, F-Secure received the "Product of the Year" award issued by AV-Comparatives, one of the major independent testing organizations in the industry. The testing organization described Internet Security 2011 as a well-designed product with a clear and easy-to-use interface.

Research and development
In 2011, the Group's research and development expenses totaled 39.3m (34.5m). R&D expenses were 26.9% of revenues. F-Secure capitalized some of its R&D expenses according to accounting rules, totaling 7.8 million (2.3m) and booked write-offs of 1 million related to prior R&D investments. For 2012, approximately 7 million of cost increase is arising from the end of development activations of new platforms and increased depreciations.

Market situation
During the year, the Internet security space experienced no significant changes in the competitive landscape or in pricing levels. Usual signs of price competition are evident in some countries in the security market, especially in the traditional license business. Commercial interest in the content cloud business is picking up with the introduction of new cloud services to the market. Many of F-Secure's traditional competitors are also entering the content cloud business.

F-Secure's competitive position in the operator channel has remained strong. The growth of fixed and mobile broadband access supports the position of operators in providing security and content cloud services.

Personnel and organization

F-Secure's personnel totaled 942 at the end of December 2011 (812). The number of personnel has continued to increase especially in sales and marketing, project delivery and R&D in respect to content cloud business.

F-Secure's President and CEO Kimmo Alkio resigned as of October 31, 2011 in order to pursue another career opportunity. The Board immediately initiated the search for new CEO after being informed on the resignation in the summer. The Board appointed Pirkka Palomäki, Chief Technology Officer, as interim CEO as of November 1, 2011. After a thorough recruiting process, the Board appointed Christian Fredrikson as new President and CEO as of January 16, 2012. Mr. Fredrikson joined F-Secure from Nokia Siemens Networks, where he worked in several international executive positions from 1994. In the process, the Board especially valued his strong experience in the operator business as well as international experience.

Currently, the Executive Team consists of the following persons: Christian Fredrikson (President and CEO), Ari Alakiuttu (Human Resources), Tuomas Hyyryläinen (Strategy and M&A), Samu Konttinen (Sales and Marketing), Maria Nordgren (Channels), Pirkka Palomäki (Chief Technology Officer), Kari Penttilä (R&D), Patrik Sallner (Professional Services) and Taneli Virtanen (Chief Financial Officer). Pirkka Palomäki was acting CEO during November 1, 2011 – January 15, 2012.

President and CEO Christian Fredrikson started in his position in F-Secure on January 16, 2012. Pirkka Palomäki continued in his previous position as CTO based in the U.S., as of January 16, 2012.

Financing and capital structure

F-Secure's financial position remained solid. F-Secure's equity ratio at the end of year was 68% (69%) and gearing ratio was 47% negative (63% negative).

Cash flow from operations for the year was 20.8 million positive (23.2m positive); lower than in the previous year mainly due to increased capex and activations. Net financial income was slightly negative at 0.1m, impacted by low interest income and exchange rates losses (0.0m).

The Company's cash position has developed according to the longer term efficient capital management objectives. The market value on December 31, 2011 of the liquid assets of F-Secure was 28.1 million (32.8m). Return on equity was 29.5% (30.3%).

Changes in exchange rates did not have material impact on sales and costs.

Capital expenditure

F-Secure's capital expenditure for the year was 18.7 million (10.4m), consisting mainly of capitalization of development expenses for operator platforms and applications for both security and content cloud services.

Capital management and repurchase of own shares

The objective of F-Secure's capital management is to achieve an efficient capital structure that ensures the functioning of business operations and promotes the increase of shareholder value. During 2011, the Company continued its share buy-back program. In the repurchase of own shares between June 8 and November 11, 2012, F-Secure bought in a total of 700,000 shares.

The share buy-back program is based on the authorization of the Annual General Meeting of March 30, 2011. The maximum number of shares to be repurchased is 2,000,000 shares, representing a maximum of approximately 1.3% of all shares issued by the Company. The shares are purchased through public trading on the NASDAQ OMX Helsinki Ltd. in accordance with its rules and at market price. These own shares will be purchased in order to improve the Company's financial structure, to be used as part of the incentive compensation plan, or to be used for the purpose of making acquisitions or implementing other arrangements related to the Company's business, or otherwise assigning or cancelling the shares.

Including all shares bought, the total number of own shares held at the end of December 2011 was 4,007,313 shares, corresponding to approximately 2.5% of the Company's shares and voting rights.

In January 2012, the company assigned a total of 274,923 shares to the 21 participants of the F-Secure share-based incentive program as a reward payment. The handover date for the shares was January 13, 2012. After the transfer, F-Secure Corporation currently holds a total of 3,732,390 of its own shares.

Shares, shareholders' equity and option programs

In November, a total of 418,081 F-Secure shares were subscribed for with the C warrants attached to the F-Secure 2005 Warrant Plan. In aggregate the number of shares was increased by 418,081, which was registered in the Finnish Trade Register on Dec 7, 2011. F-Secure received as subscription price a total amount of EUR 618,759.88, which will be recorded in the fund for the Company's distributable equity. As a result of the registering the total number of shares is currently 158,798,739. Trading with the new shares commenced on Dec 8, 2011. The subscription period for the 2005 C warrants began on March 1, 2010 and ended on November 30, 2011.

In September, a total of 510,522 F-Secure shares were subscribed for with the C warrants attached to the F-Secure 2005 Warrant Plan. The issue of the 2005 Warrant Plan was approved by the Annual General Meeting on March 23, 2005. In aggregate the number of shares was increased by 510,522, which was registered in the Finnish Trade Register on Sep 6, 2011. F-Secure received as subscription price a total amount of EUR 755,572.56, which was recorded in the fund for the Company's distributable equity. As a result of the registering the total number of shares is 158,380,658. Trading in the new shares commenced on Sep 7, 2011.

In May, a total of 45,000 F-Secure shares were subscribed for with the C warrants attached to the F-Secure 2005 Warrant Plan. The issue of the 2005 Warrant Plan was approved by the Annual General Meeting on March 23, 2005. In aggregate the number of shares was increased by 45,000, which was registered in the Finnish Trade Register on May 24, 2011. F-Secure received as subscription price a total amount of EUR 66,600.00, which was recorded in the fund for the Company's distributable equity. As a result of this registration the total number of shares is 157,870,136. Trading in the new shares commenced on May 25, 2011.

In April, a total of 285,893 F-Secure shares were subscribed for with the C warrants attached to the F-Secure 2005 Warrant Plan. The issue of the 2005 Warrant Plan was approved by the Annual General Meeting on March 23, 2005. In aggregate the number of shares was increased by 285,893, which was registered in the Finnish Trade Register on Apr 12, 2011. F-Secure received as subscription price a total amount of EUR 423,121.64, which was recorded in the fund for the Company's distributable equity. As a result of the registering the total number of shares is 157,825,136. Trading in the new shares commenced on Apr 13, 2011.

2005 D-warrants of F-Secure Corporation were listed on the NASDAQ OMX Helsinki Ltd. and trading commenced on March 1, 2011. In connection with the 2005 Option Plan, the maximum of 4.5 million warrants will be issued which are divided into categories A, B, C and D. Each 2005 D-warrant entitles holders to subscribe to one F-Secure share at a price of EUR 2.09. The subscription price of the stock options shall, as per the dividend record date, be reduced by the amount of dividend per share. The subscription time for 2005 D-warrants began on March 1, 2011 and will end on November 30, 2012. In aggregate the 2005 D-warrants entitle holders to subscribe to 410,000 shares. The terms and conditions of stock options were published as a stock exchange release on February 17, 2011.

The total number of Company shares is currently 158,798,739. The corresponding number of shares diluted is 160,940,348 including all stock option programs. The Company's registered shareholders' equity is EUR 1,551,311.18. More information on the stock option programs is available on F-Secure's investors web pages.

Share-based incentive program

In January 2012, F-Secure announced that the Board of Directors has established for key employees a new share-based incentive program with earning periods 2011-2013. The purpose of these programs is to support the company´s strategy by aligning the interests of shareholders and key employees in order to increase the value of the company and to commit key employees to the company. The Board determines the metrics of the share-based program and may change them according to the terms and conditions of the program. Metrics for the earning period are based on results in growth of new businesses, stock performance against peer group, and earnings per share against predefined objectives.

Participants in the share-based incentive program have the possibility to receive a reward consisting of F-Secure shares and cash payment to cover associated taxes. There shall be, at maximum, a total of 2,500,000 shares and a cash payment corresponding to the registration date value of the shares. The participants in the share-based incentive program are recommended not to sell more than 50% of the received shares and to cumulate the shares from the incentive programs until the value of the shares received from the share programs equals the annual gross base salary of the employee.

F-Secure Board of Directors established a share-based incentive program with earning periods 2008-2010 for the company's key employees in 2008. Based on this program, reward payment from the 2008 period was executed on January 13, 2012. The criteria set for the earnings period were Revenues and EBIT.

Corporate Governance

F-Secure complies with the Corporate Governance recommendations for public listed companies updated on June 15, 2011 by the Securities Market Association, a body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce and NASDAQ OMX Helsinki Ltd., as explained on F-Secure's web pages. F-Secure will publish a Corporate Governance statement for 2011 in the Annual Report and on the Company website in March 2012. In this statement, the tasks and responsibilities of the Board of Directors, its Committees and other governing bodies are described in more detail.

Risks and uncertainties

F-Secure has not seen material changes in risks and uncertainties during the reporting period. Uncertainty in the economic environment may impact on the growth of broadband connections and on operators' willingness to invest in new services. These may have a negative impact on F-Secure's security and content cloud sales. The company continues to monitor closely the development in the economic and financial markets.

F-Secure's risks and uncertainties are related to, among other things, the competitiveness of F Secure's product portfolio, competitive dynamics in the industry, pricing models (e.g. free services, cost of content cloud services), impact of changes in technology, timely and successful commercialization of complex technologies as new products and solutions, the ability to protect own intellectual property (IPR) in F-Secure's solutions as well as the use of third party technologies on reasonable commercial terms, subcontracting relationships, succeeding in delivery of projects, regional development in new growth markets, sustainability of partner relationships, compromising stored personal data, service quality related penalties, risk exposure from increasing contractual liability requirements and forming of the new business areas.

Due to the longevity and complexity of project deliveries in the content cloud business, project completion timelines and related revenues are more unpredictable by nature than in the traditional security services business. This may cause risks for delivery delay penalties and may cause more variability in revenue forecasts.

Disputes and litigations

The arbitration process in Finland on a dispute regarding a distributor relationship in Brazil has been concluded. There was no material impact on the Company's financials.

Shares and shareholders

According to the shareholder register held by Euroclear Finland Ltd., F-Secure's largest shareholders at the end of 2011 were Finnish private households (57.8%), Finnish public sector institutions (18.8%), Finnish financial and insurance institutions (16.7%), foreign investors (0.2%), Finnish corporations (5.3%) and Finnish non-profit organizations (1.1%). The proportion of nominee registered shares was 8.7%. The shareholders that have more than 5% of the shares and votes in F-Secure are Risto Siilasmaa (39.7% of shares and 40.8% of voting rights), Varma Mutual Pension Insurance Company (8.1% shares and 8.3% of voting rights) and Ilmarinen Mutual Pension Insurance Company (7.4% of shares and 7.6% of voting rights).

At the end of the year, F-Secure's share price was EUR 2.01 (2.00), the lowest price during the year being EUR 1.88 and the highest being EUR 2.66. At the end of December, the market capitalization of F-Secure Corporation shares totaled EUR 319 million (315). During the year, the trading volume in 2011 was around 43 million shares (66) or around EUR 100 million (150) on the NASDAQ OMX Helsinki Ltd. The company's P/E ratio was 19.0 (23.1).

Further information on shares, the largest shareholders and the share and option holdings of the Board of Directors and the Executive team can be found on note 26 to the financial statements. Up-to-date information on major shareholders is available on the company web site.

Annual General Meeting

The Annual General Meeting of F-Secure Corporation was held on March 30, 2011. The Meeting confirmed the financial statements for the financial year 2010. The members of the Board and the President and CEO were granted a discharge from liability. In addition, the Annual General Meeting decided to distribute a dividend of EUR 0.06 per share, a total of EUR 9.3 million dividends. The dividend record date was April 4, 2011 and the payment date April 12, 2011.

The Annual General Meeting decided that the annual compensation remains on a previous year's level; for the chairman is EUR 55,000, for the chairmen of Executive and Audit Committee EUR 40,000 and for Board members EUR 30,000. Approximately 40% of the annual remuneration will be paid as company shares. It was decided that the number of Board members would be six. The following members were re-elected: Mr. Jussi Arovaara, Ms. Sari Baldauf, Mr. Pertti Ervi, Mr. Juho Malmberg, Ms. Anu Nissinen and Mr. Risto Siilasmaa. The Board elected in the first meeting Mr. Siilasmaa as the Chairman of the Board. The Board nominated Ms. Baldauf as the Chairman of the Executive Committee and Mr. Siilasmaa and Ms. Nissinen as members of the Executive Committee. Mr. Ervi was nominated as the chairman of the Audit Committee and Mr. Arovaara and Mr.Malmberg were nominated as members of the Audit Committee.

It was decided that auditor's fee will be paid against approved invoice. Ernst & Young Oy was elected the Group's auditors. APA, Mr. Erkka Talvinko is acting as responsible partner.

It was decided that the Board of Directors may pass a resolution to purchase a maximum of 10.000.000 shares of the Company. The amount represents approximately 6.3% of all the shares issued by the Company. The authorization would be valid for one year. The authorization covers the purchase of shares through public trading on the NASDAQ OMX Helsinki Ltd. in accordance with its rules or through a public tender offer made to the shareholders of the Company. The consideration payable for the shares shall be based on the market price.

The Annual General Meeting authorized the Board of Directors to decide on a transfer of a maximum of 13.307.313 own shares of the Company either against consideration or without payment. The authorization would be valid for one year. The Board of Directors is authorized to transfer the shares in deviation from the shareholders' pre-emptive rights (directed transfer) subject to the provisions of the applicable law.

It was decided by the Annual General Meeting that the Board of Directors is authorized to decide on the issuance of shares. The amount of shares to be issued based on this authorization shall not exceed 40.000.000 shares. Board of Directors decides on all the conditions of the issuance of shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The authorization is valid for 18 months.

Market view

The long term market opportunities are attractive for F-Secure. The growth in numbers of Internet users and devices connected to the Internet will drive demand for security and content cloud services.

The number of Internet users is growing and has now passed 2 billion. Global Internet penetration has kept growing and is now over 30%; in Asia 24%, in Europe close to 60%, and in North America close to 80% (source: Internet World Stats, U.S. Census Bureau, estimated in Mar. and Dec.2011). The growth of smartphones and other Internet connected devices is expected to accelerate to tens of billions during next 10 years (source: gigaom/ Ericson).

The global security software market keeps growing. The global security software revenue grew 12% in 2010 and the worldwide security software revenue totaled $16.5 billion in 2010 (Gartner Jun.2011). Growth across the security segments varied greatly. The security market is undergoing rapid evolution in terms of both new delivery models with Security as a Service showing increasing popularity and new technologies being introduced (source: Gartner July 2011).

The volume of user generated digital content is expected to continue to increase rapidly during coming years, driven by digital photos and music. The use of social media is increasing and people look for services to share, store and control of their personal data. Parks Associates forecasts that operators providing security, storage and sharing value-added services have a revenue opportunity of $1.03b 2012, increasing to $4.82b during 2015.

Based on industry analyst estimates, the Software as a Service business model is expected to continue growing strongly and to gain more market share over traditional license sales. For Operators the Software as a Service model is a natural expansion to their other service offerings. The SaaS business offers Operators the opportunity to replace revenues lost from the provision of commoditized services and to increase loyalty in the face of competitive threats from over-the-top providers and third parties.

Long-term objectives and strategy summary for 2012-2014

The Board of Directors approved F-Secure's long-term objectives and strategy for 2012-2014. According to the strategy, F-Secure's first priority is to drive growth and market expansion. F-Secure is a pioneer in Security as a Service (SaaS) business with Operators. This channel has been driving the Company's revenue growth over 10 years. Based on the company's strong technology assets in security, cloud computing and content cloud, F-Secure continues to create new innovative offerings to augment traditional security services, especially in the content cloud space.

F-Secure works together with Operators by providing security and content cloud services with which Operators can compete with Internet players. The Company's large operator network covers over 200 operator partners in over 40 countries with an addressable market of over 250 million fixed and mobile broadband customers. In addition, F-Secure's close co-operation with major mobile phone vendors and mobile phone operators provides good opportunities to benefit from the growth of the mobile Internet.

F-Secure focuses on increasing the penetration within the current operator base and continues to selectively seek partner expansion globally, especially in emerging markets. The penetration rates vary by operator; overall penetration levels are relatively low leaving substantial opportunity for growth.

The Company has revised its strategy for the next three years. The strategy forms solid ground for continuous growth and improving profitability.

Operators, including Internet service providers, mobile operators and cable operators, are the main channel for F-Secure services. F-Secure provides, through Operators, security and content cloud services that are easy and intuitive to use for mainstream consumers. This channel utilizes the presence and brand of Operators to reach millions of consumers in a cost efficient and scalable way.

Operators are competing with other Internet players and device manufacturers for consumers' share of mind. Operators' advantage is their ability to manage the continuously diverging multi-device, multi-OS environment. Also, they are able to bring services to masses and are able to support them.

The sources of F-Secure's competitive advantage include the existing operator and service provider network and relationships built over the years. Key assets include security research, experience in service provisioning in the Operator network environment and Operators' growing user base. Differentiation builds on top of the ability to combine security into storage and the Operator channel at large. By helping operators to establish local, secure and trustworthy Internet services the Company enhances its position as Operators' long-term partner.

During the strategy period the Company is aiming for double digit revenue growth (CAGR), driven by the Operator channel. The growth is expected to come from the western world and some emerging markets like Latin America.

The Company will continue its investments in the content cloud business and also in security services. In addition to mainstream operating systems, such as Android, iOS and Windows, the Company is investing in platform development. These investments ensure the scalability and competiveness of the services and allow Operators to offer F-Secure services, both PC and mobile, to a wide subscriber base. Profitability is expected to develop towards the 25% level at the end of strategy period due to improving scalability in content cloud business. F-Secure's longer term profitability level continues to be driven by revenue growth and scalable operations.

Outlook for 2012

F-Secure's Operator channel business (SaaS) is expected to continue with healthy growth rates driven by good security sales and content cloud projects with subscriber based revenues. The traditional license business is expected to continue to decline slightly as in 2011.

As overall uncertainty in the global economy and financial markets is expected to continue, this may have impact on Operators' interest to invest in new services, especially in new content cloud projects.

The management estimates annual revenue growth to be around 10%. The Company continues to prioritize growth over short term profitability and plans to invest a majority of the improved earnings back to growth opportunities in its core business.

Approximately 7 million of cost increase is arising from the end of development activations of new platforms and increased depreciations. The actual operational cost increases are fairly limited and are targeted to drive product portfolio competitiveness, build the scalability of the content cloud services and geographical expansion.

Annual profitability is expected to be around 15% of revenues and is expected to follow the usual seasonality with a better second half. The revenue estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts as well as current exchange rates.

Events after the period-end

No material changes regarding the Group's business or financial position have materialized after the end of December 2011.

Proposal for dividend distribution

The Board of Directors is proposing to the Annual General Meeting 2011, to be held on Tuesday, April 3, 2012, that a dividend of EUR 0.06 per share is to be paid from the distributable shareholders' equity. The suggested dividend record date is April 10, 2012 and the payment date April 17, 2012. The dividend payout ratio is 57%.

On December 31, 2011, the parent company distributable equity totaled EUR 36.0 million. No material changes have taken place in the company's financial position after the balance sheet date and the proposed dividend does not compromise the company's financial standing.

Helsinki, February 16, 2012

F-Secure Corporation

Board of Directors
Risto Siilasmaa
Jussi Arovaara
Sari Baldauf
Pertti Ervi
Juho Malmberg
Anu Nissinen

President and CEO
Christian Fredrikson

F-Secure's Financial Statements 2011

CONTENTS

CALCULATION OF KEY RATIOS

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

STATEMENT OF COMPREHENSIVE INCOME JAN 1–DEC 31, 2011

EUR 1,000		Consolidated, IFRS 2011	Consolidated, IFRS 2010
NET SALES	(1)	146,028	130,119
Material and service		-7,955	-8,083
GROSS MARGIN		138,073	122,036
Other operating income	(2)	1,417	988
Sales and marketing	(3,4)	-64,674	-59,584
Research and development	(3,4)	-39,319	-34,530
Administration	(3,4)	-11,899	-9,087
OPERATING RESULT		23,598	19,823
Financial income and expenses	(6)	-130	-7
Share of profit of associate	(10)	28	75
PROFIT (LOSS) BEFORE TAXES		23,496	19,890
Income taxes	(7)	-7,125	-4,643
RESULT FOR THE FINANCIAL YEAR		**16,370**	**15,247**
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of foreign operations		-21	129
Available-for-sale financial assets		120	42
Taxes related to components of other comprehensive income		-31	-11
COMPREHENSIVE INCOME FOR THE YEAR		**16,438**	**15,407**
Result of the financial year is attributable to:			
Equity holders of the parent		16,370	15,247
Comprehensive income for the year is attributable to:			
Equity holders of the parent		16,438	15,407
Earnings per share			
- basic	(8)	0.11	0.10
- diluted		0.10	0.10

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2011

EUR 1,000		Consolidated, IFRS 2011	Consolidated, IFRS 2010
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	(9)	9,072	7,465
Intangible assets	(9,11)	25,256	16,009
Goodwill	(11)	19,398	19,398
Investments in associated companies	(10)	155	163
Deferred tax assets	(12)	5,034	5,485
Other financial assets	(15)	308	295
Total non-current assets		59,223	48,814
CURRENT ASSETS			
Inventories	(13)	350	394
Trade and other receivables	(14)	36,741	28,837
Income tax receivables	(14)	1,160	860
Available-for-sale financial assets	(15)	15,993	16,819
Cash and bank accounts	(16)	12,205	16,165
Total current assets		66,450	63,075
TOTAL ASSETS		**125,673**	**111,889**

SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(17)		
Share capital		1,551	1,551
Share premium		165	165
Treasury shares		-9,002	-7,493
Fair value reserve		116	27
Translation differences		-169	-148
Reserve for invested unrestricted equity		5,051	3,187
Retained earnings		61,845	54,144
Equity attributable to equity holders of the parent		59,557	51,432
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(12)	1,617	2,024
Provisions			1
Other non-current liabilities	(19)	8,442	8,006
Total non-current liabilities		10,059	10,031
CURRENT LIABILITIES	(19)		
Trade and other payables		25,484	20,871
Income tax liabilities		739	196
Other current liabilities		29,833	29,359
Total current liabilities		56,057	50,426
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**125,673**	**111,889**

STATEMENT OF CASH FLOWS DECEMBER 31, 2011

EUR 1,000		Consolidated, IFRS 2011	Consolidated, IFRS 2010
CASH FLOW FROM OPERATIONS			
Result for the financial year		16,370	15,247
Adjustments	(22)	16,491	11,287
Cash flow from operations before change in working capital		32,861	26,534
CHANGE IN NET WORKING CAPITAL			
Current receivables, increase (-), decrease (+)		-7,586	3,003
Inventories, increase (-), decrease (+)		43	31
Non-interest bearing debt, increase (+), decrease (-)		2,389	2,491
Provisions, increase (+), decrease (-)		-1	
Cash flow from operations before financial items and taxes		27,707	32,059
Interest expenses paid		-8	-8
Interest income received		42	17
Other financial income and expenses		-69	-437
Income taxes paid		-6,874	-8,441
Cash flow from operations		20,798	23,189
CASH FLOW FROM INVESTMENTS			
Investments in intangible and tangible assets		-16,686	-10,403
Investments in subsidiary shares, net of cash acquired			-1,055
Other investments			4
Proceeds from sale of intangible and tangible assets		1	2
Proceeds from sale of other investments		5	
Cash flow from investments		-16,680	-11,453
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in share capital		1,864	108
Treasury shares		-1,509	-4,004
Dividends paid		-9,254	-9,310
Decrease in short term liabilities		-200	
Cash flow from financing activities		-9,099	-13,207
Change in cash		-4,981	-1,471
Translation difference		81	668
Cash and bank at the beginning of the period		32,831	33,591
Cash and bank at period end		27,931	32,788
Change in net fair value of current available-for-sale assets		120	42
Cash and bank at period end		28,051	32,831

STATEMENT OF CHANGES IN EQUITY DECEMBER 31, 2011

IFRS	Share capital	Share premium fund	Treasury shares	Available for sale	Transl. diff.	Unrestricted equity reserve	Retained earnings	Total equity
Equity Dec 31, 2009	1,551	169	-3,488	-5	-277	3,078	47,773	48,801
Available-for-sale financial assets, net				31				31
Translation difference					129			129
Result of the financial year							15,247	15,247
Total comprehensive income for the year				31	129		15,247	15,407
Dividends							-9,310	-9,310
Acquisition of treasury shares			-4,004					-4,004
Exercise of options						108		108
Cost of share based payments							533	533
Other changes							-103	-103
Equity Dec 31, 2010	1,551	169	-7,493	27	-148	3,186	54,141	51,432
Available-for-sale financial assets, net				89				89
Translation difference					-21			-21
Result of the financial year							16,370	16,370
Total comprehensive income for the year				89	-21		16,370	16,438
Dividends							-9,254	-9,254
Acquisition of treasury shares			-1,509					-1,509
Exercise of options						1,864		1864
Cost of share based payments							586	586
Equity Dec 31, 2011	1,551	169	-9,002	116	-169	5,050	61,843	59,557

NOTES TO THE FINANCIAL STATEMENTS

Group information

F-Secure produces software protection and Internet security services for consumers and businesses against computer viruses and other threats coming through the Internet or mobile networks, as well as online backup services preventing loss of valuable content and enabling sharing of important files.

The 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. A copy of consolidated financial statement can be received on the Internet address www.f-secure.com or from the parent company's registrant address.

In their meeting on 16 February 2012 the Board of Directors of F-Secure Corporation have agreed to permit the publication of the consolidated financial statements of F-Secure Corporation for the year 2011. According to the Finnish Companies Act, the Annual General Meeting can confirm or reject the consolidated financial statement after publication. The General Annual Meeting can also decide to change the financial statement.

ACCOUNTING PRINCIPLES

Basis for presentation

The consolidated financial statements of F-Secure Corporation of 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS- and IFRS- standards as well as SIC- and IFRIC- interpretations valid 31st of December 2011 has been followed as adopted by the EU. The disclosures also conform to Finnish Accounting legislation.

The Group has adopted the following new or amended Standards and Interpretations during the year.

Improvements to IFRSs (May 2010). There are separate transitional provisions for 7 standards, but the adoption of the improvements had no significant impact on the Group's financial statements.

IAS 32 Amendment: Financial Instruments: Presentation: Classification of Rights Issues. Amendment deals with classification of certain instruments giving the right to acquire a fixed amount in any currency. The adoption of the amended standard had no impact on the Group's financial statement.

IAS 24 Revised: Related party Disclosures. The revised standard clarifies the definition of a related party and simplifies the disclosure requirements for government-related entities. The adoption of the revised standard had no impact on the Group's financial statement.

IFRIC 14 IAS19 Amendment: The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amended interpretation deal with situations when an entity with minimum requirements makes a prepayment of contributions to cover those requirements. The amendments permit the benefit of such prepayment to be recognized as an asset. The adoption of the amended standard had no impact on the Group's financial statement.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: The interpretation clarifies accounting instructions when a borrower may enter into an agreement with a lender to issue equity instruments to the lender in order to extinguish a financial liability owed to the lender. The interpretation had no impact on the Group's financial statement.

Management judgment and use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions as well as use of judgment when applying accounting principles 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 the management's best knowledge, actual results may differ from those estimates. Possible changes in estimates and assumptions are recognized in the period when they occur.

The key judgments and assumptions concerning the future and other key sources of estimation, that have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities, are following:

- The Group has entered into commercial agreement related to storage services. The Group has determined, based on terms and conditions of the agreement that project revenue should be recognize using the percentage-of-completion method. Value of the multi-year agreement is not disclosed, while significant to F-Secure.
- impairment of assets: The key assumption used to determine the recoverable amount for goodwill, including sensitivity analysis, are further explained in note 11;
- deferred tax assets: The Group has recognized tax losses as deferred tax assets. Further details are disclosed in note 12;
- development expenditures carried forward: initial capitalization of cost is based on management's judgment on technological and economical feasibility. Further details are disclosed in note 9.
- used arguments when recognizing share-based payment transactions: the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 18.

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.

Segment reporting

The Group has one segment; data security. The segment is reported in a manner consistent with the internal reporting provided with the chief operating decision maker. The chief operating decision maker, who is responsible for the allocating resources and assessing performance, has been identified as the Executive Team that makes strategic decisions.

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 Statement of Cash Flows 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.

INTANGIBLE ASSETS

Goodwill

Mutual ownership of shares has been accounted using the acquisition method. 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 separately identifiable 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.

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. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful life of these assets is 3 years.

Other intangible assets

Intangible assets recognized separately from goodwill in acquisitions consist of technology-based intangible assets and customer-based intangible assets. The fair value was measured by using Multi-Period Excess Earnings model. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful life of these assets is 8 years.

Other intangible assets include intangible rights and software licenses. Assets with finite useful life are recorded at historical cost less accumulated depreciation. Depreciation of intangible rights is recorded on a progressive basis over the estimated useful life of an asset. Depreciation of software licenses is recorded on straight-line basis over the estimated useful life of an asset. The estimated useful lives of other intangible assets are as follows:

Intangible rights	5 years
Other intangible assets	5–10 years

Tangible assets

Other tangible assets include renovation costs of rented office space. Tangible 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 assets are as follows:

Machinery and equipment	3-8 years
Other tangible 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Government grants

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

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.

Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment losses relating to Goodwill cannot be reversed in future periods.

Pensions

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

Share-based payment transactions

In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments. Company has three kinds of incentive programs; warrant-based program, synthetic warrant-based program and a share-based program.

The Company's warrant programs cover key personnel. The warrant program reward is settled as equity-settled payment and synthetic warrant-based program as cash-settled payment. The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The cost of cash-settled transactions with employees is measured by reference to the fair value at the date of balance sheet. The fair value is determined by using the Binomial model. The cost of transactions is recognized, together with a corresponding entry in equity and liability, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves company before vesting the warrant is forfeited. The cumulative expense recognized for 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.

The share-based incentive program has been established as part of the key employee incentive and retention system inside F-Secure Group. Reward will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Cost of equity-settled transactions is measured by reference to the fair value by using market price of F-Secure Corporation share at the date on which they are granted and cost of cash-settled by using market price of F-Secure Corporation on the date of balance sheet. The cost is recognized over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the reward (end of lock-up period). The cost of equity-settle corresponding entry is recognized in equity and cost of cash-settle in liabilities. If relevant employee leaves company before fully entitled to the reward, the reward is forfeited. The cumulative expense recognized for share-based incentive program transactions at each reporting date is based on the best available estimate of the number of equity instruments that will ultimately fulfill.

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. The Group has no provisions.

Income taxes

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

Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operator's system integration and maintenance 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 service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred for work performed to date bear the estimated total project costs. If total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately. 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 to the various functions by allocating to 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.

Treasury shares

Parent company has acquired treasury shares. The cost of acquisition is recognized as a deduction in the shareholders' equity.

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 loans and receivables and available-for-sale financial asset.

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

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

Cash and cash equivalents in the Consolidated Statement of Financial position comprise cash at bank and in hand and other highly liquid short-term investments.

For the purpose of the Consolidated Statement of Cash Flows, 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 recognized at fair value. Any gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Adoption of new and revised standards

The Group has not applied the following new or revised Standards and Interpretations that have been issued, but are not yet effective. The changes have not been adopted by EU.

Amendment to IFRS 7 Disclosures-Offsetting Financial Assets Financial Liabilities: The Group expects that the adoption of the revised standard might have an impact on the Group's financial statements in the period of initial adoption. Amended standard becomes effective for financial years beginning on or after 1 July 2011.

Revised IFRS 1 First Time Adoption of IFRS: The Group expects that the adoption of the revised standard will have no impact on the Group's financial statements in the period of initial adoption. The revised standard becomes effective for financial years beginning on or after 1 July 2011.

Amendment to IAS 12 Deferred tax: Recovery of Underlying Assets: The Group expects that the adoption of the revised standard will have no impact on the Group's financial statements in the period of initial adoption. The amended standard becomes effective for financial years beginning on or after 1 January 2012.

Amendment to IAS 1 Presentation of Items of Other Comprehensive Income: The Group expects that the revised standard will have impact on the Group's financial statements in the period of initial application. Amended standard becomes effective for financial years beginning on or after 1 July 2012.

Amendment to IAS 19 Employee Benefits: The Group expects that the adoption of the revised standard will have no impact on the Group's financial statements in the period of initial adoption. The effective date of the amendment is still open.

IFRS 9 Financial Instruments: The Group expects that adoption of the revised Standard will have an impact on the disclosures of Group's financial statements in the period of initial application. Amended standard becomes effective for financial years beginning on or after 1 January 2013.

IFRS 10 Consolidated Financial Statements: The Group expects that the adoption of the revised standard will have no impact on the Group's financial statements in the period of initial adoption. The amended standard becomes effective for financial years beginning on or after 1 January 2013.

IFRS 11 Joint Arrangements: The Group expects that the revised standard might have an impact on the Group's financial statements in the period of initial application. The amended standard becomes effective for financial years beginning on or after 1 January 2013.

IFRS 12 Disclosures of Interests of Other Entities: The Group expects that the revised standard will have impact on the Group's financial statements in the period of initial application. The amended standard becomes effective for financial years beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement: The Group expects that the revised standard will have impact on the Group's financial statements in the period of initial application. The amended standard becomes effective for financial years beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements: The Group expects that the adoption of the revised standard will have no impact on the Group's financial statements in the period of initial adoption. The amended standard becomes effective for financial years beginning on or after 1 January 2013.

IAS 28 Investments in Associates and Joint Ventures: The Group expects that the revised standard will have an impact on the Group's financial statements in the period of initial application. The amended standard becomes effective for financial years beginning on or after 1 January 2013.

1. SEGMENT INFORMATION

The Group has one business segment; data security. The revenus of different geographical areas are presented by the location of the customers and the long-term assets by the location of the assets.

Sales channels

EUR 1,000 Consolidated Dec 31, 2011	Operator Channel	Other Channels	Group
Revenue from external customers	84,806	61,222	146,028
Consolidated Dec 31, 2010			
Revenue from external customers	67,109	63,010	130,119

Geographical information

Consolidated Dec 31, 2011	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Revenue from external customers	47,291	65,111	16,413	17,213	146,028
Segment long-term assets	23,663	28,387	487	1,652	54,189
Consolidated Dec 31, 2010					
Revenue from external customers	43,110	59,320	12,058	15,631	130,119
Segment long-term assets	12,658	29,231	101	1,340	43,329

2. OTHER OPERATING INCOME

EUR 1,000	Consolidated 2011	Consolidated 2010
Rental revenue	144	131
Government grants	1,187	835
Other	86	22
Total	1,417	988

3. DEPRECIATION AND REDUCTION IN VALUE

Depreciations from non-current assets, EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Other capitalized expenditure	-2,783	-2,362
Capitalized development	-503	-306
Intangible assets	-3,286	-2,668
Machinery and equipment	-2,884	-2,127
Other tangible assets	-339	-470
Tangible assets	-3,222	-2,597
Total depreciation	-6,508	-5,265
Reduction in value from non-current assets		
Other capital expenditure		
Capitalized development	-154	
Total reduction in value	-810	-101
Total reduction in value	-964	
Total depreciation and reduction in value	-7,472	-5,265
Depreciations by function		
Sales and marketing	-2,370	-2,006
Research and development	-3,978	-3,158
Administration	-160	-101
Total depreciation	-6,508	-5,265

4. PERSONNEL EXPENSES

Personnel expenses, EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Wages and salaries	-48,332	-45,923
Pension expenses - defined contribution plan	-6,681	-6,184
Share-based payments	-1,100	-785
Other social expenses	-4,951	-4,237
Total	-61,064	-57,128

Employee benefits of Management are stated in disclosure 25. Related party transactions. Share-based payments are stated in disclosure 18. Share-based payment transactions.

Average number of personnel	**878**	**835**

Personnel by function Dec 31		
Sales and marketing	410	368
Research and development	406	339
Administration	126	105
Total	942	812

5. AUDIT FEES

EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Group auditor		
Audit fees	-131	-94
Tax consulting	-32	-21
Other consulting	-102	-12
Total	-265	-127
Others		
Audit fees	-18	-16
Tax consulting	-11	-21
Total	-29	-38

6. FINANCIAL INCOME AND EXPENSES

EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Interest income	43	17
Interest expense	-5	-14
Other financial income	81	300
Exchange gains and losses	-143	-160
Other financial expenses	-106	-150
Total financial income and expenses	-130	-7
Financial income and expenses from loans and receivables		
Interest income	43	17
Interest expense	-5	-14
Exchange gains and losses	-108	-19
Total	-70	-16
Financial income and expenses from Available-for-sale financial assets		
Other financial income	74	252
Total	74	252
Components of other comprehensive income		
Available-for-sale financial assets		
Gains/(losses) arising during the year	172	121
Reclassification adjustements included in the income statement	-52	-79
Total	120	42

7. INCOME TAXES

EUR 1,000	Consolidated 2011	Consolidated 2010
Income taxes of the business activity	-7,261	-7,715
Income taxes from previous years	140	-105
Deferred tax	-3	3,177
Total	-7,125	-4,643
Components of other comprehensive income		
Available-for-sale financial assests	-31	-11

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 2011 and 2010 is as follows:

EUR 1,000	Consolidated 2011	Consolidated 2010
Result before taxes	23,496	19,890
Income taxes at statutory rate of 26%	-6,109	-5,171
Taxes on foreign subsidiaries' net income in excess of income taxes at statutory rates	-1,727	643
The change in tax rates	85	
Non-deductible expenses	-581	-339
Unrecognised tax losses	958	
Income taxes from previous years	140	-105
Other	108	329
Total	-7,126	-4,643

8. 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.

EUR 1,000	Consolidated 2011	Consolidated 2010
Net profit attributable to equity holders from continuing operations	16,370	15,247
Weighted average number of ordinary shares (1 000)	154,433	154,968
Effect of dilution: share options	3,066	3,926
Adjusted weighted average number of ordinary shares for diluted earning per share	157,499	156,894
Basic earnings per share (EUR/share)	0.11	0.10
Diluted earnings per share (EUR/share)	0.10	0.10

The weighted average number of shares take into account the effect of change in treasury shares.

9. NON-CURRENT ASSETS

Consolidated	INTANGIBLE ASSETS				TANGIBLE ASSETS		
	Other cap. expenditure	Capitalized development	Goodwill	Total	Machinery & equip.	Other Tangible	Total
Acquisition cost Jan 1, 2010	16,347	5,364	19,425	41,135	14,748	2,773	17,521
Translation difference					355	159	514
Additions	2,820	2,312		5,132	4,668	583	5,251
Disposals	-123		-27	-150	-1,760	-150	-1,910
Acquisition cost Dec 31, 2010	19,044	7,676	19,398	46,117	18,010	3,366	21,376
Translation difference	23			23	37	-6	31
Additions	5,736	7,827		13,563	4,660	302	4,962
Disposals	-446	-1,176		-1,622	-115		-115
Acquisition cost Dec 31, 2011	24,357	14,327	19,398	58,082	22,592	3,662	26,254
Acc. depreciations Jan 1, 2010	-5,652	-2,531		-8,183	-11,218	-1,655	-12,873
Translation difference	21			21	-261	-40	-302
Depreciation of the financial year	-2,074	-598		-2,672	-2,139	-482	-2,621
Depreciation of decreases	123			123	1,735	150	1,884
Acc. depreciations Dec 31, 2010	-7,583	-3,129		-10,711	-11,883	-2,028	-13,912
Translation difference	-22			-22	-29	2	-27
Depreciation of the financial year	-2,786	-503		-3,290	-2,850	-396	-3,246
Depreciation of decreases	383	1,177		1,560	3		3
Reduction in value	-154	-811		-965			
Acc. depreciations Dec 31, 2011	-10,163	-3,267		-13,428	-14,759	-2,422	-17,183
Book value as at Dec 31, 2010	11,461	4,547	19,398	35,406	6,127	1,338	7,464
Book value as at Dec 31, 2011	14,194	11,061	19,398	44,654	7,833	1,239	9,071

10. INVESTMENT IN ASSOCIATE

EUR 1,000	Consolidated 2011	Consolidated 2010
Book value as at Jan 1	163	99
Share of associated companies' results	-8	64
Book value as at Dec 31	155	163

Associate's balance sheet, revenue and profit		
Assets	768	1,022
Liabilities	324	553
Revenue	1,745	1,979
Profit	81	213

Associated companies	Group (%)	Group (%)
Vineyard International Ltd, Helsinki Finland	34.83	34.83

11. IMPAIRMENT TESTING OF GOODWILL

In impairment testing the Group's assets are tested against the Group's total generated cash flow.

The cash flow estimates have been reviewed by the management and cover the next five years. The estimates are based on 2011 planning and after that revenue growth of 7% during 2012-2016, and after that terminal growth of 1%. The CAGR of 6,5 % growth is based on Gartner's estimation of revenues for the consumer and enterprise antivirus business globally during 2007-2014 (source: Gartner, 2010). The profitability is based on past years' profitability level, 2012 planning and longer term communicated profitability target level. The used discount rate is 12,3% before taxes. The impairment test, based on these assumptions, show no need to impair assets and/or goodwill.

Sensitivity to changes in assumptions

The main parameters in the calculations are profitability, growth rate and discount rate. If the revenue growth was as calculated and the profitability would decline below 8%, or if the profitability level remained the same, and the revenue would decline by 11% compared to previous year (year after year) in 2011-2016, the discounted amount would meet the book value. Test is not practically sensitive to discount rate.

12. DEFERRED TAX

EUR 1,000	Consolidated 2011	Consolidated 2010
Deferred tax assets		
Other temporary differences	4,522	1,313
Losses carried forward	512	4,172
Total	5,034	5,485
Deferred tax assets, changes in year:		
Recognized in profit or loss	-451	2 924
Recognized in other comprehensive income		-2
Deferred tax liability		
Other temporary differencies	190	22
Fair value adjustments on acquisition	1,391	1,992
Tax charged to shareholders' equity		
Change in fair value, available-for-sale	36	9
Total	1,617	2,024
Deferred tax liabilities, changes in year:		
Recognized in profit or loss	-433	-257
Recognized in other comprehensive income	27	9

At December 31, 2011 the Group had 6.5 million euro losses carried forward that are available indefinitely for offset against future taxable profits in the companies in which the losses arose. Deferred tax assets have been recognized of 1.5 million losses as they may be used to offset future taxable profits.

The change of Finnish corporate tax percentage from 26 % to 24.5 % as of the 1st of January 2012, has been taken into account when accounting deferred taxes.

13. INVENTORIES

EUR 1,000	Consolidated 2011	Consolidated 2010
Other inventories	350	394

No impairment was recognized from inventories in years 2011 and 2010.

14. RECEIVABLES

EUR 1 000	Consolidated 2011	Consolidated 2010
Non-current		
Loan receivables	308	295
Total	308	295
Current receivables		
Trade receivables	31,542	24,378
Loan receivables	16	10
Other receivables	1,049	1,243
Prepaid expenses and accrued income	4,135	3,206
Accrued income tax	1,160	860
Total	37,901	29,697

Trade receivables

As at 31 December 2011, trade receivables at nominal value of 628 thousand eur (2010: 508 thousand eur) were impaired and fully provided for.

Book value as at Jan 1	508	484
Charge for the year	270	241
Utilised	-151	-218
Book value as at Dec 31	628	508

Ageing analysis of trade receivables	Total	Not due	Past due < 90 days	Past due > 90 days
As at 31 Dec, 2011	31,542	25,053	5,945	544
As at 31 Dec, 2010	24,378	18,068	6,082	227

Material items included in prepaid expenses and accrued income		
Prepaid expenses	2,221	1,125
Prepaid expenses, royalty	1,914	2,081
Total	4,135	3,206

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.

EUR 1,000	Consolidated 2011	Consolidated 2010
Fair value as at Jan 1	16,819	17,643
Additions/deductions, net	-981	-860
Change in fair value	155	36
Fair value as at Dec 31	15,993	16,819
Shares - unlisted	146	153
Maturity date less than 3 months	15,847	16,667
Fair value as at Dec 31	15,993	16,819
Acquisition value as at Dec 31	15,837	16,782

16. CASH AND SHORT-TERM DEPOSITS

EUR 1,000	Consolidated 2011	Consolidated 2010
Cash at bank and in hand	12,205	16,165

Available-for-sale financial assets are recognized as liquid short-term investments and are 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 Statement of Cash Flows, cash and cash equivalents comprise the following at December 31:

EUR 1,000	Consolidated 2011	Consolidated 2010
Cash at bank and in hand	12,205	16,165
Available-for-sale	15,847	16,667
Total	28,051	32,831

17. SHAREHOLDERS' EQUITY

During the year, ordinary shares were subscibed with warrants attached to F-Secure option programs and converted as follows.

Issued and fully paid

EUR 1,000	Number of shares	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Total
31.12.2009	155,919,797	1,551	166	3,079	3,488	8,284
Exercise of options	70,000			108		108
Acquisition of treasury shares	-1,757,867				4,004	4,004
31.12.2010	154,231,930	1,551	166	3,187	7,492	12,396
Exercise of options	1,259,496			1,864		1,864
Acquisition of treasury shares	-700,000				1,509	1,509
31.12.2011	154,791,426	1,551	166	5,051	9,001	15,769

The share capital amounted to 1,551,311 euro and the number of shares was 158,798,739 (including own shares 4,007,313) at the end of the year 2011. A share has no nomibal value. Accountable par value is EUR 0.01.

Share premium fund
Proceeds from exercised warrants were recognized under the share capital and share premium fund until March 26, 2008.

Unrestricted equity reserve
On March 20, 2007, the shareholders' meeting decided to decrease the share premium fund. The decreased amount of 33,582 thousand euro was transferred to unrestricted equity reserve. On March 26, 2008, the shareholders' meeting decided that the total amount of the subscription prices paid for new shares issued after the date of the meeting, based on stock options under the F-Secure Stock Option Plan 2005, be recorded in companys' unrestricted equity reserve. On October 28, 2008, the extraordinary shareholders' meeting decided that assets from the invested unrestricted equity will be distributed to shareholders EUR 0.23 per share. The amount of the distribution was in total 35,719 thousand euro for all outstanding shares, altogether 155,301,612 shares.

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

Dividends proposed and paid

Proposed for approval at AGM for year 2011 0.06 euro per share.

Final dividend for year 2010 0.06 euro per share, paid during the year 2011: 9,253,916 euro

Final dividend for year 2009 0.06 euro per share, paid during the year 2010: 9,310,086 euro

Treasury shares

The cost of acquistion is recognised as a deduction in the shareholders' equity. The shares were acquired through public trading on NASDAQ OMX Helsinki in accordance with its rules and at market price.

Based on authorization of the shareholders' meeting on March 30, 2011 parent company has acquired treasury shares during the period as follows.

Time

EUR 1,000	Number of shares	Acquisition cost	Average acquisition price €	Range of acquisition price €
June 2011	160,090	380	2.37	2.22-2.46
July 2011	36,700	88	2.39	2.22-2.52
August 2011	233,778	482	2.06	1.93 - 2.29
September 2011	116,477	233	2.00	1.89 - 2.12
October 2011	65,500	139	2.07	1.89 - 2.19
November 2011	87,455	188	2.14	2.08- 2.19
	700,000	1,509		

The total number of acquired treasury shares was 4,007,313 at the end of the year 2011. This represent 2.5 percent of the Company's voting power on December 31, 2011.

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, 2009	-6	1	-5	-5
Available-for-sale, net	36	-9	26	26
Fair value gains/losses to PL	7	-2	5	5
Equity Dec 31, 2010	36	-10	26	26
Available-for-sale, net	137	-35	102	102
Fair value gains/losses to PL	-17	4	-13	-13
Equity Dec 31, 2011	156	-41	115	115

18. SHARE-BASED PAYMENT TRANSACTIONS

During the period the Group have had three different incentive plans which cover the key personnel.

Warrant programs

The Company has had warrant programs since April 1998. During the period the Group had two warrant programs. The Company's warrant programs cover the key personnel. If the holder of the warrant leaves the company before vesting, the warrant is forfeited.

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

Option scheme 2005

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 2.8 percent of the Company's share capital and voting power on December 31, 2011. 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 OMX The Nordic Exchange, Helsinki 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. The subscription period of 2005A expired on November 30, 2009. The subscription period of 2005B expired on November 30, 2010. The subscription period of 2005C expired on November 30, 2011.

Plan	Issued	Category	Start	End	Exercise price
		2005A	1.3.2008	30.11.2009	1.43
		2005B	1.3.2009	30.11.2010	2.72
		2005C	1.3.2010	30.11.2011	1.48
		2005D	1.3.2011	30.11.2012	2.03
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 2,141,609 shares on aggregate or 1.3 percent of the Company's share capital after dilution. 2.7 million warrants have been issued from current warrant program (22.0 million totally) as of December 31, 2011. 1.7 million warrants are held by the subsidiary company DF-Data Oy.

Options outstanding and weighted average exercise price	Jan 01–Dec 31, 2011		Jan 01–Dec 31, 2010	
EUR 1,000	Number of options	Weighted average exercise price €	Number of options	Weighted average exercise price €
Outstanding Jan 01	**1,725,000**	**1.67**	**1,993,760**	**1.85**
Granted			100,000	2.09
Forfeited	5,000	1.48	20,000	1.54
Exercised	1,259,496	1.48	70,000	1.54
Expired	50,504	1.48	278,760	2.72
Outstanding Dec 31	**410,000**	**2.03**	**1,725,000**	**1.67**
Exercisable Dec 31	410,000	2.03	1,315,000	1.54

For options exercised during the period the weighted average share price was 2.11 euro (2.06 euro in year 2010). Options were execised on a regular basis throughout the period. The Group received 1,864 thousand euro for exercised option, which was recorded to unrestricted equity reserve (108 thousand euro to unrestricted equity reserve in year 2010).

The options outstanding by range of exercise prices

December 31, 2011				December 31, 2010			
Exercise price €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price €	Exercise price €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price €
1.43–1.60				1.43 - 1.60	1,315,000	0.92	1.54
2.03 - 2.78	410,000	0.92	2.03	2.09 - 2.78	410,000	1.92	2.09
	410,000				1,725,000		

Expense arising from share-based payment transactions during the period was 27 thousand euro (76 thousand euro in year 2010). The weighted fair value of options granted at the date of grant date was 0.22 euro in year 2010.

Synthetic option-based incentive program

The synthetic option-based incentive program has been established on February 2009 as part of the key employee incentive and retention system within F-Secure Group. The program offers for the participants a possibility to receive synthetic options of F-Secure Corporation as a long-term incentive compensation. No reward can be given to any participating employee, whose employment has terminated before the end of the vesting period. The synthetic option-based incentive program will last five years. It comprises three granting periods and subsequent vesting period of two years after each granting year. The program ends on December 31, 2013. Within the framework of the program, the aggregate number of options to be given as reward cannot exceed 5 million. The actual compensation is the difference of subscription price and the vesting price, and will be paid to the participating employees as a cash-settled payment. The subscription price of the synthetic option is the weighted average share price in the period of October to December prior to the granting year. The vesting price is the weighted average share price in period of September to November prior to the payment month. The subscription price for the granting period of 2009 is 2.17 euro. The subsription price for the granting period of 2010 is 2.27 by Board decision on November 30, 2010. The subscription price for the granting period of 2011 is 2.10.

Options outstanding

	Jan 01–Dec 31, 2011
Outstanding Jan 01	1,535,000
Granted	910,000
Forfeited	55,000
Expired	570,000
Outstanding Dec 31	1,820,000

	Jan 01–Dec 31, 2010
Outstanding Jan 01	600,000
Granted	950,000
Forfeited	15,000
Outstanding Dec 31	1,535,000

Expense arising from share-based payment transactions during the period was -10 thousand euro (36 thousand euro in year 2010).The carrying amount of liability at December 31, 2011 was 48 thousand euro.

The fair value of options granted during the period was determined by using the Binomial model. Used arguments:

Option scheme 2005

EUR 1,000	2011	2010
Weighted average share price €	-	2.00
Weighted average exercise price €	-	2.06
Expected volatility	-	20.37%
Option life in years	-	2.0
Risk-free interest rate	-	1.55%
Expected dividends	-	-

Synthetic option programme

Weighted average share price €	2.02	2.00
Weighted average exercise price €	-	-
Expected volatility	25.02%	20.37%
Option life in years	2.0	2.0
Risk-free interest rate	1.32%	1.55%
Expected dividends	-	-

Expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Based on previous years, the company has estimated that 2-3% of granted options will be forfeited.

Share-based incentive program

During the period the Group had two share-based incentive programs. The share-based incentive program has been established as part of the key employee incentive and retentio system within F-Secure Group. The programs will offer for the participants a possibility to receive shares of F-Secure Corporation as an incentive reward if the Company's financial targets set for the earning period have been achieved. No reward can be given to any participating employee, whose employment has terminated before the end of the lock-up period.

The share-based incentive program 2008-2010 has been established on May 2008. The program will last six years. It comprises threearning and lock-up periods. The participating employee may not sell or transfer the shares received before the end of the lock-up period on each earnings period. The program ends on December 31, 2013. The rewards will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Within the framework of the program, the aggregate number of shares to be given as reward cannot exceed 5 million shares.

The share-based incentive program 2011 has been established on March 2011. The program will last six years. It comprises three earning and lock-up periods. The program ends on December 31, 2015. The rewards will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. The participants in the share-based incentive program are recommended not to sell more than 50% of the received shares and to cumulate the shares received from the share program equals the annual gross base salary of the employee. On the basis of the program maximum total of 2,500,000 shares and a cash payment corresponding the registration date value of the shares shall be given as reward.

The participating employee shall be entitled to the shareholder rights of to the reward shares from the moment the shares have been entered into the participating employee's book-entry account.

Expense arising from the share-based payment transactions during the period was 1,062 thousand euro (672 thousand euro in year 2010). The costs of the equity-settled transactions are measured by reference to the fair value of the F-Secure Corporation share at the date on which they are granted. The costs of cash-settled transactions are measured by reference to the fair value of the F-Secure Corporation share on the date of balance sheet.

19. LIABILITIES

Non-current liabilities EUR 1,000	Consolidated 2011	Consolidated 2010
Deferred revenues	8 442	7 806
Other liabilities		200
Total	8,442	8,006
Current liabilities		
Deferred revenues	29,833	29,359
Trade payables	7,674	4,600
Other liabilities	1,457	2,023
Accrued expenses	16,353	14,249
Income tax liabilities	739	196
Total	56,057	50,426
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	11,839	10,361
Deferred royalty	999	903
Accrued expenses	3,515	2,984
Total	16,353	14,249

20. FINANCIAL ASSETS AND LIABILITIES

EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Loans and other receivables	324	305
Trade receivables	31,542	24,378
Available-for-sale financial assets	15,993	16,819
Cash and bank accounts	12,205	16,165
Trade payables	-7,674	-4,800
Total	52,390	52,867

The carrying amounts of the Group's financial instruments are equivalent to fair values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial intruments by valuation technique

Level 1: Quouted prices in active markets for indentical assets or liabilities
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: Techinques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets 31 Dec 2011	15,993	15,847	-	146
Available-for-sale financial assets 31 Dec 2010	16,819	16,667	-	153

During the reporting period ending 31 December 2011, there were no transfers between levels.

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 CEO, the management and finally 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 and collected 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. See note 14. Receivables

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 use forward currency contracts to eliminate the currency exposure of the estimated cash flow of these currencies for a period of six months.

Derivatives
Currency instruments – Currency forward contract

EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Nominal value	3,008	1,691
Fair value	-95	26

F-Secure Corporation has hedged receivables denominated in USD, JPY, SEK and GBP with a forward rate contract. The forward rate contracts expires on January 19 and April 19, 2012. 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.

Sales in different currencies

%	Consolidated, IFRS 2011	Consolidated, IFRS 2010
EUR	65	68
SEK, GBP	12	11
USD, JPY	18	17
Other currencies	6	4
	100	100

The risk involved in the sales in foreign currency is notabaly diminished by the operational expenses in subsidiaries that use the same currency.

Financial assets and liablilities in different currencies

%	Consolidated, IFRS 2011	Consolidated, IFRS 2010
EUR	67	70
SEK, GBP	7	7
USD, JPY	20	20
Other currencies	6	4
	100	100

The table below demonstrates how sensitive the Group's profit before taxes is to reasonably possible changes in the USD, JPY, SEK and GBP exchange rate, assuming that all other variables are held constant. The analysis is based +/- 10% exchange rate change, on trade receivables and includes forward currency contracts.

USD, JPY	+445/-445	+338/-338
GBP, SEK	+378/-378	+225/-225

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. Investments are made in creditworthy funds. These available-for-sale investments are exposed 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.

Capital management

The objective of the Group's capital management is to maintain an efficient capital structure that ensures the functioning of business operations and promotes the increase of shareholder value. Reviewing the capital structure of the Group is part of the process for monitoring financial performance. The objective of the Group is to improve its current capital structure.

AGM 2007 made a decision to decrease the share premium to distributable equity. This enabled the Group to employ various actions to improve the efficiency of the equity; and/or to return the equity to shareholders. EGM 2008 made a decision that assets from the distributable equity will be distributed to shareholders EUR 0.23 per share totalling 35,719 thousand euro.

According to the dividend policy of F-Secure Corporation, approximately half of its annual profit is paid as dividend. Subject to circumstances, the company may deviate from this policy.

22. NOTES TO CASH FLOW STATEMENT

Adjustments

EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Deferred income	704	430
Depreciation and amortization	6,503	5,265
Profit/loss on sale of fixed assets	1,190	22
Other adjustments	838	920
Financial income and expenses	130	7
Income taxes	7,125	4,642
Total	16,491	11,287

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

EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Within one year	5,846	5,266
After one year but not more than five years	12,656	11,920
Total	18,502	17,186
Rents during the period	4,596	4,042

24. CONTINGENT LIABILITIES

Other liabilities

EUR 1,000	Consolidated, IFRS 2011	Consolidated, IFRS 2010
Others	237	375

Legal claims

The arbitration process in Finland on a dispute regarding a distributor relationship in Brazil has been concluded. There was no material impact on Company's financials.

25. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group

EUR 1,000		
Wages and other short-term employee benefits	2,734	2,457
Share-based payments	589	376
Total	3,324	2,833
Wages and other short-term employee benefits		
Managing directors	827	572
Members of the boards of directors	225	225

Board of directors 2011 and managing director	Wages	Fees	Incentive reward	Other compensations
Kimmo Alkio, managing director	626	-	-	-
Risto Siilasmaa, chairman of the board	-	55	-	-
Jussi Arovaara	-	30	-	-
Sari Baldauf	-	40	-	-
Pertti Ervi	-	40	-	-
Juho Malmberg	-	30	-	-
Anu Nissinen	-	30	-	-
Total	626	225	0	0

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

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

Name	Country of incorporation	Group (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure (UK) Ltd, London	Great-Britain	100
F-Secure KK, Tokyo	Japan	100
F-Secure GmbH, München	Germany	100
F-Secure eStore GmbH, München	Germany	100
F-Secure SARL, Maisons-Laffitte	France	100
F-Secure SDC SAS, Bordeaux	France	100
F-Secure France SARL, Maisons-Laffitte	France	100
F-Secure BVBA, Heverlee-Leuven	Belgium	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o.,Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, Hyderabad	India	100
F-Secure Pte Ltd, Singapore	Singapore	100
F-Secure B.V., Utrecht	The Netherlands	100
F-Secure Limited, Hong Kong	Hong Kong	100
F-Secure Pty Limited, Sydney	Australia	100
F-Secure Iberia SL, Barcelona	Spain	100
F-Secure do Brasil Tecnologia da Informãcao Ltda	Brazil	100

26. SHARES AND SHAREHOLDERS

Shares and share ownership distribution, December 31, 2011

Shares	Number of shareholders	Percentage of shareholders	Total shares	Percentage of shares
1-100	3,177	14.10	207,533	0.13
101-1 000	14,863	65.95	5,425,176	3.42
1 001-10 000	4,187	18.58	11,825,807	7.45
10 001-50 000	240	1.06	4,887,406	3.08
50 001-100 000	28	0.12	2,099,470	1.32
100 001-	41	0.18	134,353,347	84.61
Total	22,536	100.00	158,798,739	100.00

Shareholder category, December 31, 2011	Total shares	Percentage of shares
Corporations	8,430,505	5.31
Financial and insurance institutions	26,584,264	16.74
General government	29,814,348	18.77
Non-profit organizations	1,799,644	1.13
Households	91,851,814	57.84
Other countries and international organizations	318,164	0.20
Total	158,798,739	100.00

Largest shareholders and administrative register

Owner	Shares	% shares	% votes
Risto Siilasmaa	63,086,166	39.73	40.76
Varma Mutual Pension Insurance Company	12,783,607	8.05	8.26
Ilmarinen Mutual Pension Insurance Company	11,802,898	7.43	7.63
The State Pension Fund	5,000,000	3.15	3.23
Mandatum Life Insurance Company Limited	4,410,781	2.78	2.85
Ari Hyppönen	3,843,332	2.42	2.48
Ismo Bergroth	3,000,000	1.89	1.94
Nordea Nordic Small Cap Fund	1,833,430	1.15	1.18
Kaleva Mutual Insurance Company	1,407,787	0.89	0.91
OP-Finland Small Firms Fund	1,308,122	0.82	0.85
Administrative register			
Skandinaviska Enskilda Banken	5,465,004	3.44	3.53
Nordea Bank Finland Plc.	4,936,810	3.11	3.19
Svenska Handelsbanken AB	2,249,526	1.42	1.45
Other registers	1,172,055	0.74	0.76
Other shareholders	32,491,908	20.46	20.99
Total	154,791,426		100.00
Own shares F-Secure Corporation	4,007,313	2.52	
Total	158,798,739	100.00 %	

Ownership of management

Board of Directors	Shares	% shares	Warrants	% shares
Risto Siilasmaa	63,086,166	39.73	-	-
Jussi Arovaara	9,571	0.01	-	-
Sari Baldauf	99,601	0.06	-	-
Pertti Ervi	35,601	0.02	-	-
Juho Malmberg	29,202	0.02	-	-
Anu Nissinen	9,571	0.01	-	-
Total	63,269,712	39.84	-	-

Executive team	Shares	% shares	Warrants	% shares
Pirkka Palomäki	1,964	-	60,000	0.04
Ari Alakiuttu	-	-	40,000	0.03
Tuomas Hyyryläinen	-	-	100,000	0.06
Samu Konttinen	-	-	20,000	0.01
Maria Nordgren	-	-	-	-
Kari Penttilä	50	-	-	-
Antti Reijonen	35,000	0.02	-	-
Patrik Sallner	-	-	-	-
Taneli Virtanen	15,000	0.01	15,000	0.01
Total	52,014	0.03	235,000	0.15

Ownership of management

The Board of Directors and CEO owned a total of 63.271.676 shares on December 31, 2011. This represents 39.8 percent of the Company's shares and 40.9 percent of votes. In addition, the warrants of the management accounted for 0.2 percent of the total amount of F-Secure shares. With these stock options 235,000 new shares can be issued.

27. KEY RATIOS

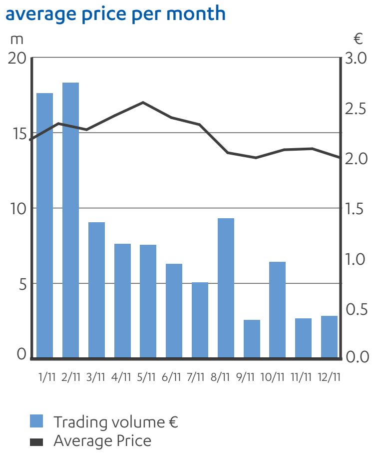
Economic indicators	IFRS 2011	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007
Net sales (MEUR)	146.0	130.1	125.1	113.0	96.8
Net sales growth %	12	4	11	17	20
Operating result (MEUR)	23.6	19.8	24.0	24.3	19.5
% of net sales	16.2	15.2	19.2	21.5	20.1
Result before taxes	23.5	19.9	25.2	26.4	21.4
% of net sales	16.1	15.3	20.1	23.4	22.1
ROE (%)	29.5	30.3	32.2	36.0	25.4
ROI (%)	44.3	42.5	45.0	51.5	36.3
Equity ratio (%)	68.1	69.1	69.8	71.3	81.6
Investments (MEUR)	18.7	10.4	37.2	3.1	2.2
% of net sales	12.8	8.0	29.7	2.7	2.3
R&D costs (MEUR)	39.3	34.5	28.0	25.5	21.2
% of net sales	26.9	26.5	22.4	22.6	21.9
Capitalized development (MEUR)	7.8	2.3	1.7	0.5	0.1
Gearing %	-47.1	-63.2	-68.5	-148.5	-124.6
Wages and salaries (MEUR)	48.3	45.9	39.7	35.8	29.9
Personnel on average	878	835	770	652	528
Personnel on Dec 31	942	812	826	718	566

Key ratios					
Earnings / share (EUR)	0.11	0.10	0.12	0.13	0.10
Earnings / share diluted	0.10	0.10	0.12	0.12	0.10
Shareholders' equity per share	0.38	0.33	0.31	0.26	0.44
Dividend per share *)	0.06	0.06	0.06	0.07	0.07
Dividend per earnings (%)	54.5	60.0	50.0	53.8	70.0
Effective dividends (%)	3.0	3.0	2.2	3.7	2.9
P/E ratio	19.0	23.1	22.8	14.9	24.6
Share price, lowest (EUR)	1.88	1.97	1.86	1.73	1.83
Share price, highest (EUR)	2.66	2.93	3.14	3.05	2.79
Mean share price (EUR)	2.26	2.27	2.43	2.39	2.32
Share price Dec 31	2.01	2.00	2.74	1.88	2.45
Market capitalization (MEUR)	319.2	315.1	431.5	293.4	379.9
Trading volume (millions)	42.6	65.9	55.5	64.5	80.3
Trading volume (%)	27.6	42.5	35.6	41.5	51.8

Adjusted number of shares					
average during the period	154,432,955	154,967,615	155,770,113	155,301,688	155,040,771
average during the period, diluted	157,499,090	158,893,701	160,248,717	161,464,443	161,464,443
Dec 31	158,798,739	157,539,243	157,469,243	156,077,161	155,056,338
Dec 31, diluted	160,940,348	160,990,852	161,269,612	161,270,407	161,464,443

*) Board proposal

Share trading volume and average price per month



INCOME STATEMENT JAN 1–DEC 31, 2011

EUR 1,000		FAS 2011	FAS 2010
NET SALES	(1)	**128,694**	**117,891**
Material and service		-8,565	-8,765
Gross margin		120,128	109,126
Other operating income	(2)	2,368	2,171
Sales and marketing	(3,4)	-55,466	-46,209
Research and development	(3,4)	-31,685	-28,828
Administration	(3,4)	-34,266	-8,214
Operating result		**1,080**	**28,046**
Financial income and expenses	(6)	-183	101
Profit (loss) before appropriations and taxes		**897**	**28,147**
Change in depreciation reserve		**-729**	
Income taxes	(7)	-6,390	-7,564
Result for the financial year		**-6,222**	**20,582**

BALANCE SHEET DECEMBER 31, 2011

EUR 1,000		FAS 2011	FAS 2010
ASSETS			
Non-current assets			
Intangible assets	(8)	30,986	8,648
Tangible assets	(8)	4,173	3,789
Investments in associated companies	(9)	42	42
Investments in group companies	(9)	10,244	34,244
Total non-current assets		45,444	46,723
Current assets			
Inventories	(11)	350	394
Long-term receivables	(12)	719	715
Short-term receivables	(12)	34,772	35,664
Short-term investments	(13)	14,674	16,817
Cash and bank accounts	(14)	6,598	7,630
Total current assets		57,113	61,220
Total assets		**102,558**	**107,943**
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity	(15,16)		
Share capital		1,551	1,551
Share premium		165	165
Treasury shares		-9,002	-7,493
Fair value reserve		101	27
Reserve for invested unrestricted equity		5,051	3,187
Retained earnings		46,157	34,828
Profit for the financial year		-6,222	20,582
Total shareholders' equity		37,801	52,847
Appropriations			
Depreciation reserve		729	
Liabilities			
Deferred tax liabilities	(18)	36	9
Long-term liabilities	(18)	6,641	6,592
Short-term liabilities	(18)	57,351	48,494
Total liabilities		64,028	55,096
Total shareholders’ equity and liabilities		**102,558**	**107,943**

CASH FLOW STATEMENT DECEMBER 31, 2011

EUR 1,000	FAS 2011	FAS 2010
CASH FLOW FROM OPERATIONS		
Result for the financial year	-6,222	20,582
Adjustments	37,908	11,270
Cash flow from operations before change in working capital	31,686	31,852
Change in net working capital		
Current receivables, increase (-), decrease (+)	1,173	-6,710
Inventories, increase (-), decrease (+)	43	29
Non-interest bearing debt, increase (+), decrease (-)	5,642	3,233
Cash flow from operations before financial items and taxes	38,545	28,404
Interest expenses paid	-2	-1
Interest income received	94	21
Other financial income and expenses	61	-342
Income taxes paid	-6,610	-7,944
Cash flow from operations	32,088	20,137
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-26,505	-8,106
Investments in subsidiary shares		-3
Other investments	6	2
Proceeds from sale of intangible and tangible assets	1	2
Dividends received	38	12
Cash flow from investments	-26,460	-8,093
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital	1,864	108
Treasury shares	-1,509	-4,004
Dividends paid	-9,254	-9,310
Cash flow from financing activities	-8,899	-13,207
Change in cash	-3,270	-1,163
Cash and bank at the beginning of the period	24,295	25,415
Cash and bank at period end	21,025	24,253
Change in net fair value of current available-for-sale assets	101	42
Cash and bank at period end	21,126	24,295

NOTES TO THE FINANCIAL STATEMENTS

Corporate information

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

The parent company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. 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 the parent company's registrant address.

ACCOUNTING PRINCIPLES

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

Foreign currency translation

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

Tangible and intangible assets

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

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

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

Research and development costs

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

Inventories

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

Leases

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

Pensions

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

Share-based payment transactions

In the Company's industry it is common practice internationally that incentives are provided to employees in the form of equity-settled share-based instruments. Company has three kinds of incentive programs; warrant-based program, synthetic warrant-based program and a share-based program.

The Company's warrant programs cover key personnel. The synthetic warrant-based program is settled as cash-settled payment. The cost of cash-settled transactions with employees is measured by reference to the fair value at the date of balance sheet. The fair value is determined by using the Binomial model. The cost of transactions is recognized, together with a corresponding entry in liability, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves company before vesting the warrant is forfeited. The cumulative expense recognized for 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.

The share-based incentive program has been established as part of the key employee incentive and retention system inside F Secure. Reward will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Cost of cash-settled transactions is measured by reference to the fair value by using market price of F Secure Corporation share on the date of balance sheet. The cost is recognized over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the reward (end of lock-up period). The cost of cash-settle corresponding entry is recognized in liabilities. If relevant employee leaves company before fully entitled to the reward, the reward is forfeited. The cumulative expense recognized for share-based incentive program transactions at each reporting date is based on the best available estimate of the number of equity instruments that will ultimately fulfill.

Income taxes

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

Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operator's system integration and maintenance 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 service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred for work performed to date bear the estimated total project costs. If total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately. 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 to the various functions by allocating directly to allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of average headcount in each location.

Treasury shares

Company has acquired treasury shares. The cost of acquisition is recognized as a deduction in the shareholders' equity.

Financial assets

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

1. NET SALES

Geographical information

EUR 1,000	FAS 2011	FAS 2010
Finland and Scandinavia	45,227	41,283
Rest of Europe	60,731	57,897
North America	10,483	7,258
Rest of the world	12,253	11,453
Total	128,694	117,891

2. OTHER OPERATING INCOME

EUR 1,000	FAS 2011	FAS 2010
Rental revenue	36	46
Government grants	778	835
Other	1,554	1,290
Total	2,368	2,171

3. DEPRECIATION AND REDUCTION IN VALUE

Depreciations from non-current assets

EUR 1,000	FAS 2011	FAS 2010
Other capital expenditure	-2,532	-1,094
Capitalized development	-278	-209
Intangible assets	-2,810	-1,303
Machinery and equipment	-1,792	-1,376
Tangible assets	-1,792	-1,376
Total depreciation	-4,602	-2,679
Reduction in value from non-current assets		
Other capital expenditure	-154	
Capitalized development	-810	
Total reduction in value	-964	
Total depreciation and reduction in value	**-5,566**	**-2,679**
Depreciations by function		
Sales and marketing	-2,337	-1,148
Research and development	-2,105	-1,430
Administration	-160	-101
Total depreciation	-4,602	-2,679

4. PERSONNEL EXPENSES

Personnel expenses

EUR 1,000	FAS 2011	FAS 2010
Wages and salaries	-26,968	-26,445
Pension expenses	-4,993	-4,707
Other social expenses	-1,603	-1,492
Total	-33,563	-32,643
Compensation of key management personnel		
Wages and other short-term employee benefits	-2,381	-2,008
Wages and other short-term employee benefits		
Managing director	-626	-372
Members of the boards of directors	-225	-225

Wages and other short-term employee benefits of the board of directors and managing director see group disclosure 25. Related party disclosure
The CEO's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The period of notice for the CEO is twelve (12) months both ways and there are no separate compensations for dismissal.

EUR 1,000	FAS 2011	FAS 2010
Average number of personnel	428	438
Personnel by function Dec 31		
Sales and marketing	173	143
Research and development	254	223
Administration	40	35
Total	467	401

5. AUDIT FEES

EUR 1,000	FAS 2011	FAS 2010
Audit fees	-97	-76
Tax consulting	-32	-17
Other consulting	-102	-12
Total	-231	-105

6. FINANCIAL INCOME AND EXPENSES

EUR 1,000	FAS 2011	FAS 2010
Interest income	95	71
Interest expense	-93	-53
Other financial income	76	254
Dividends	38	442
Exchange gains and losses	-237	-550
Other financial expenses	-61	-63
Total	-183	101

7. INCOME TAXES

EUR 1,000	FAS 2011	FAS 2010
Income taxes of the business activity	-6,505	-7,479
Income taxes from previous years	115	-85
Total	-6,390	-7,564
Result before taxes	897	28,147
Income taxes at statutory rate of 26%	-233	-7,318
Non-deductible expenses	-6,272	-76
Income taxes from previous years	115	-85
Other		-84
Total	-6,390	-7,564

8. NON-CURRENT ASSETS

	INTANGIBLE ASSETS			TANGIBLE ASSETS		
	Other cap. expenditure	Capitalized development	Total	Machinery & equip.	Other Tangible	Total
Acquisition cost Jan 1, 2010	8,729	4,054	12,783	10,856	5	10,861
Additions	2,645	2,312	4,957	3,062		3,062
Decreases				-764		-764
Acquisition cost Dec 31, 2010	11,374	6,366	17,740	13,154	5	13,159
Additions	18,284	7,827	26,111	2,287		2,287
Decreases	-154	-1,176	-1,330	-111		-111
Acquisition cost Dec 31, 2011	29,504	13,017	42,521	15,330	5	15,335
Acc. depreciations Jan 1, 2010	-5,721	-2,068	-7,789	-8,758		-8,758
Depreciation of the financial year	-1,094	-209	-1,303	-1,376		-1,376
Acc. depreciations of decreases				764		764
Acc. depreciations Dec 31, 2010	-6,815	-2,277	-9,092	-9,370		-9,370
Depreciation of the financial year	-2,531	-278	-2,809	-1,792		-1,792
Reduction of value	-154	-811	-965			
Acc. depreciations of decreases	154	1,176	1,330			
Acc. depreciations Dec 31, 2011	-9,346	-2,190	-11,536	-11,162		-11,162
Book value as at Dec 31, 2010	4,559	4,089	8,648	3,784	5	3,789
Book value as at Dec 31, 2011	20,158	10,827	30,985	4,168	5	4,173

9. INVESTMENTS

EUR 1,000	Group comp. shares	Associated comp. shares	Total
Book value as at Jan 1	34,244	42	34,286
Disposals	-24,000		-24,000
Book value as at Dec 31	10,244	42	10,286

Name	Country of incorporation	Share of ownership (%)
Parent F-Secure Corporation, Helsinki	Finland	
DF-Data Oy, Helsinki	Finland	100
F-Secure Inc., San Jose	United States	100
F-Secure (UK) Ltd, London	Great-Britain	100
F-Secure KK, Tokyo	Japan	100
F-Secure GmbH, München	Germany	100
F-Secure eStore GmbH, München	Germany	100
F-Secure SARL, Maisons-Laffitte	France	98
F-Secure France SARL, Maisons-Laffitte	France	100
F-Secure BVBA, Heverlee-Leuven	Belgium	100
F-Secure AB, Stockholm	Sweden	100
F-Secure Srl, Milano	Italy	100
F-Secure SP z.o.o., Warsaw	Poland	100
F-Secure Corporation (M) Sdn Bhd, Kuala Lumpur	Malaysia	100
F-Secure Pvt Ltd, Hyderabad	India	100
F-Secure Pte Ltd, Singapore	Singapore	100
F-Secure B.V., Utrecht	The Netherlands	100
F-Secure Limited, Hong Kong	Hong Kong	100
F-Secure Pty Limited, Sydney	Australia	100
F-Secure Iberia SL, Barcelona	Spain	100

Associated companies		Share of ownership (%)
Vineyard International Ltd, Helsinki	Finland	34,8

10. DEFERRED TAX

EUR 1,000	FAS 2011	FAS 2010
Deferred tax liability		
Tax charged to shareholders' equity		
Change in fair value, available-for-sale	36	9
Total	36	9

11. INVENTORIES

EUR 1,000	FAS 2011	FAS 2010
Other inventories	350	394

12. RECEIVABLES

EUR 1,000	FAS 2011	FAS 2010
Non-current		
Receivables from group companies		
Other receivables	719	715
Total	719	715
Current receivables		
Trade receivables	23,477	19,081
Loan receivables	16	10
Other receivables	41	23
Prepaid expenses and accrued income	4,186	3,342
Total	27,720	22,457
Receivables from group companies		
Trade receivables	7,047	7,243
Other receivables	5	5,964
Total	7,052	13,207
Current receivables total	**34,772**	**35,664**
Material items included in prepaid expenses and accrued income		
Prepaid expenses	1,698	908
Prepaid expenses, royalty	1,914	2,081
Accrued interest	1	1
Accrued tax	573	353
Total	4,186	3,342

13. SHORT-TERM INVESTMENTS

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

EUR 1,000	FAS 2011	FAS 2010
Fair value as at Jan 1	16,817	17,550
Additions/deductions, net	-2,280	-769
Change in fair value	137	36
Fair value as at Dec 31	14,674	16,817
Shares - unlisted	146	152
Maturity date less than 3 months	14,528	16,665
Fair value as at Dec 31	14,674	16,817
Book value as at Dec 31	14,537	16,781

14. CASH AND SHORT-TERM DEPOSITS

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

EUR 1,000	FAS 2011	FAS 2010
Cash at bank and in hand	6,598	7 630
Available-for-sale	14,528	16 665
Total	21,126	24 295

15. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Parent Company, FAS	Share capital	Share premium fund	Treasury shares	Fair value reserve	Unrestricted equity reserve	Retained earnings	Total equity
Equity Dec 31, 2009	1,551	165	-3,488	-4	3,079	44,239	45,540
Available-for-sale financial assets, net				31			31
Result of the financial year						20,582	20,582
Dividend						-9,310	-9,310
Acquisition of treasury shares			-4,004				-4,004
Exercise of options					108		108
Other change						-100	-100
Equity Dec 31, 2010	1,551	165	-7,493	27	3,187	55,411	52,847
Available-for-sale financial assets, net				75			75
Result of the financial year						-6,222	-6,222
Dividend						-9,254	-9,254
Acquisition of treasury shares			-1,509				-1,509
Exercise of options					1,864		1,864
Equity Dec 31, 2011	1,551	165	-9,002	102	5,051	39,935	37,801

16. SHAREHOLDERS' EQUITY

During the year, 1,259,496 ordinary shares were subscibed with warrants attached to F-Secure option programs.

The Company's share capital amounted to 1,551,311 euro and the number of shares was 158,798,739 at the end of the year 2011. See group disclosure 17. Shareholders' Equity

Treasury shares

See group disclosure 17. Shareholders' Equity.

Distributable shareholders' equity on December 31, 2011

EUR 1,000	
Unrestricted equity reserve	5,051
Retained earnings	37,155
Result of the financial year	-6,222
Distributable shareholders' equity on December 31, 2011	35,984

17. SHARE-BASED PAYMENT TRANSACTIONS

See group disclosure 18. Share-based payment transactions.

18. LIABILITIES

EUR 1,000	FAS 2011	FAS 2010
Non-current liabilities		
Deferred revenues	6,641	6,592
Deferred tax liabilites	36	9
Total other non-current liabilities	6,676	6,601
Current liabilities		
Deferred revenues	23,942	23,549
Trade payables	6,524	3,268
Other liabilities	779	1,002
Accrued expenses	11,987	10,026
Total	43,233	37,845

	FAS 2011	FAS 2010
Liabilities to the group companies		
Advance payments	3,845	3,543
Trade payables	7,696	4,491
Other liabilities	2,578	2,616
Total	14,118	10,650
Total current liabilities	**57,351**	**48,494**
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	8,170	7,501
Deferred royalty	999	903
Accrued expenses	2,818	1,621
Total	11,987	10,026

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

See Group disclosure 21. Financial risk management objectives and policies.

20. NOTES TO CASH FLOW STATEMENT

EUR 1,000	FAS 2011	FAS 2010
Adjustments		
Deferred income	420	839
Depreciation and amortization	4,602	2,679
Profit / loss on sale of fixed asset	24,968	-2
Other adjustments	617	290
Financial income and expenses	911	-101
Income taxes	6,390	7,564
Total	37,908	11,270

21. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases on office space and on motor vehicles. Motor vehicle 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

EUR 1,000	FAS 2011	FAS 2010
Within one year	3,092	2,839
After one year but not more than five years	9,401	10,916
Total	12,492	13,754

22. CONTINGENT LIABILITIES

EUR 1,000	FAS 2011	FAS 2010
Guarantees for other group companies		12
Other liabilities		
Others	238	371

Derivatives see Group disclosure 21. Financial risk management objectives and policies

23. SHARES AND SHAREHOLDERS

See Group disclosure 26. Shares and shareholders.

24. KEY RATIOS

See Group disclosure 27. Key ratios.

AUDITOR'S REPORT

To the Annual General Meeting of F-Secure Corporation
We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of F-Secure Corporation for the financial period 1.1. - 31.12.2011. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors
In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 16, 2012

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT 2011

General principles

F-Secure Corporation applies principles of corporate governance and follows high ethical standards, complying with the Finnish Companies Act, Securities Market Act, the rules and regulation of NASDAQ OMX Helsinki Ltd, and other regulations on the administration of public companies issued by the authorities.

The company complies with the Corporate Governance Code for listed companies, updated in June 2011, as explained below and on the web pages of F-Secure Corporation. The code has been published by the Securities Market Association, a body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce, and NASDAQ OMX Helsinki Ltd. The code is publicly available at www.cgfinland.com.

The key elements of the Corporate Governance practices of F-Secure Corporation are described briefly below. In addition to this, the most essential tasks and responsibilities of the Board of Directors, Board Committees and the other main governing bodies are described. This statement also includes the description of the main features of internal control and risk management pertaining to the financial reporting process. More information on governance practices of the company is available on F-Secure Corporation's website.

Tasks and responsibilities of governing bodies

The tasks of the Board of Directors are governed by the Finnish Companies Act, the Articles of Association of the Company, decisions of the General Meetings of Shareholders, legislation regarding accounting rules and IFRS as well as the Securities Market, and the rules of the NASDAQ OMX Helsinki Ltd., and other regulations.

Annual General Meeting of Shareholders (AGM)

The highest governing body of the corporation is the General Meeting of Shareholders. The AGM's tasks are defined in detail by the Finnish Companies Act, Articles of Association of F-Secure Corporation and other regulations. The AGM shall decide on the number of members of the Board of Directors, confirm remunerations to the Board members and auditors, appoint Board members, approve financial statements, determines dividends and select auditor and other duties defined by the Articles of Association and the Finnish Companies Act. The AGM shall be held after the end of the financial year within a period determined by the Board of Directors and as defined by the Companies Act. F-Secure Corporation has only one class of shares and thus all shares have equal voting power at the General Meetings of Shareholders.

In 2011, the Annual General Meeting was held in Helsinki, HTC Ruoholahti on March 30, 2011. The decisions made by the AGM 2011 are presented in detail in the Board of Directors' report for 2011.

Board of Directors

The main tasks of the Board of Directors

The objective of the Board of Directors is to direct the company with the aim of achieving the best possible return on invested capital for shareholders in the long term. The Board of Directors represents all shareholders. The Board of Directors shall always work to the best advantage of the company and all of its shareholders.

The Board of Directors is responsible for making sure that supervision of the company's accounting and financial management is duly organized. The meetings of the Board shall regularly discuss reports presented by the CEO of the Company on the financial status and operations of the company. Furthermore, it is the duty of the Board to prepare matters to be handled by the shareholders' meeting, to decide on the convening of the shareholders' meeting and to make sure that the decisions made at the shareholders' meeting are executed.

Any matters that are significant or far-reaching from the company's point of view shall be dealt with by the Board. These include strategic outlines, approval of budgets and operating plans and supervision of how these are put into effect, acquisitions and corporate structure, any major investments with regard to the operation of the company, organization of the supervision of accounting and financial management, internal monitoring systems and risk management as well as personnel policies and reward systems.

The duties and responsibilities of the Board are more thoroughly defined in the Articles of Association of the company, the Finnish Companies Act and other applicable laws and regulations. The Articles of Association and the charter of the Board, including a more complete list of its main duties and tasks and its committees, are presented in detail on the company's Investor web pages.

According to the Articles of Association, the Board shall have a minimum of three and maximum of seven ordinary members, whose term ends at the end of the next AGM following the election of members. The Annual General Meeting of Shareholders shall decide the number of Board members and elect the Board members. The Board shall elect the Chairman of the Board from among its members. The Board shall also elect a secretary, who may be a non-member of the Board. The term of each Board member is one year. The majority of the Board members shall be independent of the company. More detailed information about e.g. other terms of Board membership can be found in the Articles of Association.

The Board of Directors shall convene at least five times during its term. The Board shall conduct an annual self-assessment of its operations

Board of Directors in 2011

According to the decision of the Annual General Meeting 2011, the Board has six (6) members. The members of the Board are **Risto Siilasmaa** (Chairman), **Jussi Arovaara**, **Sari Baldauf**, **Pertti Ervi**, **Juho Malmberg** and **Anu Nissinen**. All members were re-elected. Risto Siilasmaa continued as a Chairman of the Board.

The majority of F-Secure Corporation's Board of Directors, Pertti Ervi, Sari Baldauf, Juho Malmberg, Anu Nissinen and Jussi Arovaara, have no dependence neither on the company nor the significant shareholders. The Chairman of the Board, Mr. Siilasmaa, is a major shareholder of the company.

During 2011, the Board held 11 meetings and the attendance was close to 100%. The members of the Board of Directors are presented later in this report.

During 2011, the Board of Directors focused, besides their ongoing duties, especially on approval of the Company's renewed growth strategy and recruiting process for new CEO. According to the strategy, F-Secure's first priority is to drive growth and market expansion by continuing to create new innovative offerings to augment traditional security services, especially in the content cloud space. Operators, including Internet service providers, mobile operators and cable operators, are the main channel for F-Secure services. The Company's strategy is described in more detail in the Board of Director's report for 2011.

Another focus area of the Board for 2011 was the recruiting process for a new CEO. The Board commenced an extensive recruiting process already in the summer, immediately after being informed about the former CEO Kimmo Alkio's resignation as of October 30, 2011. The Board also established a dedicated team in order to drive the process. The team included Risto Siilasmaa, Sari Baldauf and Pertti Ervi. The Board nominated CTO Pirkka Palomäki as interim CEO as of November 1, 2011. After the extensive recruiting process, the Board appointed Christian Fredrikson as President and CEO as of January 16, 2012. In the process, the Board valued strong experience in the operator business and leadership experience in international business.

Other significant tasks and responsibilities of the Board comprised a general overview of the company's financials, budget approval, setting the target levels for executive level, deciding on the incentive program for the Executive team and deciding on the continuation of the share buy-back program according to the authorization of the AGM 2011.

Board Committees

The Board has two committees; Audit Committee and Executive Committee (nomination and remuneration issues). The Chairman of the Audit Committee is Pertti Ervi and the members are Jussi Arovaara and Juho Malmberg. The Chairman of the Executive Committee is Sari Baldauf and the members are Risto Siilasmaa and Anu Nissinen.

The charters of the both Committees are available on the Company's web pages under Investors, Governance.

Audit Committee

The Audit Committee prepares, instructs and evaluates the Corporation's risk management, internal supervision systems, IT strategy and practices, financial reporting, external auditing of the accounts and internal control. During 2011, the Audit Committee held 5 meetings and the attendance was close to 100%.

In 2011, the Audit Committee focused mainly on general supervision of company's financials. The Audit Committee discussed i.e. project revenue models, handled the IT Review and IT Hosting services and investments of the Company's liquid funds. Furthermore, the Committee assessed efficiency of internal control systems and risk management process and practices including financial and juridical risks. The Committee also reviewed the interim reports and all other relevant stock exchange releases before their publication.

Executive Committee

The Executive Committee prepares material and provides instructions on issues related to the composition and compensation of the Board of Directors and remuneration of the other members of the executive management. The Executive Committee held 7 meetings in 2011 and the attendance was close to 100%.

In 2011, the Executive Committee focused especially on the recruiting process for a new CEO. Other tasks comprised e.g. long and short-term incentive programs for the top management and other key personnel, discussion on employee satisfaction surveys, and follow-up of improvement actions. The Committee also prepared proposals for the Board composition and remuneration for the Annual General Meeting of Shareholders.

President and CEO

The President and CEO is in charge of the day-to-day management of the company. The CEO's duties include managing the business according to the instructions issued by the Board of Directors, presenting the matters to be dealt with in the Board of Directors' meeting, implementing the matters resolved by the Board of Directors and other issues determined in the Companies Act. The Board of Directors shall appoint the CEO and decide upon his/her remuneration and other benefits.

The President and CEO of the Company was **Kimmo Alkio** until October 31, 2011. Interim CEO was **Pirkka Palomäki** during November 1-January 15, 2012. **Christian Fredrikson** started as President and CEO as of January 16, 2012.

Executive Team

The Executive Team supports the CEO in daily operative management and development of the Company. 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 Team. The bonuses and granting of stock options are based on the performance of the Company and the individual. The Executive Team assembles regularly once a month and separately as needed.

The Executive Team currently consists of the following persons: **Christian Fredrikson** (President and CEO), **Ari Alakiuttu** (Vice President, Human Resources), **Tuomas Hyyryläinen** (Vice President, Strategy and M&A), **Samu Konttinen** (Vice President, Sales and Geographical Operations), **Maria Nordgren** (Vice President, Channels), **Pirkka Palomäki** (Chief Technology Officer), **Kari Penttilä** (Vice President, R&D), **Patrik Sallner** (Vice President, Professional Services) and **Taneli Virtanen** (Chief Financial Officer).

Remuneration

The remuneration paid to the Board of Directors and the Executive Team as well as their holdings of F-Secure shares and options are described in notes 25 and 26 to the financial statements. The general principles of remuneration of the President and CEO are described in note 25 to the financial statements. More details on the remuneration and option programs are also available in the Remuneration Statement published on the Company's investor web pages under Corporate Governance.

Auditors

The auditor is elected by the Annual General Meeting for one year's term of service. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting. The auditor will report to the Board of Directors at least once a year.

For 2011, F-Secure Corporation's auditor was Ernst & Young Oy, an auditing firm of Authorized Public Accountant authorized by the Central Chamber of Commerce. APA Erkka Talvinko acts as responsible partner for the direction and coordination of the audit work. During 2011, the Company paid a total of EUR 130 810 for auditing services (2010: EUR 94 281) and EUR 133 956 (2010: EUR 32 927) for other services. Ernst & Young has been F-Secure Corporation's auditor since 1999.

Description of the main features of internal control and risk management pertaining to the financial reporting process

Internal Control

The Executive Team of F-Secure, Financial Management and Risk Management are responsible for internal control and risk management. Regular audits will be performed in the business units as well as in the subsidiaries. The purpose is to ensure compliance with consistent administration, accounting practices and information security in the company.

Internal control covers all the guidelines, policies, processes and organizational structure that help ensure that the business conduct is in compliance with all applicable regulations, and that all financial reporting is correct. The guidelines and instructions are made to ensure that accounting and financial information is a true and accurate reflection of the activities and financial situation of the company. Actual performance against sales and cost targets and comparison period is constantly followed up by operative reporting systems on a daily, weekly or monthly basis.

The company constantly monitors its cost efficiency and profitability as well as incoming and outgoing payment transactions. If any inconsistencies appear, the issues are handled without delay. The company's controlling function works in close cooperation with CFO and business units, providing relevant data for business planning purposes and sales estimates. Estimates and revenue recognition are constantly monitored with follow-up methods. The Company's controlling team is responsible for consistency and reliability of internal control methods. The controlling team meets business management and key personnel in order to assess the reliability of estimates on continuous basis.

During 2011, the controlling team focused especially on the financial management of Professional Services function that has been growing strongly during the year. Another focus area was financial support for the storage business, because in the storage business, the management of large project deliveries, large proportion of hosting services and investments play a significant role. Furthermore, other important focus areas were financial monitoring of market expansion to Latin America as well as capitalization and write-off occurrence of R&D projects.

Internal audit

The principles of internal audit are embedded in written guidelines and policies concerning accounting, risk management and controlling, and operations at all units in F-Secure are coordinated by the company's Finance department. The company guidelines cover accounting, reporting, documentation, authorization as well as other relevant issues. F-Secure has no separate internal audit function, and therefore this has been taken into account when defining the scope of external audit. The financial management team meets with the auditors several times a year.

Risk Management

The goal of risk management is to identify risks that may hinder the company from achieving its business objectives. A risk can be defined as any uncertainty that affects F-Secure's business objectives and the ability to reach its results.

The risks can be defined into strategic, operative and financial risks. Strategic risks comprise e.g. risks related to changes in industry, markets or competition, intellectual capital, operator or subcontracting agreements, or acquisitions. Operative risks include risks related to production, processes and quality. Financial risks include all risks concerning financial activities, such as currency risks.

According to the risk management policy the Company may take business risks that enable long-term increase in shareholder value, competitiveness and Company's profitable growth. The Company may not take business risks that could compromise the Company's business or may lead to violation of regulation.

The responsibility for the company's risk management lies with the CEO and the Executive Team. The Board of Directors is responsible for defining the company's overall level of risk tolerance. The Board of Directors and its committees approve and monitor the reporting procedures, as well as the adequacy, appropriateness and effectiveness of the company's business and administrative processes.

F-Secure's risk management team is regularly monitoring and coordinating the Company's risk profile and activities to mitigate threats. As part of the ongoing target planning and coordinating work twice a year, the Company-wide risk portfolio and risk-related management plans are updated. The most important risks detected in the risk management plans are reported to the Audit Committee once a year.

Weekly and monthly financial reporting that covers the entire company 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 Board has set certain appropriate authorization limits to the management, and if these limits are exceeded, the decisions shall be handled by the Board of Directors.

The invoicing is mainly in euros. In order to minimize the impact of the fluctuation of the exchange rates, the goal is to hedge the estimated cash flow of affected currencies. The Company does not provide financing outside the industry standard payment terms. The investment policy of the company for cash reserves is conservative. Cash and cash equivalent are mainly invested in short-term funds and other low-risk investments.

During 2011, the most significant risks were related to, among other things, the competitiveness of F-Secure's product portfolio in the changing market situation, the ability to protect the intellectual property (IPR) in F-Secure's solutions, risk exposure from increasing contractual liability requirements, regional development in new growth markets, sustainability of partner relationships, forming of the new business areas, continuous change in the storage and content cloud services markets, and potential security threats targeted to these services.

Other governance issues

Management of insider issues

The company follows the insider regulations of the NASDAQ OMX Helsinki Ltd. Insiders are divided into three categories: (1) permanent public insiders including the members of the Board, the auditors, and the Group's executive team, (2) permanent company-specific non-public insiders including persons who by virtue of their position or tasks learn inside information on a regular basis, and (3) project-based insiders. The trading of F-Secure shares and options of permanent public insiders is public.

Permanent public insiders and permanent company-specific insiders are not entitled to trade shares, options or other securities 21 days prior to publication of interim financial statements or company accounts. Up-to-date information on the holdings of F-Secure's permanent insiders with a duty to declare can be found on the company's website.

Silent Period

The company observes a silent period of 21 days before each quarterly report announcement. During the silent period, the company will arrange neither meetings nor conference calls with the investor community.

Communications

The aim of the company's communications is to support the correct valuation of the company by providing the markets with sufficient information on F-Secure's financial position, strategy and objectives. The Board of Directors has approved the disclosure policy that defines the guidelines in communications to financial markets and investors and other parties. The F-Secure web site contains all information made public according to the disclosure requirements for listed companies.

The members of the Board of Directors and the Executive Team are presented below.

BOARD OF DIRECTORS

Risto Siilasmaa
Chairman of the Board of Directors since 2006,
Board member since 1988
b. 1966, M.Sc. (Engineering)

- Main employment history: Founder of the F-Secure Corporation. Worked as a President and CEO of the company until November 2006 and since then held the position of Chairman of the Board.
- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Elisa and Fruugo Ltd. Member of the Board of Directors of Nokia Corporation, Blyk Ltd, Efecte Corporation, Mendor Oy and Federation of Finnish Technology Industries

Holdings: number of shares 63.086.166, holding 39.73%

Jussi Arovaara
Board member since 2010
b. 1966

- Main employment history: Currently works as a Vice President, Global Sales Operations in Corel Corporation (UK) and has served in several international sales, marketing and business development positions in Corel Corporation in the UK, Canada and Finland since 1996. In his earlier career before 1996 worked in several sales and marketing positions in computer wholesale.

Holdings: number of shares 9.571

Sari Baldauf
Board member since 2005, Chairman of the Executive Committee
b. 1955, M.Sc. (Business Administration)

- Main employment history: Worked for more than twenty years at Nokia Corporation. During the years served as Executive Vice President and General Manager of Nokia Networks 1998–2005 and a member of the Group Executive Board 1994–2005. Prior to 1998 served as Executive Vice President of Nokia APAC and President of Nokia Telecommunications, Cellular Systems.
- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Fortum Corporation, Member of the Board of Directors of Hewlett-Packard Company. Member of Supervisory Board of Daimler AG. Chairman of the Board of Directors of Savonlinna Opera Festival Ltd. Serves also on Boards of Finnish Business and Policy Forum EVA and John Nurminen Foundation.

Holdings: number of shares 99.601

Pertti Ervi
Board member since 2003, Chairman of The Audit Committee
b. 1957, B.Sc. (Electronics)

- Main employment history: Currently works as an independent management consultant. Co-founder of the Computer 2000 Finland Oy in which served as an MD until 1995. After that worked until 2000 as a Co-President for Computer 2000 AG international headquarters in Germany. Has worked with international managment level with major IT vendors such as Cisco, IBM, Intel, HP and Microsoft.
- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Inventure Oy, Nevtor Oy and Efecte Corporation. Chairman of the Board of Directors of Ixonos Plc and Member of the Board of Directors of Teleste Corporation.

Holdings: number of shares 35.601

Juho Malmberg
Board member since 2008
b. 1962, M.Sc. (Computer Science)

- Main employment history: Member of Executive Board of KONE Corporation since 2006.
- Currently, since November 2010, serves as an Executive Vice President, Customer Experience and prior to his current position worked as an Executive Vice President for Global Development. Prior to KONE Corporation worked in Accenture as Managing Director of Accenture Finland 2002-2005, Director of Nordic Outsourcing Business in 2005, Deputy Managing Director 1999–2002 and Technology Director 1992– 1999.
- Main Board Memberships and public duties currently undertaken Member of the Board in Kuntien Tiera Oy.

Holdings: number of shares 29.202

Anu Nissinen
Board member since 2010
b. 1963, M.Sc. (Economics)

- Main employment history: Currently serves as CEO of Sanoma Media Finland Oy and as Member of Executive Board of Sanoma Corporation. Prior to this position worked as President of Sanoma Entertainment Oy. President of SW Television Oy / Welho, Marketing Director of Helsinki Televisio Oy and Marketing Manager of Oy Sinebrychoff Ab.
- Main Board Memberships and public duties currently undertaken: Member of the Board of Directors of DNA Ltd.

Holdings: number of shares 9.571

EXECUTIVE TEAM

Christian Fredrikson
President and CEO (as of January 16, 2012)
b.1964, M.Sc. (Engineering)

- Main employment history: Joined F-Secure in 2012. Previously was responsible for global sales for Network Systems business unit at Nokia Siemens Networks. Furthermore, past positions include Head of Asia Pacific Region at Nokia Siemens Networks and Head of OBS Business Unit (Operations and Business Software), including R&D and sales. Joined Nokia in 1994, and has held several executive level positions in the company.

Holdings: -

Pirkka Palomäki
Chief Technology Officer
President and CEO (November 2011-January 2012)
b. 1970, M.Sc. (Engineering/Industrial Management)

- Main employment history: Joined F-Secure in 1997 and has previously headed Product Management, Marketing and R&D in F-Secure. Prior to F-Secure worked for Telecom Finland (currently TeliaSonera) in the field of marketing, business development and development management for data communication services.
- Main Board Memberships and public duties currently undertaken: Member of the Board of Directors of Tivit Oy since 2010. Member of VTT Technical Research Centre of Finland's Advisory Board for "ICT and Electronics" since 2010.

Holdings: number of shares 28.918, 2005 D options 60.000

Ari Alakiuttu
Vice President, Human Resources
b. 1967, M.Sc. (Engineering)

- Main employment history: Joined F-Secure in 2000 and served as Vice President, Products & Services and held positions in Product Management, Product Marketing and Channel Development until 2008. Prior joining F-Secure worked for Tellabs and for Nokia in the fields of product management and product development.

Holdings: number of shares 16.954, 2005 D options 40.000

Tuomas Hyyryläinen
Vice President, Strategy and M&A
b. 1977, M.Sc. (Economics)

- Main employment history: Prior joining F-Secure 2010, headed strategy for Nokia Devices at Nokia Corporation. In his earlier career, worked for Nokia Mobile Phones as Head of Strategy Development and has held various strategy and business development related positions at Nokia Technology Platforms and VDSL Systems, a Finnish technology start-up company.

Holdings: 2005 D options 100.000

Samu Konttinen
Vice President, Sales and Marketing
b. 1973

- Main employment history: joined the company in 2005 and has held several sales and channel management roles, including a position of Director of Regional Operations, covering F-Secure operations in +20 countries in EMEA. Prior to his current position worked as a Vice President of Mobile Business Unit. Before joining F-Secure he held a Vice President position at Valimo Wireless Ltd 2001-2005.
- Main Board Memberships taken: Member of the Board in Ixonos Plc.

Holdings: number of shares 16.954,2005 D options 20.000

Maria Nordgren
Vice President, Channels
b. 1964, M.Sc.

- Main employment history: Executive Team since 2010. Joined F-Secure in 2005 and has held several international sales and channel management roles, as well as well as the position of Vice President of the Corporate Business Unit. Prior joining F-Secure she has held management positions in smaller Finnish software companies such as DeskArtes, which she co-founded and later headed.

Holdings: number of shares 8.476

Kari Penttilä
Vice President, Research & Development
b. 1963

- Main employment history: Before joining F-Secure in 2010, worked as a Development Director at FreeDropInnovations Oy. Earlier on in his career he has been working in business, technology and product development management positions in Internet and telecom business areas for Iobox Oy, Oplayo Oy, Tecnomen Oy and Blyk Ltd.

Holdings: -

Antti Reijonen (until January 31, 2012)
Vice President, Portfolio & Solution Management
b. 1974, M.Sc. (Engineering), MBA

- Main employment history: Joined F-Secure in 2007 and before his current position served as a VP, Strategy and VP, Consumer Business and Marketing. Previously worked for Nokia Networks Services as Director of Strategy and Portfolio in Consulting & Integration service business.Prior to Nokia served as Engagement Manager with McKinsey & Company.

Holdings: number of shares 51.954

Patrik Sallner
Vice President, Professional Services
b. 1970, M.Sc. (Technology Management), MBA,
M.A. (International Studies)

- Main employment history: Joined F-Secure in January 2010 and was prior to his current position Vice President, Mobile and Storage business units. Before joining F-Secure, he built up and led the Hosting Line of Business in Nokia Siemens Networks. Worked for several years at Nokia in various management positions in mobile phone product development and strategy and innovation, including running a cross-functional Corporate Strategy unit called Insight & Foresight. Previous experience in management consulting at McKinsey & Company in France and Finland.

Holdings: -

Taneli Virtanen
Chief Financial Officer
b. 1965, M.Sc. (Economics)

- Main employment history: Prior to joining F Secure in 1999, Mr. Virtanen worked for Santasalo-JOT Group as Group Controller.

Holdings: number of shares 31.954, 2005 D options 15.000

Kimmo Alkio was President and CEO of F-Secure until October 2011.

SUMMARY OF STOCK EXCHANGE RELEASES

07.12.2011	Subscription of F-Secure shares with F-Secure 2005 warrants
01.12.2011	F-Secure's financial calendar for 2012
15.11.2011	F-Secure appoints Christian Fredrikson as President and CEO
26.10.2011	F-Secure Corporation - Interim Report January 1 - September 30, 2011
19.10.2011	F-Secure Corporation to publish its interim report for January-September 2011 on Wednesday 26 October
06.10.2011	Pirkka Palomäki appointed as acting CEO of F-Secure Corporation
06.09.2011	Subscription of F-Secure shares with F-Secure 2005 warrants
27.07.2011	F-Secure Corporation - Interim Report January 1 - June 30, 2011
26.07.2011	F-Secure CEO Kimmo Alkio has resigned to pursue a new career opportunity
31.05.2011	F-Secure to continue buy-back of own shares
24.05.2011	Subscription of F-Secure shares with F-Secure 2005 warrants
27.04.2011	F-Secure Corporation - Interim Report, January 1 - March 31, 2011
26.04.2011	Announcement pursuant to Securities Act Chapter 2, Section 10
12.04.2011	Subscription of F-Secure shares with F-Secure 2005 warrants
30.03.2011	Resolutions of the Annual General Meeting of F-Secure Corporation
08.03.2011	F-Secure's Annual Report 2010 published
04.03.2011	F-Secure Corporation: Notice to the Annual General Meeting
17.02.2011	2005 D-warrants of F-Secure Corporation listed on March 1, 2011
16.02.2011	F-Secure Corporation's financial statements 2010 and the Board of Directors' proposals to the Annual General Meeting
04.02.2011	Correction: F-Secure Corporation interim report; key ratios table
02.02.2011	F-Secure Corporation - Interim report January 1 - December 31, 2010

The stock exchange releases are fully available on the company website **www.f-secure.com, About F-Secure, Investors**. Some of the information in the releases may be outdated.

INFORMATION FOR SHAREHOLDERS

The main goal of F-Secure's investor communications is to make available correct, up-to-date information about F-Secure and its operations – impartially and simultaneously to all interest groups. All published investor information including annual reports, interim reports, as well as stock exchange and press releases are available on the Group's website www.f-secure.com, About F-Secure, Investors. All investor information is published in English and in Finnish. Subscriptions for the emailing list for stock exchange releases can be made by sending your contact details to investor-relations@f-secure.com.

F-Secure publishes a financial statement bulletin and three interim reports during 2012, and arranges news conferences for media and analysts at the time of publishing the quarterly reports. F-Secure observes a three-week silent period before the publishing of each quarterly report. During this time, F-Secure does neither arrange meetings nor phone conferences with investors or analysts.

Annual General Meeting

The Annual General Meeting of F-Secure Corporation is scheduled to be held on Tuesday, **April 3, 2012** at 3.30 p.m. (Finnish time) at F-Secure Corporation, Tammasaarenkatu 7, 00180 Helsinki.

More information on how to attend as well as the documents for the meeting are available on the Group's webpage www.f-secure.com, About F-Secure, Investors.

Financial calendar for 2012

Financial Statements Bulletin	February 1
Annual Report	Latest week 11 in March
Q1 Interim Report	April 27
Q2 Interim Report	July 25
Q3 Interim Report	October 25

F-Secure share facts

Listing since 1999	NASDAQ OMX Helsinki Ltd.
Trading symbol	FSC1V
Number of shares	158.798.739

IR Contacts

For any inquiries on F-Secure as an investment target, please contact: investor-relations@f-secure.com

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