

CORRECTION TO STONESOFT CORPORATION'S INTERIM REPORT FOR JANUARY-MARCH 2008

There is a correction to the Interim Report of Stonesoft Corporation published on 22 April 2008. The Income Statement, Balance Sheet and Statement of changes in equity were missing in the tables.

The corrected Interim Report:

STONEGATE SALES GREW BY 37%, TOTAL NET SALES BY 22%

Stonesoft's total net sales continued to increase during the first quarter of 2008. The sales of the StoneGate product family were the second highest in the company's history. The sales grew by 37% compared to the corresponding period in the previous year. The highest sales in StoneGate's history were reached during the previous quarter.

SUMMARY

The comparable figures from the corresponding period in the previous year are in brackets and refer to the figures of continuing operations.

January-March 2008

- Net sales EUR 5,3 (4,3) million, growth 22%
- Stonesoft's core business, the sales of the StoneGate product family, EUR 3,1 (2,3) million, growth 37%
- Operating result EUR -1,2 (-2,1) million
- Operating result as percentage of net sales -24% (-48%)
- Earnings per share EUR -0,02 (-0,04)
- Equity per share EUR 0,08 (0,17)
- Cash flow EUR -1,1 (-1,4) million. The total cash flow, including the last part of the selling price of Embe Systems Oy, EUR 0.8 million, was EUR -0.3 million euros
- Liquid assets at the end of the period EUR 7,9 (13,0) million

Changes in the segment reporting

The segment reporting of Stonesoft Group is based on geographical area division. Earlier this division consisted of three geographical areas: EMEA, Americas and APAC. Due to a strong growth of net sales in certain areas, Stonesoft has decided to amend its segment reporting starting from January 1, 2008 in such a way that EMEA area will be divided into Europe and Emerging Market. Emerging Markets mean Russia, Northern Africa and Middle East. The comparable figures have been adjusted to correspond to the new division. No amendments in reporting have been made for Americas and APAC areas.

CEO Ilkka Hiidenheimo

Our main target in 2008 is to have a strong growth of net sales generating improved profitability. Our net sales increased by 22% and the sales of StoneGate products by 37% during the first quarter, compared to the corresponding period in the previous year. Also the cash flow developed positively, operating result improved and we managed to reduce the previous year's comparable loss close to half. This development as a whole strengthens our insight that we have chosen the right strategy to reach our target.

During 2007, the change of Stonesoft's position from a network security provider to a provider of integrated network security and business continuity was confirmed. The company aims to further strengthen this position by launching new StoneGate products, among others, to MSPs (managed service providers) and MSSPs (managed security service provider), whose market position is still growing strongly.

During this year, we will accelerate our business through efficient use of scalable business models. These include the increased use of the MSSP channel, opening a digital marketplace for software-based solutions and expanding our business operations based on OEM deals.

We are among the first to bring new products to the VMware virtual environment, as an answer to the demand created by the strong growth of virtualization of IT systems. Virtual firewall products are already available and the virtual IPS solution for securing internal networks will be launched later in 2008.

The comparable cash flow and the operating result of the company have developed positively during the two last quarters. Consequently, the company does not need additional funding at present. In case the situation changes, additional funding can be arranged, because the main shareholders of the company have reconfirmed their readiness to invest at least three (3) million Euros in the company in form of a convertible bond, if needed.

NET SALES AND RESULT

January-March 2008 (hereinafter 'reporting period')

The group's net sales totaled EUR 5,3 (4,3) million. The growth compared to the corresponding period in the previous year was EUR 0,9 million, or 22%. The operating result (EBIT) was EUR -1,2 (-2,1) million and the result after taxes was EUR -1,1 (0,2) million.

The group's core business, the sales of the main portfolio StoneGate, which comprises of firewall, VPN, SSL VPN and IPS (intrusion detection and prevention system), totaled EUR 3,1 (2,3) million, an increase of 37% compared to previous year's corresponding quarter.

The geographical distribution of net sales was as follows: Europe 59% (65%), Emerging Markets (Russia, North Africa and Middle East) 17% (13%) Americas (North and South America) 19% (15%) and APAC (Asia-Pacific) 5% (7%).

Finance and investments

At the end of reporting period, the group's total assets were EUR 15,7 (20,0) million. The equity ratio was 51% (72%) and gearing (the ratio of net debt to shareholder's equity) -1,77 (-1,29). Consolidated liquid assets of the group at the end of reporting period totaled EUR 7,9 (13,0) million. Investments in tangible and intangible assets were EUR 0,1 (0,1) million.

The comparable cash flow has developed positively during the past two quarters. In order to strengthen the company's capital structure with an additional cash reserve and to ensure the continuance of the positive development in the future in line with the company's strategy and growth plan, the main shareholders of the company have informed the company of their readiness to invest at least three (3) million Euros in the company in form of convertible bond. According to the assessment of the Board of Directors, the company does not need additional funding at present due to the positive development of the cash flow. Furthermore, the arrangement would, especially in the current situation of the financial market, cause additional costs to the company. For these reasons, the Board of Directors decided to propose to the Annual General Meeting (AGM) to be held in April 23, 2008, that, instead of issuing a directed convertible bond, the AGM would grant to the Board of Directors an authorization that would enable the arrangement of additional funding through issuing of a directed convertible bond, if needed. Accordingly, the main shareholders have confirmed that their commitment given earlier in October is in force until the end of the AGM in 2009.

DEVELOPMENT OF BUSINESS OPERATIONS

Main business events in the fiscal period

- Stonesoft introduced a new StoneGate security solution especially for the needs of high capacity networks. StoneGate IPS-6100 intrusion detection and prevention system and FW-5100 firewall appliances offer managed service providers (MSPs) and large organizations flexibility, high performance and cost-efficiency.
- Stonesoft announced that it has become a member of the Technology Alliance Partner (TAP) program of VMware, the world's leading provider of virtualization solutions. The cooperation brings Stonesoft among the first providers to launch security solutions for virtual environments and strengthens its position as a leading expert in network security.

REVIEW OF MAJOR RESEARCH AND DEVELOPMENT ACTIVITIES

Stonesoft continued its strong investments in R&D. Investments during the reporting period totaled EUR 1,4 (1,4) million. This represented 23% (23%) of operating expenses. R&D employed 68 (66) persons at the end of the reporting period.

SHARE CAPITAL AND STOCK OPTION PROGRAMS

At the end of the fiscal period, Stonesoft's share capital recorded in the Trade Register totaled EUR 1 146 054.64 euros. The number of shares was 57 302 732. The share capital remained unchanged.

Stock option programs

The company has one valid stock option program, Stock Option Program 2004-2010, the subscription price of which is EUR 0.56. During the fiscal period no subscriptions were made on the basis of the stock option programs for the key personnel of the company.

DEVELOPMENT OF SHARE PRICES AND TURNOVER

In the beginning of the fiscal period the price of Stonesoft share was EUR 0.29. At the end of the fiscal period the price was EUR 0.27. The highest price was EUR 0.34 and the lowest EUR 0.24. During the year the total turnover of Stonesoft shares amounted to EUR 0.9 million. Based on the share price at the end of the fiscal period, Stonesoft's market value was EUR 15.5 million.

NOTICES IN CHANGE OF OWNERSHIP

The company gave no notices in change of ownership during the fiscal period.

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

No acquisitions were made and no other changes in the group structure were implemented during the fiscal period.

PERSONNEL

At the end of the fiscal period, the group's personnel totaled 185 (183).

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

The Annual General Meeting held on March 21, 2007 authorized the Board of Directors to issue new shares in one or several issues and to grant option and other special rights. The total number of shares or rights to the shares issued may be 11.450.000 at the maximum.

The new shares to be issued in a new issue and/or the stock option or special rights may be offered for subscription either according to the shareholders' pre-emptive subscription rights or in deviation from the shareholders' pre-emptive subscription right, in case the deviation is justified by a weighty

financial reason for the company, such as financing of an acquisition, enabling of a joint venture transaction, providing of additional financial alternatives, and/or an arrangement for incentive program directed to the company's personnel.

The Board of Directors was authorized to decide other terms and conditions related to the share issues and to the issuance of option or other special rights. The authorization is in force until the end of the 2009 Annual General Meeting.

The granted authorization was not used.

The company does not own its shares and the Board of Directors does not have an authorization to acquire its own shares.

CORPORATE GOVERNANCE

Stonesoft complies with the Corporate Governance Recommendation for listed companies issued by the OMX Nordic Stock Exchange Helsinki, as described on the web pages of the company.

SHORT-TERM RISKS AND BUSINESS UNCERTAINTIES

In the current fiscal period, Stonesoft's main risks and business uncertainties relate to the realization timetable of the sales projects and possible production disruption of our subcontractors and suppliers as well as to the fact that the general economic uncertainty has increased. There have been no significant changes in these risks and business uncertainties in comparison to what has been announced earlier.

FUTURE OUTLOOK

According to the Research Institute Infonetics, the Firewall/VPN and IPS Intrusion detection and prevention market will grow globally roughly by 8% in 2008. The market will continue to be dynamic.

Companies will continue to network with their partners and subcontractors, and this development will create even higher requirements for network security and availability. At the same time, the demand for outsourcing solutions and services will grow. Managed service providers (MSPs) have a growing need to provide their customers with the possibility to track the status of their network security while maintaining an overview of their own data network. According to the company's view combining security and high availability, which is the cornerstone of StoneGate product design, will prove its strength even better in this development.

The convergence of voice, video and data on IP-based networks will create more demand for capacity and drive the adoption of 10 Gbps networks. The growing demand for added bandwidth together with new protocols in the IP networks is expected to increase the general demand for better reporting, monitoring and analysis tools. This development will support Stonesoft in achieving its year 2008 growth plan, since these are the cornerstones in StoneGate Management Center's functionality.

The strong growth of virtualization has created a demand for ensuring network security and business continuity also in virtual environments. StoneGate products are better suited for virtual environments than the competitors' products because they are based on software solutions.

Stonesoft will continue its decisive and persistent efforts to increase its net sales and to improve the profitability of the company. The company's main target in 2008 is to have a strong growth of net sales generating improved profitability. By extension of the product portfolio and improved competitiveness, we aim to win even larger individual deals.

Based on the extension of the product portfolio, intensification of sales efforts and the present sales pipeline, the company expects to have an annual total net sales of roughly EUR 24 million (+/- 10%) while the comparable net sales figure during the previous financial year was EUR 19.0 million. Through increased sales and cost control, the annual operating result (EBIT) is expected to improve by EUR 2.5 - 4.5 million compared to the previous year. Also the cash flow is expected to develop positively.

With regard to the development of the turnover and the operating result, we expect a significant variation between the quarters in comparison to the corresponding quarter during the previous year as well as to the previous quarter as a consequence of, among others, long sales cycles, a relatively big impact of individual deals, and the variation between the quarters in the previous year.

TABLES

Stonesoft Group

Income Statement (1000 Euro)	1.1-31.3.2008	1.1-31.3.2007	1.1-31.12.2007
Continuing operations			
Net sales	5 259	4 320	19 020
Other operating income	293	177	1 144
Materials and services	-950	-547	-3 064
Personnel expenses	-3 551	-3 537	-14 218
Depreciation	-111	-117	-449
Other operating expenses	-2 177	-2 385	-8 946
Operating result	-1 237	-2 089	-6 514
Financial income and expenses	23	114	202
Result before taxes	-1 214	-1 975	-6 312
Taxes	-51	-54	-213
Result from continuing operations	-1 265	-2 029	-6 525
Result from discontinued operations	186	2 217	2 312
Result for the accounting period	-1 079	189	-4 212
Basic earnings per share (EUR), continuing operations	-0,02	-0,04	-0,11
Diluted earnings per share (EUR), continuing operations	-0,02	-0,04	-0,11
Basic earnings per share (EUR), discontinued operations	0,00	0,04	0,04

Diluted earnings per share (EUR),
discontinued operations

0,00

0,04

0,04

Stonesoft Group
Balance Sheet (1000 Euro)

31.3.2008

31.3.2007

31.12.2007

ASSETS

Non-Current Assets

Tangible assets	707	614	709
Intangible assets	79	113	82
Other investments	10	0	0
Deferred tax assets	1	2	1
Total	797	729	793

Current assets

Inventories	848	597	1 069
Trade and other receivables	6 171	5 603	7 498
Prepayments	62	113	97
Marketable securities	6 815	12 310	7 571
Cash and cash equivalents	1 056	697	640
Total	14 951	19 321	16 874

Total assets	15 748	20 049	17 666
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EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent
company

Share capital	1 146	1 146	1 146
Share premium account	76 980	76 901	76 981
Conversion differences	-1 001	-871	-927
Retained earnings	-72 701	-67 221	-71 622
Total	4 424	9 956	5 579

Long-term liabilities

Provisions	50	121	56
Interest bearing liabilities	0	43	0
Other long-term liabilities	1 783	1 366	1 722
Total	1 833	1 530	1 779

Short-term liabilities

Trade and other payables	9 285	8 303	10 018
Tax liability	32	131	85
Provisions	118	24	131
Short-term interest bearing liabilities	54	106	75
Total	9 490	8 564	10 309

Total liabilities	11 324	10 094	12 088
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Total equity and liabilities	15 748	20 049	17 666
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Stonesoft Group

Statement of changes in equity
(1000 Euro)

	Share capital	Share premium	Conversion differences	Retained earnings	Total
Shareholders' equity at 1.1.2007	1 146	76 897	-867	-67 410	9 767
Conversion differences			-4		-4
Result for the period				189	189
Total recognized income and expense for the period			-4	189	185
Stock options exercised		4			4
Shareholders' equity at 31.3.2007	1 146	76 901	-871	-67 221	9 956

	Share capital	Share premium	Conversion differences	Retained earnings	Total
Shareholders' equity at 1.1.2008	1 146	76 981	-927	-71 622	5 579
Conversion differences			-74		-74
Result for the period				-1 079	-1 079
Total recognized income and expense for the period			-74	-1 079	-1 153
Stock options exercised		-1			-1
Shareholders' equity at 31.3.2008	1 146	76 980	-1 001	-72 701	4 424

Stonesoft Group

Cash flow statement (1000 Euro)

	1.1.-31.3.2008	1.1.-31.3.2007	1.1.-31.12.2007
Cash flow from operating activities			
Operating Result	-1 237	-2 089	-6 514
Adjustments	123	127	417
Change in net working capital	265	625	687
Taxes paid	-50	-54	-212
Net cash flow from operating activities continuing operations	-899	-1 390	-5 622
Net cash flow from operating activities discontinued operations	0	0	0
Total cash flow from operating activities	-899	-1 390	-5 622
Cash flow from investing activities			
Investments in tangible assets	-99	-94	-463
Investments in intangible assets	-6	-5	-32
Investments in affiliated company	0	0	-1
Investments in in other shares	-10	0	0
Net cash flow investing activities continuing operations	-115	-99	-496
Net cash flow investing activities discontinued operations	761	-448	-448
Total cash flow investing activities	646	-547	-944
Cash flow from financing activities			
Payments of financial leasing liabilities	-20	-21	-95
Total cash flow from financing activities	-20	-21	-95
Change in cash and cash equivalents			
Cash and cash equivalents at beginning of period	8 210	14 370	14 370
Conversion differences	-74	-4	-60
Changes in the market value of investments	9	107	69

Discontinued operations	0	492	492
Total cash and cash equivalents at end of period *)	7 871	13 007	8 210

*) Total cash and cash equivalents at end of the period contains pledged securities

	263	281	281
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Stonesoft Group
Geographical segments

	1.1.-31.3.2008	1.1.-31.3.2007	1.1.-31.12.2007
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(1000 Euro)

Net sales			
Europe	3 096	2 807	12 075
Emerging Market	909	554	2 004
Americas	973	663	3 906
APAC	280	295	1 036
Total net sales	5 259	4 320	19 020

Operating profit			
Europe	-665	-1 442	-4 119
Emerging Market	-158	-46	-231
Americas	-375	-553	-2 038
APAC	-39	-48	-126
Total operating profit	-1 237	-2 089	-6 514

Stonesoft Group
Contingent liabilities

	1.1.-31.3.2008	1.1.-31.3.2007	1.1.-31.12.2007
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(1000 Euro)

Contingent off-balance sheet			
Non-cancelable other leases	4 323	5 257	4 624
Contingent liabilities for the Company	20	20	20
Contingent liabilities for inventories	0	0	0

Stonesoft Group
Related party information

	1.1.-31.12.2007	1.1.-31.3.2007	1.1.-31.12.2007
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(1000 Euro)

Consultation fees paid to the Board of Directors	0	0	73
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Stonesoft Group						
Quarterly development	Q1 /	Q4 /	Q3 /	Q2 /	Q1 /	
(Euro Millions)	2008	2007	2007	2007	2007	2007
Security software and appliances	3,2	3,7	2,0	2,7	2,3	10,7
Services	2,2	2,2	2,1	2,1	2,0	8,4
Other products	-0,1	-0,1	0,0	0,0	0,0	-0,1
Net sales continuing operations	5,3	5,8	4,0	4,8	4,3	19,0
Change-% from previous year	22	35	-9	32	7	15
Net sales discontinuing operations	0,0	0,0	0,0	0,0	0,0	0,0
Change-% from previous year	-	-	-	-	-	-
Net sales total	5,3	5,8	4,0	4,8	4,3	19,0
Change-% from previous year	22	0	-27	-4	-22	-13
Sales margin	4,3	4,7	3,4	4,1	3,8	16,0
Sales margin %	82	80	84	85	87	84
Operative expenses	5,8	6,2	5,4	5,8	6,0	23,4
Operating profit (EBITA)	-1,2	-1,2	-1,6	-1,5	-2,1	-6,5
% of net sales	-24	-21	-41	-32	-48	-34
Result before taxes	-1,2	-1,2	-1,7	-1,4	-2,0	-6,3

% of net sales	-23	-20	-43	-30	-46	-33
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Stonesoft Group

Key ratios (1000 Euro)	1.1.- 31.3.2008	1.1.- 31.3.2007	1.1.- 31.12.2007
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Net sales total	5 259	4 320	19 020
Net sales change-%	22	-22	-13
Net sales, continuing operations	5 259	4 320	19 020
Net sales change-%	22	7	15
Net sales, discontinued operations	0	0	0
Net sales change-%	-	-	-

Operating result total	-1 237	-2 089	-6 514
% of net sales	-24	-48	-34
Operating result, continuing operations	-1 237	-2 089	-6 514
% of net sales	-24	-48	-34
Operating result, discontinued operations	0	0	0
% of net sales	-	-	-

Operating result before taxes	-1 214	-1 975	-6 312
% of net sales	-23	-46	-33

ROE - %, annualized, continuing operations	-101	-82	-85
ROI - %, annualized	-90	-77	-78
Equity ratio-%	51	72	52
Net gearing	-1,77	-1,29	-1,46
Total Assets	15 748	20 049	17 666
Capital expenditure	105	99	500
Capital disposals	0	0	-5
R&D costs	1 372	1 387	5 285
% of net sales	26	32	28
Number of employees (weighted average)	181	184	181
Number of employees (end of the period)	185	183	181

Share Specific Ratios

Earnings per share, continuing operations	-0,02	-0,04	-0,11
Earnings per share, discontinued operations	0,00	0,04	0,04
Equity per share	0,08	0,17	0,10

Dividend	0,00	0,00	0,00
Dividend per share (EUR)	0,00	0,00	0,00
Dividend / Profit-%	0	0	0

Calculation of indicators

Return on equity (ROE) % =
$$\frac{(\text{Profit before taxes} - \text{income taxes}) \times 100}{\text{Shareholders' equity} + \text{minority interest (average)}}$$

Return on invested capital (ROI)% =
$$\frac{(\text{Profit before extraordinary items} + \text{interest and other financial expenses}) \times 100}{\text{Invested capital}}$$

	Balance sheet total - non-interest bearing debt (average)
Equity ratio % =	$\frac{(\text{Equity} + \text{minority interest}) \times 100}{\text{Balance sheet total} - \text{advances received}}$
Net gearing =	$\frac{\text{Interest bearing net debt} - \text{cash in hand and on deposit} - \text{marketable securities}}{\text{Equity} + \text{minority interest}}$
Earning per share (EPS) =	$\frac{\text{Profit before taxes} - \text{minority interest} - \text{income taxes}}{\text{Average number of shares adjusted for dilutive effect of options}}$
Equity per share =	$\frac{\text{Equity}}{\text{Number of shares at end of period}}$

ACCOUNTING PRINCIPLES

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

Stonesoft Group has changed its bookkeeping practice regarding consulting fees for consultants working full time for Stonesoft sales and presales functions starting from January 1, 2008. According to the new practice these fees are counted to the personnel expenses. In the financial year 2007 these consulting fees were included in the other operating expenses. The figures of the previous year have been adjusted to be comparable with the new bookkeeping practice. In all other aspects the Group has adapted the same accounting principles and reporting standards as in the Financial Statements for 2007.

FORWARD-LOOKING STATEMENTS

This report contains statements concerning, among other things, Stonesoft's financial condition and the results of operations that are forward-looking in nature. Such statements are not historical facts, but rather represent Stonesoft's future expectations. The company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. However, these forward-looking statements involve inherent risks and uncertainties, which could cause actual results or outcomes to differ materially from those anticipated in the statements. These risks and uncertainties may include, among other things, (1) changes in our market position or in the Firewall/VPN and Intrusion detection and protection market in general; (2) the effects of competition; (3) the success, financial condition, and performance of our collaboration partners, suppliers and customers; (4) our ability to source quality components without interruption and at acceptable prices; (5) our ability to recruit, retain and develop appropriately skilled employees; (6) exchange rate fluctuations, including, in particular, fluctuations between the Euro, which is our reporting currency, and the US dollar; (7) other factors related to sale of products, economic situation, business, competition or legislation affecting the business of Stonesoft or the industry in general and (8) our ability to control the variety of factors affecting our ability to reach our targets and give accurate forecasts.

The presented figures are unaudited.

PRESS CONFERENCE

A press conference for analysts and investors will be held on April 22, 2008 at 10.30 am at the Stonesoft headquarters, street address Itälahdenkatu 22 A, 00210 Helsinki.

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This release and the presentation material related to this report are also available on Stonesoft's web site at www.stonesoft.com.

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