

SSH'S FINANCIAL STATEMENT BULLETIN, 1 JANUARY - 31 DECEMBER 2007

STRONG GROWTH, GOOD PROFITABILITY

- Net sales for 2007 totaled EUR 14.1 million, up 49.4 percent year on year (EUR 9.5 million in 2006).
- Operating profit for 2007 amounted to EUR 2.2 million (EUR -0.9 million in 2006), profit EUR 3.0 million (EUR -0.2 million).
- Fourth-quarter net sales came to EUR 2.2 million, operating loss was EUR -1.0 million and net loss EUR -0.8 million. The largest deliveries in 2007 took place in the 1st and 3rd quarters.
- Profit per share EUR 0.11 (-0.01). The Board of Directors requests authorization to distribute to shareholders max EUR 0.15 per share.
- During 2007, significant new breakthrough orders in new large customer segments such as retail and manufacturing. The three largest orders of the year came from three leading US retail chains.

KEY FIGURES

	10-12/ 2007	10-12/ 2006	1-12/ 2007	1-12/ 2006
Net sales (MEUR)	2.2	3.3	14.1	9.5
Net sales, change %	-32.7	-19.2	49.4	1.7
Operating profit/loss (MEUR)	-1.0	0.5	2.2	-0.9
% of net sales	-46.6	15.2	15.3	-9.7
Operating profit/loss, change %	-293.1	-51.5	343.4	65.2
Profit/loss before taxes (MEUR)	-0.8	0.7	3.0	-0.2
% of net sales	-34.8	20.4	21.5	-2.4
Number of employees at period end	83	80	83	80
Earnings per share (EUR)			0.11	-0.01
Earnings per share, diluted (EUR)			0.11	-0.01
Shareholders' equity per share (EUR)			0.73	0.64

SSH Communications Security is a world-leading provider of enterprise security solutions and end-to-end communications security, and the original developer of the Secure Shell protocol. The company's SSH Tectia solution addresses the most critical needs of large enterprises, financial institutions and government agencies.

NET SALES

Consolidated net sales for 2007 totaled EUR 14.1 million (EUR 9.5 million), up by 49.4 % percent, year on year. Net sales for the fourth quarter totaled EUR 2.2 million (3.3 million).

For a system-level IT product, such as SSH Tectia, the sales process is often long. With major customers, the timing of large orders will cause fluctuations in sales from quarter to quarter.

The majority of SSH's invoicing is based on the U.S. dollar. During the report period, the U.S. dollar's average exchange rate was approximately 9 percent weaker than during the same period for 2006.

RESULTS AND EXPENSES

Operating profit for 2007 amounted to EUR 2.2 million (in 2006 a loss of EUR -0.9 million), with net profit totaling EUR 3.0 million (a loss of EUR -0.2 million). Operating loss for the fourth quarter totaled EUR -1.0 million (a profit of EUR 0.5 million), with net loss amounting to EUR -0.8 million (a profit of EUR 0.7 million).

SSH's fixed costs reported for the period increased EUR 1.4 million. Research and development expenses for the report period totaled EUR 3.7 million (EUR 3.4 million). The cost increases of R&D were mainly caused by development of test automation and technical customer services.

Sales and marketing expenses came to EUR 6.5 million (EUR 5.7 million). The difference was caused by expenses linked to the strong growth of sales, such as sales commissions, as well as additional marketing activities.

Administrative expenses were EUR 1.9 million (EUR 1.6 million). The cost increase was mainly due to a reservation, about 0.2 million, for the re-structuring of SSH's Asian sales organization. The purpose of the arrangements is to sharpen the geographic focus of the sales operations, emphasize the role of the re-sellers, as well as reduce running rate expenses.

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH remained at a healthy level during the report period. The consolidated balance sheet total on December 31, 2007 stood at EUR 25.5 million (EUR 21.3 million), of which liquid assets accounted for EUR 22.0 million (EUR 16.7 million), or 86.2 percent of the balance sheet total. The company has no interest bearing liabilities. On December 31, 2007, gearing, or the ratio of net liabilities to shareholders' equity, was -105.8% (-92.9%) and the equity ratio stood at 91.4 percent (92.5 percent).

The reported gross capital expenditure for the period totaled EUR 0.1 million (EUR 0.1 million). Reported financial income came mainly from capital gains on fund shares and interests on bank deposits. Financial

income and expenses totaled EUR +0.9 million, compared to EUR +0.7 million a year ago.

During 2007, SSH reported a positive cash flow of EUR 5.1 million from business operations, whereas investments showed a cash flow of EUR - 5.0 million. Cash flow from financing was EUR 0.0 million. Liquid assets at period end were at the previous year's level.

MARKET DEVELOPMENTS

Large enterprise, financial, and public sector organizations have a growing need for improved data security in several ways. New and existing data security risks, continuously evolving regulations, and increasing security standards and models continue to create new needs, to which we can respond with our versatile product offerings.

Demand for products that secure internal information transfers in large listed enterprises and public sector organizations has continued growing in USA. A similar demand growth trend is expected to spread in the next phase to the largest European and Asian enterprises.

Regulations that currently influence the demand of our company's products are, for instance, the U.S. Sarbanes-Oxley Act (SOX), the PCI DSS standards of the major credit card companies, as well as HIPAA for the patient data in the health care industry. These regulations set standards for data security and include audits, which drive now our customers to implement security upgrade programs for their IT infrastructure against internal and external threats in a timely manner.

SSH is confident that legislative reforms, new data security standards, as well as many industry and company level data security development programs will continue to drive demand favorably for SSH Tectia.

SALES PERFORMANCE

SSH'S NET SALES

EUR million	10-12/ 2007	7-9/ 2007	4-6/ 2007	1-3/ 2007	1-12/ 2007	10-12/ 2006	1-12/ 2006
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BY SEGMENT

AMER	1.4	7.3	1.0	1.8	11.5	2.0	5.7
APAC	0.2	0.2	0.2	0.2	0.8	0.2	0.9
EROW	0.6	0.3	0.3	0.5	1.8	1.2	2.8
SSH Group total	2.2	7.8	1.5	2.6	14.1	3.3	9.5

BY OPERATION

License sales	1.1	6.8	0.6	1.6	10.1	2.4	5.8
Maintenance	1.1	1.0	0.9	0.9	4.0	0.9	3.6
Total	2.2	7.8	1.5	2.6	14.1	3.3	9.5

The Americas, the Asia Pacific region, and the 'Europe and Rest of the World' market area accounted for 82 percent (61 percent), 6 percent (10 percent) and 13 percent (30 percent) of reported net sales, respectively.

During the report period, SSH concluded eight new license agreements that were worth more than EUR 100,000. The ten largest customers accounted for 61 percent of reported net sales, with the largest single customer accounting for approximately 30 percent.

PRODUCTS AND MARKETING

During the report period, SSH focused its sales and marketing efforts on large enterprises, financial institutions, and government agencies in the USA, Europe, and Asia, in line with its long-term strategy. The company continued also developing its partner network in the same focus markets.

The marketing focus was on the company's new Tectia security solutions for the IBM mainframe environment and SSH Tectia's enhanced file transfer security applications for large internal enterprise networks. The company continued the development of the new third generation architecture-based products. The company also further developed the product structure to provide higher value, add new features, expand application uses, as well as enable easier purchasing for the customers.

New applications, support of all essential enterprise OS platforms including IBM mainframes, increased technical support, versatile integration capabilities, and centralized management have made SSH Tectia the most extensive and highest performance integrated end-to-end communications security solution in the market.

RESEARCH AND DEVELOPMENT

Research and development expenses for January-September totaled EUR 3.7 million (EUR 3.4 million), the equivalent of 26.0 percent of net sales (35.6 percent). During the report period SSH did not capitalize any research and development expenses.

At the end of December SSH had 13 granted patents and 13 patent applications.

HUMAN RESOURCES AND ORGANIZATION

At the end of December, the Group had 83 employees on its payroll, up by 3 from the previous year, an increase of 3.8 percent.

At the end of the period, 51.8 percent of the employees worked in R&D, 37.4 percent in sales and marketing, and 10.8 percent in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting (AGM) on March 29, 2007 re-elected Tapio Kallioja, Tomi Laamanen, Timo Ritakallio and Tatu Ylönen to SSH Communications Security Corp.'s Board of Directors, with Laamanen re-elected as chairman.

The AGM again elected to have PricewaterhouseCoopers Oy, authorized public accountants, as the company's auditor, with Henrik Sormunen, authorized public accountant, acting as the principal auditor.

SHARES, SHAREHOLDING AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security Corp. shares totaled 15,020,468 (valued at EUR 24,462,255). The highest quotation was EUR 2.39 and the lowest EUR 1.12. The trade-weighted average share price for the period was EUR 1.63, and the share closed at EUR 1.61 (December 28, 2007).

In February, SSH Communications Security Corp received a notification in accordance with the Securities Market Act 2:9, according to which the total of Assetman Oy's shares in SSH Communications Security Corp has on February 13, 2007 risen above one tenth part (1/10) of the total of all shares and related voting rights. Assetman OY held 14.0 percent of the company's shares at the end of the financial year. There were no other substantial changes in SSH Communications Security Corp.'s shareholding during the report period. Tatu Ylönen holds, directly and through his company, Tatu Ylönen Oy, 52.9 percent of the company's shares, and Tero Kivinen holds 5.5 percent. More information about the shareholding can be obtained from the company's Web site.

There were no changes in the group structure during the period.

SHARE CAPITAL AND BOARD AUTHORIZATIONS

The company's registered share capital on December 31, 2007 was EUR 856,083.36, consisting of 28,536,112 shares. During 2007, SSH increased its share capital three times, based on subscription to the new shares under SSH's stock-option plan. In total, 3,550 new SSH shares were subscribed to under the I/1999 stock-option plan and 100,667 shares under the I/2003 stock-option plan, and 8,000 shares under the II/2003 stock-option plan, respectively. With these subscriptions the company's share capital was increased by EUR 3,366.51.

On March 29, 2007, the Annual General Meeting decided, in accordance with the proposal made by the Board of Directors to authorize the Board of Directors to decide on issuing the maximum of 5.500.000 shares in one or more new share issues or on issuing special rights to share subscription as defined in the Finnish Companies Act Chapter 10, section 1, with or without subscription rights to shareholders. This authorization is effective until the next Annual General Meeting, but will expire June 30, 2008, at the latest. The Board has not exercised this authorization.

CORPORATE GOVERNANCE

The company complies with the corporate governance recommendations for listed companies issued by the OMX Nordic Exchange Helsinki, the Central Chamber of Commerce of Finland, and the Confederation of Finnish Industry and Employers. More information on corporate governance is available on the company's Web site (www.ssh.com).

PROSPECTS

New data security regulations and risks continue driving our customers in all target markets to long-term development programs for the security of the IT infrastructure.

During 2007 SSH received significant new orders that diversified its customer base, as well as expanded the ways of use and applications of the company's products. Large, successful deliveries of our software products have reinforced our major customer reference base both technically and commercially. These and many other positive factors make us expect good sales results also in the near term.

The US dollar exchange rate and speculations about the US economy contain some factors of uncertainty that are hard to estimate. However, our active sales prospect base is at a historically high level, especially in the US markets. We expect to be in a good position to leverage the trends of enterprise data security, spreading from the USA and creating growing demand for our products also in Europe and Asia.

SSH will pursue clearly profitable results also in 2008.

Due to the large size of individual orders and depending on the timing of customer projects, significant variation of the quarterly revenue may occur.

DIVIDEND AND OTHER DISTRIBUTION OF ASSETS

The Board of Directors will propose to the Annual General Meeting that the Board of Directors would be authorized to decide on the dividend distribution and/or distribution of assets from the invested unrestricted equity fund to shareholders so that by virtue of the authorization assets can be distributed in total a maximum of 0.15 euros per share. The Board of Directors proposes that the maximum amount of the distribution according to the authorization would be in total 4,350,000.00 euros and that the authorization would be valid until December 31st, 2008.

INCOME STATEMENT

EUR million	10-12/ 2007	10-12/ 2006	1-12/ 2007	1-12/ 2006
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Net sales	2.2	3.3	14.1	9.5
Purchasing and production costs	0.0	0.0	0.0	-0.1
Gross profit	2.2	3.3	14.1	9.4
Other operating income	0.0	0.1	0.1	0.4
Expenses				
Product development	-1.1	-0.9	-3.7	-3.4
Sales and marketing	-1.5	-1.6	-6.5	-5.7
Administration	-0.7	-0.4	-1.9	-1.6
Operating profit/loss	-1.0	0.5	2.2	-0.9
Financial income and expenses	0.3	0.2	0.9	0.7
Profit/loss before taxes	-0.8	0.7	3.0	-0.2
Taxes	0.0	0.0	0.0	0.0
Net profit/loss for the period	-0.8	0.7	3.0	-0.2

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EARNINGS PER SHARE	1-12/ 2007	1-12/ 2006
Earnings per share (EUR)	0.11	-0.01
Earnings per share, diluted (EUR)	0.11	-0.01

BALANCE SHEET		
EUR million	12/31/ 2007	12/31/ 2006

ASSETS

Fixed and other non-current assets

Tangible assets	0.1	0.1
Intangible assets	0.1	0.3
Deferred tax assets	0.2	0.3
Total fixed and other non-current assets	0.5	0.7

Inventories and current assets

Short-term receivables	3.0	3.9
Short-term investments	20.3	15.0
Cash and cash equivalents	1.7	1.7
Total inventories and current assets	25.1	20.7

Total assets	25.5	21.3
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LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity	20.8	18.0
Long-term liabilities		
Provisions	0.2	0.0
Long-term financial liabilities	0.0	0.0
Total long-term liabilities	0.2	0.1
Short-term liabilities	4.5	3.3
Total liabilities and shareholders' equity	25.5	21.3

CASH FLOW STATEMENT

EUR million	1-12/ 2007	1-12/ 2006
Cash flow from business operations	5.1	0.9
Cash flow from investments	-5.0	6.5
Cash flow from financing	0.0	-7.0
Change in liquid assets	0.1	0.4
Liquid assets at period start	1.7	1.4
Adjustment for translation difference	-0.1	-0.1
Liquid assets at period end	1.7	1.7

STATEMENT ON CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Share Capital	Issue Premium fund	Fair value reserves	Trans-lation diff.	Retained Earnings and free reserves	Total
Shareholders' equity						
Jan. 1, 2006	0.8	24.4	0.2	-0.7	0.6	25.4
Change	0.0	-13.0	-0.1	-0.1	5.7	
Shareholders' equity						
Dec. 31, 2006	0.9	11.5	0.1	-0.8	6.3	18.0
Shareholders' equity						
Jan. 1, 2007	0.9	11.5	0.1	-0.8	6.3	18.0

Change	0.0	0.0	0.0	-0.2	0.0	
Net profit					3.0	
Shareholders' equity						
Dec. 31, 2007	0.9	11.5	0.1	-1.1	9.4	20.8

NET SALES BY SEGMENT

EUR million	10-12/ 2007	10-12/ 2006	1-12/ 2007	1-12/ 2006
AMER	1.4	2.0	11.5	5.7
APAC	0.2	0.2	0.8	0.9
EROW	0.6	1.2	1.8	2.8
SSH Group total	2.2	3.3	14.1	9.5

OPERATING PROFIT/LOSS BY SEGMENT

EUR million	10-12/ 2007	10-12/ 2006	1-12/ 2007	1-12/ 2006
AMER	0.6	1.2	7.6	2.9
APAC	0.0	0.0	0.3	0.4
EROW	0.0	0.6	-0.1	0.6
Common Group expenses*	-1.6	-1.3	-5.6	-4.8
SSH Group total	-0.9	0.5	2.3	-0.9

* Common Group expenses include Group administration expenses (e.g., management and finance) and product management and R&D expenses for corporate headquarters.

KEY FIGURES AND RATIOS

	1-12/ 2007	1-12/ 2006
Net sales (MEUR)	14.1	9.5
Operating profit/loss (MEUR)	2.2	-0.9
Operating profit/loss, as % of net sales	15.3	-9.7
Profit/loss before extraordinary items and taxes (MEUR)	3.0	-0.2
Profit/loss before extraordinary items and taxes, as % of net sales	21.5	-2.4
Profit/loss before taxes (MEUR)	3.0	-0.2
Profit/loss before taxes, as % of net sales	21.5	-2.4
Return on investment (%)	16.4	-1.0
Return on equity (%)	15.7	-1.0
Interest-bearing net liabilities (MEUR)	-22.0	-16.7
Equity ratio (%)	91.4	92.5

Gearing (%)	-105.8	-92.9
Gross capital expenditure (MEUR)	0.1	0.1
% of net sales	0.8	1.2
R&D expenses (MEUR)	3.7	3.4
% of net sales	26.0	35.6
Personnel, period average	81	81
Personnel, period end	83	80
PER-SHARE DATA		
	1-12/ 2007	1-12/ 2006
Earnings per share, undiluted (EUR)	0.11	-0.01
Earnings per share, diluted (EUR)	0.11	-0.01
Equity per share (EUR)	0.73	0.64
No. of shares at period end (thousands)	28 536	28 424
Share performance (EUR)		
Average price	1.63	1.43
Low	1.12	0.88
High	2.39	2.40
Share price, period end	1.61	1.15
Market capitalization, period end (MEUR)	45.9	32.7
Volume of shares traded (in millions)	15.0	13.9
Volume of shares traded, as % of total	52.6	48.8
Value of shares traded, in millions of euros	24.5	19.9
Price-to-earnings ratio (P/E)	15.2	-
Price-to-earnings ratio (P/E), diluted	15.3	-
CONTINGENT LIABILITIES		
EUR million	12/31 2007	12/31 2006
Rental liabilities	0.1	0.2
Leasing commitments outside the balance sheet		
Maturing within 1 year	0.7	0.8
Maturing between 1 and 5 years	1.1	1.3

This interim report has been compiled observing IAS 34 (Interim Financial Reporting) accounting standard. The same accounting principles have been used in the interim report as in the financial statement for 2006. These data are based on unaudited figures.

DISCLAIMER

