



Circle of
Trust

Annual report
2009

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CEO's Review – Building the Circle of Trust

Market Maker in Real-time Security

A business-driven approach to enterprise security is crucial to almost all organizations. Organizations usually take a bottom-up approach in this area, however, despite the fact that it is one that really requires the attention of the CEO – as enterprise security is intimately linked to trust, reputation, brand, shareholder and stakeholder value, marketplace and stock market confidence, and customer retention and growth.

Information security should be seen as an essential element of corporate governance and a top priority for every board review, and a key requirement for successful business.

Our vision at SSH is to become the market maker in real-time business security solutions, and we believe that we have the ability to secure our customers' businesses with what we call our Circle of Trust. By keeping things simple, we can also deliver solutions rapidly and with a smile.

One Billion USD Addressable Market

The key drivers for business-to-business data security are the exponential increase of digital information in fixed and mobile networks, the flexible use of integrated business applications between multiple enterprises, the need for 24/7 availability and reliability, as well as auditable and well-managed compliance with data security regulations and legislation.

The market for SSH Tectia solutions has grown ten-fold to more than USD 1 billion after the extension of our SSH Tectia offering following our change in strategy in 2009. Today, our key market segments are secure applications and protocols, managed file transfer, and mobile identification, where we focus on the security, automation, auditing, and governance of identity-managed information in fixed, mobile, and cloud environments.

Our core business is about securing customers' mission-critical business information on the move.

The market for secure applications and protocols is expected to grow significantly in the future, at more than 10% compound annual growth from today's level of USD 700 million.

While the secure file transfer (SFT) market is mature, there are still a number of growth drivers, including the growing pressure on large companies to migrate from proprietary and open-source tools to standards-based, commercial SFT solutions that also offer services.

The size of the managed file transfer (MFT) market is estimated to be USD 450 million and it is growing at 20% in terms of compound annual growth, thanks to the automation and gover-

nance of real-time data-in-transit in private networks and across the Internet with virtual data centers. We offer visionary MFT security solutions for businesses that value the world's best automation, as well as audit and governance capabilities in business networks where trusted sharing of information is required.

The mobile identity market is estimated to be worth USD 430 million and is growing at more than 8% in terms of compound annual growth. The future focus here will very much be on mobile multi-access security, and our added value comes from the fact that our software-based identification management solutions can be used with any device, in any network, any time, any place, and can be deployed rapidly.

World's Most Demanding Customers

Our customers in finance, retail, government, and defense in the U.S., Europe, and APAC are among the most demanding anywhere. Our strategic objective is to secure and strengthen customer satisfaction and the quality of their existing network environments; and our business objective is to increase our number of Global 1,000 key accounts and penetrate the Global 10,000 market. We intend doing this through two business streams, focusing on direct sales based on SSH's core business offering and indirect sales based on our new business offering.

Our new business partner network strategy is designed to increase the number of certified sales and service partners that we have globally and generate 50% of net sales during the strategy period through this network.

Our existing geographical markets are the Americas (U.S. and Canada), Europe with a focus on the U.K. and DACH, and APAC, in particular Japan and Singapore. Our new markets will be the Nordic countries, Eastern Europe, Hong Kong, and mainland China.

In addition to regional headquarters in Boston and Helsinki, SSH aims to establish an APAC regional headquarters in Hong Kong in the second quarter 2010 to serve existing customers in the region, build efficient sales channels, and sign up new customers.

One Company

Our strategic themes for 2010 will be customer-focused business excellence, growing business horizons, and enhancing our execution capabilities.

Our business model will continue to be based on technology licensing, generating recurring revenue through maintenance and services. This model is very scalable and does not need major investments after the breakeven point has been passed.

We hold 14 global patents and are the original inventor of the Secure Shell protocol, which remains the heart of our business and forms the basis for open standards in cryptographic security for IP networks. This position allows us to complement our offering based on customer-proven solutions and world-class technology, as our solutions are compatible with multiple platforms and architectures.

Some 50% of our personnel are involved in customer and market operations today, and sales per head have increased significantly due to the continuous development of high-performance sales culture. We have invested in expanding our offering to meet new customer challenges and markets, and the technology in-sourcing program that we initiated in 2009 has increased the agility and efficiency of our R&D.

An internal 'One Company' program introduced in 2009 has seen us give increased focus to unified global business processes, a new leadership model, and cultural change. We have also identified our key business processes as customer and market operations, R&D, and business support and ICT.

Research and development focuses on developing our new offering using both our own and in-sourced technologies, and enhancing the perceived quality of SSH security solutions among our customers.

Our business support and information technology process focuses on developing world-class back-office services and increasing the ability of our ICT infrastructure to meet the requirements.

SSH's updated leadership model includes a balanced score-card-based profit sharing system for all employees, as well as a

joint leadership model throughout the entire organization. A new limited company, SSH Management Investment Corp, owned by the members of the Group Management Team, is now the company's fourth-largest owner, holding 4.8% of company shares.

The goal of our cultural change is to build a growth organization dedicated to putting the customer first, and committed to keeping things simple, responding rapidly, and doing so with a smile - through individual responsibility, a focus on profitability, and customer orientation.

Join our Circle of Trust

2009 was a turnaround year for SSH, its employees and stakeholders. We announced our intention - and also started the shift from a technology company towards a sales and marketing-oriented security software company.

As part of this, we will change our brand identity in 2010 to underline our commitment to serving our customers and securing their business with the best possible quality through our Circle of Trust.

I would like to thank our existing and new customers, our key business partners, and our professional personnel for their contribution to what proved a tough but rewarding year in 2009.

And I would like to invite all of you to join us on the inspiring journey in building the Circle of Trust.

Jari Mielonen
President and CEO
SSH Communications Security Corp.

SSH in Brief

Year 2009

SSH Communications Security Corp. is the market maker in real-time security software for modern, networked organizations. We create an invaluable Circle of Trust for our customers and their stakeholders by securing, automating and governing confidential information with our Tectia solutions in fixed, mobile and cloud environments.

We enable and enhance business for thousands of customers in multiple industries in the private and public sectors around the world. We operate in the Americas, Europe, and APAC regions, with headquarters located in Helsinki, Finland. The company was established in 1995, and holds 14 patents. Its shares are quoted on the NASDAQ OMX Helsinki.

In 2009 net sales amounted to EUR 8.8 million with an increase of 3.4 percent compared to the previous year. The fiscal year loss including non-recurring costs was EUR -1.2 million. The loss excluding non-recurring costs was EUR -0.3 million. The company's financial position remained healthy with an equity ratio of 71.4 percent and EUR 6.4 million in liquid assets.

Early 2009, we signed a contract with Gartner, a market analysis company, to establish new market position and offering. The assignment resulted to the confirmation of the new vision of SSH and the significance of MFT markets. The value driven nature of MFT solutions was complementing the company's core strengths in security solutions for mission-critical infrastructures.

Starting from the first quarter, the company initiated new offering development. More R&D resources were moved to creating the value added offering complementing the existing data-in-transit security software. At the same time, we decided to start in-sourcing technologies which would accelerate the time-to-market and fulfill the demand from our customers. We signed three strategic technology in-sourcing partners to strengthen our value driven security offering.

The second quarter was started with a sales review, focusing on the efficiency evaluation of sales and marketing in the company. As a result, parts of sales were reorganized. A management audit discovered that the company needs new leadership skills and roles to execute the defined strategy. The Group management team was renewed. At the end of second quarter the company launched new offering for the managed file transfer and governance market segments.

Both the first and the second quarter ended up with loss, thus resulting to a negative first half of 2009. The customers' low expectations of economic recovery slowed down decision making, and certain U.S. public sector projects that were already in the sales pipeline, were postponed due to funding reasons. Turn-around-related non-recurring costs actualized by the established contingency plan also increased the net loss actualized.

The third quarter was the turning point in the course of the company. The actions defined by new group management, initiated change towards a sales and marketing-oriented security software house, the increased efforts in key account management, and the new offering introduced to existing and new customers became the success factors for the initial growth. The third quarter was the first profitable quarter with growth in net sales.

In order to boost net sales, the management launched a high performance sales initiative. The key objective of the sales program was to improve the sales estimation accuracy and hit-rate in signing short-listed sales cases.

Sales Summary

The company signed agreements with a major U.S. research agency, one of the largest U.S. banks and a mid-size U.S. retailer chain for their security governance and business security solutions. SSH gained reputation also when Gartner published its market research report and named SSH as a visionary MFT (Managed File Transfer) security vendor.

During the fourth quarter the company signed a global license with one of the largest banks in Europe for their global roll-out of SSH security software. The company continued the development of its business-to-business security solutions offering by enhancing it with new software-based identification technologies provided by a technology in-sourcing partner.

Started at the end of the second quarter, SSH continued the cost cutting program. The cost savings were -15% in expenses during the second half of 2009 compared to the previous year. In December, the company's headquarters moved to new more cost-efficient premises as part of the cost cutting program.

The company initiated a new brand and communications strategy program with its marketing partner. The results will be launched within the first half of 2010. The company set up the building blocks for the ability to start a journey in creating a new collaboration model among its customer, their partners and end-customers.

The key strategic objective is to continue efforts on developing the company into a sales and marketing oriented technology company with strong value-added offering and customer focus.

For the fiscal year 2010, SSH estimates its net sales to grow from 2009 and expects the net result to be positive.

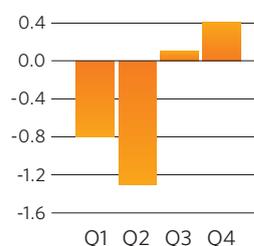
In 2009 we have:

- Introduced several new managed file transfer and governance solutions that improve our customers' ability to establish a Circle of Trust in which they can securely exchange confidential information with their business partners and customers.
- Collaborated with leading industry analyst firms for revised market positioning.
- Developed and clarified our branding and marketing communications strategies in cooperation with an advertising agency.
- Conducted market studies in multiple countries and prioritized the markets for global expansion.
- Revised our channel strategy to match our expanding offering portfolio.
- Developed a channel partner certification program to manage and support our channel partners. Execution of the certified channel partner program will start in 2010.
- Expanded the customer relationships with large key accounts.

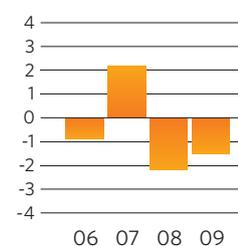
Key Figures

	2009	2008	Change, %
Net sales (MEUR)	8.8	8.5	3.4
Operating profit/loss (MEUR)	-1.5	-2.2	31.8
% of net sales	-17.1	-25.9	
Profit/loss before taxes (MEUR)	-1.2	-1.5	22.9
Profit/loss (MEUR)	-1.2	-1.8	33.3
Return on equity, %	-12.4	-10.2	
Return on investment, %	-10.8	-7.4	
Liquid assets	6.4	16.5	
Gearing (%)	-144.2	-112.8	
Equity ratio (%)	71.4	91.3	
Earnings per share (EUR)	-0.04	-0.06	
Shareholders' equity per share (EUR)	0.15	0.51	

OPERATING PROFIT PER QUARTER 2009 EUR million



OPERATING PROFIT EUR million



Personnel

International Working Environment

By the end of 2009, SSH had 64 employees, 47 were working at the company head office in Helsinki, Finland, 2 were working in the other SSH offices in Europe and 15 in the offices in the US. The employees represent 13 nationalities.

At the end of the period, 58 per cent of the employees were working in R&D, 22 per cent in sales and marketing, and 20 per cent in administration.

Values Lead the Way

SSH's business operations are guided by a common set of values developed by the employees of SSH. These values are: Select, Solve and Honor. SSH focuses on serving its selected customer segments by solving their data security problems within selected solution areas. SSH aims at developing and sustaining long-term cooperation with the customers based on mutual respect and honoring commitments to customers. The company values lead the way and guide the SSH employees in daily decisions and operations.

Development Opportunities and Wellbeing

One of the most important success factors of SSH, and one of the true core competencies of the company, is the capability to innovate and to develop effective technical solutions to the customers' data communications security problems. Most of the jobs require higher education, and 87 percent of the SSH employees have a university degree. Innovative solutions to customers' real-life critical problems are of utmost importance to SSH.

The company endeavors to increase and maintain its innovation capability by investing in employee wellbeing and continuous personal development. Twice a year, everyone has development discussions with the immediate superior. In these discussions, the personal objectives and development plans are composed for every employee. SSH uses job rotation, internal training and external courses, as well as enhancements to the job descriptions as means of maintaining and developing employee competencies.

In 2009 SSH started a new employees' wellbeing program called "Bear Club". The Bear Club activities are arranged together with our occupational health care services and the pension insurance company, who carries out annual employee surveys. The goal of the Bear Club is to increase SSH staff's fitness and good health by promoting physical activities in daily life. We want to increase our employees' wellbeing at work and help lower their stress levels.

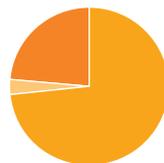
Very Satisfied Employees

In November 2009, SSH carried out the annual personnel satisfaction survey. The purpose of the survey was to map the level of occupational wellbeing of our personnel. The target was to find out the strengths of the organization, as well as the development needs for improving job satisfaction on personal and on company level.

Feedback to this web-based questionnaire indicated a high overall job satisfaction. As the most positive aspects the employees named physical wellbeing, work atmosphere, social support and meaningful work.

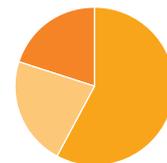
Areas that could benefit from further development included how to improve internal communication, how to share the work load more evenly between employees, and how to better develop the employees' ability to cope with busy work and to adapt to changes. The survey results were analyzed and the development areas and actions were defined for 2010 accordingly.

EMPLOYEE DISTRIBUTION
by geographical area



- Finland 74%
- Rest of Europe 3%
- USA 23%

EMPLOYEE DISTRIBUTION
by business area



- R&D 58%
- Sales and Marketing 22%
- Management and administration 20%

Markets & Sales

Our Brands

SSH holds two strong brands - the SSH corporate brand and the SSH Tectia product brand.

The SSH corporate brand is rooted in the initial innovation of the Secure Shell protocol made by the company's founder in the mid-1990s. The SSH brand is associated with the company's expertise the development of software for secure file transfers, secure remote administration, and secure application connectivity.

Since the introduction of the SSH Tectia product brand five years ago, we have expanded our product portfolio with real-time software solutions for the automation, management, and governance of secure file transfers. In 2009, we introduced several new solutions that improve our customers' ability to establish the Circle of Trust through which they can securely exchange confidential information with their various stakeholders.

Our Markets

The Americas have been our main source of sales revenue to date. Recently, however, the globalization of businesses, the proliferation of industry-specific security standards, and increasing network security breaches have accelerated the market growth in the EMEA and APAC regions.

To better address the growing demand in these markets, we recruited a head of sales for the EMEA region and made a decision to open our own sales and customer services office in the APAC region during 2010.

We also recruited new sales professionals, revised our marketing strategies, and established key account teams to increase our customer knowledge throughout the organization. The new solutions that we introduced multiply our addressable target markets in terms of industries and size of end-customers.

Our Customers

Thanks to our unique ability to manage real-time software requirements in large and complex networks, we have been able to acquire a wide customer base including many of the world's largest enterprises on the Global 1000 list and public organizations.

Many of our customers deploy SSH Tectia software throughout their global networks consisting of heterogeneous hardware and software environments. They also often use SSH Tectia for the centralized management of their enterprise security infra-

structure. The versatility of SSH Tectia software helps customers drive down the total cost of ownership.

To improve our interaction with customers and serve large customers in both the private and public sectors more effectively, we launched a key account management program in 2009. The positive feedback we received, together with the volume of new license orders, encourage us to develop the program further during 2010 and beyond.

Additionally, we also continue selling SSH Tectia software to customers with more limited needs for real-time security through our own sales professionals and our channel partners.

Our Sales Channels

Our channel sales network consists of 70 partners, and includes large distributors such as Patriot Technologies and Lyme Computer Systems in the Americas, Quantiq International in Asia, and DIT in Japan.

We revised our channel strategy to match our expanding offering portfolio. We also developed a channel partner certification program to manage and support our channel partners.

Our new value-added security software solutions have shorter selling cycles and require less engineering resources for evaluation and deployment than our infrastructure products. Our certified channel partners will primarily target Global 10,000 companies. Together with our distribution partners, we aim to increase collaboration with large integrators such as IBM, Fujitsu, and Hitachi that offer security solutions as a part of their outsourcing services to large enterprises.

Trust that Spans the World

SSH Communications Security operates on a global basis. We have offices in Europe and the US, while a network of our channel partners has provided customer support throughout the Asia Pacific region. We will extend our presence in the APAC region in 2010 to offer better regional support for our Asian partners and customers.

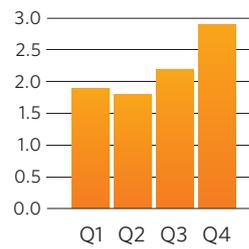
Most of our large key accounts are multinational organizations, with demanding global environments that need to be able to rely on our support capabilities, regardless of the time zone. Accordingly, our key account teams serving these customers are also global, with sales, customer support, product development, and business stream management personnel based at offices

around the world working together to provide customers with the best solutions for their needs. This key account team approach ensures that we can react rapidly in today's high-velocity business environment and that the best possible expertise and know-how is always available to our customers.

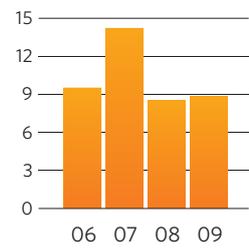
Building trust with our customers involves continuous, open, and honest communication. When our customers trust us it is possible for us to learn to understand their needs and business challenges, and to allocate the needed resources to find the right solution for their specific needs, involving customers in our virtual teams wherever appropriate. This helps create a rewarding working environment for everyone involved and helps us build shared success stories with our customers.

A rapidly deployable solution that was developed to close quickly an audit gap for an American retail company, for example, can provide the inspiration for an infrastructure that dramatically reduces the data exchange costs of an Asian health care provider. Our ability to disseminate quickly this type of experience throughout our organization, while respecting the integrity and confidentiality of our customer environment specifics, is one of our most valuable assets as we extend our reach into new markets.

SSH TECTIA
QUARTERLY NET SALES
PERFORMANCE 2009
EUR million



NET SALES
PERFORMANCE
EUR million



Technology

One of our key technology guidelines for 2009 has been the strategic shift from a strong security protocol provider towards offering business functionalities and business value. We continued development of our strong infrastructure products, and introduced new Value Driven Security offering that facilitates day-to-day operations and offers versatile and trusted products that are easy to use for our enterprise customers.

In essence, we have transformed our approach from providing technology to IT people to providing solutions for our customers' business end-users, such as auditors, compliance managers, business process owners and many more so they can do their daily tasks better, faster, and more cost efficiently - and more securely.

Secure Shell Infrastructure Products

We continued to work closely with our key customers during 2009 to improve and develop our core Secure Shell products - SSH Tectia Client and SSH Tectia Server - which form a reliable security communication infrastructure between thousands of servers located at the data centers of SSH's largest customers, many of which are Fortune 500 companies.

The importance and demand for secure and managed file transfers continue to grow due to legislative mandates to eliminate FTP and other unsecured transfer methods, and increasing movement from physical delivery to internet communications for faster and more cost-efficient operations.

The SSH Tectia ConnectSecure success story continued, thanks to its unique ability to convert unsecured FTP to SFTP on-the-fly, and proved the key to winning some of the company's biggest deals in 2009.

Some studies estimate that unsecured FTP based file transfers are still in use in approximately two out of three large companies in their day-to-day data transfers. SSH is committed to help our customers on their way towards more secure and manageable transfers.

Introducing SSH Tectia MFT

In the summer of 2009, we introduced new MFT (Managed File Transfer) products: SSH Tectia MFT Events and SSH Tectia MFT Auditor.

SSH Tectia Events is specifically engineered to handle the automation of SFTP transfers and related actions, and provides a

fast-to-implement and easy-to-use scheduling and task automation framework that eliminates the need to write complicated scripts for task triggering.

We introduced SSH Tectia MFT Auditor to give IT operations and management a powerful tool to monitor SFTP transfers from a central location and to significantly improve our customers' visibility to their file transfer environment.

These new products also reflect our more open attitude to the whole of the Secure Shell market, as all our new added-value products work with and towards any Secure Shell products. SSH Tectia MFT Event can schedule SFTP transfers and command sets for hosts using SSH Tectia, OpenSSH, or other commercial or open-source Secure Shell tools; while SSH Tectia MFT Auditor can acquire information from any SFTP file transfer, regardless of the provider of the Secure Shell version. This move towards more open functionality makes it much easier to use SSH Tectia products without having to replace an entire environment.

Three Significant New Partnerships

In addition to the decision to enter the MFT market, another important factor contributing to SSH's turnaround in 2009 was its technology partnerships. We concluded exclusive OEM and collaboration agreements with three European software houses and developers, with the target to jointly and cost-efficiently develop and distribute security enhancing solutions to enterprise customers.

We further wanted to leverage the hugely popular security infrastructure of SSH (Secure Shell) and offer easier auditing of connections, more robust controlling and logging for regulatory needs, for instance to meet the PCI-DSS requirements. Also, we learned from our customers that while they have the requirement to secure the connectivity or file transfers by encryption, they are also required to inspect the same connectivity or file transfer against malicious content before the connection is allowed inside the firewall. How do you inspect the content when you are using the strongest software encryption enabled?

This is solved by SSH Tectia Guardian, a unique, market-leading product for controlling, auditing, and inspecting access to selected hosts. SSH Tectia Guardian addresses real-time inspection needs by allowing tightly controlled end-to-end security using Secure Shell and SFTP, and enabling content inspection on the fly for example to protect credit card servers from unauthorized access.

PCI-DSS Compliance Area	Req #	The Payment Card Industry Data Security Standard (PCI-DSS) Requirements	SSH Tectia Solution Support for PCI-DSS
Build and Maintain a Secure Network	1	Install and maintain a firewall configuration to protect cardholder data	Supported fully by SSH Tectia Solution
	2	Do not use vendor-supplied defaults for system passwords and other security parameters	Supported partially by SSH Tectia Solution
Protect Cardholder Data	3	Protect stored cardholder data	Supported fully by SSH Tectia Solution
	4	Encrypt transmission of cardholder data across open, public networks	Supported partially by SSH Tectia Solution
Maintain a Vulnerability Management Program	5	Use and regularly update anti-virus software	PCI-DSS Compliance can be achieved fully with Software
	6	Develop and maintain secure systems and applications	Supported partially by SSH Tectia Solution
Implement Strong Access Control Measures	7	Restrict access to cardholder data by business need-to-know	Supported fully by SSH Tectia Solution
	8	Assign a unique ID to each person with computer access	Supported fully by SSH Tectia Solution
	9	Restrict physical access to cardholder data	PCI-DSS compliance cannot be achieved by software only
Regularly Monitor and Test Networks	10	Track and monitor all access to network resources and cardholder data	Supported fully by SSH Tectia Solution
	11	Regularly test security systems and processes	Supported fully by SSH Tectia Solution
Maintain an Information Security Policy	12	Maintain a policy that addresses information security	Supported fully by SSH Tectia Solution

PCI-DSS requirements met by the Tectia solution

- Supported fully by SSH Tectia Solution
- Supported partially by SSH Tectia Solution
- PCI-DSS Compliance can be achieved fully with Software
- PCI-DSS compliance cannot be achieved by software only

Together with other SSH Tectia products, SSH Tectia Guardian offers one of the most complete solutions in the market for PCI-DSS (Payment Card Industries Data Security Standards) compliance.

MFT Portal – Accessing Files Anywhere Safely

At the end of 2009, we launched SSH Tectia MFT Portal that offers a secure file portal with a web access enabling users to access their files virtually anywhere, without needing specific software on the computer they are using.

In addition to making things easier for users, SSH Tectia MFT Portal is also great from a corporate IT administration standpoint, as it provides seamless, streaming integration to file servers at the corporate back-end using SFTP, FTP/S, POP, SMTP, or even native database connectivity – without exposing their file servers to the Internet.

SSH Tectia MFT Portal is targeted to serve business users, field support, sales teams, partners, and various business groups who need to share files and information securely, yet conveniently – anywhere where there is a web access available.

z/Optimizer – Reducing Costs and Moving Towards Optimized Open Standards

SSH Tectia Server for IBM z/OS has been a strong product on IBM mainframes since 2005, and has been a spearhead product in winning some of SSH's largest accounts since then. The introduction of the SSH Tectia MFT z/Optimizer strengthens SSH's offering in IBM mainframe file transfers and forms an integral part of SSH's MFT strategy.

Using SSH Tectia z/Optimizer, companies can replace proprietary Connect: Direct technology with open-standard SFTP by reading existing jobs and converting them to SFTP on the fly, thus enabling significant savings in licensing and support costs. We expect SSH Tectia z/Optimizer to bring customers a fast ROI with payback times of one year or less.

Market Making Move Towards the Cloud

SSH intends to take a market making position by developing new web and mobile technologies and by creating new product bun-

dling that matches the needs of various industries and their operations more effectively.

The market is clearly becoming ripe for SaaS (Software as a Service) offerings, and we will responded to this by offering the SSH Tectia MFT Portal web file transfer portal, featuring integrated 2-factor authentication using our new SSH Tectia MobileID. These two new products bring to the market the best combination of security and user-convenience, while avoiding the most common security issues linked to the anyplace-anytime nature of the web.

SSH Tectia MFT Events, on the other hand provides a powerful file transfer automation framework working in perfect unison with SSH Tectia MFT Portal in providing up-to-date logistics for file management and provisioning. You would always have the latest data available, for example marketing brochures for partners, daily campaign prices at supermarket chains, or the warehouse and supply chain updates. All delivered timely, securely, guaranteed, and with notifications sent to the desired destinations.

The first customer installations of this new technology are now under way, and SaaS providers are preparing their operations to be able to offer MFT Portal offerings very rapidly.

We continue our commitment to move towards more value generating security solutions for our customers to facilitate them in their real-time operations.

SSH Tectia Product Portfolio

For Infrastructure

SSH Tectia Client
 SSH Tectia Server
 SSH Tectia Server for IBM z/OS
 SSH Tectia Server for Linux on IBM z **(NEW in 2009)**

For Automation

SSH Tectia ConnectSecure
 SSH Tectia MFT Events **(NEW in 2009)**
 SSH Tectia MFT Portal **(NEW in 2009)**
 SSH Tectia MFT z/Optimizer **(NEW in 2009)**

For Governance

SSH Tectia MFT Auditor **(NEW in 2009)**
 SSH Tectia Manager
 SSH Tectia Guardian **(NEW in 2009)**

Corporate Governance

The SSH Group comprises SSH Communications Security Corp (SSH) and its subsidiaries. SSH Communications Security Corp is registered in Helsinki, Finland and is a publicly listed company. Its subsidiaries are SSH Communications Security, Inc. (USA) and SSH Operations Ltd that operates in the UK and Germany.

SSH abides by its Articles of Association as well as principles of sound corporate governance, and high ethical standards in its governance and decision-making. The company complies with the Finnish Companies Act and securities market legislation, the rules of the NASDAQ OMX Helsinki Ltd, and the joint recommendations of the NASDAQ OMX Helsinki Ltd, the Helsinki Chamber of Commerce, and the Confederation of Finnish Industries regarding corporate governance of publicly listed companies.

Shareholders' Meeting

The ultimate decision-making power at SSH is vested in the shareholders' meeting. The Annual General Meeting is held within six months of the completion of the company's fiscal year, at a time decided by the Board. The shareholder's meeting decides the number of members of the Board of Directors, and appoints the members. Additionally, under the Finnish Companies Act, the Annual General Meeting has the authority to amend the company's Articles of Association, adopt the financial statements, approve the amount of dividend, and to select the company's auditors. Each SSH share conveys one vote at the shareholder's meeting.

Board of Directors

In accordance with the company's Articles of Association, the Annual General Meeting appoints three to eight members to the Board of Directors. Their term of office ends with the closing of

the next Annual General Meeting following their appointment.

The Board has a quorum when more than half of its members are present. The company's Articles of Association do not restrict the members' terms in office or present any specific selection criteria for the members. The Board elects a chairperson from among its members.

SSH's Board of Directors is responsible for the company's strategic policies, and the appropriate organization of business operations and administration. The Board of Directors acts in the company's interests at all times. In addition to the tasks and responsibilities provided by the Finnish Companies Act and the company's Articles of Association, in accordance with its agenda, SSH's Board of Directors:

- appoints and dismisses the CEO and decides on his/her service terms
- approves nominations of the Group Management Team members
- approves bonus and incentive schemes for the CEO and personnel
- approves the company's long term strategy and annual budget and follows their implementation
- reviews and approves interim reports and annual report
- confirms the company's risk management and reporting procedures
- decides on acquisitions and other significant investments
- decides other matters that belong to the Board of Directors' power according to the Finnish Companies Act or other legislation.

Board of Directors – Members

The Annual General Meeting held on 4 March 2009 elected Juho Lipsanen (chairman), Tomi Laamanen, Pyry Lautsuo, Juha Mikkonen and Tatu Ylönen as members of the Board of Directors.



Juho Lipsanen

born 1961, M.Sc. (Economics)
Board member since 2009,
Chairman of the Board 2009
Partner of ValCrea AG

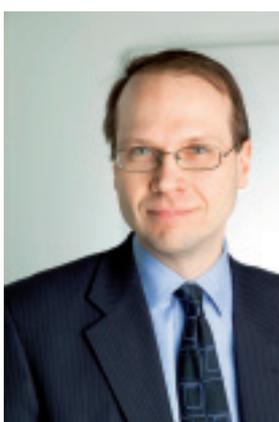
Juho Lipsanen is the chairman of the board or a board member in several Nordic companies. He has been the CEO of TeliaSonera Finland in 2005–2008 and the CEO of Alma Media in 2002–2005. In 1988–2002 he held various positions at ABB Ltd, among them the CFO of ABB automation and the CEO of ABB New Ventures. Owns 21,865 SSH shares.



Pyry Lautsuo

born 1946, M.Sc. (Technology)
Board member since 2008
IBM Country General Manager
in Finland between
years 1997–2006

Pyry Lautsuo has 30 years of experience with versatile international tasks in technology industries. In addition, he holds board memberships in several Finnish and international companies, and in business and industries organizations. Owns 12,500 SSH shares.



Tomi Laamanen

born 1968, D (Eng.),
PhD (Economics & Business
Administration)
Board member since 2001

Tomi Laamanen is Professor at the Institute of Strategy and International Business at the Helsinki University of Technology. He has been a Board member or Advisory Board member of several Finnish technology companies and professional associations. He has acted as a strategic adviser to companies operating in the banking, information and communications, media, metals and machinery, pharmaceuticals, and pulp and paper sectors. Owns 124,000 SSH shares.



Juha Mikkonen

born 1962, M.Sc. (Economics)
Board member since 2008
Managing Director of Vicus Limited, a real estate development and investment company

Juha Mikkonen has over 20 years of experience in investments and banking. He is the chairman in the board of directors at investment company Assetman Limited. Owns 4,003,000 SSH shares.



Tatu Ylönen

born 1968, LicSc (Tech)
Board member since 1995
Major shareholder, CTO until
September 30, 2004

Tatu Ylönen developed the Secure Shell technology for remote access and founded SSH Communications Security Corp. He is an internationally respected network security expert. Tatu Ylönen owns directly 14,510,149 SSH shares and 44,254 shares indirectly through Tatu Ylönen Oy.

The majority of the Board members have no dependence on the company. Juho Lipsanen, Tomi Laamanen and Pyry Lautsuo are deemed to be independent Board members. Not independent of the company are the Board members Juha Mikkonen and Tatu Ylönen. Juha Mikkonen is the Chairman of the board of directors of Assetman Oy, an investment firm that holds more than 10 percent of the total number of the SSH shares. Tatu Ylönen owns directly and indirectly through his company Tatu Ylönen Oy 48,7 per cent of the total number of SSH shares.

Board Responsibilities

The Board works to a predetermined agenda. The themes to be considered in future meetings, and the Board's agenda, are planned at the start of each new term of office. During the spring, the agenda is focused on outlining strategic policies and updating the corporate strategy. In the autumn, the focus is on tactical matters, and in November the budget for the following year is approved. In the beginning of the year, meetings focus on preparations for the Annual General Meeting.

The members of the Board receive regular updates on the company's business and financial performance. In the Board meetings, the CEO, the Chairman of the Board or another person

appointed by the CEO, presents business to be considered by the Board. Each Board meeting considers a progress report provided by the CEO in line with the standard agenda. All Board meetings also monitor sales performance, market development and the company's financial performance. The company's General Counsel acts as secretary to the Board.

The SSH Board of Directors convened 13 times in 2009. The average attendance rate of Board members was 99 percent.

The Board evaluates its operations and processes to increase efficiency and quality. An internal self-evaluation is conducted once a year.

Committees of the Board of Directors

In a corporation, the proper functioning of the administrative and control systems requires that the work of the Board of Directors be organized as effectively as possible. The preparation of matters for which the Board of Directors is responsible can be made more effective through setting up committees comprising Board members. The Board of Directors will then make its final decisions based on the recommendations of the committees. SSH's Board of Directors has appointed an Audit Committee and a Nomination and Remuneration Committee.

Tomi Laamanen acts as the Chairman and Pyry Lautsuo acts as a member of the Audit Committee. As the CEO, the CFO and the auditor participate in the committee meetings, the Board has deemed two Board members to be sufficient in the Committee. The Committee convenes a minimum of twice a year, and the Board has confirmed the principal responsibilities of the Audit Committee to be as follows:

- monitoring the financial performance of the company
- monitoring the financial reporting (financial statements, interim reports)
- assessing the sufficiency and due form of internal administration and risk management
- ensuring compliance with laws and regulations
- preparing the appointment of an auditor
- communicating with the auditor, studying the auditing plan and the auditor's report.

The Nomination and Remuneration Committee plans compensation and reward schemes for the management and employees. Juho Lipsanen acts as the chairman and Juha Mikkonen and Tatu Ylönen act as members of the committee.

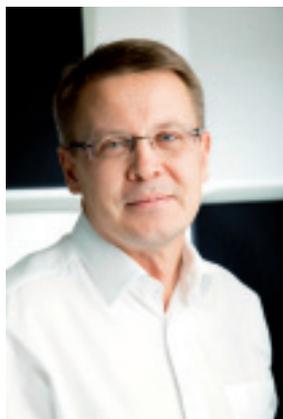
Both committees of the Board of Directors convened twice in 2009, and the average attendance rate of the committee members was 100 percent.

CEO and Group Management Team

SSH's Board of Directors appoints and releases the CEO and decides the terms of his/her service contract. The CEO is in charge of the company's operative management in accordance with the Finnish Companies Act and the instructions and authority provided by the Board of Directors.

During the second quarter 2009, SSH re-organized its operations and the Group Management Team was renewed. The Group

Management Team supports the CEO in managing and developing SSH Group, and the members of the Group Management Team report to the CEO. The Group Management Team meets regularly and the meetings are chaired by the CEO. All issues addressed in the meetings and the related decisions are recorded in the meeting minutes.



Jari Mielonen

born 1960, M.Sc. (Economics)
President and Chief Executive
Officer

Jari Mielonen joined SSH from Sanako Corporation, a global educational technology company; prior to that, he was e.g. CEO of SysOpen Digia Plc (Digia Plc), taking the software and mobile technology company from a startup phase to a public company with sales of 100 million euros. Earlier, he was CTO of Sonera Telecommunications (TeliaSonera), being responsible for its technology development and participating in new business development, and Director of Software Technology at ICL Data (Fujitsu), with responsibilities including e.g. software development processes. Owns SSH shares indirectly through SSH Management Investment Oy which holds 1,433,750 SSH shares jointly between the CEO and the Group Management Team.

The CEO's retirement age and determination of pension comply with standard rules under the Employees' Pension Act. The period of notice for the CEO is six months. Severance payment is equivalent to twelve months' salary.



Tero Harjula

born 1963, BBA
(International Business)
Executive Vice President,
Value Driven Security and R&D

Tero Harjula is responsible for initiating and developing strategic alliances, product partnerships, and new product and solution concepts within SSH's target market segments. Prior to joining SSH, Tero Harjula held the position of Director of Financial Institutions at Sonera SmartTrust, and he has held several managerial positions in leading international financial institutions. During 1993–2000 he was working in Luxembourg as Vice President of Applications and Services Development at Citibank, and as Manager of Business and Systems Development at Dailchi Kangyo Bank, where he was in key roles in large IT projects, application implementation, and operations development. Owns SSH shares indirectly through SSH Management Investment Oy which holds 1,433,750 SSH shares jointly between the CEO and the Group Management Team.



Mikko Karvinen

born 1976, M.Sc. (Economics)
Executive Vice President,
Chief Financial Officer (CFO)

Mikko Karvinen is responsible for SSH's global financial management and ICT. Prior to joining SSH, Mikko Karvinen was CFO at Automaster Oy. Previously, he held several financial management positions at Vaisala Oyj both in Finland and the USA during 2001-2007. Owns SSH shares indirectly through SSH Management Investment Oy which holds 1,433,750 SSH shares jointly between the CEO and the Group Management Team.



Pekka Rauhala

born 1960, LL.M., MBA
Executive Vice President,
General Counsel and
Chief Administrative Officer

Pekka Rauhala is responsible for Corporate Governance, Human Resources and Business Support including worldwide responsibility to oversee contracts, IPRs and licensing activities at SSH. He also acts as the secretary to SSH's Board of Directors and serves as the President of SSH Operations Oy (the subsidiary operating in Germany and in the UK) and SSH Communications Security, Inc. (the US subsidiary). Prior to joining SSH, Pekka Rauhala served Tellabs Inc., Jaakko Pöyry Group and Helsinki Chamber of Commerce in several key in-house counsel positions during 1988-2000. Owns directly 20,000 SSH shares and 22,500 stock options and additionally, owns SSH shares indirectly through SSH Management Investment Oy which holds 1,433,750 SSH shares jointly between the CEO and the Group Management Team.



Jouni Leinonen

born 1965, D.Sc. (Economics)
Executive Vice President, Chief
Operating Officer for Customer
and Market Operations

Jouni Leinonen is responsible for SSH's customer and market operations globally. Prior to joining SSH, Jouni Leinonen was General Manager and VP of Operations at PacketVideo Corporation. Previously he has worked for several IT and software companies in Finland, the UK and Japan. Owns SSH shares indirectly through SSH Management Investment Oy which holds 1,433,750 SSH shares jointly between the CEO and the Group Management Team.

Remuneration and Incentive Plans

The shareholders' meeting confirms annually in advance the emoluments payable to the members of the Board of Directors. The Board of Directors confirms the salary and other benefits of the CEO, and also determines the salaries and benefits payable to the members of the Group Management Team.

Forms of remuneration for the Group Management Team and the CEO involve a performance-related bonus and a new share-based incentive plan established on 20 October 2010. For the implementation of the share-based incentive plan, the CEO and the Group Management Team have established a limited liability company SSH Management Investment Oy. The incentive plan includes an agreement on SSH Management Investment Oy's shareholdings and on a loan agreement for financing the purchase of SSH shares by SSH Management Investment Oy. The incentive plan will be valid until fall 2013, at which time the plan is intended to be dissolved in a manner to be determined later. Earlier, stock option plans have been issued to the key employees (see more information about stock option plans below in section "Stock Option Rights"). The company has no other remuneration practices, nor does it have any differing pension arrangements for the CEO or other senior management.

The bonus scheme for the CEO and the Group Management Team is based on the company's net sales and EBIT, and on personally defined qualitative and quantitative targets. The weighting of the said corporate financial indicators represents 70 percent of the overall targets. The targets for the company's senior management are fixed for one year at a time.

The Board of Directors decided on 20 October 2009 on a share issue against payment directed to SSH Management Investment Oy on the basis of authorization granted by the Annual General Meeting of the Shareholders on 4 March 2008 in derogation from the shareholders' pre-emptive subscription rights. A total of 1,100,000 new SSH shares was offered for subscription by SSH Management Investment Oy in the share issue. The subscription price of the SSH share was 0.72 EUR. SSH Management Investment Oy purchased further 337,500 SSH shares from the stock markets during December 2009.

Remunerations to the Board of Directors:

Juho Lipsanen EUR 1,400/month

Tomi Laamanen EUR 1,400/month

Pyry Lautsuo EUR 1,400/month

Juha Mikkonen EUR 1,400/month

Tatu Ylönen (no salary or remuneration)

CEO

The CEO's salary and other benefits in 2009 were EUR 227,040.

The number of shares and stock options held by the members of the Board of Directors, CEO and members of the Group Management Team are included in their personal profiles.

Insiders

SSH has established its own insider guidelines that comply with the Guidelines of Insiders approved for public companies by the NASDAQ OMX Helsinki Ltd. The company maintains a public insider register of the public permanent insiders and the persons closely associated with the said permanent insiders' share and stock option holdings in the SIRE system of the Euroclear Finland Ltd. The public insider register and the principles regulating trading by insiders are available at the company's website and at the company's headquarters.

The public permanent insiders of the company are the members of the Board, the CEO, the members of the Group Management Team, and the auditors. The number of public permanent insiders is currently 11.

The company maintains also a company-specific insider register of persons who by virtue of their position regularly receive insider information or could have an opportunity to gain access to insider information through the nature of their work and who are not in the public insider register. These persons include the assistants to the Group Management Team, the sales management, the product management, the financial administration, and the management of information services. In addition, any external legal consultants used by SSH belong to the company-specific insider register.

Insiders belonging to the public or company-specific insider register are not allowed to trade in securities issued by the company for a period of 21 days prior to the announcement of an interim report or financial statement bulletin (closed window).

The said permanent insiders are allowed to trade in securities issued by the company without a prior approval of the company's General Counsel only for a period of 21 days after the announcement of the interim report and the financial statement bulletin of the company (open window).

Under circumstances where the company is preparing an event that may have a significant impact on the stock price, a project-specific insider register is established. Also the project-specific insider register will be based on the insider guidelines of the NASDAQ OMX Helsinki Ltd. Company's General Counsel is responsible for guidance and supervision of the insider matters.

Internal Administration

The aim of internal administration and risk management is to ensure efficient, appropriate operations, dependable financial information and compliance with regulations and internal processes. SSH's Board of Directors ensures that the company has defined principles of internal administration, and that the company monitors the effectiveness of the administration. The ultimate responsibility for the company's accounting and supervision lies with SSH's Board of Directors. The Board also approves SSH's risk management and reporting procedures and monitors the adequacy, appropriateness and efficiency of the company's administrative processes.

The CEO, assisted by other operative management, is responsible for the practical arrangements for accounting and administration mechanisms and for compliance with laws, regulations, company processes, and the Board's decisions. To support its operations, the company has a number of rules and guidelines. Process and quality work ensures that there is a description of all processes, and that the various process interfaces are properly defined and documented. Processes are also intended to ensure that everyone in the organization knows how the company works, and how the work of each individual is integrated into the company's operations. Supervisory actions ensure compliance with rules, guidelines, and processes.

The company sets annual financial targets in connection with the budget and constantly tracks target achievement. The company's organizational structure supports efficient planning, implementation, and monitoring of business operations.

Risk Management

Risk management is a part of SSH's internal administration. It aims to ensure that major risks affecting the company's business and operating environment are identified and monitored. Since the United States is the main market area, any risks including currency risks associated with that country are considered to be significant. Other major risks are related to product technology, competitor activities and profitability. Property, business interruption and liability risks are covered by insurance.

SSH's main market area is the United States. To reduce this market dependency risk, the company is actively seeking to expand operations in Europe. Sales operations are supported by the company's own legal unit, which, through continuous management of contracts, seeks to reduce the risks related to the company's business operations. SSH protects its copyrights and trademarks through sales agreements. The company has also an active patent policy to protect its technology. SSH encourages its employees to make and protect inventions.

SSH has a process in place whereby any network security risks found in the company's products are promptly reported to senior management. Corrections are made immediately and updates are supplied to customers without delay. The company's critical information systems are secured and operations can continue, even in the event of an external catastrophe. SSH actively uses its own products to protect the information system architecture. Encryption and strong authentication protect the company's confidential data communications from both internal and external threats.

Financial risk management is described separately in the Financial Statements section of the annual report. SSH provides no financing for its customers other than by granting normal payment periods. The company has a strong balance sheet and no significant long-term liabilities. Asset managers invest the company's cash reserves in accordance with a policy approved by the Board of Directors: almost all the assets under management are invested in fixed income funds. Since most of SSH's invoicing

takes place in US dollars, the company is hedged against exchange rate risks.

Internal Auditing

Because of the relatively small size of the company, SSH has no separate internal audit organization. The continuous monitoring by the auditors in conjunction with the interim reports also aims to assess and develop the effectiveness of risk management, monitoring and administration processes, and to support the Board with its monitoring responsibility.

Auditors

The company's auditors provide shareholders with a report, as required by law, in conjunction with the annual financial statements. The principal aim of the statutory audit is to verify that the financial statements give a true and fair view of the company's financial performance and situation for each fiscal year. In addition to the Auditor's report provided with the annual financial statements, the auditors report on their findings to the company's Board of Directors in connection with the interim reports.

In accordance with the Company's Articles of Associations, SSH has one Principal Auditor authorized by the Chamber of Commerce, and one Deputy Auditor. If a firm of Authorized Public Accountants is appointed as the principal auditor, there is no need to appoint a deputy auditor. The auditors are appointed at the Annual General Meeting. In 2009, SSH's auditor was PricewaterhouseCoopers Oy with Henrik Sormunen APA as the principal auditor.

In 2009, the auditor's fees were EUR 33.500 in the Group and EUR 27.500 in the parent company. Other fees charged by the firm of auditors were EUR 49.103 in the Group and EUR 20.500 in the parent company. Other fees were mostly related to tax advice.

Public Communications

SSH aims to give the markets a clear view of the company's operations and financial performance in accordance with the regulations on the disclosure obligation for publicly listed companies. The company prefers electronic forms of communication. All stock market releases, other investor information, and the latest company information are available at the SSH website.

Information for Shareholders

Annual General Meeting

SSH Communications Security Corp's Annual General Meeting (AGM) will be held in the 2nd floor Auditorium at Valimotie 17-19, Helsinki, Finland, on Wednesday 3 March 2010 at 10:00 am.

Shareholders registered by Friday 19 February 2010 in the shareholders' register maintained by Euroclear Finland Ltd, and who by 4:00 pm Finnish time on Friday 26 February 2010 have notified the company of their intention to attend the meeting are eligible to attend the AGM.

Shareholders wishing to attend the AGM can register either by
 a) e-mail to erja.salo@ssh.com,
 b) fax to +358 20 500 7001 or
 c) mail to SSH Communications Security Oyj, AGM, Kumpulantie 3, FI-00520 Helsinki, Finland

Any proxy, entitling the holder to exercise a shareholder's voting right at the AGM must be submitted to SSH by 4:00 pm on Friday 26 February 2010.

Financial Reporting in 2010

SSH Communications Security Corp will publish the following financial reports during 2010:

Financial statements bulletin for 2009	3 Feb 2010
Annual Report 2009	Week 8
Interim Report 1 January to 31 March 2010	21 Apr 2010
Interim Report 1 January to 30 June 2010	21 Jul 2010
Interim Report 1 January to 30 September 2010	20 Oct 2010

All financial reports are published in Finnish and English as stock exchange releases and on the SSH website at www.ssh.com.

The Annual Report is available in English on the SSH website, and can be downloaded as PDF files.

Company Information

SSH publishes all stock announcements and maintains shareholder information on the company website www.ssh.com. You can also submit questions to SSH about its operations to ir-team@ssh.com.

10 Largest Shareholders on 31 December 2009

	%	Shares
Ylönen Tatu Juhani	48.53	14,510,149
Assetman Oy	13.38	4,000,000
Kivinen Tero	4.91	1,467,600
SSH Management Investment Oy	4.80	1,433,750
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1.62	483,450
Nordea Pankki Suomi Oyj	1.24	370,020
Laakkonen Mikko	0.48	142,187
Laamanen Tomi Matti Mikael	0.41	124,000
Poutanen Jukka	0.39	116,000
Mäkinen Antti Vilho Juhani	0.30	90,000
Total	76.06	22,737,156
Of which nominee-registered	1.36	407,122

Shares and Shareholders

Share Capital

According to the Company's Articles of Associations, the share capital of SSH Communications Security Corp is a minimum of EUR 600,000 and a maximum of EUR 2,400,000, within which limits it can be increased or reduced without altering the Company's Articles of Associations.

The nominal share value is EUR 0.03 and hence the minimum number of shares is 20,000,000 and the maximum number of shares is 80,000,000.

SSH has one class of shares, and each share entitles its holder to one vote at the shareholders' meeting. The company's registered and fully paid share capital was EUR 896,953.47 consisting of 29,898,449 shares, on 31 December 2009.

Share Trading and Registration

The SSH shares are quoted at NASDAQ OMX Helsinki Ltd. The shares have been entered in the book-entry securities system that is maintained by Euroclear Finland Ltd. The official list of SSH shareholders is also kept by Euroclear Finland Ltd.

Board Authorizations

The SSH Annual General Meeting on 4 March 2009 authorized the Board of Directors to decide until the next Annual General Meeting, however, no later than 30 June 2010, on issuing a maximum number of 5,500,000 shares in one or more new share issues, and on issuing special rights to share subscription defined in the Finnish Companies Act Chapter 10, section 1, with or without subscription rights to shareholders.

The Board has exercised this authorization on 20 October 2009 when issuing SSH shares to SSH Management Investment Oy as defined in section "Corporate Governance" under "Remuneration and Incentive Plan".

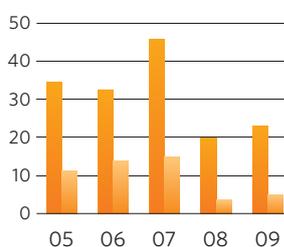
Changes in Share Capital

	Number of shares	Share capital EUR
Dec. 31, 2007	28,536,112	856,083
Stock option subscriptions 2008	47,663	1,430
Dec. 31, 2008	28,583,775	857,513
Stock option subscription 2009	146,181	4,385
Share issues directed to Management incentives	1,168,493	35,055
Dec. 31, 2009	29,898,449	896,953

Shareholding by Sector

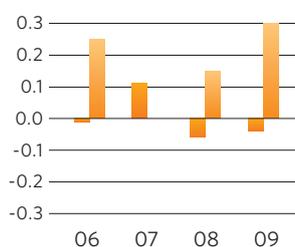
Type of sector	Number of shares	Percentage of shares and votes, %
Non-banking corporate sector	6,045,076	20.22
Financial and insurance companies and institutions	450,524	1.51
Public sector organizations	495,450	1.66
Non-profit organizations	81,550	0.27
Households	22,757,579	76.12
Foreign shareholders	68,270	0.23
Total	29,898,449	100.00

MARKET CAPITALIZATION AND VOLUME OF SHARES TRADED



● Market capitalizations, MEUR
● Volume of shares traded, million shares

EARNINGS, DIVIDEND AND RETURN OF CAPITAL PER SHARE



● Earnings/share, EUR
● Return of capital/share, EUR

Shareholding by Number of Shares

Shares	Number of Owners	Percentage of owners, %	Number of shares	Percentage of shares, %
1-50	1,798	34.52	87,031	0.29
51-100	411	7.89	40,121	0.13
101-500	1,144	21.96	357,442	1.20
501-1,000	652	12.52	564,627	1.89
1,001-5,000	926	17.78	2,263,619	7.57
5,001-10,000	159	3.05	1,233,758	4.13
10,001-50,000	102	1.96	2,098,308	7.02
50,001-100,000	8	0.15	606,387	2.03
100,001-500,000	5	0.10	1,235,657	4.13
500,001-1,000,000	0	0	0	0
1,000,001-5,000,000	3	0.06	6,901,350	23.08
5,000,001-999,999,999	1	0.02	14,510,149	48.53
Total	5,209	100.00	29,898,449	100.00
of which nominee-registered	7	1.36	407,122	1.36

Shareholders

At the end of 2009, SSH had a total of 5 209 shareholders. 407 122 shares (accounting for 1.36% of shares) were nominee-registered. The holdings by the ten largest shareholders accounted for approximately 76.05% of the company's shares and voting rights. Foreign shareholding represented 0.23%, of which 65% was based on direct holdings and 35% on nominee-registered shares. SSH holds no treasury shares. SSH's largest shareholder is Mr. Tatu Ylönen, holding 48.7% of the company shares based on personal holdings and holdings through a company wholly owned by him. On 31 December 2009, the company's freely tradable shares accounted for 95.2% of all shares.

Shares Owned by SSH Management

The members of the SSH Board of Directors and the company CEO and the Group Management Team owned directly or indirectly through their own companies 67.5% of the SSH company shares and voting rights on 31 December 2009. More information on the SSH Management's shareholding is available in Section Financial Statements, under 32 Group companies and related party transactions.

Stock Option Rights

The SSH Annual General Meetings of 1998, 1999, 2000, 2001, 2002 and 2003 decided to issue stock options and the Board used its authorization on granting options in December 2008. The stock options are part of the SSH Group's employee retention and incentive plan. The stock option plan (I/1999) series C, D, E, F, G, and H are traded in the NASDAQ OMX Helsinki Ltd. More information on the stock option plans is available in Section Financial Statements, under 22 Stock option plans - data.

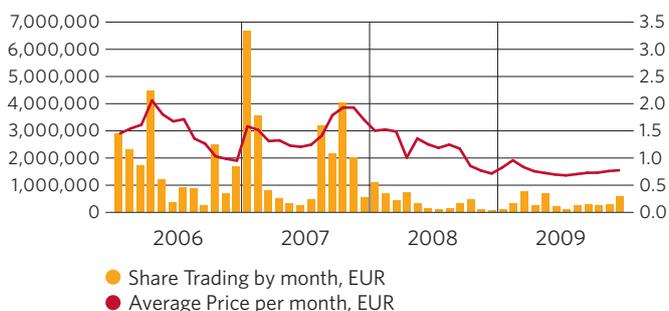
Share Trading and Performance

The SSH share SSH1V closed at EUR 0.77 (2008: EUR 0.70) on 31 December 2009, and the trade-weighted average share price for year 2009 was EUR 0.79 (2008: 1.48). The highest price per share was EUR 1.24 (2008: EUR 1.69) and the lowest price was EUR 0.65 (2008: EUR 0.66). The reported cumulative trading volume of the SSH shares totaled 5.1 million shares, MEUR 4.0. The market value of the SSH shares was MEUR 23.0 at the end of the financial period.

Per Share Data

	Jan 1, 2009- Dec 31, 2009 IFRS	Jan 1, 2008- Dec 31, 2008 IFRS	Jan 1, 2007- Dec 31, 2007 IFRS	Jan 1, 2006- Dec 31, 2006 IFRS	Jan 1, 2005- Dec 31, 2005 IFRS
Earnings per share (Group)	-0.04	-0.06	0.11	-0.01	-0.07
Earnings per share (Group) considering dilution effect	-0.04	-0.06	0.11	-0.01	-0.07
Shareholders' equity per share (Group),	0.15	0.51	0.72	0.62	0.90
Dividends	0	0	0	0	0
Dividends per share	0.00	0.00	0.00	0.00	0.00
Dividend pay-out ratio, %	-	-	-	-	-
Effective dividend yield, %	0.0	0.0	0.0	0.0	0.0
Adjusted average number of shares during the period, thousands	28,791	28,545	28,460	28,310	28,166
Adjusted average number of shares at the end of period, thousands	29,898	28,584	28,536	28,424	28,269
Adjusted average number of shares considering dilution effect, thousands	29,919	28,913	28,720	28,787	8,614
Price per earnings ratio (P/E) 1	-	-	14.8	-	-
Market capitalization, million	23.0	20.0	45.9	32.7	34.8
Share performance in NASDAQ OMX Helsinki Ltd,					
Average price	0.79	1.48	1.63	1.43	1.23
Share price, year-end	0.77	0.70	1.61	1.15	1.23
Lowest	0.65	0.66	1.12	0.88	0.91
Highest	1.24	1.69	2.39	2.40	1.78
Volume of shares traded, millions	5.1	3.6	15.0	13.9	11.4
Volume of shares traded, % of total number	17.0	12.5	52.6	48.8	40.5
Volume of shares traded, million	4.0	4.5	24.5	19.9	14.0

SHARE TRADING AND AVERAGE PRICE





Financial Statements 2009

SSH Communications Security Corp

Report of the Board of Directors for 1 Jan–31 Dec 2009

SSH Communications Security Corp. is the forerunning provider of open-standards-based data security and managed file transfer solutions for private and public organizations. SSH Tectia solutions enable the customers to secure, automate, and govern their vital business information flows in internal and public networks. We want to become the market maker in real-time security software for networked organizations, and to create the Circle of Trust for our customers and their business partners and end customers.

Our innovative SSH Tectia solutions adapt seamlessly to the existing IT infrastructure and business processes, and they accommodate changes in cost-effective and flexible ways. We operate in the Americas, Europe, and APAC regions, with headquarters located in Finland. We have thousands of customers in multiple industries and public sectors around the world. SSH was established in 1995, and its shares are quoted on the NASDAQ OMX exchange, under the trading code of SSH1V.

Year 2009 was a turnaround year for SSH meaning the start of a drastic change from technology firm into a sales and marketing oriented security software house.

Starting from the first quarter, the company initiated new offering development. The balance of R&D resources was targeted at creating value added offering complementing the success of existing data-in-transit security software. SSH signed a contract with Gartner, a market analysis company, to establish new market position and offering. At the same time the company made a decision towards in-sourcing technologies which would accelerate time-to-market and fulfill the demand from customers.

The second quarter was started with sales review, focusing on the efficiency evaluation of sales and marketing in the company. As a result, part of sales was reorganized. A management audit discovered that the company needs new leadership skills and roles to execute the defined strategy. The Group management team was renewed. At the end of second quarter the company launched new offering for the managed file transfer and governance market segments.

Both the first and the second quarter ended up with loss, thus resulting to a negative first half of 2009. The customers' expectations of economic recovery slowed down decision making and certain U.S. public sector projects from the sales pipeline were postponed due to funding reasons. Turnaround related

non-recurring costs actualized by the established contingency plan were increasing the net loss actualized. In the end of the first half, company launched new products in MFT and Governance -product segments

The third quarter was the shift in the course of the company. The actions defined by new group management, initiated change towards sales and marketing oriented security software house, increased efforts in key account management and introduced new offering to existing and new customers were becoming the success factors for initial growth. The third quarter was the first profitable growth quarter by net sales.

In order to boost net sales, the management launched a high performance sales initiative. The key objective of the sales program was to ensure that there would be increasing amount of sales estimation accuracy and better hit-rate in signing short-listed sales cases.

The company signed agreements with a major U.S. research agency, one of the largest U.S. banks and a mid-size U.S. retailer chain for their security governance and business security solutions. SSH gained reputation also by Gartner published market research report as a visionary MFT (Managed File Transfer) security vendor.

During the fourth quarter the company signed a global license with one of the largest banks in Europe for their global roll-out of SSH security software. The company continued the development of its business-to-business security solutions offering by enhancing it with new software based identification technologies provided by a technology in-sourcing partner.

Started at the end of the second quarter, SSH continued the cost cutting program. The cost savings were -15% in expenses during second half of 2009 compared to the previous year. In December as part of the cost cutting program the company's headquarters moved to new more cost-efficient premises.

The company initiated brand and communications strategy program with its marketing partner. The results will be launched within the first half of 2010. The company set up the building blocks for the ability to start a journey in creating a new collaboration model among its customer, their partners and end-customers.

During reporting period the Americas accounted for 62.8% (68.5%) of the reported net sales; the EROW segment accounted for 28.1% (22.7%) and APAC for 9.1% (8.9%).

Net Sales

EUR million	10-12/2009	7-9/2009	4-6/2009	1-3/2009	1-12/2009	10-12/2008	1-12/2008
GEOGRAPHICAL SEGMENT							
Americas (AMER)	1.4	1.7	1.2	1.2	5.5	1.6	5.8
Asia Pacific (APAC)	0.2	0.3	0.1	0.2	0.8	0.2	0.8
Europe and the rest of the world (EROW)	1.3	0.3	0.5	0.4	2.5	0.4	1.9
SSH Group total	2.9	2.2	1.8	1.9	8.8	2.2	8.5
BY OPERATION							
License Sales	1.7	1.1	0.6	0.6	4.1	1	4
Maintenance	1.2	1.2	1.2	1.2	4.7	1.2	4.5
Total	2.9	2.2	1.8	1.9	8.8	2.2	8.5

See Calculation of Financial Ratios on page 33.

During the report period, SSH concluded 5 new license agreements that were worth more than EUR 100,000 each. The ten largest customers' license sales accounted for 22 percent of the reported net sales, with the largest single customer accounting for approximately 8 percent.

Future Outlook

The key strategic objective is to continue efforts on developing the company into a sales and marketing oriented technology company with strong value-added offering and customer focus.

SSH core business is securing customer's mission-critical business information on the move. The key drivers for business-to-business data security are the exponential increase of digital information in fixed and mobile networks and the flexible use of integrated business applications between multiple enterprises. The need for 24/7 high availability and reliability, as well as auditable and well-managed compliance with data security regulations and legislation drive a global sense of urgency in keeping our businesses safe.

The addressable market for SSH has ten-folded to more than 1 Billion USD with the new SSH offering based on the strategy shift. The key market segments for SSH are the secure applications and protocols market, the managed file transfer market and the mobile identification market. In these markets, we focus on the security, automation, auditing and governance of identity-managed information in fixed, mobile and cloud environments.

The secure applications and protocols market is estimated to grow significantly over the future years with more than 10 percent CAGR (compound annual growth rate) from the existing 700 MUSD level. The secure file transfer (SFT) market is mature but several drivers are still creating further growth for the data-in-transit business.

The size of the managed file transfer (MFT) market is estimated to be 450 MUSD and growing at 20 percent CAGR. The MFT business is focusing on the automation and governance of real-time data-in-transit in private networks and across the Internet with virtual data centers. We offer visionary MFT security solutions for businesses that value the world's best automation, as well as audit and governance capabilities in business networks where trusted sharing of information is required.

For the fiscal year 2010, SSH estimates its net sales to grow from 2009 and expects the net result to be positive.

Net Sales

The consolidated net sales for 2009 totaled EUR 8.8 million (EUR 8.5 million), up by 3.4 percent, year on year. Net sales for the fourth quarter totaled EUR 2.9 million.

The majority of SSH's invoicing is based on the US dollar. During the reporting period, the US dollar's average exchange rate was approximately 5.2 percent stronger than during the same period for 2008.

Results and Expenses

Operating loss for 2009 amounted to EUR -1.5 million (a loss of EUR -2.2 million) with net loss totaling EUR -1.2 million (a loss of EUR -1.8 million).

Research and development expenses for the report period totaled EUR 3.8 million (EUR 4.0 million). Sales and marketing expenses were EUR 4.3 million (EUR 5.0 million). Administration expenses were EUR 2.3 million (EUR 1.9 million).

The result of the reporting period is influenced by a EUR 1.0 million one-time expenses were charged as costs. One-time expenses occurs from personnel related costs, headquarters move and management incentive plan establishment.

Balance Sheet and Financial Position

The financial position of SSH remained at a healthy level during the report period, despite the capital returned to shareholders. The consolidated balance sheet total on December 31, 2009 stood at EUR 9.4 million (EUR 19.1 million), of which liquid assets accounted for EUR 6.4 million (EUR 16.5 million), or 68.2 percent of the balance sheet total. On December 31, 2009, gearing, or the ratio of net liabilities to shareholders' equity, was -144.2 percent (-112.8) and the equity ratio stood at 71.4 percent (91.3).

The reported gross capital expenditure for the period totalled EUR 0.1 million (EUR 0.3 million). The reported financial income consisted mainly of interest on fixed-term deposits and exchange rate gains. Financial income and expenses totalled EUR 0.3 million (EUR 0.7 million).

During January-December, SSH reported a negative cash flow of EUR -1.6 million (EUR -2.0 million) from business operations, and investments showed a positive cash flow of EUR 12.0 million (EUR 6.5 million). Cash flow from financing totalled EUR -8.5 million (EUR -4.3 million), mainly consisting of capital re-

turned to shareholders. Total cash flow from operations, investments and financing was positive EUR 1.9 million (EUR 0.2 million) during the period.

Research and Development

Research and development expenses for 2009 totaled EUR 3.8 million (EUR 4.0 million), the equivalent of 43.0 percent of net sales (46.6 percent). The company has not capitalized any research and development expenses during the report period.

Business Risks

Risk management is part of SSH's control system. The purpose of risk management is to recognize and monitor significant risks relating to the company's operations and business environment. The company operates in the fast evolving data security software market. Changes in the overall IT-market and especially in the data security software market directly affect the Company's business risks. The main market area is the USA, whose market and currency risks are significant. Other significant risks relate to product technology, competitors' activities and profitability.

Our sales operations are supported by the Company's own legal unit, who seek to reduce the risks related to the Company's business operations through continuous management of contracts. SSH protects its copyrights and trademarks through sales agreements. The Company has an active patent policy to protect its technology and encourages its employees to make and protect inventions. Risks regarding property, operation interruptions and liability are protected through insurance.

SSH has a process in place whereby any security risks found in the Company's products are promptly reported to senior management. Repairs are carried out immediately and updates are supplied to customers without delay. The Company's critical information systems are secured and backed up. SSH actively uses its own products to protect its own information system infrastructure. Strong encryption and authentication protect the Company's confidential data communications.

The Company does not provide financing for its customers other than by granting normal payment periods. The consolidated balance sheet is strong and has no significant long-term liabilities recorded. The Company's cash reserves have been invested in accordance with a policy approved by the Board of Directors. Most of SSH's invoicing takes place in US dollars. At the end of the reporting period, the Company had no hedges against exchange rate risks.

Environment

SSH bears responsibility for the environment. SSH's environmental policy seeks to ensure the company meets statutory obligations, promotes recycling and reduces overall waste. The company sorts and recycles all recyclable material.

Human Resources and Organization

At the end of December 2009 the Group had 64 employees on its payroll, down by 10 from the previous year, a decrease of 11.0 percent. Of the employees, 47 were based in Finland, 2 else-

where in Europe and 15 in the USA. On average, SSH had 66 (77) employees on its payroll. Salaries and bonuses, including all other personnel expenses, totaled EUR 6.2 million (EUR 6.5 million).

The average age of the employees was 39 years. 87 percent have an academic degree. 22 percent of the employees were women and 78 percent men. At the end of the period, 58 percent of employees worked in R&D, 22 percent in sales and marketing, and 20 percent in corporate administration.

At the end of the reporting period, the parent company had 47 (47) employees on its payroll, on average 46 (52) employees during the period. In 2009, salaries and bonuses, and other personnel expenses, totaled EUR 4.1 million (EUR 4.2 million).

Board and Auditors

The Annual General Meeting (AGM) on March 4, 2009 re-elected Tomi Laamanen, Pyry Lautsuo, Juha Mikkonen and Tatu Ylönen to the Board of Directors. Juho Lipsanen was elected as a new member to the board. He also chairs the board.

The AGM also re-elected PricewaterhouseCoopers Oy, authorized public accountants, as the company's auditor for financial period 2009, with Henrik Sormunen, authorized public accountant, acting as the principal auditor.

Articles of Association Regulate Operations

According to the Articles of Association, the highest decision power in the Company is used by the shareholders in the shareholders' meeting. The Annual General Meeting is held every year within six months after the end of the reporting period on a date decided by the Board of Directors. The Annual General Meeting decides on the number of members in the Board of Directors, and the Meeting also elects the members. As defined in Chapter 10 Section 1 of the Finnish Companies Act, the AGM also decides about amendments to the Company's Articles of Association, approval of the financial statements, determining the dividends, and the election of the auditor. Each SSH share bears one vote in the Annual General Meeting. The Company CEO is nominated by the Board of Directors.

Corporate Governance

SSH follows the recommendations and regulations for corporate governance given by NASDAQ OMX Helsinki, the Helsinki Chamber of Commerce, and the Confederation of Finnish Industries. More detailed information on the SSH corporate governance is available on the Company website at www.ssh.com.

Shares, Shareholding and Changes in the Group Structure

The reported trading volume of SSH Communications Security Corp. shares totaled 5,087,614 (valued at EUR 4,031,109). The highest quotation was EUR 1.24 and the lowest EUR 0.65. The trade-weighted average share price for the period was EUR 0.79 and the share closed at EUR 0.77 (December 31, 2009).

On 20th of October 2009 The Board of Directors of SSH decided to establish a limited company SSH Management In-

vestment Corp, which purpose is to function as SSH management incentive plan. Consequently the board decided on a share issue against payment directed to the company to be formed on the basis of authorization granted by the Annual General Meeting of Shareholders of the Company on 4 March 2009 in derogation from the shareholders' pre-emptive subscription rights. The incentive plan will be valid until fall 2013, at which time the plan is intended to be dissolved in a manner to be determined later.

Total of 1,100,000 new shares in SSH was offered for subscription by the company formed in the share issue. The subscription price of the new share was 0.72 EUR (the trade volume weighted average quotation of SSH's share on the NASDAQ OMX Helsinki Ltd. during 22 October—12 November 2009). During December 2009 SSH Management Investment Corp acquired from stock markets total of 337,500 company shares. Share subscription was financed with management group EUR 266,640 investments and loan EUR 792,000 granted by SSH Communications Security Corp. The owned shares will be held in management investment company until it is dissolved.

The management investment plans lead to dissolving the CEO option plan and consequently the company redeemed option plan I/2008 in market value, 53,400 EUR.

CEO invested the net gain to subscription of the new shares in SSH Management Investment Corp. Company CEO is part of the management investment plan and according to the company policy the management group is part of only one long-term incentive plan. CEO's indirect ownership is through the incentive plan approximately 1.8%.

During the reporting period, company's principal owner Tatu Ylönen holdings directly and through his company, Tatu Ylönen Oy, decreased under 50%. Tatu Ylönen holds now 48.7 percent of the company's shares, Assetman Oy holds 13.4 percent and Tero Kivinen 4.9 percent. More information about the shareholders can be obtained from the company's web site.

SSH Management Investment Corp is now fourth largest owner holding 4.8 of the company and it is part of the SSH Group due to shareholder agreement.

During reporting period no other changes occurred in SSH group structure.

Share Capital and Board Authorizations

The company's registered share capital on December 31, 2009 was EUR 896,953.47 consisting of 29,898,449 shares. During the reporting period SSH increased its share capital four times. The share capital increases are based on subscriptions to the new shares under stock option plans and new shares offered in CEO and management investment plans. In total, 2,600 new SSH shares were subscribed under the I/1999 stock option plan and 143,581 shares under I/2003 stock option plan respectively. In the first quarter CEO incentive plan subscribed 68,493 new shares in subscription price of 0.73 EUR. During the financial period were subscribed total of 1,314,674 new shares. As a result company's share capital increased with 39,440 EUR.

The Annual General Meeting approved the Board of Directors' proposal to authorize the Board of Directors to decide upon the issuing of in total 5,500,000 shares in one or more tranches as share issues against payment or by giving stock options or

other special rights defined in Chapter 10 Section 1 of the Finnish Companies Act, which entitle to shares either according to the shareholders' pre-emptive right to share subscription or deviating from this right. The authorization will be valid until the next Annual General Meeting, but will expire on June 30th 2010 at the latest. During the reporting period the Board of Directors exercised this authorization as part of the management investment plan by issuing new shares for SSH Management Investment Corp subscription against payment.

In addition the Annual General Meeting authorized the Board of Directors to decide upon acquiring a maximum of 2,000,000 of the company's own shares in one or more tranches, which amount corresponds approximately to seven (7) per cent of all shares of the company. The compensation to be paid for the acquired shares shall be determined on the date of acquisition on the basis of a trading rate determined for the company's share in a public trading arranged by NASDAQ OMX Helsinki Ltd. The authorization to acquire the shares shall be valid at most for eighteen (18) months after the decision of the Annual General Meeting.

More information on new share issue and granted option rights in notes 22 and 32.

The Annual General Meeting decided upon the distribution of assets from the invested non-restricted equity fund to the shareholders in such a way that assets shall be distributed 0.30 euro per share. The amount to be distributed is in total 8,595,680.40 euro. The return of equity was paid to the shareholders who on the record date on March 9th 2009 were registered in the shareholders' register of the company held by Euroclear Finland Oy, and the payment date was on March 16th 2009.

Furthermore, the Annual General Meeting decided to lower the subscription price of the shares that can be subscribed based on the option plans released by the company between years 2000–2008, with an amount corresponding to the distribution of assets, i.e. 0.30 euro per option right. The subscription price of the shares shall, however, always have at least the same value as the par value.

Share-based Payments

The share-based payments of SSH Group are stock options granted to the management and employees, as decided by Annual General Meetings in 1998, 1999, 2000, 2001, 2002, 2003 and 2008.

Each option gives the right to subscribe to one new share at a price and at a time specified in the terms of the stock option plan. The option rights will be cancelled in case the employee leaves the company before the subscription time has begun. There are no other conditions to the beginning of the option rights.

The shares subscribed with the granted option rights include the rights to any dividend payable for the reporting period during which the shares were subscribed. Other shareholder rights commence as soon as the increase in the share capital has been registered in the Trade Register. Option rights of plan I/1999 series C, D, E, F, G and H are in public trading at NASDAQ OMX Helsinki.

More information on the option plans is available in Note 22 of the Consolidated Financial Statements.

Events After the Balance Sheet Date

The SSH management is not aware of any transactions that happened after the reporting period that would have impacted the presented financial statement.

Dividend and Other Distribution of the Assets

SSH's Board of Directors will propose to the Annual General Meeting that no dividend be distributed. It is proposed that the loss of the financial year shall be entered to the shareholders equity in the profit/loss account. The Board of Directors proposes to the Annual General Meeting that assets from the invested non-restricted equity fund would be distributed to the share-

holders of the company at 0.05 euro per share. The date of payment shall be 15 March 2010.

Relating to the distribution of assets, the Board of Directors proposes to the Annual General Meeting that at the same time the subscription price of the shares, which can be subscribed for and which belong to the option plans released by the company between years 2000-2002, shall be lowered with an amount corresponding to the distribution of assets, i.e. 0.05 euro per option right. The subscription price of the shares shall, however, always have at least the same value as the par value. Thereby, the amendment of the option terms by lowering the subscription price (with 0.05 euro) concerns the following option plans released by the company: I/2000, Plan July 10th 2000, II/2000, II/2002 and III/2002.

Financial Indicators

EUR million	1 Jan 2009- 31.Dec.09 IFRS	1 Jan 2008- 31.Dec.08 IFRS	1 Jan 2007- 31.Dec.07 IFRS	1 Jan 2006- 31.Dec.06 IFRS	1 Jan 2005- 31.Dec.05 IFRS
Net Sales, €	8,811,906	8,521,902	14,193,302	8,976,660	9,296,985
Operating profit/loss, €	-1,487,043	-2,205,918	2,222,705	-1,364,925	-2,645,377
% of net sales	-16.9	-25.9	15.7	-15.2	-28.5
Result before extraordinary items, appropriations and taxes, €	-198,543	-1,532,328	3,105,166	-671,878	-2,015,209
% of net sales	-2.3	-18.0	21.9	-7.5	-21.7
Result before taxes, €	-1,163,879	-1,532,328	3,105,166	-671,878	-2,015,209
% of net sales	-13.2	-18.0	21.9	-7.5	-21.7
Return on equity, %	-12.4	-10.2	17.1	-2.7	-15.4
Return on investments, %	-10.8	-8.5	15.8	-3.1	-13.6
Net interest-bearing debt, € 1,000	-6,385	-16,368	-22,005	-16,698	-22,485
Gearing, %	-144.2	-112.8	-107.8	-95.5	-88.4
Equity-to-assets ratio, %	71.4	91.3	91.3	92.3	92.8
Capital expenditure, €	112,643	0	106,105	115,186	83,174
% of net sales	1.3	0.0	0.7	1.3	-0.9
Research and development expenditure, €	3,788,917	3,973,307	3,679,305	3,356,617	3,423,812
% of net sales	43.0	46.6	25.9	37.4	49.9
% of net sales (without investments)	43.0	46.6	25.9	37.4	46.7
Personnel, average	66	77	81	81	83
Personnel at the end of the period	64	73	83	80	75

Per Share Data

INCOME STATEMENT

	1.1.-31.12.2009	1.1.-31.12.2008	1.1.-31.12.2007
€	IFRS	IFRS	IFRS
Earnings per share (Group), €	-0.04	-0.06	0.11
Earnings per share (Group), considering dilution effect, €	-0.04	-0.06	0.11
Shareholders' equity per share (Group), €	0.15	0.51	0.72
Dividends, €	0	0	0
Dividends per share, €	0	0	0
Dividend pay-out ratio, %	-	-	-
Effective dividend yield, %	0	0	0
Return of capital, €	8,595,680	4,280,742	-
Return of capital per share, €	0.30	0.15	-
Adjusted average number of shares during the period, thousands	28,791	28,545	28,460
Adjusted average number of shares at the end of period, thousands	29,898	28,584	28,536
Adjusted average number of shares considering dilution effect, thousands	29,919	28,913	28,720
Price per earnings ratio (P/E)	-	-	14.8
Market capitalization, million €	23	20	45.9
Share performance in Helsinki Exchanges, €			
Average price	0.79	1.48	1.63
Share price, year-end	0.77	0.70	1.61
Lowest	0.65	0.66	1.12
Highest	1.24	1.69	2.39
Volume of shares traded, millions	5.1	3.6	15.0
Volume of shares traded, % of total number	17.0	12.5	52.6
Volume of shares traded, million €	4.0	4.5	24.5

Calculation of Financial Ratios

Return on Equity, % (ROE)	$\frac{\text{Profit}}{\text{Shareholders' equity (average for the year)}} \times 100$
Return on investment, % (ROI)	$\frac{\text{Profit before extraordinary items and taxes} + \text{interest and other financial expenses}}{\text{Total assets - non-interest bearing debt (average for the year)}} \times 100$
Equity-to-assets ratio, %	$\frac{\text{Shareholders' equity}}{\text{Total assets - advances received}} \times 100$
Earnings per share (EPS)	$\frac{\text{Profit}}{\text{Share issue adjusted average number of shares at the end of accounting period}}$
Dividend per share	$\frac{\text{Dividend}}{\text{Share issue adjusted number of shares at the end of accounting period}}$
Dividend pay-out ratio %	$\frac{\text{Dividend per share}}{\text{Earnings per share (EPS)}} \times 100$
Shareholders' equity per share	$\frac{\text{Shareholders' equity}}{\text{Share issue adjusted number of shares at the end of accounting period}}$
Gearing %	$\frac{\text{Interest - bearing debt - cash and cash equivalents}}{\text{Shareholders' equity} + \text{minority interest}} \times 100$

Consolidated Financial Statements

1.1 Group Income Statement

INCOME STATEMENT

€	Note*	1.1.-31.12.2009	1.1.-31.12.2008
NET SALES	4	8,811,906	8,521,902
Purchasing and production costs		63,333	22,008
GROSS MARGIN		8,748,572	8,499,894
Other operating income	5	136,846	155,824
Product development costs		3,788,917	3,973,307
Sales and marketing costs		4,258,165	5,011,923
Administration costs		2,325,380	1,876,406
OPERATING PROFIT/LOSS		-1,487,043	-2,205,918
Financial income	8	443,690	890,686
Financial expenses	9	120,526	217,096
PROFIT/LOSS BEFORE TAXES		-1,163,879	-1,532,328
Taxes	10	9,568	253,515
PROFIT/LOSS FOR THE FINANCIAL PERIOD		-1,173,447	-1,785,843
Other comprehensive income/expenses			
Currency translation differences		-108,169	153,286
COMPREHENSIVE PROFIT/LOSS FOR THE YEAR		-1,281,616	-1,632,557
Profit/Loss for the financial period attributable to:			
Equity holders of parent company		-1,173,447	-1,785,843
Minority interest		-	-
Earnings per share for loss attributable to the equity holders of the parent company:			
Basic earnings per share (€ per share)	11	-0.04	-0.06
Diluted earnings per share (€ per share)	11	-0.04	-0.06

* The notes are an integral part of these financial statements

1.2 Group Balance Sheet

BALANCE SHEET

€	Note*	31.12.2009	31.12.2008
ASSETS			
FIXED AND NON-CURRENT ASSETS			
Tangible assets	12		
Machinery and equipment		229,639	318,995
Other fixed assets		2,623	3,550
Tangible assets, total		232,262	322,545
Intangible assets	13		
Intangible rights		30,489	8,574
Intangible assets, total		30,489	8,574
Investments			
Other shares		11,000	0
Investments, total		11,000	0
FIXED AND NON-CURRENT ASSETS, TOTAL		273,751	331,119
CURRENT ASSETS			
Short-term receivables			
Trade receivables	15	2,455,457	1,983,447
Other receivables	16	306,508	288,814
Prepaid expenses and accrued income	17	25,132	35,448
Current receivables, total		2,787,097	2,307,709
Short-term investments			
Investments held to maturity	18	2,520,100	14 500 000
Investments, total		2,520,100	14,500,000
Cash and cash equivalents		3,841,366	1,978,620
INVENTORIES AND CURRENT ASSETS, TOTAL		9,148,563	18,786,328
ASSETS, TOTAL		9,422,314	19,117,447

* The notes are an integral part of these financial statements

BALANCE SHEET

€	Note*	31.12.2009	31.12.2008
LIABILITIES AND SHAREHOLDERS' EQUITY			
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY SHAREHOLDERS			
Share capital		896,953	857,513
Fair value reserve		125,574	127,671
Translation differences		-997,205	-889,036
Unrestricted equity fund		5,393,806	13,182,542
Fund for own shares		-1,051,927	0
Retained profit/loss		61,469	1,234,916
SHAREHOLDERS' EQUITY, TOTAL	20	4,428,672	14,513,606
LONG-TERM LIABILITIES			
Deferred tax liabilities	14	1,083	0
Provisions	23	138,089	0
Long-term financial liabilities	24	40,715	110,973
LONG-TERM LIABILITIES, TOTAL		179,887	110,973
SHORT-TERM LIABILITIES			
Advances received	25	3,222,854	3,218,981
Trade payables	26	247,815	123,214
Accrued expenses and deferred income	27	766,028	770,887
Other liabilities	28	577,058	379,786
SHORT-TERM LIABILITIES, TOTAL		4,813,755	4,492,868
LIABILITIES, TOTAL		4,993,642	4,603,841
SHAREHOLDERS' EQUITY AND LIABILITIES		9,422,314	19,117,447

* The notes are an integral part of these financial statements

1.3 Group Cash Flow Statement

CASH FLOW STATEMENT

€	Note*	1.1.-31.12.2009	1.1.-31.12.2008
Cash flow from operating activities			
Cash receipts from customers	4, 15, 25	8,336,022	9,160,456
Cash receipts from other operating income		136,846	155,824
Cash paid to suppliers and employees	6, 7, 23, 26, 27, 28	-10,045,394	-11,359,681
Interest paid		-78,447	-119,467
Interest received		91,634	199,737
Income taxes paid		2,704	0
Cash flow from operating activities, total		-1,556,634	-1,963,131
Cash flow from investing activities			
Purchase of tangible and intangible assets	12, 13	-96,136	-90,669
Purchase of investments		-11,000	
Proceeds from sale of investments	19	11,979,900	5 802 172
Interest received		163,358	772 732
Cash flow from investing activities, total		12,036,122	6,484,235
Cash flow from financing activities			
Proceeds from issuance of share capital		54,385	8,685
Return of capital	20	-8,595,680	-4,280,742
Cash flow from financing activities, total		-8,541,295	-4,272,057
Net increase in cash and cash equivalents		1,938,194	249,047
Cash and cash equivalents at beginning of period	19	1,978,620	1,714,708
Adjusted translation difference		-11,022	14,865
Net increase in cash and cash equivalents		1,938,194	249,047
Cash and cash equivalents at end of period	19	3,905,791	1,978,620

* The notes are an integral part of these financial statements

**STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY, GROUP**

2008	Share capital	Share premiums	Fair value reserves	Translation differences	Unrestricted equity funds	Fund for own shares	Retained earnings	Total
Shareholders' equity 1 Jan	856,083	11,529,315	125,574	-1,042,322	5,926,714		3,020,760	20,416,124
Translation differences				153,286				153,286
Net profit / loss for the period							-1,785,843	-1,785,843
Income and expenses recognized for the period, total				153,286			-1,785,843	-1,632,557
Subscribed shares based on stock options	1,430	425			6,830			8,685
Transfer to other shareholders' equity item		-11,529,740			11,529,740			
Return of capital					-4,280,742			-4,280,742
Granted stock option rights			2,097					2,097
Shareholders' equity 31 Dec	857,513	0	127,671	-889,036	13,182,542		1,234,916	14,513,606
2009								
Shareholders' equity 1 Jan	857,513		127,671	-889,036	13,182,542		1,234,916	14,513,606
Translation differences				-108,169				-108,169
Net profit / loss for the period							-1,173,447	-1,173,447
Income and expenses recognized for the period, total				-108,169			-1,173,447	-1,281,616
Elimination of own shares*						-1,051,927		-1,051,927
Subscribed shares based on stock options	4,385							4,385
Share issue related to management incentives plan	35,055				806,945			842,000
Return of capital					-8,595,680			-8,595,680
Granted stock option rights			-2,097					-2,097
Shareholders' equity 31 Dec	896,953		125,574	-997,205	5,393,806	-1,051,927	61,470	4,428,672

* Elimination of consolidated group company SSH Management Investment Corp. More information on SSH Management Investment Corp in Note 32.

Notes to the Consolidated Financial Statements

1 General information

SSH Communications Security Corp. is the forerunning provider of open-standards-based data security and managed file transfer solutions for private and public organizations. SSH Tectia solutions are sold as licensed software with maintenance and support agreements.

The SSH Group consists of SSH Communications Security Corp and its fully owned subsidiaries. SSH Communications Security Corp is domiciled in Helsinki, Finland and is a publicly traded company. The subsidiaries of SSH are SSH Communications Security Inc. (USA), SSH Management Investment Oy (Corp) and SSH Operations Oy (Corp), which has operations in Finland, Germany and Great Britain. SSH Communications Security Corp has its registered office at address Kumpulantie 3, 00520 Helsinki, Finland.

The Board of Directors of SSH Communications Security Corp has accepted the publication of these financial statements in its meeting of 2 February 2010. A copy of the financial statements is published as a part of the company's annual report. The annual report is available on the company's web pages (www.ssh.com) or at the head office of SSH Communications Security Corp. All stock announcements can be obtained from the company's web pages.

2 Accounting principles

Basis of preparation

The consolidated financial statements have been prepared in compliance with the Finnish Accounting Act and International Financial Reporting Standards (IFRS) as adopted by the EU (EC regulation No 1606/2002) observing the International Accounting Standard (IAS) and the interpretations by Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) effective on 31 December 2009. The notes to the consolidated financial statements are also in compliance with Finnish Accounting Standards and Companies Act.

The amounts in the consolidated financial statements are based on the original acquisition cost with the exception of assets available-for-sale and derivative financial instruments which are stated at fair value. The consolidated financial statements are presented in full euros unless otherwise stated.

Subsidiaries

The consolidated accounts include the parent company SSH Communications Security Corp and all its subsidiaries. Subsidiaries include those companies over which the Group has a control. A control is established if the parent company holds, directly or indirectly, more than 50 percent of the voting power or controls through management agreements with majority shareholders. In addition to these holdings, the consolidated accounts

include possible holdings that are of a controlling-right nature. A control is defined as a power to govern the financial and operating policies of a company to receive economic benefits from its operations.

Intra-group shareholdings have been eliminated by using the purchase method. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date on which that control ceases. Intra-group transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Foreign Currency Transactions

Items of each subsidiary included in the consolidated financial statements are measured using the currency of the operating environment of that subsidiary ("functional currency"). The consolidated financial statements are presented in euros, which is the functional and reporting currency of the parent company.

Transactions in foreign currency

Foreign currency denominated transactions are recorded at the exchange rate of the functional currency on the transaction date. In practice the used exchange rate is approximately the rate of the transaction date. Outstanding receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as adjustment items of sales costs or purchase and production costs above the operating profit. Exchange rate gains and losses on financing are entered as financial income and expenses.

Translation of financial statements of foreign subsidiaries

The income statements of subsidiaries whose functional currency is other than euro are translated into euros using the exchange rate of the transaction dates. In practice, the translations are done once a month using the monthly average exchange rate. Balance sheet items are translated into euros with the exchange rate of the balance sheet date. Translation differences are recorded in equity. When a subsidiary is sold, accumulated translation differences are recognized in the income statement as part of the gain or loss on the sale.

Revenue recognition

SSH's net sales derive mainly from software license sales and maintenance fees. Net sales comprise the invoiced value for the sale of goods and services adjusted with any discounts given, sales taxes, and exchange rate differences.

The revenue from product sales is recognized at the time when significant risks and rewards of the product or the right of use of the product have been transferred to the buyer and there is a binding contract between the parties, the delivery has taken place in accordance with the contract, the amount of revenue can be measured reliably and it is probable that the economic

benefits associated with the transaction will flow to the company.

Maintenance agreements are recognized evenly throughout the contract period. Revenues from services are recognized when the service has been delivered.

Government grants

Government grants, for example grants received from the government for a purchase of tangible assets, are recorded as a deduction of the carrying amount of the asset when there is reasonable assurance that the company will receive the grant and will comply with the conditions attaching to the grant. The grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge.

Government grants that are intended to compensate costs are recognized as income over the same period as the related costs are recognized. These government grants are presented in other operating income.

Property, plant and equipment

Group companies' property, plant and equipment are measured at cost less accumulated planned straight-line depreciation and any impairment losses. When a part of a property is treated as a separate asset, expenses related to its replacement are capitalized. Expenses incurring at a later date are included in the class of property, plant and equipment only if it is probable that the property will provide future economic benefits to the Group and that the acquisition cost can be measured reliably. Other repair and maintenance expenses are recognized as incurred.

Depreciation is calculated on a straight-line basis to reduce the asset's carrying value to its residual value over its estimated useful life.

- Machinery and equipment: 5 years from month of acquisition.
- Computer hardware: 3 years from month of acquisition.
- Leased assets based on finance lease: 3-5 years from month of acquisition, depending on the depreciation period of a corresponding item.
- Major renovations on rental premises: According to the length of the rental agreement, but not exceeding 7 years from year of acquisition.

An asset's residual value and useful life are reviewed for all financial statements and, if necessary, adjusted to indicate changes expected in the asset's economic benefits.

The depreciation on property, plant and equipment is ceased when the asset is classified as held for sale in accordance with standard IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Capital gains and losses are determined by comparing proceeds received with carrying amounts of sold assets. Capital gains and losses are included in operating profit.

Intangible assets

The cost of asset is amortized on a straight-line method to reduce its carrying value to its residual value over its estimated useful life.

Research and development expenditure

Research costs are expensed as incurred. Development costs (related to the design and testing of new or improved products)

are recognized as intangible assets if it is probable that their economic benefits will flow to the company. Other development costs are expensed as incurred. Previously expensed development costs are not recognized as an asset for a subsequent period.

Amortization begins when the asset is ready to be used. Incomplete assets are tested annually for impairment. After measurement at recognition, the capitalized development costs are valued at the original acquisition cost less depreciation and impairment. Capitalized development costs are amortized on a straight-line basis over their economic lifetime, which is estimated to be from three to five years.

Other intangible assets

Other intangible assets include patents, trademarks and software licenses. Patents, trademarks and licenses are entered in the balance sheet and expensed in the income statement on a straight-line basis over their economic lifetime. The residual value and useful life of assets are reviewed for all financial statements and, if necessary, adjusted to indicate changes expected in the asset's economic benefits. The economic lifetime does not generally exceed five years. Software programs acquired for internal use are expensed in a period from three to five years.

Impairments of long-lived assets

The Group will review on each balance sheet date whether there is any indication of an impaired asset. Whenever indicators of impairment exist, the asset's carrying value is compared with its recoverable amount. The recoverable amount is the asset's fair value less the selling expenses or its value in use, if this value exceeds the fair value. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The discount rate is pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

Whenever the asset's carrying amount exceeds its recoverable amount, it will be impaired, and the resulting impairment loss will be recognized in the income statement. After the recognition of an impairment loss, the depreciation charge for the asset is adjusted for the future periods by estimating the economic lifetime of the asset. An impairment loss recognized in prior periods for an asset other than goodwill is reversed if there is a change in the estimates that have been used in assessing the recoverable amount of that asset.

Financial assets and liabilities

Financial assets

The Group has classified its financial assets into the following categories in accordance with IAS 39: financial assets recorded at fair value through profit or loss, investments held to maturity, loans and receivables, and financial assets available for sale. The assets are classified on initial recognition. The assets are initially recognized at fair value. Transaction costs are included in the original carrying amount of an asset other than assets held for sale. Financial assets are derecognized from the balance sheet when the contractual right to cash flows from an asset included in financial assets ends or when the significant risks and rewards related to the asset are transferred outside the Group.

An asset is classified as financial asset recorded at fair value through profit or loss when the asset is acquired for held for trading purposes or the asset is classified as financial asset recorded at fair value through profit or loss at initial recognition. Derivative instruments on which hedge accounting is not applied (according to IAS 39), are classified as assets available for sale. Derivative instruments available for sale and all financial assets with maturities under twelve months are included in current assets in the balance sheet. These assets are stated at fair value. Any change in fair value and a profit or a loss, realized or unrealized, is recognized in the income statement in the period it is incurred.

Investments held to maturity are financial assets other than derivative assets and their payments are made according to a fixed plan, they mature on a defined date and the Group is capable of and intends to keep the assets until they mature. The held-to-maturity investments are measured at amortized cost and they are recorded in the current assets.

Loans and other receivables are assets other than derivative assets and with a fixed or definite series of payments. These assets are unlisted and not held for trading. They are valued at amortized cost. Loans and other receivables are presented as current or non-current financial assets depending on their nature. The assets expiring after twelve months are presented in non-current assets.

Available-for-sale financial assets are non-derivative assets which are either determined to be available-for-sale assets or for which other classification is not applicable. These assets are included in non-current assets unless the intention is to hold the investment for less than 12 months from the balance sheet date. Available-for-sale financial assets can include shares, investments on interest bearing instruments and participations of investment funds. These assets are measured at fair value or at cost if the fair value cannot be measured reliably. The change in fair value is recognized in shareholders' equity net of tax. When an asset is sold or it is impaired (the fair value is lower than the carrying amount of asset), the change in fair value is re-recognized from shareholders' equity and recognized in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash balances, short-term deposits with banks and other short-term liquid investments with maturity up to three months at the time of acquisition. Transaction costs are included in the carrying amount at initial recognition when the asset is not classified as financial asset recorded at fair value through profit or loss. All purchases and sales are recognized on the trade date. Cash and cash equivalents are derecognized from the balance sheet when the contractual right to cash flows ceases or when the significant risks and rewards related to the asset are transferred.

Impairments of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. Significant and long-term decrease in the value of a share, when the fair value falls below the acquisition cost, may be an indication of an impairment of available-for-sale share. If any such evidence exists, the amount recorded in the shareholders' equity is unrecognized and recognized in the in-

come statement. Impairment loss on available-for-sale financial assets categorized as equity instruments are not reversed through the income statement. A reversal of impairment loss for financial asset other than equity instrument is recognized in the income statement.

The group recognizes an impairment loss on trade receivables, when there is objective evidence that a receivable is not fully collectible. Borrower's financial difficulties, probability of a bankruptcy or delays exceeding 90 days in payment are evidence of impairment loss for a receivable. The impairment loss recognized in the income statement is the difference measured between the carrying amount and the present value of estimated future cash flows of a receivable. If impairment loss is decreased during any later period and the basis for this can objectively be related to an event occurred after the original impairment, the reversal is recognized in the income statement.

Financial liabilities

Financial liabilities are originally recognized at their fair value on the basis of the consideration received. Transaction costs are included in the original carrying amount of financial liabilities. Non-current financial liabilities are later valued at amortized cost using the effective interest rate method.

Determination of fair value

The fair values of publicly quoted derivative contracts and financial assets classified as held for trading or available for sale, are based on the quoted prices on balance sheet date. In the determination of fair value of financial instruments that are not publicly quoted in active market, the Group uses different valuation techniques and makes assumptions that are based on data from observable markets on balance sheet date.

Leases

Lease liabilities on tangible assets, which expose the Group to significant risks and rewards inherent in holding such assets, are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. An asset based on a finance lease will be depreciated over its useful life or within the shorter lease term. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability so that the finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability. Rental obligations are included in interest bearing liabilities.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as other operating leases. Payments made under operating leases, included in other operating expenses, are charged to the income statement on a straight-line basis over the period of the lease.

Borrowing costs

Borrowing costs are recognized as an accrual-based expense.

Earnings per share

The undiluted earnings per share is calculated by dividing the net result for the financial year by the weighted average number of ordinary shares outstanding during the financial year. The amounts of treasury shares held by the Group are not included

in the amount of outstanding shares. A dilutive effect caused by share options exists when the subscription price of share is lower than the fair value the share. In the calculation of diluted earnings per share the potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. When the result of the Group is negative, no dilutive effect will be calculated.

Share capital

Ordinary shares are presented as share capital. Dividends paid to the ordinary shares are deducted from shareholders' equity in the period during which the decision to distribute dividends is made.

Share issue costs

Costs directly related to share issue, other than costs attributable to a business combination, are deducted, net of tax, from the proceeds recorded to shareholders' equity. Share issue costs directly attributable to business combinations are included in acquisition cost.

Treasury shares

If SSH Security Corp or its subsidiaries purchases SSH shares, the consideration paid including any related incremental external costs, net of tax, is deducted from total shareholders' equity as treasury shares until the shares are cancelled. If treasury shares are subsequently sold, any consideration received is included in shareholders' equity.

Income taxes

Tax expenses in the income statement comprise tax based on taxable income for the period and deferred tax. Income tax is recorded in the income statement, except for taxes related to items recorded directly to the shareholders' equity. These items are recorded net of tax. Tax based on taxable income for the period is calculated using the corporate income tax rate effective in each country, adjusted to any taxes from previous periods.

Deferred taxes are calculated on all temporary differences between the carrying amount and taxable value. The largest temporary differences arise from the depreciation differences of property, plant and equipment, revaluation of certain assets and derivative contracts, provisions deductible at a later date, unused tax losses and measurement at fair value in connection with acquisitions.

Deferred taxes are calculated using the statutory tax bases or the tax bases whose confirmed content has been announced by the closing date. Deferred tax assets are recognized to the extent that it is probable that taxable income, against which the temporary difference can be applied, will materialize in the future.

Employee benefits

Pensions

The Group's pension schemes comply with each country's rules and regulations. Pension expenses for the Group's personnel are managed in external insurance companies. The Group applies defined contribution pension plans, as classified under IAS 19 (Employee Benefits). Contributions under the defined contribu-

tion plan will be recognized in the income statement for the accounting period during which such contributions were made.

Share-based payment

The Group has granted share options to its management and employees at a fixed subscription price specified in the terms of the share option scheme. The Group has applied IFRS 2 Share-based Payment to all share option schemes in which options have been granted after November 7, 2002, and to which rights have not vested before January 1, 2005. No expenses on prior share option schemes have been presented in the income statement.

The fair value of share options is determined as at the time granted and expensed in even installments in the income statement over the vesting period of the rights. The expense determined at the time of granting the option is based on the Group's estimate of the number of options to which it is assumed that rights will vest by the end of the vesting period. The fair value is determined using the Black-Scholes pricing model. The non-market criteria are not included in the fair value of the option but taken into account in the number of options that are assumed to vest at the end of the vesting period. The Group updates at each closing the estimate of the final amount of the options that will vest. When the options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium account.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. If the Group expects a provision to be reimbursed, for example, by a third party, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The Group recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Provisions are stated at a present value of the obligation. The discount rate is determined to reflect current market assessments of the time value of money and the risks specific to the obligation.

New or amended IFRS standards

The following interpretations published 2009 has affect on Company's financial statements

- IAS 1 (Revised), Presentation of financial statements: The change in accounting policy only impacts presentation aspects. Comparative information has been re-presented so that it also is in conformity with the revised standard
- IFRS 8, Operating segments: This has not changed the number of reportable segments presented.
- IFRIC 11, IFRS 2 - Group and treasury share transactions: management incentives plan is share-based compensation.

The following interpretations published 2009 are not estimated to have any essential effect on the Company's financial statements:

- IAS 23 (Revised), Borrowing costs
- IFRIC 13, Customer Loyalty Programmes

- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRS 2 (Amendment), Share-based payment – vesting conditions and cancellations
- IAS 1 and IAS 32 (Amendments), Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation
- IFRS 1 and IAS 27 (Amendments), Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate in Adoption of IFRS
- IAS 39 (Amendment), Financial instruments: Recognition and measurement – Eligible Hedged Items'
- IFRS 7 (Amendment), Financial instruments: Recognition and measurement – Eligible Hedged Items
- IAS 1 (Amendment), Current assets and current liabilities
- IAS 16 and IAS 7 (Amendments), Renting and subsequent selling of assets
- IAS 19 (Amendment), Employee Benefits
- IAS 20 (Amendment), Accounting for government grants and disclosure of government assistance
- IAS 23 (Amendment), Borrowing costs
- IAS 27 (Amendment), Consolidated and separate financial statements
- IAS 28 (Amendment), Investments in associates
- IAS 31 (Amendment), Interests in joint ventures
- IAS 36 (Amendment), Impairment of assets
- IAS 38 (Amendment), Intangible assets
- IAS 40 and IAS 16 (Amendments), Classification of property
- IAS 41 (Amendment), Agriculture

The Company will start using the following standards and interpretations in 2010. Their effect on the financial statement will not be material

- IFRIC 18*, Transfers of Assets from Customers
- IFRIC 9 and IAS 39 (Amendment)*, Reassessment of embedded derivatives on reclassification
- IFRS 2 (Amendment)*, Share-based Payment – Group Cash-settled Share-based Payment Transactions
- IFRS 1 (Amendment)*, First-time adoption of Financial Instruments – Additional Exemptions for First-time Adopters
- IFRS 2 (Amendment), IFRS 2 – Scope of IFRS 2 – Share-based Payment
- IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 (Amendment), Operating Segments
- IAS 1 (Amendment), Presentation of Financial Statements
- IAS 7 (Amendment), Statement of Cash Flows
- IAS 17 (Amendment), Leases
- IAS 18 (Amendment), Revenue
- IAS 36 (Amendment), Impairment of Assets
- IAS 38 (Amendment), Intangible Assets
- IAS 39 (Amendment), Financial Instruments: Recognition and Measurement
- IFRIC 9 (Amendment), Reassessment of Embedded Derivatives
- IFRIC 16 (Amendment), Hedges of a net investment in a foreign operation

The Company will start using the following standards and interpretations in 2011. SSH estimates no effects on its financial statements:

- IAS 32 (Amendment), Financial Instruments: Presentation – Classification of Rights Issues

- IFRIC 19*, Extinguishing Financial Liabilities with Equity Instruments
- IFRIC 14 (Amendment)*, Prepayments of a Minimum Funding Requirement
- IFRS 9*, Financial Assets – Classification and Measurement
- IAS 24 (Revised)*, Related Party Disclosures

* The standard, interpretation or amendment to published standard or interpretation is still subject to endorsement by the European Union.

Management judgment in applying the most significant accounting policies and other key sources of estimation uncertainty

When preparing the financial statements, the Group's management has to make estimates and assumptions influencing the content of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, the actual results may differ from the estimates. The management must also exercise its judgment regarding the application of accounting policies. Possible effects of changes in estimates and assumptions are recorded in the income statement and balance sheet in the period during which estimates and assumptions are adjusted, and also in all the following periods.

The most important of these estimates and assumptions are related to the credit risk of trade receivables and the utilisation of deferred tax assets.

3 Segment information

The Group's segment information is presented according to business and geographical segments. The Group's primary reporting format is based on geographical segments, based on the Group's internal organizational structure and financial reporting. The nature of markets and risks differ from segment to segment.

Segment assets and liabilities are items which are used by the segment in its business or which can be allocated to the segment. Unallocated items include items shared by the Group. Capital expenditure comprises additions to tangible assets used during several periods. Market pricing is used for intra-segment transactions.

Geographical segments:

The Group's geographical segments are as follows:

- North and South America (Americas)
- Europe and Rest of World (EROW)
- Asia and the Pacific (APAC)

The geographical segments are presented according to the location of the assets.

Business segments:

The Group is organized into one business segment.

INCOME STATEMENT

2008	EROW	AMERICAS	APAC	Unallocated costs	Eliminations	Group total
NET SALES	1,932,823	5,834,425	754,655	0	0	8,521,902
Purchasing and production costs	-18,453	-389	-3,062	-104	0	-22,008
GROSS MARGIN	1,914,370	5,834,036	751,593	-104	0	8,499,894
Other operating income	0	18,210	110	137,504	0	155,824
Segment costs and depreciations	-804,277	-3,165,270	-6,575,455	-5,131,237	0	-10,861,626
OPERATING PROFIT/LOSS	1,110,093	2,686,975	435,068	-6,438,055	0	-2,205,918
Financial income						890,686
Financial expenses						-217,097
PROFIT BEFORE TAXES						-1,532,328
Taxes						-253,515
PROFIT FOR THE FINANCIAL PERIOD						-1,785,843
Segment assets	1,001,644	1,832,369	154,395	16,129,040	0	19,117,447
Segment liabilities	2,278,329	8,679,194	154,395	-601,868	-5,906,209	4,603,841
Capital expenditure	94,914	14,545				109,458
Depreciations	193,190	11,016				204,206

Group-level costs mainly comprise group-level R&D and administration expenses.

INCOME STATEMENT

2009	EROW	AMERICAS	APAC	Unallocated costs	Eliminations	Group total
NET SALES	2,477,979	5,530,053	803,874	0	0	8,811,906
Purchasing and production costs	-62,459	-55	-820	0	0	-63,333
GROSS MARGIN	2,415,520	5,529,998	803,054	0	0	8,748,572
Other operating income	0	0	0	136,846	0	136,846
Segment costs and depreciations	-1,323,300	-3,017,881	-346,674	-5,684,607	0	-10,372,462
OPERATING PROFIT/LOSS	1,092,220	2,512,118	456,379	-5,547,760	0	-1,487,043
Financial income						443,690
Financial expenses						-120,526
PROFIT BEFORE TAXES						-1,163,879
Taxes						-8,485
PROFIT FOR THE FINANCIAL PERIOD						-1,173,447
Segment assets	1,728,116	1,558,316	154,395	5,981,487	0	9,422,314
Segment liabilities	2,481,743	8,331,817	154,395	-541,642	-5,432,671	4,993,642
Capital expenditure	105,090	7,553				112,643
Depreciations	158,503	11,262				169,765

4 Net Sales, €

	2009	2008
Income from license sales	3,941,100	3,996,501
Income from maintenance	4,730,993	4,479,701
Other Income	139,812	45,701
Total	8,811,906	8,521,902

5 Other operating income, €

	2009	2008
Rental income	136,846	128,283
Other	0	27,541
Total	136,846	155,824

6 Employee benefits, €

	2009	2008
Wages and salaries	5,286,335	5,668,966
Pensions, defined contribution plan	583,260	625,419
Other personnel expenses	308,945	153,997
Granted stock option rights	-2,097	2,097
Total	6,176,442	6,450,478

The Group applies defined contribution pension plans. Note 32 comprises information on management benefits.

Personnel	2009	2008
On average	66	77
At period-end	64	73

Personnel distribution by business area on 31 Dec	2009	2008
R&D	37	40
Sales and Marketing	14	25
Administration	13	8
Total	64	73

7 Depreciations by assets, €

	2009	2008
On machinery and equipment	79,004	78,146
On financial assets	77,340	44,054
On other tangible assets	837	600
On software	12,585	69,219
On capitalized development expenses	0	12,186
Total	169,765	204,206
Depreciations by activity, €	2009	2008
On R&D expenses	68,383	130,768
On sales and marketing expenses	11,906	22,435
On administration expenses	89,476	51,003
Total	169,765	204,206

8 Financial income, €

	2009	2008
Interest income	11,385	42,784
Gains on held-to-maturity investments	159,640	772,732
Gains on exchange rate differences	270,796	75,170
Total	443,690	890,686

9 Financial expenses, €

	2009	2008
Interest on financial leases	7,294	5,214
Losses on exchange rate differences	113,223	211,816
Other interest expenses	9	66
Total	120,526	217,096

10 Taxes, €

	2009	2008
Deferred tax	-1,083	244,574
Other direct taxes	-8,485	8,941
Total	-9,568	253,515

Comparison of taxes based on the valid tax rate in Finland with those stated in the income statement:

	2009	2008
Profit/Loss before taxes, total	-1,163,879	-1,532,328
Tax at 26%	302,609	398,405
Effect of foreign subsidiaries' differing tax rates	11,033	-111,634
Expenses not deductible for tax purposes	-125,482	107,899
Tax-free income	90,396	-261,519
Use of previously unrecognized tax losses	178,727	207,041
Tax assets not recognized for reported losses	-464,065	-387,530
Use of previously recognized tax assets	0	-244,574
Deferred taxes	-1,083	0
Taxes from earlier reporting periods	-1,702	38,397
Tax charge in income statement	-9,568	253,515

11 Earnings per share, €

	2009	2008
Profit/loss attributable to the equity holders of the parent company	-1,173,447	-1,785,843
Weighted average number of shares in issue (thousands)	28,791	28,545
Earnings per share (basic) (€ per share)	-0.04	-0.06
Adjusted average number of shares considering dilution effect (thousands)	29,919	28,913
Earnings per share (diluted) (€ per share)	-0.04	-0.06

12 Tangible assets

Machinery & equipment, €	2009	2008
Acquisition cost 1 Jan	1,192,883	1,102,664
Conversion difference	-5,226	7,615
Increase	67,972	82,605
Decrease	-72	0
Acquisition cost 31 Dec	1,255,557	1,192,883
Accumulated depreciation 1 Jan	1,060,353	977,707
Conversion difference	-4,596	6,797
Depreciation for the period	81,330	75,326
Conversion difference of depreciation	-432	523
Accumulated depreciation 31 Dec	1,136,655	1,060,353
Book value 31 Dec	118,902	132,530

Leased assets based on finance leases, €	2009	2008
Acquisition cost 1 Jan	411,658	195,109
Increase	10,171	226,307
Decrease	-16,279	-9,758
Acquisition cost 31 Dec	405,549	411,658
Accumulated depreciation 1 Jan	225,193	173,418
Depreciation for the period	69,619	51,775
Accumulated depreciation 31 Dec	294,811	225,193
Book value 31 Dec	110,738	186,465

Book value of machinery and equipment, total,
31 Dec, €

	229,639	318,995
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Other tangible assets, €	2009	2008
Acquisition cost 1 Jan	21,729	16,594
Conversion difference	-596	959
Increase		4,176
Acquisition cost 31 Dec	21,133	21,729
Accumulated depreciation 1 Jan	18,180	16,594
Conversion difference	-505	985
Depreciation for the period	837	600
Accumulated depreciation 31 Dec	18,511	18,180
Book value 31 Dec	2,623	3,550
Balance sheet value of tangible assets, 31 Dec, €	232,262	322,545

13 Intangible assets

Software, €	2009	2008
Acquisition cost 1 Jan	1,802,212	1,798,655
Conversion difference	-425	684
Increase	34,500	2,874
Acquisition cost 31 Dec	1,836,287	1,802,212
Accumulated depreciation 1 Jan	1,793,638	1,723,736
Conversion difference	0	684
Depreciation for the period	12,160	69,219
Accumulated depreciation 31 Dec	1,805,798	1,793,638
Book value 31 Dec	30,489	8,574

14 Deferred tax receivables and liabilities, €

	1.1.2008	Charged in income statement	Charged in equity	31.12.2008
Deferred tax receivables				
From losses	244 960	-244 960	0	0
Deferred tax liabilities				
Fair valuation of available-for-sale investments	0	0	0	0
Other	386	-386	0	0
Total	386	-386	0	0

	1.1.2009	Charged in income statement	Charged in equity	31.12.2009
Deferred tax receivables				
From losses	0	0	0	0
Deferred tax liabilities				
Fair valuation of available-for-sale investments	0	0	0	0
Other	0	0	1,083	1,083
Total	0	0	1,083	1,083

Confirmed losses from earlier years that are not recognized as deferred tax assets by the Group, amount to EUR 22.5 million. Of these, EUR 16.4 are domestic and EUR 6.2 million from the operations in the USA. The domestic confirmed losses will begin to expire from 2012–2019 onwards and the confirmed losses in the USA from 2020–2029 onwards. Unrecognized deferred tax assets from taxable losses amounts to EUR 6.9 million

There is not any taxable profit in subsidiaries.

15 Trade receivables, €

	2009	2008
	2,455,457	1,983,447

Trade receivables by age, €

	2009	Recognized as losses on loans and advances	Net value 2009	2008	Recognized as losses on loans and advances	Net value 2008
Non-matured	2,212,763	0	2,212,763	1,641,575		1,641,575
Matured						
Less than 30 days	104,211	0	104,211	170,192		170,192
30-50 days	19,966	0	19,966	52,213		52,213
Over 50 days	118,520	0	118,520	119,548	-81	119,467
Total	2,455,457	0	2,455,457	2,459,242	-81	1,983,447

Trade receivables by currency, €

	2009	2008
Euro	157,087	216,872
USD	1,135,050	1,519,547
JPY	0	0
GBP	185,293	152,814
CHF	978,027	94,215
Total	2,455,457	1,983,447

16 Other receivables, €

	2009	2008
Prepayments	81,523	103,011
VAT receivables	156,159	181,352
Other current receivables	68,826	4,450
Total	306,508	288,814

17 Prepaid expenses and accrued income, €

	2009	2008
Personnel related	2,341	2,341
Other prepaid expenses and accrued income	22,791	33,107
Total	25,132	35,448

18 Held-to-maturity investments, €

	2009	2008
Nominal value 1 Jan	14,500,000	20,302,557
Additions	18,030,687	54,200,033
Reductions	30,010,586	-60,002,590
Change in fair value	-11,979,900	-5,802,557
Fair value Dec 31	2,520,100	14,500,000
Current investments	2,520,100	14,500,000

Realized capital gains and losses on available-for-sale investments and fixed-term deposits are presented in notes 8 and 9.

19 Financial assets and liabilities by measurement categories

Balance sheet item 31.12.2008 €	Loans and receivables	Financial assets held to maturity	Financial liabilities measured at amortized cost	Total	Note
Current financial assets:					
Trade and other receivables	2,272,261			2,272,261	15, 16
Investments held to maturity		14,500,000		14,500,000	19
Cash and cash equivalents	1,978,620			1,978,620	
Current financial assets total:	4,250,881	14,500,000	0	18,750,881	
Long-term financial liabilities:					
Financial lease liabilities			110,973	110,973	24
Current financial liabilities:					
Trade and other payables			503,000	503,000	26, 28
Financial liabilities, total:	0	0	613,973	613,973	

Balance sheet item 31.12.2009 €	Loans and receivables	Financial assets held to maturity	Financial liabilities measured at amortized cost	Total	Note
Current financial assets:					
Trade and other receivables	2,761,965			2,761,965	15, 16
Investments held to maturity		2,520,100		2,520,100	19
Cash and cash equivalents	3,841,366			3,841,366	
Current financial assets total:	6,603,331	2,520,100	0	9,123,431	
Long-term financial liabilities:					
Financial lease liabilities			40,715	40,715	24
Current financial liabilities:					
Trade and other payables			962,962	962,962	26, 28
Financial liabilities, total:	0	0	1,077,537	1,077,537	

20 Notes to shareholders' equity

According to the Corporate Bylaws SSH Communications Security Corp's share capital is a minimum of EUR 600,000 and a maximum of EUR 2,400,000, within which limits it can be increased or reduced without altering the Corporate Bylaws. The nominal per share value is EUR 0.03, hence the minimum number of shares is 20 million and maximum number of shares 80 million. SSH has one class of shares. Each share entitles its holder to one vote at the shareholders' meeting. The company's registered and fully paid share capital December 31, 2009 amounted to EUR 896,953, and the number of shares was 29,898,499.

The Annual General Meeting 4th of March 2009 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 30

June 2010, at the latest. During the reporting period the Board of Directors exercised this authorization as part of the management investment plan by issuing new shares for SSH Management Investment Corp subscription against payment.

The Annual General Meeting decided upon the distribution of assets from the invested non-restricted equity fund to the shareholders in such a way that assets shall be distributed 0.30 euro per share. The amount distributed was in total 8,595,680.40 euro. The return of equity was paid to the shareholders who on the record date on March 9th 2009 were registered in the shareholders' register of the company held by Euroclear Finland Oy, and the payment date was on March 16th 2009. Furthermore, the Annual General Meeting decided to lower the subscription price of the shares that can be subscribed based on the option plans released by the company between years 2000-2008, with an amount corresponding to the distribution of assets, i.e. 0.30 euro per option right. The subscription price of the shares shall, however, always have at least the same value as the par value.

Changes in the share capital and in the share premium fund:	Number of shares	Share capital	Share premium fund	Total
31.12.2008	28,583,775	857,513	0	857,513
New shares issue for CEO incentive plan	68,493	2,055	0	2,055
Subscriptions under stock option plan I/1999	2,600	78	0	78
Subscriptions under stock option plan I/2003	143,581	4,307	0	4,307
New shares issue for management incentive plan	1,100,000	33,000	0	33,000
31.12.2009	29,898,449	896,953	0	896,953

Description of the equity reserves:

Translation differences

The translation differences comprise the foreign exchange differences arising from the translation of the financial statements of the foreign subsidiaries.

Fair value and other reserves

Fair value and other reserves consist of three different funds: fair value reserve for available-for-sale investments, a hedging reserve for changes in the fair value of cash flow hedging instruments and a reserve for the costs of granted stock option rights.

Unrestricted equity funds

Unrestricted equity funds comprise the parent company's unrestricted invested equity fund.

21 Capital management

The Company's objective when managing capital is to secure the ability to continue operating. The structure of the capital can be managed through decision concerning, for instance, dividend and other distribution of assets, purchase of the company's own shares and share issues. The indicators depicting the capital structure are the equity-to-assets ratio and gearing.

22 Share-based payments

SSH's share-based payments consist of the following stock option plans.

Stock option plans - data

Stock option plan	Warrant	Date of issue	Subscription period		Share subscription price, €	Unexercised option rights
			Start	End		
I/1999	I/1999C	05.08.1999	01.05.2001	01.05.2011	0.03	375
	I/1999D	05.08.1999	01.11.2001	01.11.2011	0.03	375
	I/1999E	05.08.1999	01.05.2002	01.05.2012	0.03	6,112
	I/1999F	05.08.1999	01.11.2002	01.11.2012	0.03	4,862
	I/1999G	05.08.1999	01.05.2003	01.05.2013	0.03	4,239
	I/1999H	05.08.1999	01.11.2003	01.11.2013	0.03	3,612
						19,575
10.7.2000		10.07.2000	01.11.2000	01.11.2010	5.51	32,000
I/2000	I/2000A	10.07.2000	01.05.2001	01.05.2011	5.51	41,900
	I/2000B	13.09.2000	01.11.2001	01.11.2011	5.51	66,628
	I/2000C	22.03.2001	01.05.2002	01.05.2012	5.51	40,062
II/2000	II/2000A	22.03.2001	01.11.2001	01.11.2011	14.01	3,250
	II/2000B	22.03.2001	01.05.2002	01.05.2012	14.01	1,625
	II/2000C	22.03.2001	01.11.2002	01.11.2012	14.01	875
	II/2000D	22.03.2001	01.05.2003	01.05.2013	14.01	875
	II/2000E	22.03.2001	01.11.2003	01.11.2013	14.01	875
	II/2000F	22.03.2001	01.05.2004	01.05.2014	14.01	875
	II/2000G	22.03.2001	01.11.2004	01.11.2014	14.01	875
						9,250
II/2002	II/2002A	11.04.2002	06.06.2002	11.04.2012	1.01	1,375
	II/2002B	11.04.2002	06.05.2003	11.04.2012	1.01	250
	II/2002C	11.04.2002	06.05.2004	11.04.2012	1.01	1,500
	II/2002D	11.04.2002	06.05.2005	11.04.2012	1.01	1,500
						4,625
III/2002	III/2002A	26.06.2002	06.05.2004	26.06.2012	0.91	6,124
	III/2002B	26.06.2002	06.05.2005	26.06.2012	0.91	6,125
	III/2002C	26.06.2002	06.05.2006	26.06.2012	0.91	6,625
	III/2002D	26.06.2002	06.05.2007	26.06.2012	0.91	6,625
						25,499
II/2003	II/2003A	29.04.2003	01.05.2004	29.04.2013	0.03	749
	II/2003B	29.04.2003	01.05.2005	29.04.2013	0.03	501
	II/2003C	29.04.2003	01.05.2006	29.04.2013	0.03	1,124
	II/2003D	29.04.2003	01.05.2007	29.04.2013	0.03	1,126
						3,500

On the balance sheet date, SSH had 243,039 (2008: 893,348) stock options outstanding. Exercisable stock options entitle to 0.01% share ownership and represent 0.01% of votes. The weighted average exercise price of remaining stock options was EUR 4.80 (2008: EUR 2.21). The weighted average of the remaining subscription period was 1.9 years (2008: 1.9 years). The exercise price varies from EUR 0.03 to EUR 14.01 and the remaining subscription period from 10 months to 4.8 years.

Changes in outstanding stock options and in weighted average subscription price:

	2009		2008	
	Weighted average exercise price, €	Number of stock options	Weighted average exercise price, €	Number of stock options
At the beginning of period	3.18	893,348	2.98	1,052,760
Granted stock options	0	0	1.46	500,000
Forfeited stock options	0.03	5,666	2.96	611,749
Cancelled stock options	0.03	501,062		
Exercised stock options	0.18	146,181	0.33	47,663
At the end of period	4.80	240,439	2.21	893,348
Exercisable stock option rights at the end of period	4.80	240,439	3.18	393,348

SSH's weighted average share price was EUR 0.79 in 2009 and EUR 1.48 in 2008.

23 Provisions, €

	Restructuring provisions	Onerous contracts
31.12.2008	0	0
Increases in provisions	138,089	
31.12.2009	138,089	0

24 Finance lease liabilities

Finance lease liabilities - minimum lease payments, €	2009	2008
Not later than 1 year	82,205	80,784
1-5 years	55,380	110,676
Total	137,585	191,460

Finance lease liabilities - the present value of minimum lease payments, €	2009	2008
Not later than 1 year	73,860	77,607
1-5 years	40,715	110,973
Total	114,575	188,580

Future finance charges, €	3,808	10,512
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Total finance lease liabilities, €	2009	2008
Short-term	73,860	77,607
Long-term	40,715	110,973

The Group has leased office and IT equipment under long-term agreements. The lease agreements for IT equipment contain renewal options and purchase options at market price. The other lease agreements do not contain renewal nor purchase options. All rents are fixed. The duration of the agreements is usually 3-5 years, and the liabilities as of 31 December 2009, are due until 30th of May 2012.

25 Advance payments, €

	2009	2008
	3,222,854	3,218,981

26 Trade payables, €

	2009	2008
	385,904	123,214

27 Accrued expenses, €

	2009	2008
Personnel related	750,713	762,725
Tax payables	10,866	8,162
Other accrued expenses and deferred income	30	0
Total	766,028	770,887

28 Other liabilities, €

	2009	2008
Personnel related	386,065	195,006
Finance lease liabilities	73,860	77,607
Other current liabilities	117,133	107,174
Total	577,058	379,786

Personnel related liabilities include SSH Management Investment Corp's share capital totaling EUR 266,640 which is eliminated from the Group financial statement."

29 Financial risk management

The group is exposed to financial risks in its normal business. The aim of the group's risk management is to minimize negative impacts of changes on financial markets to the group's income.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, with the most significant currency being USD. Transaction risks are managed based on the net position using, when required, forward contracts or options. On the balance sheet date, the Company has not made any hedging operations to avoid exchange risks.

Interest rate risks

The Group has no interest bearing debt and therefore no need for debt protection. The Group's money market investments expose it to interest rate risks, but the exposure is not significant as a whole.

The market risk related to investments

The Company's cash reserves have been invested in accordance with the policy approved by the Board of Directors. At the end of the financial reporting period, almost all the assets are invested in fixed income funds and cash in financial institutions with high credit ratings.

Credit risks

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Liquidity risks

There is no liquidity risk related to the group, since the invested funds are large and are available on a one-day notice.

30 Other rental agreements

Other rental agreements are lease agreements not classified as finance lease agreements.

The Group as lessee

Non-cancellable rental agreements for office facilities - minimum lease payments, €	2009	2008
Not later than 1 year	338,372	619,145
1-5 years	945,612	491,270
Total	1,283,984	1,110,415

Non-cancellable operating lease commitments for vehicles - minimum lease payments, €	2009	2008
Not later than 1 year	70,249	85,715
1-5 years	65,244	118,251
Total	135,493	203,966

The Group rents the offices it utilizes. The duration of the rental agreements are usually 3-5 years, and normally the agreements include prolongation options past the original ending date. The index, renewal and other terms and conditions differ from agreement to agreement. The income statement for year 2009 contains rents based on rental agreements for a total of EUR 802,813 (EUR 675,887 in 2006), which includes restructuring provision total of EUR 138,089. The Group has sublet part of its offices. The rental income related to the subleases is EUR 136,846 in 2009 (EUR 128,283 in 2008). The minimum future rental income related to the subleases was EUR 41 876 as of 31 December 2009 (EUR 167,504 on 31 December 2008).

The Group also leases vehicles. The lease rents are fixed and the duration of the agreements are on average 3-4 years. The income statement for year 2009 contains expenses based on vehicle lease agreements for a total of EUR 101,279 (EUR 95,987 in 2008).

31 Non-cancellable operating lease commitments for vehicles - minimum lease payments, €

Rental guarantees, €	2009	2008
Rental guarantees (monetary pledge)	86,091	24,038

The Group has in previous years received public funding comprising a possible payback obligation.

32 Group companies and related party transactions

Group companies	Native country	Group holding, %	Share of voting Right, %
SSH Communications Security Oyj, Helsinki	Finland		
SSH Communications Security Inc., Los Altos	USA	100	100
SSH Operations Oy, Helsinki	Finland	100	100
SSH Management Investment Oy, Helsinki	Finland	0	100

Board and Management benefits, €	2009	2008
Managing director/Jari Mielonen	227,040	367,220*
Board/Tomi Laamanen	16,800	16,800
Board/Pyry Lautsuo	16,800	12,600
Board/Juho Lipsanen	14,000	0
Board/Juha Mikkonen	16,800	12,600
Board/Timo Ritakallio	4,200	16,800
Board/Tatu Ylönen	0	0

*Arto Vainio managing director until 31.10.2008. Jari Mielonen managing director from 17.11.2008.

	31.12.2009	31.12.2009	31.12.2008	31.12.2008
The share and stock option holdings of the board	Shares	Options	Shares	Options
Tommi Laamanen	124,000	2,000	22,000	4,000
Pyry Lautsuo	12,500	0	0	0
Juho Lipsanen	21,865			
Juha Mikkonen	4,003,000	0	4,203,000	0
Tatu Ylönen	14,554,963	0	15,103,280	0
Total	18,716,328	2,000	19,336,280	4,000

	31.12.2009	31.12.2009	31.12.2008	31.12.2008
The share and stock option holdings of the management team	Shares	Options	Shares	Options
Jari Mielonen (managing director)	531,138*	0	0	500,000
Tero Harjula	225,653*	0	0	0
Mikko Karvinen	225,653*	0	0	0
Jouni Leinonen	225,653*	0	0	0
Pekka Rauhala	245,653*	22,500	20,000	22,500
Total	1,453,750	22,500	20,000	522,500

* Includes in-direct holdings which are formed with ownership of SSH Management Investment Corp.

The Company's directors are rewarded based on stocks, which is utilized with SSH Management Investment Corp. There are not any other reward practices or any extraordinary pension programs for the CEO or management.

SSH Management Investment Corp owns total of 1,433,750 company shares. Total of 1,100,000 shares were subscribed with separate new share issue. During December 2009 SSH Management Investment Corp acquired from stock markets total of 337 500 company shares. Share subscription was financed with management group EUR 266,640 investments and loan EUR 792,000 granted by SSH Communications Security Corp. The owned shares will be held in management investment company until it is dissolved. The incentive plan will be valid until fall 2013, at which time the plan is intended to be dissolved in a manner to be determined later. SSH Communications Security Corp. loan interest is defined as 12 months euribor rate added with loan margin of 0.65 percentages. Interest is paid on yearly basis. The loan will be covered by the date of dissolve at the latest. The loan capital can be disbursed in advance. SSH Communications Security Corp. is entitled to demand advanced payment if SSH Management Investment Corp violates terms of the loan agreement. Collateral for the loan has been agreed to be the company shares possessed by SSH Management Investment Corp. SSH Communications Security Corp will request from Annual General Meeting to be held on 3 March 2010 for a mandate to hold the Company's own shares as collateral.

As of 31 December 2009, SSH's Board members and CEO hold, directly or indirectly through companies they own, 64.4 percent of Company shares and votes. The Board members and CEO hold 2,000 stock options. Options included, SSH's Board members and CEO hold at most 64.4 percent of shares and votes.

Other management team members hold directly or in-directly approximately 3.1 percent of the company's shares and they hold 22 500 options in total.

Management salaries and rewards are also stated in annual report.

33 Auditor's fees

Auditor's fees in 2009 were:

- Audit: Group 31,000, Parent company EUR 25,500
- Services described in the Audit Regulation 1 § 1 in paragraph two: Group EUR 2,500 and Parent company EUR 2,000
- Tax advisory: Group EUR 27,603 and Parent company EUR 0.
- Other services: Group EUR 21,500 and Parent company EUR 20,500.

34 Shareholders

Changes in Share capital

	Number of Shares	Share capital
31.12.2005	28,268,813	848,064
Stock option subscriptions	155,082	4,652
31.12.2006	28,423,895	852,717
Stock option subscriptions	112,217	3,366
31.12.2007	28,536,112	856,083
Stock option subscriptions	47,663	1,430
31.12.2008	28,583,775	857,513
Stock option subscriptions	146,181	4,385
New share issue for management incentives plan	1,168,493	35,055
31.12.2009	29,898,449	896,953

Shareholding by sector

Type of sector	Number of shares	Percentage of shares and votes, %
Non-banking corporate sector	6,045,076	20.22
Financial and insurance companies and institutions	450,524	1.51
Public sector organizations	495,450	1.66
Non-profit organizations	81,550	0.27
Households	22,757,579	76.12
Foreign shareholders	68,270	0.23
Total	29,898,449	100.00

Shareholding by number of shares

Shares	Number of owners	Percentage of owners, %	Number of shares	Percentage of shares, %
1-50	1798	34.52	87,031	0.29
51-100	411	7.89	40,121	0.13
101-500	1144	21.96	357,442	1.20
501-1,000	652	12.52	564,627	1.89
1,001-5,000	926	17.78	2,263,619	7.57
5,001-10,000	159	3.05	1,233,758	4.13
10,001-50,000	102	1.96	2,098,308	7.02
50,001-100,000	8	0.15	606,387	2.03
100,001-500,000	5	0.10	1,235,657	4.13
500,001-1,000,000	0	0	0	0.00
1,000,001-5,000,000	3	0.06	6,901,350	23.08
5,000,000-999,999,999	1	0.02	14,510,149	48.53
Total	5,209	100	29,898,449	100
Of which nominee registered	7		407,122	1.36

The Ten Largest Shareholders on December 31, 2009 (Excluding those with nominee-registered shares)

	%	Shares
Ylönen Tatu Juhani	48.53	14,510,149
Assetman Oy	13.38	4,000,000
Kivinen Tero	4.91	1,467,600
SSH Management Investment Oy	4.80	1,433,750
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1.62	483,450
Nordea Pankki Suomi Oyj	1.24	370,020
Laakkonen Mikko	0.48	142,187
Laamanen Tomi Matti Mikael	0.41	124,000
Poutanen Jukka	0.39	116,000
Mäkinen Antti Vilho Juhani	0.30	90,000
Total	76.05	22,737,136
Nominee registered	1.36	407,122

35 Events after the balance sheet date

The Company management does not know of any essential events that would have occurred after the balance sheet date and that would have affected the financial situation of the company.

Parent Company Financial Statements (FAS)

2.1 Income Statement for Parent Company

INCOME STATEMENT

€	Note*	1.1.-31.12.2009	1.1.-31.12.2008
NET SALES	1	4,793,170.53	4,246,862.34
Purchasing and production costs		63,278.67	21,514.84
GROSS MARGIN		4,729,891.86	4,225,347.50
R&D expenses		3,215,815.11	3,403,531.73
Sales and marketing expenses		1,637,780.80	1,892,997.66
Administrative expenses		2,116,809.61	1,678,537.97
Other operating income	7	484,523.65	770,888.57
OPERATING PROFIT/LOSS		-1,755,990.01	-1,978,831.30
Financial income and expenses	8		
Other interest and financial income		358,938.86	985,846.41
Interest and other financial expenses		40,016.46	86,679.78
Financial income and expenses, total		318,922.40	899,166.63
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS		-1,437,067.61	-1,079,664.67
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES		-1,437,067.61	-1,079,664.67
APPROPRIATIONS			
Change in depreciation difference		-4,166.66	0.00
PROFIT/LOSS BEFORE TAXES		-1,441,234.27	-1,079,664.67
PROFIT/LOSS FOR THE FINANCIAL PERIOD		-1,441,234.27	-1,079,664.67

* The notes are an integral part of these financial statements

2.2 Balance Sheet for Parent Company

BALANCE SHEET

€	Note*	1.1.-31.12.2009	1.1.-31.12.2008
Assets	1		
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		30,489.20	8,573.74
Intangible assets, total		30 489.20	8,573.74
Tangible assets	9		
Machinery & equipment		102,282.26	107 741.94
Tangible assets, total		102 282.26	107,741.94
Investments			
Shares in Group companies	9	100,841.75	100,841.75
Other shares		11,000.00	0.00
Investments total		111,841.75	100,841.75
NON-CURRENT ASSETS, TOTAL		244,613.21	217,157.43
CURRENT ASSETS			
Current			
Accounts receivable		199,775.03	295,474.21
Receivables from the Group companies	10	581,191.20	356,819.85
Prepaid expenses and accrued income	11	1,785.45	11,529.37
Other receivables	12	74,666.08	85,743.46
Current receivables, total		857,417.76	749,566.89
Long-term receivables			
Receivables from the Group companies	10	792,000.00	0,00
Long-term receivables, total		792,000.00	0,00
Financial investments			
Other securities	13	2,520,100.30	14,500,500.00
Cash in hand and bank deposits		3,092,007.70	1,087,907.46
CURRENT ASSETS, TOTAL		7,261,525.76	16,337,474.35
ASSETS, TOTAL		7,506,138.97	16,554,631.78

* The notes are an integral part of these financial statements

SHAREHOLDERS' EQUITY AND LIABILITIES

€	Note*	1.1.-31.12.2009	1.1.-31.12.2008
SHAREHOLDERS' EQUITY			
	14		
Share capital		896,953.47	857,513.25
Share premium fund		7,036,806.42	14,825,541.61
Retained profit/loss		-165,228.06	914,436.61
Net profit/loss for the period		-1,441,234.27	-1,079,664.67
SHAREHOLDERS' EQUITY, TOTAL		6,327,297.56	15,517,826.80
LIABILITIES			
Appropriations			
Depreciation difference		4,166.66	
	16	138,089.00	
Provisions			
Other provisions			
Current liabilities			
Advances received		181,031.79	
Accounts payable		199,693.03	
Accrued expenses and deferred income		523,374.83	
Other liabilities		132,486.10	
Current liabilities, total		1,036,585.75	
LIABILITIES TOTAL		1,178,841.41	1,036,804.98
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		7,506,138.97	16,554,631.78

* The notes are an integral part of these financial statements

2.3 Cash Flow Statement for Parent Company

CASH FLOW STATEMENT

€	Note*	1.1.-31.12.2009	1.1.-31.12.2008
Cash flow from operating activities			
Sales revenue		4,787,683.31	4,968,037.77
Revenue from other operations		136,846.36	137,504.01
Payments from operating expenses		-6,409,776.97	-6,976,963.94
Cash flow from operations before financial items and taxes		-1,485,247.30	-1,871,422.16
Interest and other financial expenses paid		-40,016.46	-86,679.78
Interest and other financial income received		29,153.88	281,791.53
Cash flow from operating activities, total		-1,496,109.88	-1,676,310.41
Cash flow from investing activities			
Investments in tangible and intangible assets		-90,752.92	-70,934.34
Loans granted		-792,000.00	0.00
Purchase of investments		-11,000.00	0.00
Proceeds from sale of investments		11,979,899.70	5,802,557.37
Interest received		163,358.00	594,291.23
Cash flow from investing activities, total		11,249,505.09	6,325,914.26
Cash flow from financing activities			
Share subscriptions		846,385.43	8,684.74
Return of capital		-8,595,680.40	-4,280,741.70
Cash flow from financing activities, total		-7,494,294.97	-4,272,056.96
Change in liquid assets		2,004,100.24	377,546.89
Liquid assets at beginning of period		1,087,907.46	710,360.57
Change in liquid assets		2,004,100.24	377,546.89
Liquid assets at end of period		3,092,007.70	1,087,907.46

* The notes are an integral part of these financial statements

2.4 Notes to the Financial Statements for Parent Company

Accounting principles of the financial statements

The financial statements of the parent company SSH Communications Security Corporation are prepared in accordance with Finnish Accounting Standards (FAS). All figures in the financial statements are stated in Euros. Information on financial risk management and use of derivatives are also presented in the consolidated financial statements.

Principles of entering sales income

Revenue is principally entered in net sales once delivery has occurred or services have been rendered, the contract has been completed or the buyer has placed a written order and it has been assured that the buyer is solvent. Maintenance agreements are recognized evenly on an accrual basis throughout the contract period.

Function-based Costs

Expenses have been divided among functions according to their causative principles.

Research and product development expenses

R&D expenses are expensed as incurred, excluding certain product development expenses, which are capitalized once certain criteria are met. Capitalized development expenses are amortized systematically over their useful lives.

Fixed Assets

Fixed assets are entered in the balance sheet at acquisition cost less depreciation and possible write-downs according to plan. Planned depreciations are calculated by type on a straight-line basis according to their economic life.

The depreciation periods are:

Machinery and equipment: 5 years from month of acquisition

Computer hardware: 3 years from month of acquisition

Intangible rights: 5 years from year of acquisition

R&D expenses: 5 years from year of acquisition

Other capitalized expenditure: 5 years from year of acquisition

Basic repairs on rental premises: According to length of the rental agreement, but maximum 7 years from year of acquisition

Financial instruments

The financial assets are classified as held-to-maturity assets. Held-to-maturity assets, which comprise investments in money market funds are stated at fair value. Changes in the fair value are recognized under the fair value reserves in shareholders' equity, adjusted with deferred tax liabilities or receivables. Held-to-maturity assets, which mainly comprise commercial papers and fixed-term deposits, are measured at original cost.

Foreign currency transactions

Foreign currency denominated transactions are recorded at the exchange rate on the transaction date. Outstanding receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financing are entered as financial income and expenses in net terms.

Stock option rights

The employees of the parent company and its subsidiaries have been granted stock option rights. The stock option rights entitle their holders to subscribe for shares at a fixed subscription price specified in the terms of the stock option scheme. Received proceeds from share subscriptions based on stock option plans enforced when the old Finnish Companies Act applied, are credited to share capital and share premium. When an employee exercises a stock option right, the company is obliged to deduct a withholding tax and to record a social expense in the income statement.

Notes to the Income Statement

1 Net sales by market area, €

	2009	2008
Finland	420,065	406,962
Rest of Europe	1,123,086	980,208
North America	2,454,741	2,222,487
Other	795,279	637,206
Total	4,793,171	4,246,862

2 Personnel expenses, €

	2009	2008
Wages and salaries	3,330,241	3,466,281
Pension costs	570,383	611,577
Other personnel expenses	151,442	129,392
Total	4,052,066	4,207,250

3 Personnel on average during the period

	2009	2008
Personnel on average	46	52

4 Personnel distribution by business area at period-end

	2009	2008
R&D	32	34
Sales and marketing	4	8
Administration	11	7
Total	47	49

5 Salaries and other remuneration to management, €

	2009	2008
Managing director *	227,040	367,220*
Board of directors:		
Tomi Laamanen	16,800	16,800
Pyry Lautsuo	16,800	4,200
Juho Lipsanen	14,000	16,800
Juha Mikkonen	16,800	12,600
Timo Ritakallio	4,200	12,600
Tatu Ylönen	0	0

*Arto Vainio managing director until 31.10.2008. Jari Mielonen managing director from 17.11.2008.

6 Depreciation and write-downs, €

	2009	2008
On intangible rights	12,585	84,419
On capitalized development expenses	0	12,186
On machinery and equipment	65,879	66,381
Total	78,464	162,986

7 Other operating income

Other income comprises rental income of EUR 138,846 as the group has sublet part of its offices. 2009 other operating income also includes return of cancelled receivables total of EUR 347,667.

In 2008 Other income comprised rental income of EUR 109,963. Other operating income also includes EUR 633,385 of returned receivables from fully owned subsidiaries that has been written down earlier, as well as EUR 27,540 of utilized provisions recognized in the balance sheet earlier years.

8 Financial income and expenses, €

	2009	2008
Interest income	2,102	29,487
Capital gains on held-to-maturity assets	159,640	772,732
Net exchange rate differences	157,180	96,948
Total	318,922	899,167

Notes to the Balance Sheet

9 Non-current assets and other long-term investments, €

Intangible rights	2009	2008
Acquisition cost 1 Jan	1,865,697	1,862,823
Increase	34,500	2,874
Acquisition cost 31 Dec	1,900,197	1,865,697
Accumulated depreciation 1 Jan	1,857,123	1,772,704
Depreciation for the period	12,585	84,419
Accumulated depreciation 31 Dec	1,869,708	1,857,123
Book value	30,489	8,574
Development expenses		
Acquisition cost 1 Jan	315,905	315,905
Acquisition cost 31 Dec	315,905	315,905
Machinery & equipment		
Acquisition cost 1 Jan	1,025,423	957,362
Increase	60,420	68,060
Acquisition cost 31 Dec	1,085,842	1,025,423
Accumulated depreciation 1 Jan	917,680	851,299
Depreciation for the period	65,879	66,381
Accumulated depreciation 31 Dec.	983,560	917,680
Book value	102,282	107,742
Investments		
Fair value 1.1.	100,842	100,842
Increase	11,000	0
Fair value 31.12.	111,842	100,842

10 Parent company receivables from Group companies, €

	2009	2008
Accounts receivable	581,191	356,820
Loan receivables	792,000	0
Total	1,373,191	356,820

Loan receivables include SSH Communications Security Corp loan to SSH Management Investment Corp.

11 Prepaid expenses and accrued income, €

	2009	2008
Interest receivables	945	10,688
Personnel related	841	841
Total	1,785	11,529

12 Other receivables, €

	2009	2008
Advances paid	10,005	22,581
VAT receivables	0	63,003
Other current receivables	64,661	159
Total	74,666	85,743

13 Held-to-maturity investments, €

Investments held to maturity	2009	2008
Fair value 1 Jan	14,500,000	20,302,557
Net increase/decrease	-11,979,900	-5,802,557
Fair value 31 Dec	2,520,100	14,500,000
Short-term	2,520,100	14,500,000

At the end of the reporting period, the held-to-maturity investments comprised fixed-term deposits.

14 Shareholders' equity, €

	2009	2008
Share capital 1 Jan	857,513	856,083
Share issues	39,440	1,430
Share capital 31 Dec	896,953	857,513
Share premium fund 1 Jan	0	13,172,315
Subscription of shares	0	425
Transfer to unrestricted invested equity	0	-13,172,740
Share premium fund 31 Dec	0	0
Unrestricted invested equity fund 1 Jan	14,825,542	5,926,714
Transfer from share premium fund	-	13,172,740
Return of capital	-8,595,680	-4,280,742
Subscription of shares	806,945	6,830
Unrestricted invested equity fund 31 Dec	7,036,806	14,825,542
Profit/loss from earlier periods	-165,228	914,437
Profit/loss for the period	-1,441,234	-1,079,664
Shareholders' equity total	6,327,298	15,517,827

15 Earnings distributable to shareholders, €

	2009	2008
Retained earnings	-165,228	914,437
Net profit/loss for the period	-1,441,234	-1,079,665
Unrestricted invested equity fund	7,036,806	14,825,542
Total	5,430,344	14,660,314

16 Provisions

Provisions, €	Restructuring provisions	Onerous contracts
31.12.2008	0	0
Increases in provisions	138,089	
31.12.2009	138,089	0

In 2009 was recorded a restructuring provision in SSH Communications Security Inc. total of EUR 138,089 related to headquarters move. Provision will be reversed during spring 2010.

17 Deferred tax liabilities and receivables, €

The parent company has confirmed losses of EUR 15.6 million that have not been recorded as deferred tax receivables.

18 Accrued liabilities, €

	2009	2008
Personnel related	523,345	534,021
Other accrued liabilities and deferred income	30	0
Total	523,375	534,021

19 Other liabilities, €

	2009	2008
Personnel related	119,275	194,933
VAT liabilities	13,029	0
Total	132,486	194,933

20 Other commitments, €

Non-cancellable rental agreements for office facilities - minimum lease payments	2009	2008
Not later than 1 year	228,081	504,249
1-5 years	742,478	168,083
Total	970,559	672,332

Non-cancellable operating lease commitments for vehicles - minimum lease payments	2009	2008
Not later than 1 year	58,191	59,134
1-5 years	59,110	82,802
Total	117,301	141,936

Non-cancellable financial lease commitments for utilities- minimum lease payments	2009	2008
Not later than 1 year	73,860	77,607
1-5 years	40,715	110,973
Total	114,575	188,580

Rental guarantees	2009	2008
Rental guarantees (monetary pledge)	64,425	1,521

Signatures of the Board of Directors' Report and Financial Statements

Helsinki 3 February 2009

Juho Lipsanen
Chairman of the Board Of Directors

Tomi Laamanen

Pyry Lautsuo

Juha Mikkonen

Tatu Ylönen

Jari Mielonen
CEO

Auditor's Notation

We have today issued an auditors' report based on our audit.

Helsinki 10 February 2010

Henrik Sormunen, APA

PricewaterhouseCoopers Oy
Authorised Public Accountants

Auditor's Report (Translation from the Finnish Original)

To the Annual General Meeting of SSH Communications Security Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of SSH Communications Security Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement 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 the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and the Managing Director have complied with the Limited Liability Companies Act.

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 assess-

ment of the risks of material misstatement of the financial statements and of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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, 10 February 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Henrik Sormunen
Authorised Public Accountant