

A high-angle photograph of a busy public square with a geometric tile pattern. Several people are walking: a man in a black hoodie on the left, a man in a grey sweater carrying a newspaper in the center, and a woman in a black suit looking at her phone on the right. A pigeon is on the ground near the center. The text 'F-Secure – Protecting the irreplaceable' is overlaid on the left side.

F-Secure – Protecting the irreplaceable

Annual Report 2010

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F-SECURE IN BRIEF

F-Secure’s promise, ‘Protecting the irreplaceable’ captures the essence of what we do. We want to protect our customers’ valuable digital content across devices and access – now and in the future – as our customers’ needs and technologies evolve. So while you concentrate on what is important to you, we make sure you are protected and safe online whether you are using a computer or a smartphone. We also backup and enable you to share your important files.

By protecting and preventing the loss of valuable content, F-Secure’s trusted services provide peace of mind for millions of consumers and businesses in all their online activities. Our online software services are easy to use and delivered with dependable support.

Working with operators is a key element of our business strategy. F-Secure has partnerships with more than 200 operators around the world. We have been a pioneer of the ‘software as a service’ business model in the industry.

By delivering software as a service, F-Secure enables companies to focus on their business priorities, without having to maintain the expertise and technology to cope with the constantly evolving threat landscape. Software as a service also brings new business opportunities for both business and consumer-focused operators. Backed up by our world-class technology and support, software as a service is easy to deploy.

Founded in 1988, F-Secure is listed on NASDAQ OMX Helsinki Ltd.

WHILE YOU CONCENTRATE
ON WHAT IS IMPORTANT TO
YOU, WE MAKE SURE YOU ARE
PROTECTED AND SAFE ONLINE
WHETHER YOU ARE USING
A COMPUTER OR A SMARTPHONE.

F-SECURE KEY FIGURES 2010

EUR million	2010	2009
Revenues	130.1	125.1
Operating profit	19.8	24.0
% of revenues	15%	19%
Profit before taxes	19.9	25.2
Earnings per share (EUR)	0.10	0.12
At the end of period:		
Deferred revenue	37.2	35.6
Equity ratio, %	69%	70%
Debt-to-equity ratio, %	-63%	-68%
Personnel, Dec. 31	812	826

INFORMATION FOR SHAREHOLDERS

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

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

Annual General Meeting

The Annual General Meeting of F-Secure Corporation will be held on Wednesday, March 30, 2011 at 4.00 p.m. (Finnish time) at F-Secure Corporation, Tammasaarenkatu 7, 00180 Helsinki. More information on how to attend as well as the documents for the meeting are available on the Group's webpage www.f-secure.com under f-securecorporation.com, Investor Relations, General Meetings.

Financial calendar for 2011

Financial Statements Bulletin	February 2
Annual Report	Week 10 in the beginning of March
Q1 Interim Report	April 27
Q2 Interim Report	July 27
Q3 Interim Report	October 26

F-Secure share facts

Listing since 1999	NASDAQ OMX Helsinki Ltd.
Trading symbol	FSCIV
Number of shares	157,539,243

IR Contacts

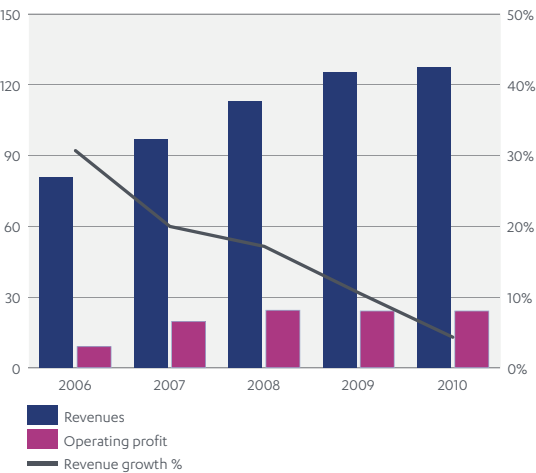
investor-relations@f-secure.com

SUMMARY OF STOCK EXCHANGE RELEASES IN 2010

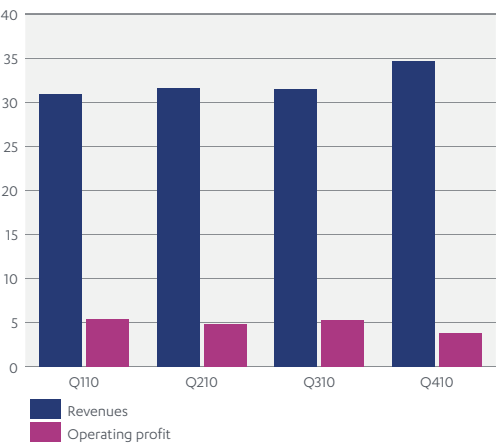
Dec. 8, 2010	Subscription of F-Secure shares with F-Secure 2005 warrants	Apr. 16, 2010	Announcement pursuant to Securities Act Chapter 2, Section 10
Nov. 8, 2010	Employee negotiations related to reorganization of operations of F-Secure concluded	Mar. 24, 2010	Resolutions of the Annual General Meeting of F-Secure Corporation
Oct. 27, 2010	F-Secure Corporation – Interim Report, January 1 – September 30, 2010	Mar. 2, 2010	F-Secure's Annual Report 2009 published
Oct. 4, 2010	F-Secure plans to reorganize its operations to drive growth and starts employee negotiations	Mar 1, 2010	F-Secure Corporation: Notice to the Annual General Meeting
Sep. 14, 2010	Announcement pursuant to Securities Act Chapter 2, Section 10	Feb. 16, 2010	2005 B- and C-warrants of F-Secure Corporation listed on March 1, 2010
Sep. 7, 2010	Announcement pursuant to Securities Act Chapter 2, Section 10	Feb. 18, 2010	F-Secure Corporation's financial statements 2009 and the Board of Directors' proposals to the Annual General Meeting
Jul. 29, 2010	F-Secure Corporation – Interim Report, January 1 – June 30, 2010	Feb. 3, 2010	F-Secure Oyj – Financial Statement Release F-Secure Corporation – Interim Report, January 1 – December 31, 2009
June 6, 2010	Announcement pursuant to Securities Act Chapter 2, Section 10	<p>The stock exchange releases are fully available on the company website www.f-securecorporation.com under Investor Relations.</p> <p>Some of the information in the releases may be outdated.</p>	
May 31, 2010	F-Secure to start repurchase program		
May 26, 2010	Subscription of F-Secure shares with F-Secure 2005 warrants		
Apr. 28, 2010	F-Secure Corporation – Interim Report, January 1 – March 31, 2010		

FACTS AND FIGURES

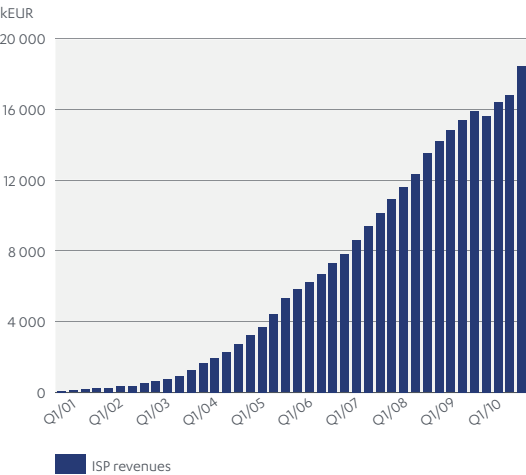
Revenues and operating profit 2006–2010 (m€)



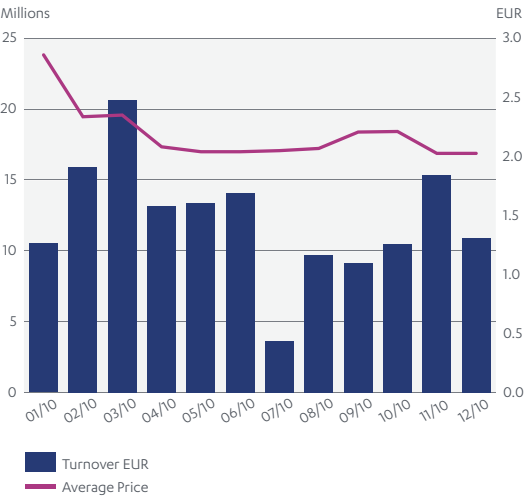
Revenues and operating profit by quarter 2010 (m€)



Revenues by the operator business (m€)



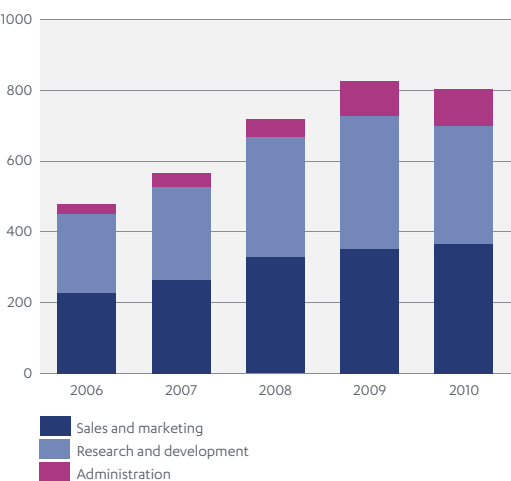
Share trading volume and average price per month



Regional revenue split 2010



Personnel



CEO LETTER 2010

2010 – Building a foundation for future growth

It's usually winter when I sit down to write the CEO letter and reflect on the past year. This winter has been exciting; it started early, and we haven't seen so much snow in 50 years. Despite these challenges, the city of Helsinki has adapted quickly to the situation to ensure that life and business continue as usual. Similarly, F-Secure saw a changing ecosystem and had to adapt in a sustainable way to a new business environment in 2010.

For me, our 22nd year of operations has also been an exciting one. We took leaps forward in building great services and developing global scale via our partner network. Very importantly, we continued to expand our operator partnerships both in the areas of security and storage related services. By the end of 2010, we had an addressable market of over 100 million broadband customers through our operator partners. While our financial performance remained reasonably good, we clearly experienced a year of lower growth than what we aspired to. As a result, a number of restructuring initiatives were taken to strengthen the company for the years to come.

On a global scale, year 2010 was a very dynamic one, with the global economy witnessing a quick recovery. At the end of last year 200 million more people were accessing the Internet than the year before and 15 million tablet PCs were sold globally. Driven by the combination of increased global purchasing power and the hunger to search out and share information, society is well on its way to being always connected – truly independent of time and location. Social media has really transformed global patterns of Internet utilization for everyone, from kids to grandparents. These trends also serve as important components for the steps we are taking to benefit from new opportunities.

F-Secure in 2010

Today people are more exposed in the Internet than ever before. As our lives become more and more digitalized, security services continue to play a vital role in society by providing safety for Internet citizens globally. Interestingly, the market for security has continued to grow for over twenty years in a row. The storage related services market, such as share/synch/back-up, is at an early stage of development compared to the security market. The expansion of combined security and storage services is expected to keep growing for the years to come with F-Secure's service offering continuing to be highly competitive in every market we operate in.

BY THE END OF 2010, WE HAD
AN ADDRESSABLE MARKET
OF OVER 100 MILLION
BROADBAND CUSTOMERS
THROUGH OUR OPERATOR
PARTNERS.



During the past year we continued on our path of being the “best value added services partner for operators globally”. Our financial performance continued at a solid level, with record revenues of 130 million and healthy profitability of 20 million. All in all, the financial results were well within our projections, as we had anticipated that a number of investments and restructuring programs would be required to drive our long-term competitiveness and growth. In 2010 a high level of attention was directed towards the integration of the acquired Steek SA (in 2009) and the overall restructuring of the company, aiming at a simplified organization and faster decision making.

During the past year, the number of our operator partners continued to expand convincingly. A number of important agreements were announced, including AT&T (United States), Fastweb (Italy), Starhub (Singapore), Celcom (Malaysia), and Frontier Communications (United States). After our tenth year of Software as a Service with operators, our partner network is clearly the strongest ever!

Receiving the Product of the Year award from AV-Comparatives, one of the major independent testing organizations in the industry, was a great way to end the year. It confirmed to our customers, partners and ourselves that we have a world class product and exceptional expertise in this company. With consistently excellent test results throughout 2010, we can be justifiably proud of our achievements over the past year.

Security landscape in 2010

Security news during the last months of 2010 was dominated by Wikileaks and the politically motivated online attacks carried out



by its opponents and supporters. Clearly the most significant malware development of the year – and perhaps of the whole decade – was the highly sophisticated Stuxnet worm targeting factory systems and altering automation processes. Unfortunately, it is likely that we will see Stuxnet copycats in the future.

The Windows 7 operating system has been lauded as a safer operating system than its predecessor Window Vista. Despite overtaking Vista in terms of market share this year, Windows 7 is still far behind Windows XP, which remains by far the most popular operating system and the biggest target for malware writers.

On the mobile security side, the number of mobile malware has not increased dramatically in 2010, although we saw developments that may give pointers to future trends. For example, infected versions of mobile games were uploaded to freeware download sites, infecting phones and making secret calls to expensive premium rate numbers. Over the next year, we foresee more mobile malware targeting the Android platform and jailbroken iPhones.

Our prediction remains that security services will become, over time, equally important for smartphones and tablets as they have been for the traditional PCs.

Foundation for a promising future

Based on a number of attractive reflection points in the market and the operator community, we are optimistic about the years to come. We can also rely on our healthy Corporate Business and our growing Direct Consumer Business, which is crucial to introducing and piloting new features promptly.

The Product of the Year award has shown our passion to serve our customers’ needs. With the new ways of working which we have implemented, we will continue further on this path of excellence. The Internet is full of information and entertainment as well as opportunities that we must seize boldly. We’ll make sure that users around the world get the most out of every Internet experience without worry or fear. F-Secure’s mission is to safeguard digitally connected lives by conveniently securing all devices and backing up users’ irreplaceable content.

Our technical and solution portfolio combines security and storage services that meet the evolving demands of online lives and social networks. We also expect our unified services and extensive attention to user experience to take a quantum leap forward. Naturally we are committed to developing and delivering world class protection services for the years to come.

In conjunction with our service portfolio, our 200+ operator partner network is the foundation for building long-lasting commercial relationships on a global scale. Given the momentum in the magnitude of partnerships recently formed, we can also expect attractive developments in the number of mobile and broadband Internet users we will be servicing.

Our commitment to increase value for our partners, customers, employees and shareholders inspires us to fulfill our mission with the innovation and reliability that have become F-Secure’s trademark. Looking forward to Protecting the irreplaceable for the years to come!

Kimmo Alkio
President & CEO

OUR COMMITMENT TO
INCREASE VALUE FOR OUR
PARTNERS, CUSTOMERS,
EMPLOYEES AND
SHAREHOLDERS INSPIRES
US TO FULFILL OUR MISSION
WITH THE INNOVATION
AND RELIABILITY THAT
HAVE BECOME F-SECURE’S
TRADEMARK.

BOARD OF DIRECTORS' REPORT 2010

Financial performance and key figures

F-Secure's overall performance was good while the Operator business was very strong during the year; Security as a Service sales delivered accelerating growth, Storage related deliveries with major Operator partners progressed well and Company completed major Operator wins during the year. Year 2010 was another year providing profitable growth and the recent development will provide an excellent base for future.

Company's total revenue for 2010 was EUR 130.1 million (2009: 125.1m), representing a growth of 4%. Solid revenue growth continued in the operator channel, up by 12% and 67.1m in total. Business through the traditional channels was as expected, slightly down by 3% and 63m in total, representing 48% (52%) of Company's total revenues. Earnings before interest and taxes (EBIT) was 19.8 million (24m), representing 15% of revenues, 18% lower than in 2009. EBIT excluding restructuring costs was 21.8m, representing 17% of revenues; 9% lower than in 2009. Earnings per share (EPS) were EUR 0.10 (EUR 0.12). In 2010, the EBIT% was at 15% (19%).

Cash flow from operations was 23.2 million positive (16.4m positive). Deferred revenue increased to 37.2m at the end of year (35.6m at the end of December 2009) mainly because of healthy renewal sales in the traditional license sales.

Total costs were 103.2 million (92.3m), representing 12% growth. The costs increased during the year mainly because of investments and running costs of the storage and digital content business unit, in R&D and in sales and marketing. In addition, there were one-time costs of approximately 2 million due to reorganization of the operations that was completed in November 2010. F-Secure capitalized some of its R&D expenses according to accounting rules, totaling 2.3 million (1.7m) during 2010. In addition to one-time restructuring costs, the targeted cost increases in the storage business continued and were mainly non-permanent in nature (e.g. subcontracting) and related to the unit's transformation program and successful customer deliveries.

The Company gave quarterly financial guidance for company revenue and cost levels as well as the annual market growth expectation. The financial performance for each quarter of 2010 met the targets set in the guidance.

In the end of 2010 the geographical breakdown of the revenues split as follows: Finland and Scandinavia 33% (35%), Rest of Europe 46% (46%), North America 9% (8%) and Rest of the World 12% (11%). Further information on the key financial data is presented in note 29 to the financial statements.

Operator channel in 2010

F-Secure's portfolio in the Software as a Service business includes PC and mobile security and a broad range of storage based services. F-Secure's business through the operator channel (including ISP's, mobile operators and cable operators) continued to perform well. The annual revenues were 67.1m (60.2m), representing 52% of the total revenues (48%) and a growth of 12% from 2009. The impact of contractual changes with some operators at the beginning of 2010 had approximately 6% negative impact on the YoY growth.

F-Secure's position in the operator channel is strong in the traditional Internet security business. The competitiveness of Security as a Services business continues to gain market share to the benefit of both operators and end customers. During the quarter the number of internet security subscribers in the operator business has continued to grow. This growth was mainly driven by the increase in subscriber take-up rates within the existing operator base both in western and emerging markets. F-Secure has also been successful in its activities with mobile broadband operators to support the operator business growth in the future.

The Storage and Digital Content (SDC) market entry has strengthened F-Secure's attractiveness as a long term strategic partner, as already experienced with several major operators globally. The SDC business extends F-Secure's value added service portfolio and strengthens the Security as a Service business. Integration of the SDC operations to the high F-Secure quality standards has continued throughout 2010. During Q4 predictability of both project deliveries and service quality made progress. Currently the storage business requires investments both for the transformation and increasing number of customer projects. However, the transformation related costs are temporary in nature and return on the investments is seen gradually during 2011.

During the year, F-Secure completed several commercial negotiations and signed several operator agreements. At the end of 2010, F-Secure strengthened its market position in North America as a result of recent agreements with AT&T (one of the biggest Operators in the world), for storage services.

The total number of F-Secure's operator partners is significantly larger than that of any other security service vendor. During the year Company signed several major Operator partnerships, such as Biglobe (Japan), Vodafone companies (Romania, Portugal and Spain), 3 (Italy and Sweden), AT&T (USA), Frontier (USA), Fastweb (Italy) and Celcom (Malaysia). The company currently has more than 200 partners in over 40 countries with an addressable market of over 100 million broadband consumer customers. Geographic distribution of the addressable market is as follows; approximately 67m in Europe, approximately 13m in North America (excl. AT&T), close to 5m in Latin America and in the APAC region with more than 14m potential addressable subscribers (Source: estimates by F-Secure).

Business through other channels

The annual revenues for 2010 were 63m (64.9m), representing 48% of the total revenues (52%) and a decline of 3% compared to 2009.

The sales in traditional channels continued well as expected. Customer satisfaction to security services are at high level that is visible as healthy license renewal rates.

Mobile security

Cooperation with major handset manufacturers, including Nokia, and operators such as Vodafone Group, TeliaSonera Group, T-Mobile International, Swisscom and Elisa continued well during

the year. Currently, F-Secure has mobile operator partnerships with more than 20 operators worldwide.

As the number of internet connected devices increase in the world, the company continued to develop several security services for mobile devices. F-Secure's Anti-Theft offering has been available for downloads in Nokia's Ovi Store. During the year, F-Secure also announced that its Mobile Security and Anti-Theft for Mobile solutions for mobile devices on the Symbian3 platform. F-Secure Anti-Theft for mobile was selected by Nokia as a pre-installed 3rd party app for its new Symbian3 models, such as the Nokia N8. During the year, mobile security services were made available for the tablet market on Android operating system in addition to Android smart phones.

The revenues from the Mobile Security business have remained at same level as before and are included in the above mentioned channels.

Products and services

F-Secure has been a pioneer in both Software as a Service and cloud computing. Nearly ten years ago, F-Secure innovated and launched to the market a new business model by offering security as a subscription service via operators (SaaS). Cloud computing has been in the center of the company's technology strategy and choices for the past few years. An example of cloud computing at F-Secure is the real-time protection network which provides reputations of files, sites and URLs to F-Secure's solutions. It is implemented as an in-the-cloud reputation service, capable of supporting several types of solutions now and in the future.

The real-time protection network moves the PC processing and memory intensive functions to the cloud making the client software one of the fastest in the industry. Furthermore, by harnessing the collective intelligence of client systems, the real-time protection network is able to detect and react to new emerging threats a magnitude faster. This is important in today's dramatically changed threat situation where the Internet is facing a deluge of new malware and variants that make traditional heuristics or signature-based solutions inefficient and slow. This technology has been utilized for example in anti-virus, browsing protection and parental control features in F-Secure Internet Security and F-Secure Client Security solutions.

Another dimension of cloud computing is the online storage area where F-Secure has made a significant investment into carrier-grade storage infrastructure. This flexible and scalable cloud storage platform enables F-Secure to tackle even the most complex requirements of the largest operators in the world while at the same time making small deployments feasible to enable new solutions to be trialed in a fast and incremental manner. In practice this means that new, experimental solutions such as various types of synchronization and sharing services will seamlessly utilize the same storage back-end systems as the mass-market Online Backup services.

Furthermore, the extraction of the cloud security concepts from the PC context and combination of these two cloud-based technologies will in the future allow F-Secure to create new and

innovative solutions in the social media sphere. The first of such services such as Safe Links for protecting site owners against inadvertent distribution of malicious links are currently being trialed in public beta.

F-Secure has continued to invest in user experience design when developing solutions and service offerings. UX designers, marketers, and developers have engaged in consumer research, focus groups, and usability tests, to explore consumer needs, and validate new product and service prototypes with consumers to ensure that they are appealing and usable when introduced to the public. User experience and design topics, in addition to technical performance, are crucial for commercial success of solutions and services.

In January 2011, F-Secure received the "Product of the Year" award issued by AV-Comparatives, one of the major independent testing organizations in the industry. The testing organization described Internet Security 2011 a well-designed product with a clear and easy-to-use interface.

During 2010 the key product announcements were the following:

In November, a new version of F-Secure Protection Service for Business was introduced. This is a turnkey solution for small and medium-sized companies.

In October, a new version of F-Secure Messaging Security Gateway was introduced. This application offers powerful email encryption in addition to industry-leading spam filtering and anti-virus capabilities for corporate environment.

In October, F-Secure announced that its Mobile Security and Anti-Theft for Mobile solutions are now available for mobile devices on the Symbian3 platform. F-Secure Anti-Theft for mobile has been selected by Nokia as a pre-installed 3rd party app for its new Symbian3 models, such as the Nokia N8. F-Secure Anti-Theft for Mobile is available as a free stand-alone product, and as part of F-Secure Mobile Security 6, which offers a complete security package.

In September, F-Secure announced a new version of its flagship internet security service, F-Secure Internet Security™ 2011. F-Secure Internet Security™ 2011 offers extraordinary ease-of-use, with multi-layered protection and fast performance for computers. The main features of the F-Secure Internet Security™ 2011 include protection against viruses and spyware, firewall to prevent hacker attacks, browsing protection that identifies unsafe web sites, protection against identity theft, blocking of spam and phishing e-mails as well as parental control to protect children online. The intensive research into computer users' needs has produced security software that is easy to use and sophisticated in its technological capabilities to fight malware. The service is cloud-based and has minimal system impact.

In August, F-Secure published a new version of the F-Secure Online Backup. With F-Secure Online Backup your backed-up files can be easily accessed over the Internet. In addition to the sharing

feature, the new version of F-Secure Online Backup includes modified default settings to enable faster backup, as well as an enhanced web interface for ease of use.

In June, F-Secure offered enhanced mobile protection for Android platforms. F-Secure Mobile Security 6 is available for consumers and businesses for mobile phones on the Android, Symbian and Windows platforms.

In May, F-Secure introduced F-Secure Share available for operators globally. F-Secure Share is a fully hosted and secure service solution available to Internet operators. It provides an easy to use online storage and sharing solution for the operators' end customers, ideal for sharing for example personal photos, videos and office documents. F-Secure Share works as a virtual drive for all the end user's digital content, which can be easily accessed from the web interface of their home PC, office computer or mobile.

In February, F-Secure launched F-Secure Mobile Security 6, a new version of its leading smartphone security solution, introducing Premium Anti-theft with Locator features and Browsing Protection, the company's first in-the-cloud service for mobile devices, which make smartphone Internet use and financial transactions safer than ever. F-Secure Mobile Security 6 provides smartphone security, safeguarding personal and confidential data in the event the phone is lost, stolen, infected by mobile malware or even spied on.

In January 2010, F-Secure launched the availability of its new smartphone solution, F-Secure Anti-Theft for Mobile. The solution provides three useful security features to protect your phone: remote lock, remote wipe and theft control and is available for Symbian and Windows Phone platforms.

Research and development

In 2010, the Group's research and development expenses totaled 34.5m (28.0m). The Group also capitalized some of its R&D expenses according to accounting rules, totaling 2.3m (1.7m) for 2010.

Market situation

There were no significant changes in the competitive landscape or in the pricing levels in the security space during the quarter. Consolidation in the storage and digital content market continued, with many of F-Secure's traditional competitors entering the space. Usual signs of price competition are evident in some countries in the security area, while the storage and digital content space at large is beginning to shift towards more sustainable business models through consolidation. F-Secure's competitive position in the operator channel has remained strong. At the same time the broadband market is experiencing a shift from fixed to mobile broadband access. The combined broadband business is anticipated to continue as a healthy growth driver for Security as a Service in the operator channel.

Reorganization of operations to drive growth

F-Secure's first priority is to drive growth and market expansion. The core growth driver has been Software as a Service (SaaS) sales

through the operators. However, to drive faster growth F-Secure reorganized its operations to further emphasize and increase activities in the operator channel to take advantage of the market opportunity for value added services. F-Secure streamlined its organization to a functional structure and eliminated overlapping roles. The objective is to drive growth, speed and innovation. These structural changes and related efficiency gains are intended to also fund future growth investments for the Software as a Service business globally.

In October, F-Secure initiated employee negotiations with the employee representatives in Finland to plan the organizational changes. The management estimated that the employee negotiations may lead to reduction of 80 employees out of which up to 50 in Finland. The scope of the employee negotiations covered all employee groups and functions in F-Secure. The negotiations were concluded in November and as a result of the negotiations, the company's personnel were reduced by a maximum of 59 employees, of which 34 in Finland. The restructuring program was completed in Q4 as planned. The new organization structure was effective in January 2011.

Personnel and organization

F-Secure's personnel totaled 812 at the end of December (end of Dec. 2009: 826). F-Secure's number of personnel has continued to increase slightly during the year especially in the storage business, support, and sales functions.

As of January the current Executive Team consists of the following persons: Kimmo Alkio (President and CEO), Ari Alakiuttu (Vice President, Human Resources), Tuomas Hyyryläinen (Vice President, Strategy and M&A), Samu Konttinen (Vice President, Sales and Marketing), Maria Nordgren (Vice President, Channels), Pirkka Palomäki (Chief Technology Officer), Kari Penttilä (Vice President, R&D), Patrik Sällner (Vice President, Professional Services), Antti Reijonen (Vice President, Solution and Portfolio Management) and Taneli Virtanen (Chief Financial Officer).

Financing and capital structure

F-Secure's financial position continued strong. F-Secure's equity ratio at the end of December was 69% (70%) and gearing ratio was 63% negative (68% negative).

Cash flow from the operations for 2010 was 23.2 million positive (16.4m positive). Total cash flow including investments, share buy-backs and dividend payment was 1.5 million negative (27.4m negative including acquisition cost, dividends and share buy-back). The net financial income for 2010 was approximately nil impacted by low interest income and changes of exchange rates losses (1.2m).

The company's cash position has developed according to the longer term efficient capital management objectives. The market value of the liquid assets of F-Secure on December 31, 2010 was 32.8 million (33.6m).

Changes in exchange rates, EUR against USD, JPY, GBP, SEK and MYR, have slightly increased revenues and costs during 2010.

Capital expenditure

The company's investments in tangible and intangible assets in 2010 were 10.4 million (37.2m), consisting mainly of IT hardware and software as well as capitalization of some research and development expenses.

Shares, shareholders' equity, and option programs

In December, a total of 50,000 F-Secure shares were subscribed for with the C warrants attached to the F-Secure 2005 Warrant Plan. The issue of the 2005 Warrant Plan was approved by the Annual General Meeting on March 23, 2005. In aggregate the number of shares was increased by 50,000. The corresponding increase in the share capital was registered in the Finnish Trade Register on Dec 8, 2010. F-Secure received as subscription price a total amount of EUR 77,000.00, which was recorded in the fund for company's distributable equity. As a result of the registering the total number of shares is 157,539,243. The trading with the new shares commenced on Dec 9, 2010. The subscription period for the 2005 C warrants began on March 1, 2010.

In May, a total of 20,000 F-Secure shares were subscribed for with the 2005C warrants attached to the F-Secure 2005 Warrant Plan. The issue of the 2005 Warrant Plan was approved by the Annual General Meeting on March 23, 2005. In aggregate the number of shares was increased by 20,000. The corresponding increase in the share capital was registered in the Finnish Trade Register on May 26, 2010. F-Secure received as subscription price a total amount of EUR 30,800.00, which were recorded in the fund for company's distributable equity. The subscription period for the 2005 C warrants began on March 1, 2010.

In March, the trading of 2005 B- and C-warrants of F-Secure Corporation commenced on the Nasdaq OMX Helsinki Ltd. Each 2005 B-warrant entitles holders to subscribe for one F-Secure share at a price of EUR 2.72. Each 2005 C-warrant entitles holders to subscribe for one F-Secure share at a price of EUR 1.54. The subscription price of the stock options shall, as per the dividend record date, be reduced by the amount of dividend per share. The subscription time for 2005 B-warrants began on March 2, 2009 and ended on November 30, 2010. The subscription time for 2005 C-warrants began on March 1, 2010 and ended on November 30, 2011. The terms of the option program were published in a stock exchange release on February 26, 2010.

The total number of company's shares is currently 157,539,243. The corresponding number of shares diluted would be 160,990,852 including all stock option programs. The company's registered shareholders' equity is EUR 1.551.311,18. More information on the stock option programs is available on the company's Investors website.

F-Secure has one class of shares, and each share entitles one vote. Further information on the Group's option programs and shares can be found in notes 18 and 19 to the financial statements.

Capital management, dividend policy and repurchase of own shares

The objective of F-Secure's capital management is to aim at an

efficient capital structure that ensures the functioning of business operations and promotes the increase of shareholder value.

During 2010, F-Secure has continued its share buyback program based on the authorization by the Annual General Meeting 2010. During 2010, F-Secure has bought in total 1,757,867 own shares. Including all shares bought, the total number of own shares held at the end of December 2010 was 3,307,313 shares, corresponding to approximately 2.1% of the company's shares and voting rights. The shares were purchased through public trading on the NASDAQ OMX Helsinki Ltd. in accordance with its rules and at market price.

The own shares are purchased to be used to improve the Company's financial structure, to be used as part of the incentive compensation plan, for making acquisitions or implementing other arrangements related to the Company's business or for the purpose of otherwise assigning or cancelling the shares. Further information on the Group's share repurchases can be found in note 18 to the financial statements. The dividend policy of F-Secure is to pay approximately half of its annual profits as dividend. Subject to circumstances, the company may deviate from this policy.

Risks and uncertainties

F-Secure has not seen material changes in the risks and uncertainties during the reporting period. The slower growth in sales of fixed broadband connections by operators may also have an impact on security service sales. As the uncertainty in the economic environment especially in Europe has continued, F-Secure continues to monitor closely the development in the economic and financial markets.

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

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

Disputes and litigations

F-Secure Corporation is a party to a dispute in Brazil regarding a distributor relationship and will defend itself accordingly, including through an arbitration process in Finland. The Group does not expect any material impact on its financials from this lawsuit.

In 2010, F-Secure Inc. the U.S. subsidiary of F-Secure Corporation was dismissed from a patent infringement lawsuit filed in a state court in the U.S in December 2008.

Corporate Governance

F-Secure complies with the Corporate Governance recommendations for public listed companies published in June 2010 by the Securities Market Association, a body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce, and NASDAQ OMX Helsinki Ltd., as explained on F-Secure's web pages. F-Secure has published a corporate governance statement for 2010 in this annual report and on the company website in March. The remuneration statement was published on the company website corporate governance pages as of October, 2010. More information on corporate governance in F-Secure can be found on the company webpages.

Shares and shareholders

According to the shareholder register held by Euroclear Finland Ltd., F-Secure's largest shareholders at the end of 2010 were Finnish private households (60.6%), Finnish public sector institutions (12.4%), Finnish financial and insurance institutions (20.9%), foreign investors (0.2%), Finnish corporations (4.5%) and Finnish non-profit organizations (1.4%). The shareholders that have more than 5% of the shares and votes in F-Secure are Risto Siilasmaa (40.0% of shares and 40.9% of voting rights) and the Ilmarinen mutual pension insurance company (6.33% of shares and 6.5% of voting rights).

At the end of the year, F-Secure's share price was EUR 2.00 (2.74), the lowest price during the year being EUR 1.97 and the highest being EUR 2.93. At the end of December, the market capitalization of F-Secure Corporation shares totaled EUR 315 million (431). During the year, the trading volume in 2010 was around 66 million shares (55) or EUR 150 million (134) on the NASDAQ OMX Helsinki Ltd. The company's P/E ratio was 20.3 (22.8).

Further information on shares, the largest shareholders and the share ownership of the Board of Directors and the Executive team can be found on note 28 to the financial statements. Up-to-date information on major shareholders is available on the company web site.

Events after the period-end

No material changes regarding the Group's business or financial position have materialized after the end of December 2010.

Annual General Meeting 2010

The Annual General Meeting of F-Secure Corporation was held on March 24, 2010. The Meeting confirmed the financial statements for the financial year 2009. The members of the Board and the President and CEO were granted a discharge from liability. The Annual General Meeting decided to distribute a dividend of EUR 0.06 per share, which was paid to those shareholders that on the record date of March 29, 2010 were registered in the Register of Shareholders held by Euroclear Finland Ltd. The dividend was paid on April 8, 2010. Further, the Board of Directors was authorized to grant during year 2010 no more than EUR 100 000 to support activities of universities and colleges.

It was decided that the annual compensation remain on a previous year's level; for the chairman is EUR 55,000, for the chairmen of Executive and Audit Committee EUR 40,000 and for members EUR 30,000. Approximately 40% of the annual remuneration will be paid as company shares.

It was decided that the number of Board members would be six. The following members were re-elected: Sari Baldauf, Pertti Ervi, Juhani Malmberg and Risto Siilasmaa. Anu Nissinen and Jussi Arovaara were elected as new members of the Board. The Board elected in the first meeting Mr. Siilasmaa as the Chairman of the Board. The Board nominated Ms. Baldauf as the chairman of the Executive Committee and Mr. Siilasmaa the member of the Executive Committee. Mr. Ervi was nominated as the chairman of the Audit Committee and Mr. Arovaara, Mr. Malmberg ja Ms. Nissinen were nominated as members of the Audit Committee.

The auditor's fee will be paid against approved invoice. Ernst & Young Oy was elected the Group's auditors. APA, Mr. Erkki Talvinko is acting as responsible partner. It was decided that the Board of Directors may pass a resolution to purchase a maximum of 13,000,000 shares of the Company. The amount represents approximately 8.3% of all the shares issued by the Company. The authorization is valid for one year. The authorization covers the purchase of shares through public trading on the NASDAQ OMX Helsinki Ltd. in accordance with its rules or through a public tender offer made to the shareholders of the Company. The own shares will be purchased to be used for making acquisitions or implementing other arrangements related to the Company's business, to improve the Company's financial structure, to be used as part of the incentive compensation plan or for the purpose of otherwise assigning or cancelling the shares. The Board of Directors shall have the right to decide on other matters related to the purchase of the Company's own shares.

The Annual General Meeting authorized the Board of Directors to decide on a transfer of a maximum of 15,500,000 own shares of the Company either against consideration or without payment. The authorization is valid for one year. The shares may be transferred as a consideration to finance acquisitions or in other arrangements and used as part of the equity-based incentive plans of the Company as decided by the Board of Directors. The Board of Directors shall also have the right to sell the shares through public trading on the NASDAQ OMX Helsinki Ltd. The Board of Directors shall have the right to decide on other matters related to a transfer of own shares.

The Annual General Meeting also authorized the Board of Directors to decide on the issuance of shares. The amount of shares to be issued based on this authorization shall not exceed 40,000,000 shares. Board of Directors decides on all the conditions of the issuance of shares. The authorization is valid for 18 months. The authorizations are available in full on the company Investor web pages under General Meetings.

Long-term objectives

The long term market opportunities are attractive for F-Secure. The demand for Value Added Services, like Internet security, storage services, is driven by the expansion of Internet users and Internet connected devices.

The growth of Internet users grew by 200m close to 2b in one year (Sept 09 – Sept 10). The global Internet penetration is still globally below 30%; in Asia it is slightly over 20%, in Europe close 60%, and in North America close to 80% (Source: Internet World Stats, U.S. Census Bureau, estimated in June 2010). The growing number of smart phones and other Internet connected devices is expected to accelerate tens of billions during next 10 years (source; gigaom/ Ericson)

The Security software market as a total is attractive globally. The global security software revenue worldwide estimate for 2010 is \$16.5bn, reflecting a 10% annual growth rate for 2010. Consumer security software growth is expected to show CAGR of 6.5% 2007-2014 (source: Source: Gartner Jul. 2010).

The volume of user generated digital content is expected to continue to increase rapidly during coming years driven by digital photos and music. The Use of social media is increasing and people look for services to share, store and control of their personal data. IDC forecasts this storage as a service market to pass \$3bn by 2012, with a compound annual growth rate of more than 29% from 2007 to 2012.

The Security as a Service (SaaS) business has been a strong growth driver for F-Secure since the year 2000. Based on the company's strong technology assets in security, cloud computing and in storage area and based on its pioneering role in offering Software as a Service, F-Secure continues to create new innovative offerings to augment traditional security services.

Based on experience of the Software as a Service business model, F-Secure anticipates that both the customer benefits (e.g. lower total cost of ownership) and attractive partner business benefits (e.g. lifetime revenue share) will accelerate the adoption of the Software as a Service business model compared to traditional software acquisition as a product.

F-Secure's first priority is to drive growth and market expansion. The Company sells its Value Added Services to consumers through its large operator network of over 200 operator partners in over 40 countries with an addressable market of over 100 million broadband customers.

F-Secure focuses on increasing the penetration within the current operator base with security and storage related services and continues to selectively seek partner expansion globally; especially in emerging markets. The penetration rates vary by operator; overall penetration levels are relatively low and leave substantial opportunity for growth. The combination of security and storage services attract a larger customer base and has proven to drive penetration rates.

F-Secure's close co-operation with major mobile phone vendors and mobile phone operators provides good opportunities to benefit from the growth of the mobile Internet. Over time, F-Secure anticipates synergies across the Value Added Services being developed and offered both for PC's and smart phones.

F-Secure's target is to be the best partner for operators in providing value added services to consumers. F-Secure pursues investments in new value added services for both PC and mobile users to augment the existing security and storage services.

F-Secure aims to exceed the average market growth rates in revenues and seeks to improve its profitability sustainably towards an EBIT level of 25% over time. F-Secure's longer term profitability level continues to be driven extensively by revenue growth and scalable operations. F-Secure targets its investments in strategic growth businesses, specifically the operator channel.

Short-term outlook

Combination of latest operator wins together with competitive service portfolio have further improved the Company's growth projections. Operator revenues are expected to deliver accelerating growth driven by security sales, storage related project deliveries and storage service sales. The traditional security license business related revenues are not estimated to contribute to revenue growth.

The management estimates annual revenue growth to accelerate to around 10%. The Company continues to prioritize growth over short term profitability and plans to invest majority of the improved earnings back to growth opportunities in its core business. Annual profitability is expected to improve from 2010 level at a comparable pace to revenue growth (compared to 2010 EBIT excl. re-structuring).

Revenue growth is expected to accelerate and profitability to improve after the first quarter. For the first quarter Storage project delivery related revenue contribution is limited, while total cost base remains consistent with the Q4 level. The majority of operational cost increases are targeted to drive product portfolio competitiveness, build scalability of the storage services business and geographical expansion. The revenue estimate is based on the sales pipeline at the time of publishing, existing subscriptions and support contracts as well as current exchange rates.

Proposal for dividend distribution

The Board of Directors is proposing to the Annual General Meeting 2011, to be held on Wednesday March 30, 2011, that a dividend of EUR 0.06 per share is to be paid from the distributable shareholders' equity. The suggested dividend record date is April 4, 2011 and the payment date April 12, 2011. The dividend payout ratio is 61%.

On December 31, 2010, the parent company distributable equity totaled 51.1 million.

No material changes have taken place in the company's financial position after the balance sheet date and the proposed dividend does not compromise the company's financial standing.

Helsinki, February 16, 2011

F-Secure Corporation

Board of Directors

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

President and CEO

Kimmo Alkio

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CALCULATION OF KEY RATIOS

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

F-SECURE CONSOLIDATED

STATEMENT OF COMPREHENSIVE INCOME

(EUR 1000)

STATEMENT OF COMPREHENSIVE INCOME JAN 1-DEC 31, 2010			
		Consolidated IFRS 2010	Consolidated IFRS 2009
NET SALES	(1)	130 119	125 144
Material and service		-8 083	-9 948
GROSS MARGIN		122 036	115 197
Other operating income	(2)	988	1 088
Sales and marketing	(3,4)	-59 584	-56 878
Research and development	(3,4)	-34 530	-27 953
Administration	(3,4)	-9 087	-7 471
OPERATING RESULT		19 823	23 982
Financial income and expenses	(6)	-7	1 197
Share of profit of associate	(10)	75	26
PROFIT (LOSS) BEFORE TAXES		19 890	25 205
Income taxes	(7)	-4 643	-6 458
RESULT FOR THE FINANCIAL YEAR		15 247	18 747
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of foreign operations		129	76
Available-for-sale financial assets		42	90
Taxes related to components of other comprehensive income		-11	-23
COMPREHENSIVE INCOME FOR THE YEAR		15 407	18 890
Result of the financial year is attributable to Equity holders of the parent		15 247	18 747
Comprehensive income for the year is attributable to Equity holders of the parent		15 407	18 890
Earnings per share			
- basic	(8)	0,10	0,12
- diluted		0,10	0,12

(EUR 1000)

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2010

		Consolidated IFRS 2010	Consolidated IFRS 2009
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	(9)	7 465	4 648
Intangible assets	(9,11)	16 009	13 528
Goodwill	(11)	19 398	19 425
Investments in associated companies	(10)	163	99
Deferred tax assets	(13)	5 485	2 563
Other financial assets	(15)	295	185
Total non-current assets		48 814	40 447
CURRENT ASSETS			
Inventories	(14)	394	425
Trade and other receivables	(15)	28 837	30 908
Income tax receivables	(15)	860	385
Available-for-sale financial assets	(16)	16 819	17 643
Cash and bank accounts	(17)	16 165	16 102
Total current assets		63 075	65 464
TOTAL ASSETS		111 889	105 911

SHAREHOLDERS' EQUITY AND LIABILITIES

SHAREHOLDERS' EQUITY			
Share capital	(18)	1 551	1 551
Share premium		165	165
Treasury shares		-7 493	-3 488
Fair value reserve		27	-5
Translation differences		-148	-277
Reserve for invested unrestricted equity		3 187	3 079
Retained earnings		54 144	47 775
Equity attributable to equity holders of the parent		51 432	48 801
NON-CURRENT LIABILITIES			
Deferred tax liabilities	(13)	2 024	2 271
Provisions	(20)	1	3
Other non-current liabilities	(21)	8 006	6 925
Total non-current liabilities		10 031	9 199
CURRENT LIABILITIES			
Trade and other payables	(21)	20 871	18 627
Income tax liabilities		196	351
Other current liabilities		29 359	28 934
Total current liabilities		50 426	47 912
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		111 889	105 911

STATEMENT OF CASH FLOWS

(EUR 1000)

STATEMENT OF CASH FLOWS DECEMBER 31, 2010			
		Consolidated IFRS 2010	Consolidated IFRS 2009
CASH FLOW FROM OPERATIONS			
Result for the financial year		15 247	18 501
Adjustments	(24)	11 287	8 571
Cash flow from operations before change in working capital		26 534	27 072
CHANGE IN NET WORKING CAPITAL			
Current receivables, increase (-), decrease (+)		3 003	-3 980
Inventories, increase (-), decrease (+)		31	-296
Non-interest bearing debt, increase (+), decrease (-)		2 491	341
Provisions, increase (+), decrease (-)			
Cash flow from operations before financial items and taxes		32 059	23 137
Interest expenses paid		-8	-13
Interest income received		17	145
Other financial income and expenses		-437	1 220
Income taxes paid		-8 441	-8 089
Cash flow from operations		23 189	16 400
CASH FLOW FROM INVESTMENTS			
Investments in intangible and tangible assets		-10 403	-5 000
Investments in subsidiary shares, net of cash acquired	(11)	-1 055	-26 840
Other investments		4	-11
Proceeds from sale of intangible and tangible assets		2	14
Cash flow from investments		-11 453	-31 837
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in share capital		108	950
Treasury shares		-4 004	-2 055
Dividends paid		-9 310	-10 904
Cash flow from financing activities		-13 207	-12 008
Change in cash		-1 471	-27 445
Translation difference		668	-95
Cash and bank at the beginning of the period		33 591	61 041
Cash and bank at period end		32 788	33 501
Change in net fair value of current available-for-sale assets		42	90
Cash and bank at period end		32 831	33 591

(EUR 1000)

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY DECEMBER 31, 2010

IFRS	Share capital	Share issue	Share premium fund	Treasury shares	Available for sale	Transl. diff.	Unrestricted equity reserve	Retained earnings	Total equity
Equity Dec 31, 2008	1 551	661	169	-1 453	-71	-353	1 465	39 142	41 111
Available-for-sale financial assets, net					67				67
Translation difference						76			76
Result of the financial year								18 747	18 747
Total comprehensive income for the year					67	76		18 747	18 890
Dividends								-10 904	-10 904
Acquisition of treasury shares				-2 035					-2 035
Registration of share issue		-661					1 611		-661
Exercise of options									1 611
Cost of share based payments								788	788
Other changes							3		3
Equity Dec 31, 2009	1 551		169	-3 488	-5	-277	3 078	47 773	48 801
Available-for-sale financial assets, net					31				31
Translation difference						129			129
Result of the financial year								15 247	15 247
Total comprehensive income for the year					31	129		15 247	15 407
Dividends								-9 310	-9 310
Acquisition of treasury shares				-4 004					-4 004
Exercise of options							108		108
Cost of share based payments								533	533
Other changes								-103	-103
Equity Dec 31, 2010	1 551		169	-7 493	27	-148	3 186	54 141	51 432

NOTES TO THE FINANCIAL STATEMENTS

Corporate information

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

The parent company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. Company's registrant address is Tammasaarenkatu 7, 00180 Helsinki. A copy of consolidated financial statement can be received on the Internet address www.f-secure.com or from the parent company's registrant address.

In their meeting on 16 February 2011 the Board of Directors of F-Secure Corporation have agreed to permit the publication of the consolidated financial statements of F-Secure Corporation for the year 2010. According to the Finnish Companies Act, the Annual General Meeting can confirm or reject the consolidated financial statement after publication. The General Annual Meeting can also decide to change the financial statement.

ACCOUNTING PRINCIPLES

Basis for presentation

The consolidated financial statements of F-Secure Corporation of 2010 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The disclosures also conform to Finnish Accounting legislation.

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

IFRIC 16 Hedges and Net Investment in a Foreign Operation. The interpretation provides guidance on the accounting for a hedge of a net investment. As the company has no such hedges and net investments mentioned in the interpretation, the interpretation had no impact on the Group's financial statements.

IFRS 3 Business Combinations - revised. The revised standard recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase. The adoption of revised standard had no impact on the Group's financial statements.

IAS 27 Amendment: Consolidated and Separate Financial Statements. The revised standard requires that changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. The adoption of the revised standard had no effect on the Group's financial statements.

IAS 39 Amendment: Eligible Hedged Items. The changes provides guidance for hedging of one-sided risks and inflation risks. The adoption of the revised Standard had no impact on the Group's financial statements.

IFRIC 17 Distribution of Non-cash Assets to Owners. The interpretation applies to the distribution of non-cash assets or distributions that gives owners a choice of receiving either non-cash assets or a cash alternative.

The interpretation had no impact on the disclosures of Group’s financial statements.

IFRIC 18 Transfer or Assets from Customers. This interpretation applies to the accounting for transfers of items of property that the entity must use to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The interpretation had no impact on the Group’s financial statements.

Improvements to IFRSs (April 2009). There are separate transitional provisions for 12 standards, but the adoption of the improvements had no significant impact on the Group’s financial statements.

IFRS2 Amendment: Group Cash-settled Share-based Payment Transactions. An entity shall apply this IFRS in accounting for all share-based payment transactions, whether or not the entity can identify specially some or all of the goods or services received. The adoption of the revised Standard had no impact on the Group’s financial statements.

Management judgment and use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions as well as use of judgment when applying accounting principles that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during reporting periods. Although these estimates are based on the management’s best knowledge, actual results may differ from those estimates. Possible changes in estimates and assumptions are recognized in the period when they occur.

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

- The Group has entered into commercial agreement related to storage services. The Group has determined, based on terms and conditions of the agreement that project revenue should be recognize using the percentage-of-completion method. Value of the multi-year agreement is not disclosed, while significant to F-Secure.
- impairment of assets: The key assumption used to determine the recoverable amount for goodwill, including sensitivity analysis, are further explained in note 12;
- deferred tax assets: The Group has recognized tax losses as deferred tax assets. Further details are disclosed in note 13;
- development expenditures carried forward: initial capitalization of cost is based on management’s judgment on technological and economical feasibility. Further details are disclosed in note 9.
- used arguments when recognizing share-based payment transactions: the assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 19.

Principles of consolidation

Subsidiaries in which F-Secure Corporation’s holding exceeds 50 percent are consolidated in the financial statements. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Company’s holding in the associated companies is also consolidated. The Group’s investment in its associate is accounted for under the equity method of accounting. The income statement reflects the share of the results of operations of the associate. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred or guaranteed obligations in respect of the associated company.

All intra-group transactions and balances, including unrealized profits arising from intra-group transactions, have been eliminated on consolidation. Where necessary, the accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Foreign currency translation

The presentation currency of F-Secure Group is the euro, which is the measurement currency of the parent. For purposes of inclusion in the consolidated financial statements, the balance sheet of each foreign entity is translated into euros at the exchange rates prevailing at the balance sheet date. The income statement of each foreign entity is translated at the average exchange rates for the financial year. The resulting net translation difference is recorded in the shareholders’ equity.

The Consolidated Statement of Cash Flows has been prepared by translating each subsidiary’s individual cash flow statements at the average exchange rates for the financial year.

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

Intangible assets

Goodwill

Mutual ownership of shares has been accounted using the acquisition method. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill. Goodwill represents the excess of purchase cost over the fair value of separately identifiable assets less liabilities of acquired companies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Technology and customers

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

Tangible and other intangible assets

Other tangible assets include renovation costs of rented office space. Intangible assets include software licenses. Tangible and other intangible assets are recorded at historical cost less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful life of an asset. The estimated useful lives of tangible and intangible assets are as follows:

Machinery and equipment	3–8 years
Other tangible assets	5–10 years
Capitalized development costs	3 years
Other intangible assets	5–10 years

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

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the

grant on a systematic basis to the costs that it is intended to compensate. These grants are recognized as other operating income in the income statement. Government grants related to an asset are deducted from the acquisition cost of the asset and recognized as income by reducing the depreciation charge of the asset they relate to.

Research and development costs

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

Inventories

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

Leases

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

Impairment of assets

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

Pensions

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

Share-based payment transactions

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

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

fully entitled to the award (vesting date). If the holder of the warrant leaves company before vesting the warrant is forfeited. The cumulative expense recognized for transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

As the market price of the Company's share rises, the value of the warrant program rises accordingly. This will generate taxable income to the personnel when the warrants are realized. In certain countries the employer must pay social charges based on the taxable income triggered by the realization of the warrants. The provision has been matched against the realized social costs. The provision is measured based on the fair value of the options, and the amount of provision is adjusted to reflect the change in the share price. The market price of the Company's share as of December 31, 2010 was 2.00 euro.

Income taxes

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

Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operator's system integration and maintenance sales. License agreements consist of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred for work performed to date bear the estimated total project costs. If total project costs will exceed total project revenue, the expected loss is recognized as an expense immediately. Indirect taxes, discounts granted and exchange rate differences are excluded from net sales.

Other operating income

Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

Presentation of expenses

Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated to the various functions by allocating to directly allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of average headcount in each location.

Treasury shares

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

Financial assets

According to IAS 39 standard, financial assets have been classified into financial assets at fair value through profit or loss, held-to-maturity, loans and receivables originated by the enterprise and available-for-sale financial assets. The classification is dependent on the purpose for which the assets were acquired. Purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase the asset. The cost of purchase includes transaction costs. Financial assets are currently classified as loans and receivables and available-for-sale financial asset.

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

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

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

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently recognized at fair value. Any gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Adoption of new and revised standards

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

Improvements to IFRSs (May 2010). There are separate transitional provisions for several standards, but the Group expects that adoption of the improvements will have no significant impact on the Group's financial statements in the period of initial application. Improvements become effective mainly for financial years beginning on or after 1 July 2010 and are not adopted by the EU.

IAS 32 Amendment: Classification of Rights Issues. The Group expects that adoption of the revised Standard will have no impact on the Group's financial statements in the period of initial application. Amended standard becomes effective for financial years beginning on or after 1 February 2010 and is adopted by the EU.

IAS 24 Revised: Related party Disclosures. The Group expects that adoption of the revised Standard will have impact on the Group's financial statements in the period of initial application. Amended standard becomes effective for financial years beginning on or after 1 January 2011 and is adopted by the EU.

IFRS 9 Financial Instruments. The Group expects that adoption of the revised Standard will have impact on the disclosures of Group's financial statements in the period of initial application. Amended standard becomes effective for financial years beginning on or after 1 January 2013 and is not adopted by the EU.

IFRIC 14 Amendment: Prepayments of a Minimum Funding Requirement. The Group expects that interpretation will have no impact on the Group's financial statements in the period of initial application. Interpretation becomes effective for financial years beginning on or after 1 January 2011 and is adopted by the EU.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments. The Group expects that interpretation will have no impact on the Group's financial statements in the period of initial application. Interpretation becomes effective for financial years beginning on or after 1 July 2010 and is adopted by the EU.

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENT INFORMATION

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

Sales channels

	Operator Channel	Other Channels	Group
Consolidated Dec 31, 2010			
Revenue from external customers	67 109	63 010	130 119
Consolidated Dec 31, 2009			
Revenue from external customers	60 178	64 966	125 144

Geographical information

	Finland and Scandinavia	Rest of Europe	North America	Rest of the world	Group
Consolidated Dec 31, 2010					
Revenue from external customers	43 110	59 320	12 058	15 631	130 119
Segment long-term assets	12 658	29 231	101	1 340	43 329
Consolidated Dec 31, 2009					
Revenue from external customers	44 187	57 301	10 561	13 095	125 144
Segment long-term assets	7 258	29 254	80	1 293	37 884

2. OTHER OPERATING INCOME

	Consolidated 2010	Consolidated 2009
Rental revenue	131	195
Government grants	835	858
Other	22	35
Total	988	1 088

3. DEPRECIATION AND REDUCTION IN VALUE

Depreciations from non-current assets

Other capitalized expenditure	-2 362	-1 316
Capitalized development	-306	-439
Intangible assets	-2 668	-1 755
Machinery and equipment	-2 127	-1 557
Other tangible assets	-470	-460
Tangible assets	-2 597	-2 017
Total depreciation	-5 265	-3 772

Depreciations by function

Sales and marketing	-2 006	-2 326
Research and development	-3 158	-1 353
Administration	-101	-93
Total depreciation	-5 265	-3 772

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

4. PERSONNEL EXPENSES

Personnel expenses	Consolidated 2010	Consolidated 2009
Wages and salaries	-45 923	-39 748
Pension expenses - defined contribution plan	-6 184	-5 599
Share-based payments	-785	-1 352
Other social expenses	-4 237	-2 849
Total	-57 128	-49 548

Employee benefits of Management are stated in disclosure 27. Related party transactions.
Share-based payments are stated in disclosure 19. Share-based payment transactions.

Average number of personnel 835 770

Personnel by function Dec 31

Sales and marketing	368	351
Research and development	339	376
Administration	105	99
Total	812	826

5. AUDIT FEES

Group auditor		
Audit fees	-94	-96
Tax consulting	-21	-15
Other consulting	-12	-125
Total	-127	-236
Others		
Audit fees	-16	-13
Tax consulting	-21	-17
Total	-38	-31

6. FINANCIAL INCOME AND EXPENSES

Interest income	17	136
Interest expense	-14	-17
Other financial income	300	1 440
Exchange gains and losses	-160	-203
Other financial expenses	-150	-159
Total financial income and expenses	-7	1 197

Financial income and expenses from loans and receivables

Interest income	17	131
Interest expense	-14	-17
Exchange gains and losses	-19	-172
Total	-16	-58

Financial income and expenses from Available-for-sale financial assets

Interest income		4
Other financial income	252	1 313
Total	252	1 317

Components of other comprehensive income

Available-for-sale financial assets		
Gains/(losses) arising during the year	121	378
Reclassification adjustments included in the income statement	-79	-288
Total	42	90

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

7. INCOME TAXES

	Consolidated 2010	Consolidated 2009
Income taxes of the business activity	-7 715	-7 144
Income taxes from previous years	-105	-58
Deferred tax	3 177	744
Total	-4 643	-6 458
Components of other comprehensive income		
Available-for-sale financial assets	-11	-23

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Groups' effective income tax rate for the years ended 31 December 2010 and 2009 is as follows:

Result before taxes	19 890	25 205
Income taxes at statutory rate of 26%	-5 171	-6 553
Taxes on foreign subsidiaries' net income in excess of income taxes at statutory rates	643	108
Non-deductible expenses	-339	-99
Unrecognised tax losses		316
Income taxes from previous years	-105	-58
Other	329	-172
Total taxes	-4 643	-6 458

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable on ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options.

Net profit attributable to equity holders from continuing operations	15 247	18 747
Weighted average number of ordinary shares (1 000)	154 968	155 770
Effect of dilution: share options	1 260	3 350
Adjusted weighted average number of ordinary shares for diluted earning per share	156 228	159 120
Basic earnings per share (EUR/share)	0,10	0,12
Diluted earnings per share (EUR/share)	0,10	0,12

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

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

9. NON-CURRENT ASSETS

	INTANGIBLE ASSETS		Goodwill	Total	TANGIBLE ASSETS		Total
	Other cap. expenditure	Capitalized development			Machinery & equip.	Other Tangible	
Acquisition cost Jan 1, 2009	6 911	2 692		9 603	12 303	2 277	14 580
Translation difference	-22			-22	-55	-16	-72
Additions	9 243	1 682	19 425	30 350	1 967	740	2 708
Additions acquisitions	335	1 064		1 399	653		653
Disposals	-121	-74		-195	-121	-228	-349
Acquisition cost Dec 31, 2009	16 347	5 364	19 425	41 135	14 748	2 773	17 521
Translation difference					355	159	514
Additions	2 820	2 312		5 132	4 668	583	5 251
Disposals	-123		-27	-150	-1 760	-150	-1 910
Acquisition cost Dec 31, 2010	19 044	7 676	19 398	46 117	18 010	3 366	21 376
Acc. depreciations Jan 1, 2009	-4 298	-1 801		-6 099	-9 663	-1 433	-11 097
Translation difference	16			16	43	8	51
Depreciation of the financial year	-1 315	-439		-1 754	-1 539	-458	-1 997
Depreciation of decreases	68	33		101	102	228	329
Acc. depr. acquisitions	-123	-324		-447	-160		-160
Acc. depreciations Dec 31, 2009	-5 652	-2 531		-8 183	-11 218	-1 655	-12 873
Translation difference	21			21	-261	-40	-302
Depreciation of the financial year	-2 074	-598		-2 672	-2 139	-482	-2 621
Depreciation of decreases	123			123	1 735	150	1 884
Acc. depreciations Dec 31, 2010	-7 583	-3 129		-10 711	-11 883	-2 028	-13 912
Book value as at Dec 31, 2009	10 694	2 833	19 425	32 952	3 530	1 117	4 647
Book value as at Dec 31, 2010	11 461	4 547	19 398	35 406	6 126	1 338	7 464

10. INVESTMENT IN ASSOCIATE

	Consolidated 2010	Consolidated 2009
Book value as at Jan 1	99	113
Share of associated companies' results	64	-14
Book value as at Dec 31	163	99
Associate's balance sheet, revenue and profit		
Assets	1 022	719
Liabilities	553	434
Revenue	1 979	1 648
Profit	213	60
Associated companies		
	Group (%)	Group (%)
Vineyard International Ltd, Helsinki Finland	34,83	34,83

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

11. BUSINESS COMBINATIONS

On 10 July 2009, the Group acquired 100% of the voting shares of Steek SA, an unlisted company based in France specializing in providing online storage and data management solutions. The final working capital regarding the acquisition of F-Secure SDC SAS (former Steek S.A.) was defined and the amount 1.1 million euros was paid during the period.

12. IMPAIRMENT TESTING OF GOODWILL

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

The cash flow estimates have been reviewed by the management and cover the next five years. The estimates are based on 2011 planning and after that revenue growth of 5% during 2012-2015, and after that terminal growth of 1%. The CAGR of 5% growth is based on Gartner's estimation of revenues for the consumer and enterprise antivirus business globally during 2007-2014 (source: Gartner, 2010). The profitability is based on past years' profitability level, 2011 planning and longer term communicated profitability target level. The used discount rate is 14,3% before taxes. The impairment test, based on these assumptions, show no need to impair assets and/or goodwill.

Sensitivity to changes in assumptions

The main parameters in the calculations are profitability, growth rate and discount rate. If the revenue growth was as calculated and the profitability would decline below 8%, or if the profitability level remained the same, and the revenue would decline by 10% compared to previous year (year after year) in 2010-2015, the discounted amount would meet the book value. Test is not practically sensitive to discount rate.

13. DEFERRED TAX

	Consolidated 2010	Consolidated 2009
Deferred tax assets		
Other temporary differences	1 313	1 055
Losses carried forward	4 172	1 506
Tax charged to shareholders' equity		
Change in fair value, available-for-sale		2
Total	5 485	2 563
Deferred tax liability		
Other temporary differences	22	
Fair value adjustments on acquisition	1 992	2 271
Tax charged to shareholders' equity		
Change in fair value, available-for-sale	9	
Total	2 024	2 271

At December 31, 2010 the Group had 12,3 million euro losses carried forward. Deferred tax assets have been recognized of these losses as they may be used to offset future taxable profits in the Group.

14. INVENTORIES

Other inventories	394	425
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No impairment was recognized from inventories in years 2010 and 2009.

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

15. RECEIVABLES

	Consolidated 2010	Consolidated 2009
Non-current		
Loan receivables	295	185
Total	295	185
Current receivables		
Trade receivables	24 378	22 232
Loan receivables	10	8
Other receivables	1 243	3 461
Prepaid expenses and accrued income	3 206	5 207
Accrued income tax	860	385
Total	29 697	31 293

Trade receivables

As at 31 December 2010, trade receivables at nominal value of 508 thousand eur (2009: 484 thousand eur) were impaired and fully provided for.

Book value as at Jan 1	484	581
Charge for the year	241	54
Utilised	-218	-151
Book value as at Dec 31	508	484

Ageing analysis of trade receivables	Total	Not due	Past due < 90 days	Past due > 90 days
As at 31 Dec, 2010	24 378	18 068	6 082	227
As at 31 Dec, 2009	22 232	15 910	6 038	284

Material items included in prepaid expenses and accrued income

Accrued sales		1 000
Prepaid expenses	1 125	1 096
Prepaid expenses, royalty	2 081	3 110
Total	3 206	5 207

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

Fair value as at Jan 1	17 643	47 086
Additions/deductions, net	-860	-29 437
Change in fair value	36	-6
Fair value as at Dec 31	16 819	17 643
Shares - unlisted	153	155
Maturity date less than 3 months	16 667	17 489
Fair value as at Dec 31	16 819	17 643
Acquisition value as at Dec 31	16 782	17 650

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

17. CASH AND SHORT-TERM DEPOSITS

	Consolidated 2010	Consolidated 2009
Cash at bank and in hand	16 165	16 102

Available-for-sale financial assets are recognized as liquid short-term investments and are held as part of the Group's ongoing cash management activities. See note 23. Financial risk management objectives and policies.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at December 31:

Cash at bank and in hand	16 165	16 102
Available-for-sale	16 667	17 489
Total	32 831	33 591

18. SHAREHOLDERS' EQUITY

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

	Number of shares	Share capital	Share premium fund	Unrestricted equity reserve	Treasury shares	Total
31.12.2008	155 360 161	1 551	166	1 465	1 453	4 635
Registration of share issue	693 246					
Exercise of options	698 836			1 611		1 611
Acquisition of treasury shares	-841 514				2 055	2 055
Treasury shares used	9 068			3	-20	-17
31.12.2009	155 919 797	1 551	166	3 079	3 488	8 284
Exercise of options	70 000			108		108
Acquisition of treasury shares	-1 757 867				4 004	4 004
31.12.2010	154 231 930	1 551	166	3 187	7 492	12 396

The share capital amounted to 1,551,311 euro and the number of shares was 157,539,243 (including own shares 3,307,313) at the end of the year 2010.
A share has no nominal value. Accountable par value is EUR 0,01.

Share premium fund

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

Unrestricted equity reserve

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

Translation differences

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

Dividends proposed and paid

Proposed for approval at AGM for year 2010 0,06 euro per share

Final dividend for year 2009 0,06 euro per share, paid during the year 2010: 9,310,086 euro

Final dividend for year 2008 0,07 euro per share, paid during the year 2009: 10,903,928 euro

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

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

Based on authorization of the shareholders' meeting on March 24, 2010 parent company has acquired treasury shares during the period as follows.

Time	Number of shares	Acquisition cost	Average acquisition price €	Range of acquisition price €
January 2010	63 665	181	2.83	2.81 - 2.87
February 2010	178 964	438	2.43	2.38 - 2.49
March 2010	509 066	1 275	2.49	2.39 - 2.54
June 2010	200 700	427	2.11	2.05 - 2.17
July 2010	48 947	102	2.08	2.05 - 2.18
August 2010	234 569	505	2.14	2.07 - 2.20
September 2010	25 341	55	2.18	2.15 - 2.20
October 2010	25 000	54	2.16	2.15 - 2.18
November 2010	282 192	583	2.06	1.97- 2.17
December 2010	189 423	384	2.03	1.99- 2.09
	1757 867	4 004		

On March 2009 total of 9,068 shares were given as remuneration to board members

The total number of acquired treasury shares was 3,307,313 at the end of the year 2010. This represent 2.1 percent of the Company's voting power on December 31, 2010.

Fair value reserve
The reserve is used to record increments and decrements in the fair value of available-for-sale financial assets.

	FAIR VALUE, AVAILABLE-FOR-SALE			
	Before tax	Tax	After tax	Total
Equity Dec 31, 2008	-97	25	-72	-72
Available-for-sale, net	-6	2	-5	-5
Fair value gains/losses to PL	97	-25	72	72
Equity Dec 31, 2009	-6	1	-5	-5
Available-for-sale, net	36	-9	26	26
Fair value gains/losses to PL	7	-2	5	5
Equity Dec 31, 2010	36	-10	26	26

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

19. SHARE-BASED PAYMENT TRANSACTIONS

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

Warrant programs

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

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

Option scheme 2005

On March 23, 2005, the shareholders' meeting decided to issue a total of 4,500,000 warrants. Each warrant entitles the holder to subscribe for one share. The subscription in full would increase the capital stock by 45,000 euro, which represents 2.9 percent of the Company's share capital and voting power on December 31, 2010. The subscription price of a share in each series shall be the trade volume weighted average price of the Company's share quoted on the OMX The Nordic Exchange, Helsinki as follows: 2005A on March 2005; 2005B on March 2006; 2005C on March 2007 and 2005D on March 2008, rounded off to the nearest cent. The subscription price of the stock options shall, as per the dividend recorded date, be reduced by the amount of dividend per share. However, only such dividends whose distribution has been agreed upon after of the period for determination of the share subscription price and which have been distributed prior to the share subscription are deducted from the subscription price. Pursuant to the Companies Act, the share subscription price shall, nevertheless, always be at least the accounting equivalent value per share. The subscription period of 2005A expired on November 30, 2009. The subscription period of 2005B expired on November 30, 2010.

Plan	Issued	Category	Start	End	Exercise price
		2005A	1.3.2008	30.11.2009	1.43
		2005B	1.3.2009	30.11.2010	2.72
		2005C	1.3.2010	30.11.2011	1.54
		2005D	1.3.2011	30.11.2012	2.09
2005	4 500 000				

The shares subscribed for on the basis of the warrants shall entitle the holder to dividend for the financial period in which the subscription takes place. Other shareholder rights shall commence upon the entry into the Trade Register of increase of the share capital.

The maximum dilution effect of the issuance of the warrants is 3,451,609 shares on aggregate or 2.1 percent of the Company's share capital after dilution. 2.7 million warrants have been issued from current warrant program (22.0 million totally) as of December 31, 2010. 2.1 million warrants are held by the subsidiary company DF-Data Oy.

Options outstanding and weighted average exercise price

	Jan 01 - Dec 31, 2010		Jan 01 - Dec 31, 2009	
	Number of options	Weighted average exercise price €	Number of options	Weighted average exercise price €
Outstanding Jan 01	1 993 760	1.85	2 903 391	1.82
Granted	100 000	2.09	50 000	2.15
Forfeited	20 000	1.54	260 000	2.09
Exercised	70 000	1.54	698 836	1.43
Expired	278 760	2.72	795	1.43
Outstanding Dec 31	1 725 000	1.67	1 993 760	1.85
Exercisable Dec 31	1 315 000	1.54	278 760	2.78

For options exercised during the period the weighted average share price was 2.06 euro (2.75 euro in year 2009). Options were exercised on a regular basis throughout the period. The Group received 108 thousand euro for exercised option, which was recorded to unrestricted equity reserve (1,611 thousand euro to unrestricted equity reserve in year 2009).

The options outstanding by range of exercise prices

December 31, 2010				December 31, 2009			
Exercise price €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price €	Exercise price €	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price €
1.43 - 1.60	1 315 000	0.92	1.54	1.43 - 1.60	1 405 000	1.92	1.60
2.09 - 2.78	410 000	1.92	2.09	1.60 - 2.78	588 760	1.97	2.45
	1 725 000				1 993 760		

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

Expense arising from share-based payment transactions during the period was 76 thousand euro (347 thousand euro in year 2009). The weighted fair value of options granted at the date of grant date was 0.22 euro (0.67 euro in year 2009).

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

Options outstanding			
Jan 01 - Dec 31, 2010		Jan 01 - Dec 31, 2009	
Outstanding Jan 01	600 000	Outstanding Jan 01	
Granted	950 000	Granted	600 000
Forfeited	15 000	Forfeited	
Outstanding Dec 31	1 535 000	Outstanding Dec 31	600 000

Expense arising from share-based payment transactions during the period was 36 thousand euro (22 thousand euro in year 2009). The carrying amount of liability at December 31, 2010 was 59 thousand euro.

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

	Option scheme 2005		Synthetic option programme	
	2010	2009	2010	2009
Weighted average share price €	2.00	2.22	2.00	2.74
Weighted average exercise price €	2.06	2.75	-	-
Expected volatility	20.37%	36.84%	20.37%	31.01%
Option life in years	2.0	3.8	2.0	2.0
Risk-free interest rate	1.55%	2.52%	1.55%	0.96%
Expected dividends	-	-	-	-

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

Share-based incentive program
The share-based incentive program has been established as part of the key employee incentive and retention system within F-Secure Group. The program will offer for the participants a possibility to receive shares of F-Secure Corporation as an incentive reward if the Company's financial targets set for the earning period have been achieved. No reward can be given to any participating employee, whose employment has terminated before the end of the lock-up period. The share-based incentive program will last six years. It comprises three earning and lock-up periods. The participating employee may not sell or transfer the shares received before the end of the lock-up period on each earnings period. The program ends on December 31, 2013. The rewards will be settled in two phases so that one part is settled as equity-settled payment and one part as cash-settled payment. Within the framework of the program, the aggregate number of shares to be given as reward cannot exceed 5 million shares.

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

Expense arising from the share-based payment transactions during the period was 672 thousand euro (982 thousand euro in year 2009). The costs of the equity-settled transactions are measured by reference to the fair value of the F-Secure Corporation share at the date on which they are granted. The costs of cash-settled transactions are measured by reference to the fair value of the F-Secure Corporation share on the date of balance sheet.

20. PROVISIONS

A provision is recognized for the employer's liability for social security contributions on share option gains, which will arise on exercise of the relevant share options, by employees. The provision is calculated based on the number of options outstanding at the balance sheet date outside Finland that are expected to be exercised, and using the market price of the share at the balance sheet date as the best estimate of market price at the date of exercise. It is expected that the costs will be incurred during the exercise period of 1 January 2011 to 30 November 2012.

	Consolidated 2010	Consolidated 2009
Book value as at Jan 1	3	
Arising during the year		3
Utilised	-3	
Book value as at Dec 31		3
Social costs		3

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

21. LIABILITIES

	Consolidated 2010	Consolidated 2009
Non-current liabilities		
Deferred revenues	7 806	6 725
Other liabilities	200	200
Total	8 006	6 925
Current liabilities		
Deferred revenues	29 359	28 917
Trade payables	4 600	3 951
Other liabilities	2 023	3 430
Accrued expenses	14 249	11 263
Income tax liabilities	196	351
Total	50 426	47 911
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	10 361	7 745
Deferred royalty	903	1 315
Accrued expenses	2 984	2 203
Total	14 249	11 263

22. FINANCIAL ASSETS AND LIABILITIES

Loans and other receivables	305	193
Trade receivables	24 378	22 232
Available-for-sale financial assets	16 819	17 643
Cash and bank accounts	16 165	16 102
Trade payables	-4 800	-4 151
Total	52 867	52 019

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

Fair value hierarchy

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

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets 31 Dec 2010	16 819	16 667	-	153
Available-for-sale financial assets 31 Dec 2009	17 643	17 489	-	155

During the reporting period ending 31 December 2010, there were no transfers between levels.

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General
The goal of risk management is to identify risks that may hinder the group from achieving its business objectives. The responsibility for the company's risk management lies with CEO, the management and finally with the Board of Directors. The risks related to the Group's financial instruments are mainly related to credit risks and foreign currency fluctuations. The Group's available-for-sale assets are also exposed to interest rate fluctuations.

Credit risk
The Group trades only with recognized, creditworthy third parties. Receivable balances are monitored and collected on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group. See note 15. Receivables

Foreign currency risk
The Group invoices mainly in Euros. However, there are some transactional currency exposures that arise from sales or purchasing in other currencies. The other main measurement currencies are USD, JPY, SEK and GBP. In order to minimize the impact of the fluctuation of the exchange rates, the goal is to use forward currency contracts to eliminate the currency exposure of the estimated cash flow of these currencies for a period of six months.

	Consolidated 2010	Consolidated 2009
Derivatives		
Currency instruments – Currency forward contract	EUR	EUR
Nominal value	1 691	4 374
Fair value	26	-143

F-Secure Corporation has hedged receivables denominated in USD, JPY, SEK and GBP with a forward rate contract. The forward rate contracts expires on January 26, 2011. The company does not have other derivatives.

F-Secure Corporation does not hedge investments made in its subsidiaries because the impact of changes of exchange rates would not be relevant in the Group's balance sheet.

Sales in different currencies	%	%
EUR	68	74
SEK, GBP	11	8
USD, JPY	17	14
Other currencies	4	4
	100	100

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

Financial assets and liabilities in different currencies	%	%
EUR	70	77
SEK, GBP	7	5
USD, JPY	20	15
Other currencies	4	3
	100	100

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

USD, JPY	+338/-338	+27/-27
GBP, SEK	+225/-225	+82/-82

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

Interest rate risk

The Group does not have any interest bearing liabilities. Based on the Group's conservative investment policy, it invests its cash mainly in short term and low risk funds. Investments are made in creditworthy funds. These available-for-sale investments are exposed to market risk for changes in interest risks.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and available-for-sale financial assets. See note 16.

Capital management

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

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

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

24. NOTES TO CASH FLOW STATEMENT

	Consolidated 2010	Consolidated 2009
Adjustments		
Deferred income	430	-1 635
Depreciation and amortization	5 265	3 772
Profit / loss on sale of fixed assets	22	85
Other adjustments	920	842
Financial income and expenses	7	-1 197
Income taxes	4 642	6 704
Total	11 287	8 571

25. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases on office space and on motor vehicles. Motor vehicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows

As lessee		
Within one year	5 266	4 437
After one year but not more than five years	11 920	14 881
Total	17 186	19 317

26. CONTINGENT LIABILITIES

Other liabilities		
Others	375	70

Legal claims

F-Secure Inc. the U.S. subsidiary of F-Secure Corporation has been dismissed from a patent infringement lawsuit filed in a state court in the U.S in December 2008.

F-Secure Corporation is a party to a dispute in Brazil regarding a distributor relationship and will defend itself accordingly, including through an arbitration process in Finland. The Group does not expect any material impact on its financials from this lawsuit.

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

27. RELATED PARTY DISCLOSURES

Compensation of key management personnel of the Group

Wages and other short-term employee benefits	-2 457	-1 605
Share-based payments	-376	-573
Other compensations		-36
Total	-2 833	-2 214

Wages and other short-term employee benefits

Managing directors	-572	-501
Members of the boards of directors	-225	-225

Board of directors 2010 and managing director	Wages	Fees	Incentive reward	Other compensations
Kimmo Alkio, managing director	372	-	115	-
Risto Siilasmaa, chairman of the board	-	55	-	-
Marko Ahtisaari	-	8	-	-
Jussi Arovaara	-	23	-	-
Sari Baldauf	-	40	-	-
Pertti Ervi	-	40	-	-
Juho Malmberg	-	30	-	-
Anu Nissinen	-	23	-	-
Alex Sozonoff	-	8	-	-
Total	372	225	115	

Incentive reward granted to managing director is measured to the fair value at the date which it was granted and the cost is recognized over the period in which the performance conditions are fulfilled 01.12.2010 - 31.12.2013. The CEO's retirement age and the determination of his pension conform to the standard rules specified by Finland's Employee Pension Act (TYEL). The period of notice for the CEO is twelve (12) months both ways and there are no separate compensations for dismissal.

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

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

28. SHARES AND SHAREHOLDERS

Shares and share ownership distribution, December 31, 2010

Shares	Number of shareholders	Percentage of shareholders	Total shares	Percentage of shares
1-100	3 058	13.14 %	202 044	0.13 %
101-1 000	15 207	65.36 %	5 594 312	3.55 %
1 001-10 000	4 630	19.90 %	13 489 335	8.56 %
10 001-50 000	290	1.25 %	5 807 179	3.69 %
50 001-100 000	27	0.12 %	1 956 203	1.24 %
100 001-	55	0.24 %	130 490 170	82.83 %
Total	23 267	100.00 %	157 539 243	100.00 %

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

Shareholder category, December 31, 2010		Total shares	Percentage of shares	
Corporations		7 135 269	4.53 %	
Financial and insurance institutions		32 909 028	20.89 %	
General government		19 482 320	12.37 %	
Non-profit organizations		2 184 320	1.39 %	
Households		95 492 160	60.61 %	
Other countries and international organizations		336 146	0.21 %	
Total		157 539 243	100.00 %	
Largest shareholders and administrative register				
Owner	Shares	% shares	% votes	
Risto Siilasmaa	63 076 552	40.04 %	40.90 %	
Keskinäinen henkivakuutusyhtiö Ilmarinen	9 977 338	6.33 %	6.47 %	
Valtion eläkerahasto	5 000 000	3.17 %	3.24 %	
Ismo Bergroth	4 502 752	2.86 %	2.92 %	
Ari Hyppönen	3 843 332	2.44 %	2.49 %	
Kuntien Eläkevakuutus	2 797 626	1.78 %	1.81 %	
Alfred Berg Finland sijoitusrahasto	2 548 025	1.62 %	1.65 %	
OP-Delta sijoitusrahasto	2 400 000	1.52 %	1.56 %	
Mandatum henkivakuutusosakeyhtiö	2 107 441	1.34 %	1.37 %	
OP-Suomi pienyhtiöt	1 929 281	1.22 %	1.25 %	
Administrative register				
Nordea Pankki Suomi Oyj	6 535 884	4.15 %	4.24 %	
Skandinaviska Enskilda Banken	4 618 525	2.93 %	2.99 %	
Svenska Handelsbanken AB	1 181 739	0.75 %	0.77 %	
Other registers	1 347 963	0.86 %	0.87 %	
Other shareholders	42 365 472	26.89 %	27.47 %	
Total		154 231 930	100.00 %	
Own shares F-Secure Corporation		3 307 313	2.10 %	
Total		157 539 243	100.00 %	
Ownership of management				
Board of Directors	Shares	% shares	Warrants	% shares
Risto Siilasmaa	63 076 552	40.04 %		
Jussi Arovaara	4 327			
Sari Baldauf	92 610	0.06 %		
Pertti Ervi	28 610	0.02 %	11 600	0.01 %
Juho Malmberg	23 958	0.02 %		
Anu Nissinen	4 327			
Total	63 230 384	40.14 %	11 600	0.01 %
Executive team	Shares	% shares	Warrants	% shares
Kimmo Alkio	24 051	0.02 %	650 000	0.41 %
Ari Alakiuttu			40 000	0.03 %
Tuomas Hyryläinen				
Samu Konttinen			20 000	0,01 %
Maria Nordgren				
Pirkka Palomäki	1 964		48 219	0.03 %
Kari Penttilä	50			
Antti Reijonen			45 000	0.03 %
Patrik Sallner				
Taneli Virtanen	25 000	0.02 %	60 000	0.04 %
Total	51 065	0.03 %	863 219	0.55 %

Ownership of management

The Board of Directors and CEO owned a total of 63,254,435 shares on December 31, 2010. This represents 40.1 percent of the Company's shares and 41.0 percent of votes. In addition, the warrants of the management accounted for 0.06 percent of the total amount of F-Secure shares. With these stock options 874,819 new shares can be issued.

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

29. KEY RATIOS

Economic indicators	IFRS 2010	IFRS 2009	IFRS 2008	IFRS 2007	IFRS 2006
Net sales (MEUR)	130.1	125.1	113.0	96.8	80.7
Net sales growth %	4 %	11 %	17 %	20 %	31 %
Operating result (MEUR)	19.8	24.0	24.3	19.5	8.9
% of net sales	15.2 %	19.2 %	21.5 %	20.1 %	11.0 %
Result before taxes	19.9	25.2	26.4	21.4	10.4
% of net sales	15.3 %	20.1 %	23.4 %	22.1 %	12.8 %
ROE (%)	30.3 %	32.2 %	36.0 %	25.4 %	13.1 %
ROI (%)	42.5 %	45.0 %	51.5 %	36.3 %	19.3 %
Equity ratio (%)	69.1 %	69.8 %	71.3 %	81.6 %	80.2 %
Investments (MEUR)	10.4	37.2	3.1	2.2	3.7
% of net sales	8.0 %	29.7 %	2.7 %	2.3 %	4.6 %
R&D costs (MEUR)	34.5	28.0	25.5	21.2	17.7
% of net sales	26.5 %	22.4 %	22.6 %	21.9 %	21.9 %
Capitalized development (MEUR)	2.3	1.7	0.5	0.1	0.9
Gearing %	-63.2 %	-68.5 %	-148.5 %	-124.6 %	-123.2 %
Wages and salaries (MEUR)	45.9	39.7	35.8	29.9	25.6
Personnel on average	835	770	652	528	439
Personnel on Dec 31	812	826	718	566	479

Key ratios					
Earnings / share (EUR)	0.10	0.12	0.13	0.10	0.05
Earnings / share diluted	0.10	0.12	0.12	0.10	0.05
Shareholders' equity per share	0.31	0.31	0.26	0.44	0.35
Dividend per share *)	0.06	0.06	0.07	0.07	0.02
Dividend per earnings (%)	60.0 %	50.0 %	53.8 %	70.0 %	40.0 %
Effective dividends (%)	3.0 %	2.2 %	3.7 %	2.9 %	0.9 %
P/E ratio	20.3	22.8	14.9	24.6	47.6
Share price. lowest (EUR)	1.97	1.86	1.73	1.83	2.05
Share price. highest (EUR)	2.93	3.14	3.05	2.79	3.48
Mean share price (EUR)	2.27	2.43	2.39	2.32	2.54
Share price Dec 31	2.00	2.74	1.88	2.45	2.25
Market capitalization (MEUR)	315.1	431.5	293.4	379.9	348.6
Trading volume (millions)	65.9	55.5	64.5	80.3	93.8
Trading volume (%)	42.5 %	35.6 %	41.5 %	51.8 %	60.6 %

Adjusted number of shares					
average during the period	154 967 615	155 770 113	155 301 688	155 040 771	154 859 859
average during the period, diluted	156 227 725	159 120 328	161 464 443	161 464 443	161 464 443
Dec 31	157 539 243	157 469 243	156 077 161	155 056 338	154 936 468
Dec 31, diluted	160 990 852	161 269 612	161 270 407	161 464 443	161 464 443

*) Board proposal

Capital repayment from unrestricted equity was made in year 2008 EUR 0.23 per share.

Turnover and average share price per month



F-SECURE CORPORATION

INCOME STATEMENT

(EUR 1000)

INCOME STATEMENT JAN 1-DEC 31, 2010

		FAS 2010	FAS 2009
NET SALES	(1)	117 891	111 912
Material and service		-8 765	-9 603
GROSS MARGIN		109 126	102 308
Other operating income	(2)	2 171	1 899
Sales and marketing	(3,4)	-46 209	-45 867
Research and development	(3,4)	-28 828	-26 936
Administration	(3,4)	-8 214	-6 841
OPERATING RESULT		28 046	24 563
Financial income and expenses	(6)	101	1 361
PROFIT (LOSS) BEFORE TAXES		28 147	25 925
Income taxes	(7)	-7 564	-6 957
RESULT FOR THE FINANCIAL YEAR		20 582	18 967

BALANCE SHEET

BALANCE SHEET DECEMBER 31, 2010

ASSETS		FAS 2010	FAS 2009
NON-CURRENT ASSETS			
Intangible assets	(8)	8 648	4 994
Tangible assets	(8)	3 789	2 103
Investments in associated companies	(9)	42	42
Investments in group companies	(9)	34 244	34 241
Total non-current assets		46 723	41 380
CURRENT ASSETS			
Inventories	(11)	394	423
Long-term receivables	(12)	715	625
Short-term receivables	(12)	35 664	28 968
Deferred tax assets	(10)		2
Short-term investments	(13)	16 817	17 550
Cash and bank accounts	(14)	7 630	8 019
Total current assets		61 220	55 586
TOTAL ASSETS		107 943	96 966
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	(15,16)		
Share capital		1 551	1 551
Share premium		165	165
Treasury shares		-7 493	-3 488
Fair value reserve		27	-5
Reserve for invested unrestricted equity		3 187	3 079
Retained earnings		34 828	25 271
Profit for the financial year		20 582	18 967
Total shareholders' equity		52 847	45 540
LIABILITIES			
Deferred tax liabilities	(18)	9	
Long-term liabilities	(18)	6 592	5 697
Short-term liabilities	(18)	48 494	45 729
Total liabilities		55 096	51 426
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		107 943	96 966

(EUR 1000)

CASH FLOW STATEMENT

CASH FLOW STATEMENT DECEMBER 31, 2010		
	FAS 2010	FAS 2009
CASH FLOW FROM OPERATIONS		
Result for the financial year	20 582	18 967
Adjustments	11 270	7 323
Cash flow from operations before change in working capital	31 852	26 291
Change in net working capital		
Current receivables, increase (-), decrease (+)	-6 710	-1 898
Inventories, increase (-), decrease (+)	29	-345
Non-interest bearing debt, increase (+), decrease (-)	3 233	-141
Cash flow from operations before financial items and taxes	28 404	23 906
Interest expenses paid	-1	-3
Interest income received	21	126
Other financial income and expenses	-342	1 283
Income taxes paid	-7 944	-7 643
Cash flow from operations	20 137	17 669
CASH FLOW FROM INVESTMENTS		
Investments in intangible and tangible assets	-8 106	-3 422
Investments in subsidiary shares	-3	-34 000
Other investments	2	-11
Proceeds from sale of intangible and tangible assets	2	14
Dividends received	12	41
Cash flow from investments	-8 093	-37 379
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in share capital	108	950
Treasury shares	-4 004	-2 055
Dividends paid	-9 310	-10 904
Cash flow from financing activities	-13 207	-12 009
Change in cash	-1 163	-31 718
Cash and bank at the beginning of the period	25 415	57 044
Cash and bank at period end	24 253	25 325
Change in net fair value of current available-for-sale assets	42	90
Cash and bank at period end	24 295	25 415

NOTES TO THE FINANCIAL STATEMENTS

Corporate information

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

The parent company of the Group is F-Secure Corporation incorporated in Finland and domiciled in Helsinki. Company's registrant address is Tammasaarenkatu 7, 00180 Helsinki. Copy of consolidated financial statement can be received from Internet address www.f-secure.com or the parent company's registrant address.

ACCOUNTING PRINCIPLES

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

Foreign currency translation

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

Tangible and intangible assets

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

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

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

Research and development costs

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

Inventories

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

Leases

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

Pensions

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

Share-based payment transactions

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

The Company's warrant programs cover key personnel. The synthetic warrant-based program is settled as cash-settled payment. The cost of cash-settled transactions with employees is measured by reference to the fair value at the date of balance sheet. The fair value is determined by using the Binomial model. The cost of transactions is recognized, together with a corresponding entry in liability, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). If the holder of the warrant leaves company before vesting the warrant is forfeited. The cumulative expense recognized for transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Group at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

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

Income taxes

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

Revenue recognition

Revenue is primarily derived from monthly software as a service sale, software license agreement sales and operator's system integration and maintenance sales. License agreements consist of initial license agreements and periodic maintenance agreements covering product updates and customer support. The revenue recognition policy of F-Secure Group recognizes the service revenue at the time of delivery, the license agreement's license fee revenues as the product is delivered, the license agreement's maintenance revenues are recognized over the maintenance period, and service based project deliveries are recognized with the percentage of completion method, when the outcome can be reliably estimated. The degree of completion is determined by relation of project costs incurred for work performed to date bear the estimated total project costs. If total project costs will exceed total project

revenue, the expected loss is recognized as an expense immediately. Indirect taxes, discounts granted and exchange rate differences are excluded from net sales.

Other operating income

Other operating income includes profits from the sales of fixed assets, rental revenue, and government grants received for research and development projects.

Presentation of expenses

Classification of the functionally presented expenses has been made as follows: various types of expenses in different geographical locations have been allocated to the various functions by allocating directly to allocable expenses to the respective function, and other operating expenses have been allocated to functions on the basis of average headcount in each location.

Treasury shares

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

Financial assets

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

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and other highly liquid short-term investments.

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

1. NET SALES

Geographical information	FAS 2010	FAS 2009
Finland and Scandinavia	41 283	41 962
Rest of Europe	57 897	55 858
North America	7 258	5 005
Rest of the world	11 453	9 087
Total	117 891	111 912

2. OTHER OPERATING INCOME

Rental revenue	46	195
Government grants	835	456
Other	1 290	1 249
Total	2 171	1 899

3. DEPRECIATION AND REDUCTION IN VALUE

Depreciations from non-current assets		
Other cap.expenditure	-1 094	-882
Capitalized development	-209	-300
Intangible assets	-1 303	-1 182
Machinery and equipment	-1 376	-1 042
Tangible assets	-1 376	-1 042
Total depreciation	-2 679	-2 224
Depreciations by function		
Sales and marketing	-1 148	-774
Research and development	-1 430	-1 356
Administration	-101	-94
Total depreciation	-2 679	-2 224

4. PERSONNEL EXPENSES

Personnel expenses		
Wages and salaries	-26 445	-24 901
Pension expenses	-4 707	-4 392
Other social expenses	-1 492	-1 319
Total	-32 643	-30 613
Compensation of key management personnel		
Wages and other short-term employee benefits	-2 008	-1 307
Wages and other short-term employee benefits		
Managing director	-372	-307
Members of the boards of directors	-225	-225

Wages and other short-term employee benefits of the board of directors and managing director see group disclosure 27. Related party disclosure

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

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

	FAS 2010	FAS 2009
Average number of personnel	438	430
Personnel by function Dec 31		
Sales and marketing	143	156
Research and development	223	248
Administration	35	36
Total	401	440

5. AUDIT FEES

Audit fees	-76	-79
Tax consulting	-17	-15
Other consulting	-12	-125
	-105	-219

6. FINANCIAL INCOME AND EXPENSES

Interest income	71	210
Interest expense	-53	-51
Other financial income	254	1 314
Dividends	442	41
Exchange gains and losses	-550	-105
Other financial expenses	-63	-48
Total	101	1 361

7. INCOME TAXES

Income taxes of the business activity	-7 479	-6 907
Income taxes from previous years	-85	-50
Total	-7 564	-6 957
Result before taxes	28 147	25 925
Income taxes at statutory rate of 26%	-7 318	-6 740
Non-deductible expenses	-76	-190
Income taxes from previous years	-85	-50
Other	-84	24
Total taxes	-7 564	-6 957

8. NON-CURRENT ASSETS

	INTANGIBLE ASSETS		TANGIBLE ASSETS			
	Other cap. expenditure	Capitalized development	Total	Machinery & equip.	Other Tangible	Total
Acquisition cost Jan 1, 2009	7 841	2 692	10 533	9 551	5	9 556
Additions	1 006	1 436	2 442	1 310		1 310
Decreases	-118	-74	-192	-5		-5
Acquisition cost Dec 31, 2009	8 729	4 054	12 783	10 856	5	10 861
Additions	2 645	2 312	4 957	3 062		3 062
Decreases				-764		-764
Acquisition cost Dec 31, 2010	11 374	6 366	17 740	13 154	5	13 159
Acc. depreciations Jan 1, 2009	-4 904	-1 801	-6 705	-7 721		-7 721
Depreciation of the financial year	-882	-300	-1 182	-1 040		-1 040
Acc. depreciations of decreases	65	33	98	3		3
Acc. depreciations Dec 31, 2009	-5 721	-2 068	-7 789	-8 758		-8 758
Depreciation of the financial year	-1 094	-209	-1 303	-1 376		-1 376
Acc. depreciations of decreases				764		764
Acc. depreciations Dec 31, 2010	-6 815	-2 277	-9 092	-9 370		-9 370
Book value as at Dec 31, 2009	3 008	1 986	4 994	2 098	5	2 103
Book value as at Dec 31, 2010	4 559	4 089	8 648	3 784	5	3 789

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

9. INVESTMENTS

	Group comp. shares	Associated comp. shares	Total
Book value as at Jan 1	34 241	42	34 283
Additions	3		3
Book value as at Dec 31	34 244	42	34 286

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

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

10. DEFERRED TAX

	FAS 2010	FAS 2009
Deferred tax assets		
Tax charged to shareholders' equity		
Change in fair value, available-for-sale		2
Total		2
Deferred tax liability		
Other temporary differences		
Change in fair value, available-for-sale	9	
Total	9	

11. INVENTORIES

Other inventories	394	423
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(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

12. RECEIVABLES		
	FAS 2010	FAS 2009
Non-current		
Receivables from group companies		
Other receivables	715	625
Total	715	625
Current receivables		
Trade receivables	19 081	18 164
Loan receivables	10	8
Other receivables	23	32
Prepaid expenses and accrued income	3 342	3 766
Total	22 457	21 970
Receivables from group companies		
Trade receivables	7 243	6 997
Other receivables	5 964	1
Total	13 207	6 998
Current receivables total	35 664	28 968
Material items included in prepaid expenses and accrued income		
Prepaid expenses	908	656
Prepaid expenses, royalty	2 081	3 110
Accrued interest	1	
Accrued tax	353	
Total	3 342	3 766
13. SHORT-TERM INVESTMENTS		
Short-term investments consist of interest-bearing debt securities and shares in funds invested in similar instruments. For assets that are actively traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. Assets, which fair value cannot be measured reliably, are recognized at cost less impairment. The fair value changes of short-term investments are recognized in shareholders' equity under fair value reserve.		
Fair value as at Jan 1	17 550	47 086
Additions/deductions, net	-769	-29 530
Change in fair value	36	-6
Fair value as at Dec 31	16 817	17 550
Shares - unlisted	152	154
Maturity date less than 3 months	16 665	17 397
Fair value as at Dec 31	16 817	17 550
Book value as at Dec 31	16 781	17 557
14. CASH AND SHORT-TERM DEPOSITS		
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at December 31:		
Cash at bank and in hand	7 630	8 019
Available-for-sale	16 665	17 397
Total	24 295	25 415

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

15. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY								
Parent Company	Share capital	Share issue	Share premium fund	Treasury shares	Fair value reserve	Unrestricted equity reserve	Retained earnings	Total equity
FAS								
Equity Dec 31, 2008	1 551	661	165	-1 453	-71 67	1 465	36 176	38 493 67
Available-for-sale financial assets, net							18 967	18 967
Result of the financial year							-10 904	-10 904
Dividend				-2 035				-2 035
Acquisition of treasury shares		-661						-661
Registration of share issue						1 611		1 611
Exercise of options						3		3
Other change								
Equity Dec 31, 2009	1 551		165	-3 488	-4 31	3 079	44 239	45 540 31
Available-for-sale financial assets, net							20 582	20 582
Result of the financial year							-9 310	-9 310
Dividend				-4 004				-4 004
Acquisition of treasury shares						108		108
Exercise of options							-100	-100
Other change								
Equity Dec 31, 2010	1 551		165	-7 493	27	3 187	55 411	52 847

16. SHAREHOLDERS' EQUITY

During the year, 70,000 ordinary shares were subscribed with warrants attached to F-Secure option programs.

The Company's share capital amounted to 1,551,311 euro and the number of shares was 157,539,243 at the end of the year 2010. See group disclosure 18. Shareholders' Equity.

Treasury shares
See group disclosure 18. Shareholders' Equity.

Distributable shareholders' equity on December 31, 2010

Unrestricted equity reserve	3 187
Retained earnings	27 336
Result of the financial year	20 582
Distributable shareholders' equity on December 31, 2010	51 105

17. SHARE-BASED PAYMENT TRANSACTIONS

See group disclosure 19. Share-based payment transactions.

(EUR 1000)

NOTES TO THE FINANCIAL STATEMENTS

18. LIABILITIES		
	FAS 2010	FAS 2009
Non-current liabilities		
Deferred revenues	6 592	5 697
Deferred tax liabilities	9	
Total	6 601	5 697
Current liabilities		
Deferred revenues	23 549	23 555
Trade payables	3 268	2 901
Other liabilities	1 002	1 181
Accrued expenses	10 026	8 975
Total	37 845	36 613
Liabilities to the group companies		
Advance payments	3 543	3 187
Trade payables	4 491	3 534
Other liabilities	2 616	2 395
Total	10 650	9 116
Total current liabilities	48 494	45 729
Material amounts shown under accruals and deferred income		
Accrued personnel expenses	7 501	6 121
Deferred royalty	903	1 315
Accrued expenses	1 621	1 512
Accrued tax		27
Total	10 026	8 975
19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES		

See Group disclosure 23. Financial risk management objectives and policies.

NOTES TO THE FINANCIAL STATEMENTS

(EUR 1000)

20. NOTES TO CASH FLOW STATEMENT

	FAS 2010	FAS 2009
Adjustments		
Deferred income	839	-1 060
Depreciation and amortization	2 679	2 224
Profit / loss on sale of fixed asset	-2	83
Other adjustments	290	481
Financial income and expenses	-101	-1 361
Income taxes	7 564	6 957
Total	11 270	7 323

21. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases on office space and on motor vehicles. Motor vehicle leases have an average life of three years and office space between two and five years with renewal terms included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows

As lessee		
Within one year	2 839	2 845
After one year but not more than five years	10 916	13 243
Total	13 754	16 087

22. CONTINGENT LIABILITIES

Guarantees for other group companies	12	11
Other liabilities		
Others	371	70

Derivatives see Group disclosure 23. Financial risk management objectives and policies

23. SHARES AND SHAREHOLDERS

See Group disclosure 28. Shares and shareholders.

24. KEY RATIOS

See Group disclosure 29. Key ratios.

AUDITOR’S REPORT

To the Annual General Meeting of F-Secure Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of F-Secure Corporation for the financial period 1.1.–31.12.2010. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and

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

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

Opinion on the consolidated financial statements

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

Opinion on the company’s financial statements and the report of the Board of Directors

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

Helsinki, February 16, 2011

Ernst & Young Oy
Authorized Public Accountant Firm

Erkka Talvinko
Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT 2010

General principles

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

The company complies with the Corporate Governance Code for listed companies, in force as of October 1, 2010, as explained below and on the web pages of F-Secure Corporation. The code has been published by the Securities Market Association, a body established by the Confederation of Finnish Industries EK, the Central Chamber of Commerce, and NASDAQ OMX Helsinki Ltd. The code is publicly available at www.cgfinland.com.

The key elements of the Corporate Governance practices of F-Secure Corporation are described briefly below. More information on the governance practices of the company is available on the F-Secure Corporation website.

Tasks and responsibilities of governing bodies

The main duties of the company's governing bodies are mostly defined by the Finnish Companies Act and other applicable regulation.

Annual General Meeting of Shareholders (AGM)

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

F-Secure Corporation has only one class of shares and thus all shares have equal voting power at the General Meetings of Shareholders. More detailed information on the process of the Annual General Meetings can be found in the F-Secure Articles of Association, which is available on the company's Investor web pages under Corporate Governance. All documents related to the company's AGM can also be found at www.f-secure.com under f-securecorporation.com, Investor Relations.

In 2010, the Annual General Meeting was held in Helsinki, HTC Ruoholahti on March 24, 2010. The decisions made in the AGM 2010 are presented in the Board of Directors' report for 2010.

Board of Directors

The main tasks of the Board of Directors

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

The Board of Directors is responsible for making sure that supervision of the company's accounting and financial management is duly organized. The meetings of the Board shall regularly discuss reports presented by the CEO of the Company on the financial status and operations of the company.

Furthermore, it is the duty of the Board to prepare matters to be handled by the shareholders' meeting, to decide on the convening of the shareholders' meeting and to make sure that the decisions made at the shareholders' meeting are executed. Any matters that are significant or far-reaching from the company's point of view shall be dealt with by the Board. These include strategic outlines, approval of budgets and operating plans and supervision of how these are put into effect, acquisitions and corporate structure, any major investments with regard to the operation of the company, organization of the supervision of accounting and financial management, internal monitoring systems and risk management as well as personnel policies and reward systems.

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

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

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

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

Board of Directors in 2010

According to the decision of the Annual General Meeting 2010, the Board has six (6) members. The members of the Board are **Risto Siilasmaa** (Chairman), **Jussi Arovaara**, **Sari Baldauf**, **Pertti Ervi**, **Juho Malmberg** and **Anu Nissinen**. The Board members until March 24, 2010 were Risto Siilasmaa, Marko Ahtisaari, Sari Baldauf, Pertti Ervi, Juho Malmberg and Alexis Sozonoff.

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

The Annual General Meeting decides on the remuneration to be paid to the members of the Board. According to its decision, the annual compensation for the chairman is EUR 55,000, for the chairmen of Executive and Audit Committee EUR 40,000 and for members EUR 30,000. Approximately 40% of the annual remuneration will be paid as company shares. In principle these shares are bought on the NASDAQ OMX Helsinki Ltd. Information on the number of shares, paid as remuneration, to each Board member is available on the Company's website under Investors, Shareholders, Insiders.

In 2010, the Board focused especially on strategy topics, follow-up of acquired business, restructuring of the operations and the company's financial results on continuous basis. During 2010, the Board held 9 meetings and the attendance was close to 100%. The members of the Board of Directors are presented later in this report. The detailed tables on remuneration and share ownership are presented in note 27 to the financial statements.

THE BOARD HAS TWO COMMITTEES; AUDIT COMMITTEE AND EXECUTIVE COMMITTEE (NOMINATION AND REMUNERATION ISSUES).

Board Committees

Audit Committee

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

The Audit Committee prepares, instructs and evaluates the Corporation's risk management, internal supervision systems, IT strategy and practices, financial reporting, external auditing of the accounts and internal control. During 2010, the Audit Committee held 5 meetings and the attendance was close to 100%.

In 2010, the Audit Committee focused, in addition to its regulatory tasks, especially on IT strategy and risk management process and practices.

Executive Committee

The Chairman of the Executive Committee is **Sari Baldauf** and the member is **Risto Siilasmaa**.

The Executive Committee prepares material and provides instructions on issues related to the composition and compensation of the Board of Directors and remuneration of the other members of the executive management. The Executive Committee held 5 meetings in 2010 and the attendance was 100%.

In 2010, the Executive Committee focused especially on talent management and competence development.

The charters of both Committees can be found on the F-Secure Corporation web pages under Corporate Governance.

President and CEO

The Board of Directors shall appoint the CEO and decide upon his/her remuneration and other benefits. The President and CEO is in charge of the day-to-day management of the company.

The President and CEO of the Company is **Kimmo Alkio**. The CEO's duties include managing the business according to the instructions issued by the Board of Directors, presenting the matters to be dealt with in the Board of Directors' meeting, implementing the matters resolved by the Board of Directors and other issues determined in the Companies Act.

The CEO's retirement age and the determination of his/her pension conform to the standard rules, which are specified by Finland's Employee Pension Act. The period of notice for the CEO is twelve (12) months and there is no separate compensation for dismissal. During 2010, the President and CEO's annual compensation was in total EUR 372 291. The CEO also belongs to the Company's incentive reward program. More details on the remuneration and option programs are available in note 27 to the financial statements as well as in the Remuneration Statement published on the Company's Investor web pages under Corporate Governance. The President and CEO as well as the Executive team members are presented later in this report.

Executive Team

F-Secure Corporation's Executive Team is chaired by the President and CEO, and it assists the CEO in the management and development of the Company. The Executive Team currently consists of the following persons: The current Executive Team consists of the following persons: **Kimmo Alkio** (President and CEO), **Ari Alakiuttu** (Vice President, Human Resources), **Tuomas Hyryläinen** (Vice President, Strategy and M&A), **Samu Konttinen** (Vice President, Sales and Geographical Operations), **Maria Nordgren** (Vice President, Channels), **Pirkka Palomäki** (Chief Technology Officer), **Kari Penttilä** (Vice President, R&D), **Patrik Sällner** (Vice President, Professional Services), **Antti Reijonen** (Vice President, Solution and Portfolio Management) and **Taneli Virtanen** (Chief Financial Officer).

The CEO appoints the Executive Team members and decides upon the terms and conditions of their employment. The Board of Directors approves the compensation for the executive teams.

The bonuses and granting of stock options are based on the performance of the group and the individual. The Executive Team assembles regularly once a month and separately as needed.

The remuneration paid to the Board of Directors, President & CEO and the Executive team are described in note 27 to the financial statements as well as in the remuneration statement for 2010.

Auditors

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

For 2010, F-Secure Corporation's auditor is Ernst & Young Oy, an auditing firm of Authorized Public Accountant authorized by the Central Chamber of Commerce. APA Erkka Talvinko acts as responsible partner for the direction and coordination of the audit work. During 2010, the Group paid a total of EUR 94 281 for auditing services (2009: EUR 96 320) and EUR 32 927 (2009: EUR 139 710) for other services. Ernst & Young has been F-Secure Corporation's auditor since 1999.

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

Internal Control

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

Internal control covers all the guidelines, policies, processes and organizational structure that help to ensure that the business conduct is in compliance with all applicable regulations, and that all financial reporting is correct. The guidelines and instructions are made to ensure that accounting and financial information is a true and accurate reflection of the activities and financial situation of the company.

Actual performance against sales and cost targets and comparison period is constantly followed up by operative reporting systems on a daily, weekly or monthly basis.

The company constantly follows up its cost efficiency and profitability as well as incoming and outgoing payment transactions. If any inconsistencies appear, the issues are handled without delay. The company's controlling function works in close cooperation with the CFO and business units, providing relevant data for business planning purposes and sales estimates.

During 2010 the financial management focused especially on redefining project revenue recognition principles. Project revenue recognition is based on 'percentage of completion' method and is used for large delivery projects.

Internal audit

The principles of internal audit are embedded in written guidelines and policies concerning accounting, risk management and controlling, and operations at all units in F-Secure are coordinated by the company's Finance department. The company guidelines cover accounting, reporting, documentation, authorization as well as other relevant issues.

F-Secure has no separate internal audit function, and therefore this has been taken into account when defining the scope of external audit. The financial management team meets with the auditors several times a year.

Risk Management

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

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

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

**THE GOAL OF
RISK MANAGEMENT IS
TO IDENTIFY RISKS THAT MAY
HINDER THE COMPANY FROM
ACHIEVING ITS BUSINESS
OBJECTIVES.**

Weekly and monthly financial reporting that covers the entire company is used to monitor how well financial targets are being met. The reports include actual figures, plans and up-to-date forecasts. The company has sought to manage the risks relating to its business operations by developing its operating processes and control systems.

The company's risk management team leads the operational risk management processes. F-Secure's risk management team

is regularly monitoring and coordinating activities to mitigate threats. The Board has set certain appropriate authorization limits to the management, and if these limits are exceeded, the decisions shall be handled by the Board of Directors.

F-Secure Corporation does not provide financing outside the industry standard payment terms, and invoicing is mainly done in Euros. However, some currencies contain an exchange rate risk. In order to minimize the impact of the fluctuation of the exchange rates, the goal is to hedge the estimated cash flow of these currencies.

The investment policy of the company for cash reserves is conservative. Cash is mainly invested in short-term funds and other low-risk investments. The company's critical IT systems are reviewed externally to ensure their security. The company monitors these systems internally as well.

During 2010 the controlling systems of storage business and forecasting were further developed.

Other issues

Management of insider issues

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

a regular basis, and (3) project-based insiders. The trading of F-Secure shares and options of permanent public insiders is public.

Permanent public insiders and permanent company-specific insiders are not entitled to trade shares, options or other securities 21 days prior to publication of interim financial statements or company accounts.

Up-to-date information on the holdings of F-Secure's permanent insiders with a duty to declare can be found on the company's website.

Silent Period

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

Communications

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

The members of the Board of Directors and the Executive Team are presented on pages 56-57.

BOARD OF DIRECTORS

Risto Siilasmaa

Chairman of the Board of Directors since 2006,
in the Board since 1988

b. 1966, M.Sc (Engineering)

- Main employment history: Founder of the F-Secure Corporation. Worked as a President and CEO of the company until November 2006 and since then held the position of Chairman of the Board.
- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Elisa Corporation and Fruugo Ltd. Member of the Board of Directors of Nokia Corporation, Blyk Ltd, Ekahau Inc., Efecte Corporation, Mendor Oy and Federation of Finnish Technology Industries. Member of the Investment Council of Finnish Industry Investment Ltd.
- Holdings: Number of shares 63.078.862, holding% 40,9%

Jussi Arovaara

Board member since 2010

b. 1966

- Main employment history: Currently works as a Vice President, Global Sales Operations in Corel Corporation (UK) and has served in several international sales, marketing and business development positions in Corel Corporation in the UK, Canada and Finland since 1996. In his earlier career before 1996 worked in several sales and marketing positions in computer wholesale.
- Holdings: Number of shares 5.587

Sari Baldauf

Board member since 2005, Chairman of the Executive Committee

b. 1955, M.Sc. (Bus. Adm.), D.Sc. (Tech.) h.c., D.Sc.

(Econ. & Bus.Adm.) h.c.

- Main employment history: Worked for more than twenty years at Nokia Corporation. During the years served as Executive Vice President and General Manager of Nokia Networks 1998-2005 and a member of the Group Executive Board 1994-2005. Prior to 1998 served as Executive Vice President of Nokia APAC and President of Nokia Telecommunications, Cellular Systems.
- Main Board Memberships and public duties currently undertaken: Deputy Chairman of the Board of Directors of Fortum Corporation, Member of the Board of Directors of CapMan Oyj and Hewlett-Packard Company. Member of Supervisory Board of Daimler AG and a Chairman of the Board of Directors of Savonlinna Opera Festival Ltd. Serves also on Boards of Finnish Business and Policy Forum EVA , International Youth Foundation And John Nurminen Foundation
- Holdings: Number of shares 94.290

Pertti Ervi

Board member since 2003, Chairman of The Audit Committee

b. 1957, B.Sc. (Electronics)

- Main employment history: Currently works as an independent management consultant. Co-founder of the Computer 2000 Finland Oy in which served as an MD until 1995. After that worked until 2000 as a Co-President for Computer 2000 AG international headquarters in Germany. Has worked with international management level with major IT vendors such as Cisco, IBM, Intel, HP and Microsoft.
- Main Board Memberships and public duties currently undertaken: Chairman of the Board of Directors of Inventure Oy, Nevtor Oy and Efecte Corporation. Vice Chairman of the Board of Directors of Ixonos Plc and a Member of the Board of Directors of Aldata Solutions Oyj, Forte Net services Oy, Forte Groupservices Oy, Opus Capita Oy and Teleste Corporation.
- Holdings: Number of shares 30.290, 2005 C option 14.600

Juho Malmberg

Board member since 2008

b. 1962, M.Sc. (CS)

- Main employment history: Member of Executive Board of Kone Corporation since 2006.
- Currently, since November 2010, serves as an Executive Vice President, Customer Experience and prior to his current position worked as an Executive Vice President for Global Development. Prior to Kone Corporation worked in Accenture as Managing Director of Accenture Finland 2002-2005, Director of Nordic Outsourcing Business in 2005, Deputy Managing Director 1999-2002 and Technology Director 1992-1999.
- Holdings: Number of shares 25.218

Anu Nissinen

Board member since 2010

b. 1963, M.Sc. (Economics)

- Main employment history: Currently serves as a President of Sanoma Entertainment Oy. Prior 2008 worked as President of SW Television Oy / Welho, Marketing Director of Helsinki Televisio Oy and Marketing Manager of Oy Sinebrychoff Ab.
- Main Board Memberships and public duties currently undertaken: Member of the Board of Directors of DNA Ltd and Vice Chairman of the Federation of the Finnish Media Industry
- Holdings: Number of shares 5.587

EXECUTIVE COMMITTEE

Kimmo Alkio

President and CEO

b. 1963, BBA from Texas A&M University, eMBA

- Main employment history: Joined F-Secure from Nokia where he was the Vice President for the Consulting & Integration business (April 2005 – Oct 2006) and served as a member of the Global Services Business Unit management team within Networks. Prior to Nokia Served as Chief Operating Officer in F-Secure years 2001-2005. Worked for 14 years with Digital Equipment Corporation and Compaq Computer in numerous management positions with both European and global responsibilities out of the headquarter operations in Switzerland, Germany and the United States.
- Main Board Memberships and public duties currently undertaken: Member of the Board of Directors of Tieto Corporation since 2009.

Ari Alakiuttu

Vice President, Human Resources

b. 1967, M.Sc. (Engineering)

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

Tuomas Hyryläinen

Vice President, Strategy and M&A

b. 1977, M.Sc. (Economics)

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

Samu Konttinen

Vice President, Sales and Marketing

b. 1973

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

Maria Nordgren

Vice President, Channels

b. 1964, M.Sc.

- Main employment history: Executive Team since 2010. Joined F-Secure in 2005 and has previously worked in international Sales. Prior joining F-Secure she has held management positions in smaller Finnish software companies such as DeskArtes, which she co-founded and later headed.

Pirkka Palomäki

Chief Technology Officer

b. 1970, M.Sc. (Eng. / Industrial Management)

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

Kari Penttilä

Vice President, Research & Development

b. 1963

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

Antti Reijonen

Vice President, Portfolio & Solution Management

b. 1974, M.Sc. (Engineering), MBA

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

Patrik Sallner

Vice President, Professional Services

b. 1970, M.Sc. (Technology Management), MBA, M.A. (International Studies)

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

Taneli Virtanen

Chief Financial Officer

b. 1965, M.Sc. (Economics)

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

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