

Stonesoft Corporation Stock Exchange Release 15 February 2008

STONESOFT CORPORATION'S FINANCIAL STATEMENTS RELEASE FOR JANUARY-
DECEMBER 2007

STRONG GROWTH IN THE LAST QUARTER OF THE YEAR

A press conference for analysts and investors will be held on 15 February at 10.30 am at the Stonesoft headquarters, Itälahdenkatu 22 A, 00210 Helsinki.

The sales of Stonesoft's main products, the StoneGate product line, increased by 59% and the overall net sales increased by 35% during the last quarter of the year compared to the corresponding period in the previous year. The company consolidated its market position from a network security provider to a provider of integrated network security and business continuity, which was shown as strong growth in the net sales and the sales pipeline.

SUMMARY

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

October - December 2007

- Net sales EUR 5.8 million (EUR 4.3 million), growth 35%
- Stonesoft's core business, the sales of the StoneGate product family, EUR 3.6 million (EUR 2.3 million), growth 59%
- Operating result EUR -1.2 million (EUR -1.9 million)
- Operating result as percentage of net sales -21% (-44%)
- Earnings per share -0.02 EUR (-0.03 EUR)
- Cash flow EUR -0.9 million (EUR -1,6 million)

January - December 2007

- Net sales EUR 19.0 million (EUR 16.5 million), growth 15%
- Stonesoft's core business, the sales of the StoneGate product family, EUR 10.6 million (EUR 8.3 million), growth 28%
- Operating result EUR -6.5 million (EUR -6.6 million)
- Operating result as percentage of net sales -34% (-40%)
- Earnings per share EUR -0.11 (EUR -0.11)
- Equity per share 0.10 EUR (0.17 EUR)
- Cash flow EUR -6.2 million (EUR -7.4 million)
- Liquid assets at the end of the period EUR 8.2 million (EUR 14.4 million)

CEO Ilkka Hiidenheimo

Stonesoft increased the net sales by 15% and the sales of the company's main product StoneGate by 28% during the year 2007. During the last quarter, StoneGate sales were the highest ever in the company's history and exceeded the sales in the corresponding period in the previous year by 59%. The growth of the sales during the last quarter was based on successes on several market areas, not on individual large deals.

In order to further improve the profitability of the company through increased sales we have made strong investments in extending our product line and increasing our competitiveness, among other things by launching SSL VPN solutions and a cost-effective FW-100 product suitable for remote offices and locations.

Enhanced efficiency of sales management and increased communications has resulted in a steady growth of our sales pipeline. The company has increased visibility in its main market areas and the awareness of the company and its products among the customers has grown.

During 2007, the company's position from a network security provider to a provider of integrated network security and business continuity was confirmed. The company aims to further strengthen this position by launching new StoneGate products, among others, to MSPs (managed service providers) and MSSPs (managed security services providers), whose market position is still growing strongly. We are also among the first to launch new products to VMware virtual environments to respond to the rapidly increasing demand of virtualization of IT infrastructure. The virtual firewall will be launched during the first quarter and the virtual IPS solution for protecting the internal network later during the year 2008.

The comparable cash flow developed positively during the last quarter and the positive development is estimated to continue during the first quarter of 2008. In order to strengthen the company's capital structure and to ensure the positive development of the company's strategy and growth plan also in the future, the main shareholders of the company announced in October 2007 their willingness to invest at least EUR 3 million in the company in the form of a convertible bond. Based on this information, the Board of Directors has started preparations with the intention to introduce a proposal of the convertible bond to the Annual General Meeting of the shareholders in the spring of 2008.

NET SALES AND RESULT

October - December 2007 (hereinafter 'reporting period')

The group's net sales totaled EUR 5.8 million (EUR 4.3 million). The growth compared to the corresponding period in the previous year was EUR 1.5 million, or 35%. The operating result (EBIT) was EUR -1.2 million (EUR -1.9 million) and the result after taxes was EUR -1.1 million (EUR -2.0 million).

Stonesoft's core business, the sales of the main portfolio StoneGate, which comprises of a firewall, VPN, SSL VPN and IPS (intrusion detection and prevention system), totaled EUR 3.6 million (EUR 2.3 million), an increase of 59% compared to previous year's corresponding quarter.

The geographical distribution of net sales was as follows: EMEA (Europe, Middle East and Africa) 78% (80%), Americas (North and South America) 18% (14%) and APAC (Asia-Pacific) 4% (6%).

January - December 2007 (hereinafter 'fiscal period')

The group's net sales totaled EUR 19.0 million (EUR 16.5 million). The growth compared to the corresponding period in the previous year was EUR 2.5 million, or 15%. The operating result (EBIT) was EUR -6.5 million (EUR -6.6 million).

The sales of the main portfolio StoneGate totaled EUR 10.6 million (EUR 8.3 million), an increase of 28% compared to previous year.

The geographical distribution of net sales was as follows: EMEA (Europe, Middle East and Africa) 74% (70%), Americas (North and South America) 21% (22%) and APAC (Asia-Pacific) 5% (8%).

The operating result (EBIT) grew by EUR 0.1 million compared to the previous year. The result after taxes was EUR -4.2 million (EUR -6.4 million).

Finance and investments

At the end of reporting period, the group's total assets were EUR 17.7 million (EUR 24.5 million). The equity ratio was 52% (66%) and gearing (the ratio of net debt to shareholder's equity) -1.46 (-1.50). Consolidated liquid assets of the group at the end of reporting period totaled EUR 8.2 million (EUR 14.4 million). Investments in tangible and intangible assets were EUR 0.5 million (EUR 0.4 million).

DEVELOPMENT OF BUSINESS OPERATIONS

Main business events in 2007

- Swisscom Mobile chose StoneGate firewalls to protect their network infrastructure.
- Stonesoft extended its product offering to mobile users. The company signed a cooperation agreement with Portwise AB, which specializes in a browser-based SSL VPN solution for mobile and remote use. Deliveries of StoneGate SSL VPN solution for mobile users started in June.
- French LPG (gas) distributor Antargaz selected StoneGate firewalls to protect their network architecture.
- Stonesoft launched first members of the new StoneGate product line, StoneGate IPS-6000 and FW-5100 products for large and demanding network environments.
- Stonesoft launched the new StoneGate firewalls FW-1200, FW-1050 and FW-1020 and StoneGate IPS-2000, to secure flexibly the growing and changing networks.
- Stonesoft complemented its StoneGate secure connectivity solution by new features. StoneGate Management Center 4.0 offers advanced navigation, sophisticated log filters and search tools as well as innovative disaster recovery.
- Stonesoft launched StoneGate IPS 4.0 intrusion detection and prevention system.
- Stonesoft launched StoneGate FW-300 and IPS-400 providing uncompromised security for remote offices.
- Stonesoft extended its StoneGate secure connectivity solution with the new StoneGate Transparent Access Control (TAC) module, which unifies IPS and firewall functionalities. The module allows network segmentation and transparent access control without the need to change existing network configurations.
- Stonesoft was granted two patents: 'Method and device for handling related connections in a firewall' and 'An intrusion detection method and system'.
- Research company Gartner Inc. listed Stonesoft in their renowned Magic Quadrant research report. The report analyzes the market development of enterprise level firewalls and positions the leading industry vendors by their ability to execute and the completeness of the vision.
- The StoneGate SSL VPN for secure mobile and remote use received the international interoperability certification from the Virtual Private Network Consortium (VPNC).

- Stonesoft announced its products will support the new Internet protocol IPv6 by the end of 2008.

REVIEW OF MAJOR RESEARCH AND DEVELOPMENT ACTIVITIES

Stonesoft continued its strong investments in R&D. The company's R&D investments during the fiscal period totaled EUR 5.3 million (EUR 4.8 million). This represented 22% (22%) of operating expenses. R&D employed 69 (67) persons at the end of the fiscal period.

SHARE CAPITAL AND STOCK OPTION PROGRAMS

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

Stock option programs

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

SHAREHOLDERS

At the end of year 2007, the company had 6034 (6935) shareholders. Nominee registered holdings represented 8.4% of the share capital. The company gave 5 notices in change of ownership during the fiscal period.

DEVELOPMENT OF SHARE PRICES AND TURNOVER

In the beginning of the fiscal period on 2 January 2007, the price of Stonesoft share was EUR 0.47. At the end of the fiscal period on 28 December 2007 the price was EUR 0.29. The highest price was EUR 0.56 and the lowest EUR 0.22. During the year the total turnover of Stonesoft shares amounted to EUR 8.4 million and the price of Stonesoft share declined by 38.3%. Based on the share price on 28 December 2007, Stonesoft's market value was EUR 16.6 million.

ACQUISITIONS AND CHANGES IN GROUP STRUCTURE

No acquisitions were made during the reporting period.

Stonesoft Corporations's Swiss subsidiary StoneGate AG was closed down in August 2007. There were no other changes in the group structure.

ENVIRONMENT

Due to the nature of Stonesoft's business, the direct environmental impacts of Stonesoft's operations are fairly limited. The activities include internal software development and purchasing of external hardware assembly services and related installation services from a subcontractor. Stonesoft is a member of PYR (The International Register of Packaging PYR ltd.) Stonesoft's products are compliant with RoHS and WEEE directives (directives for restrictions of hazardous substances in electric appliances and recycling of electronic appliances).

PROPOSAL BY THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT

The parent company's operating result (EBIT) was EUR -7.2 million. At the end of fiscal period, neither the group nor the parent company had any distributable funds in its shareholders' equity. The Board of Directors proposes that the parent pay does not distribute dividend and that the loss be debited to the Profit/Loss account.

PERSONNEL

At the end of fiscal period, the group's personnel totaled 187 (186), of which 171 were employees and 16 had contractual relationships as full-time sales representatives or consultants.

The salaries and other remuneration paid to the employees, including social security payments, were EUR 13.9 million (EUR 13.1 million).

At the end of fiscal period, Stonesoft's personnel were distributed geographically as follows:

EMEA	159 (155)
AMERICAS	23 (23)
APAC	5 (8)
Total	187 (186)

THE COMPANY'S BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

In 2007 Ilkka Hiidenheimo was the CEO of the company. The CEO is in charge of the day-to-day management of the company in accordance with the instructions and orders given by the Board of Directors, as well as by the Companies Act.

The Annual General Meeting held on March 21, 2007 elected five members to the Board of Directors. Pertti Ervi, Ilkka Hiidenheimo, Topi Piela and Matti Viljo were re-elected to the Board and Hannu Turunen was elected as a new member to the Board. In its Statutory meeting on April 24, 2007, the Board elected Pertti Ervi as Chairman of the Board and Topi Piela as Vice Chairman.

Yhtiön johtoryhmässä toimivat Ilkka Hiidenheimo, Kim Fagernäs, Juha Kivikoski, Saara Laine, Mikael Nyberg, Mika Rautila ja Outi Torniainen.

In 2007, authorized public accountants Ernst & Young Oy, acted as Stonesoft's auditor, and authorized public accountant Pekka Luoma as the main auditor.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

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

The new shares to be issued in a new issue and/or the stock option or special rights may be offered for subscription either according to the shareholders' pre-emptive subscription rights or in deviation from the shareholders' pre-emptive subscription right, in case the deviation is justified by a weighty financial reason for the company, such as financing of an acquisition, enabling of a joint venture transaction, providing of additional financial alternatives, and/or

an arrangement for incentive program directed to the company's personnel.

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

The granted authorization was not used in 2007.

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

CORPORATE GOVERNANCE

Stonesoft complies with the Corporate Governance Recommendation for listed companies issued by OMX Nordic Exchange Helsinki, as outlined on the corporate website www.stonesoft.com.

MAJOR EVENTS AFTER THE REPORTING PERIOD

- Stonesoft's StoneGate IPS intrusion detection and prevention system received the Network IPS certification from the US-based ICSA Labs. Stonesoft is one of the few vendors whose product has passed the ICSA Labs tests.
- Stonesoft launched StoneGate FW-5100 appliances with 10 Gbps interfaces and IPS-6100, which have been designed especially for the needs of high capacity networks.
- Stonesoft became a member of the Technology Alliance Partner (TAP) Program of VMware, the leading provider of virtualization solutions, and announced it will introduce a virtual StoneGate firewall/VPN appliance that protects corporate networks and ensures business continuity in virtual and physical network environments.
- The final selling price of Embe Systems Oy will be higher than previously estimated. According to our estimate, this will improve the result of the first quarter of 2008 by EUR 0.2 million.
- Mika Jalava was nominated as the new CTO and member of the Executive Management at the year-end to replace Mika Rautila, who left the company to join the State Technical Research Centre as a professor of Information Security Technology.

SHORT-TERM RISKS AND RISK MANAGEMENT

In the near future, Stonesoft's main risks and business uncertainties relate to the realization timetable of the sales projects and possible production disruption of our subcontractors and suppliers. General economic uncertainty has increased. In other respects there have been no other significant changes in Stonesoft's risks and business uncertainties during the reporting period.

The target of risk management is to identify and acknowledge the risks that may prevent the company from achieving its business targets and to ensure proper management of these risks. The company's risk management policy includes the group's risk management principles and processes. The CEO is responsible for organizing risk management for the group, and the CFO (Chief Financial Officer), as the coordinator of risk management, develops risk management tools and reporting systems and establishes global insurance policies. The directors of the business units are responsible for identifying and managing risks in their units.

With respect to operational risks Stonesoft constantly develops its sales processes and related control systems. Product sales and the sales of related services are made mainly through a global channel. The sales are supported by the legal department, which seeks to reduce the legal risks related to business operations through continuously developing, managing and giving guidance related to Stonesoft agreements, and by making legal risk assessments for business plans before their implementation. The company has worldwide insurances to cover operational risks. Stonesoft manages and safeguards its critical business information by stringent internal policies and processes as well as by having an efficient network security in place. The company uses widely its own network security technology to ensure continuing operation of its networks for its customers and personnel. All critical components are duplicated and, in addition, the company has a continuously updated back-up system placed in another physical location.

The goal of the management of financial risks is to identify and evaluate these risks and actively seek to prevent them. The most significant currency in addition to Euro is US dollar. The company's costs occur mostly in Euros. The company operates actively to minimize the exchange rate risks.

The main principles of the treasury policy of the company are (i) to ensure the short-term liquidity of the company, (ii) to guarantee efficient circulation and short-term investments of the operational cash flows and (iii) to follow prudent and transparent investment policy for the cash reserves, aiming at guaranteeing competitive return on the selected risk level. The company's reserves are all invested in interest-bearing low risk instruments.

The company's operations and related costs are continuously controlled. The company does not have a separate internal audit organization or a separate audit committee.

FUTURE OUTLOOK

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

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

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

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

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

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

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

Stonesoft Group Income Statement (1000 Euro)	10-12/2007	10-12/2006	1-12/2007	1-12/2006
Continuing operations				
Net sales	5 815	4 319	19 020	16 479
Other operating income	406	185	1 144	766
Materials and services	-1 137	-496	-3 064	-1 915
Personnel expenses	-4 011	-3 512	-13 930	-13 135
Depreciation	-108	-120	-449	-512
Other operating expenses	-2 205	-2 278	-9 234	-8 292
Operating result	-1 240	-1 902	-6 514	-6 608
Financial income and expenses	71	94	202	382
Result before taxes	-1 169	-1 808	-6 312	-6 226
Taxes	-76	-103	-213	-262
Result from continuing operations	-1 245	-1 911	-6 525	-6 488
Result from discontinued operations	95	-111	2 312	40
Result for the accounting period	-1 150	-2 022	-4 212	-6 448

Basic earnings per share (EUR), continuing operations	-0,02	-0,03	-0,11	-0,11
Diluted earnings per share (EUR), continuing operations	-0,02	-0,03	-0,11	-0,11
Basic earnings per share (EUR), discontinued operations	0,00	0,00	0,04	0,00
Diluted earnings per share (EUR), discontinued operations	0,00	0,00	0,04	0,00

EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent company

Share capital	1 146	1 146
Share premium account	76 981	76 897
Conversion differences	-927	-867
Retained earnings	-71 622	-67 410
Total	5 579	9 767

Long-term liabilities

Provisions	56	112
Interest bearing liabilities	0	62
Other long-term liabilities	1 722	1 296
Total	1 779	1 470

Short-term liabilities

Trade and other payables	10 018	12 041
Tax liability	85	116
Provisions	131	84
Short-term interest bearing liabilities	75	107
Total	10 309	12 348

Liabilities held for sales	0	922
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Total liabilities	12 088	14 740
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Total equity and liabilities	17 666	24 507
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Stonesoft Group

Statement of changes in equity (1000 Euro)

	Share capital	Share premium	Conversion differences	Retained earnings	Total
Shareholders' equity at 01.01.2006	1 146	76 845	-849	-60 961	16 181
Conversion differences			-18		-18
Result for the period				-6 448	-6 448
Total recognized income and expense for the			-18	-6 448	-6 467

period					
Stock options exercised		52			52
Shareholders' equity at 31.12.2006	1 146	76 897	-867	-67 410	9 767

	Share capital	Share premium	Conversion differences	Retained earnings	Total
Shareholders' equity at 01.01.2007	1 146	76 897	-867	-67 410	9 767
Conversion differences			-60		-60
Result for the period				-4 212	-4 212
Total recognized income and expense for the period			-60	-4 212	-4 272
Stock options exercised		84			84
Shareholders' equity at 31.12.2007	1 146	76 981	-927	-71 622	5 579

Stonesoft Group

Cash flow statement (1000 Euro) 1.1.-31.12.2007 1.1.-31.12.2006

Cash flow from operating activities				
Operating Result			-6 514	-6 608
Adjustments			417	1 062
Change in net working capital			687	-1 318
Taxes paid			-212	-261
Net cash flow from operating activities continuing operations			-5 622	-7 125
Net cash flow from operating activities discontinued operations			0	114
Total cash flow from operating activities			-5 622	-7 011
Cash flow from investing activities				
Investments in tangible assets			-463	-216
Investments in intangible assets			-32	-50
Investments in affiliated company			-1	3 631
Net cash flow investing activities continuing operations			-496	3 365
Net cash flow investing activities discontinued operations			-448	-131
Total cash flow investing activities			-944	3 233
Cash flow from financing activities				
Payments of financial leasing liabilities			-95	-166
Total cash flow from financing activities			-95	-166
Change in cash and cash equivalents				
Cash and cash equivalents at beginning of period			14 370	18 097
Conversion differences			-60	-18
Changes in the market value of investments			69	-39
Discontinued operations			492	274
Total cash and cash equivalents at end of period *)			8 210	14 370
*) Total cash and cash equivalents at end of the period contains pledged securities				
			281	3

Stonesoft Group

Geographical segments (1000 Euro)	1.1.-31.12.2007	1.1.-31.12.2006
Net sales		
EMEA	14 078	16 938
AMER	3 906	3 571
APAC	1 036	1 370
Total net sales	19 020	21 879
Operating profit		
EMEA	-4 350	-4 131
AMER	-2 038	-2 040
APAC	-126	-366
Total operating profit	-6 514	-6 536

Stonesoft Group Contingent liabilities (1000 Euro)	1.1.-31.12.2007	1.1.-31.12.2006
Contingent off-balance sheet		
Non-cancelable other leases	4 624	6 103
Contingent liabilities for the Company	20	323
Pledged shares	0	585
Contingent liabilities for inventories	0	0

Stonesoft Group Related party information (1000 Euro)	1.1.-31.12.2007	1.1.-31.12.2006
Consultation fees paid to the Board of Directors	73	9

Stonesoft Group Quarterly development (Euro Millions)	Q4 / 2007	Q3 / 2007	Q2 / 2007	Q1 / 2007		Q4 / 2006	Q3 / 2006	Q2 / 2006	Q1 / 2006	
Security software and appliances	3,7	2,0	2,7	2,3	10,7	2,3	2,3	1,7	2,1	8,5
Services	2,2	2,1	2,1	2,0	8,4	2,1	2,0	2,0	2,0	8,1
Other products	-0,1	0,0	0,0	0,0	-0,1	-0,1	0,1	0,0	0,0	-0,1
Net sales continuing operations	5,8	4,0	4,8	4,3	19,0	4,3	4,4	3,7	4,1	16,5
Change-% from previous year	35	-9	32	7	15	-2	24	-20	4	0
Net sales discontinuing operations	0,0	0,0	0,0	0,0	0,0	1,5	1,1	1,4	1,5	5,4
Change-% from previous year						4	-3	-13	-12	-7
Net sales total	5,8	4,0	4,8	4,3	19,0	5,8	5,5	5,0	5,5	21,9
Change-% from previous year	0	-27	-4	-22	-13	1	17	-18	-1	-2
Sales margin	4,7	3,4	4,1	3,8	16,0	5,3	5,0	4,6	5,0	20,0
Sales margin %	80	84	85	87	84	91	90	92	91	91
Operative expenses	6,2	5,4	5,8	6,0	23,4	7,5	6,4	6,8	6,5	27,2
Operating profit (EBITA)	-1,2	-1,6	-1,5	-2,1	-6,5	-2,0	-1,3	-2,0	-1,3	-6,5
% of net sales	-21	-41	-32	-48	-34	-34	-23	-39	-23	-30
Result before taxes	-1,2	-1,7	-1,4	-2,0	-6,3	-1,9	-1,2	-1,9	-1,2	-6,2
% of net sales	-20	-43	-30	-46	-33	-33	-22	-37	-22	-28

Stonesoft Group Key ratios	1.1.-31.12.2007	1.1.-31.12.2006
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(1000 Euro)

Net sales total	19 020	21 879
Net sales change-%	-13	-2
Net sales, continuing operations	19 020	16 479
Net sales change-%	15	16
Net sales, discontinued operations	0	5 400
Net sales change-%	-	-7
Operating result total	-6 514	-6 536
% of net sales	-34	-30
Operating result, continuing operations	-6 514	-6 608
% of net sales	-34	-40
Operating result, discontinued operations	0	72
% of net sales	-	1
Operating result before taxes	-6 312	-6 170
% of net sales	-33	-28
ROE - %, annualized, continuing operations	-85	-50
ROI - %, annualized	-78	-46
Equity ratio-%	52	66
Net gearing	-1,46	-1,50
Total Assets	17 666	24 507
Capital expenditure	500	416
Capital disposals	-5	-165
R&D costs	5 285	4 804
% of net sales	28	22
Number of employees (weighted average)	181	251
Number of employees (end of the period)	181	254

Share Specific Ratios

Earnings per share, continuing operations	-0,11	-0,11
Earnings per share, discontinued operations	0,04	0,00
Equity per share	0,10	0,17
Dividend	0,00	0,00
Dividend per share (EUR)	0,00	0,00
Dividend / Profit-%	0	0

Calculation of indicators

Return on equity (ROE) % =	(Profit before taxes – income taxes) x 100/ Shareholders' equity + minority interest (average)
Return on invested capital (ROI)% =	(Profit before extraordinary items+interest and other financial expenses) x100/ Balance sheet total - non-interest bearing debt (average)
Equity ratio % =	(Equity + minority interest) x 100/ Balance sheet total – advances received

Net gearing =	Interest bearing net debt—cash in hand and on deposit—marketable securities/ Equity + minority interest
Earning per share (EPS) =	Profit before taxes – minority interest – income taxes/ Average number of shares adjusted for dilutive effect of options
Equity per share =	Equity/ Number of shares at end of period

FORWARD-LOOKING STATEMENTS

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

The presented figures are unaudited.

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CEO

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