



STOCK EXCHANGE RELEASE
April 19, 2006 at 9:00a.m.

SSH INTERIM REPORT FOR JANUARY 1 – MARCH 31, 2006

- Net sales for January-March totaled EUR 2.0 million, up +27 percent year on year (EUR 1.6 million in Q1/2005).
- Operating loss for January–March amounted to EUR -0.6 million (a loss of -1.9 million in Q1/2005), loss EUR -0.4 million (-1.9 million). The profitability improvement was a result of the growth of sales and the decrease of expenses.
- During the period, the company concluded agreements with a number of new customers, the most significant for this quarter being a major German manufacturing company now using SSH Tectia to secure their IBM mainframe infrastructure.
- Thanks to growth in tenders, new customers and active new product evaluations, the year 2006 is expected to continue to show a markedly better performance compared to 2005.

KEY FIGURES

	1-3/ 2006	1-3/ 2005	1-12/ 2005
Net sales (MEUR)	2.0	1.6	9.3
Net sales, change %	27.4	-3.8	13.0
Operating profit/loss (MEUR)	-0.6	-1.9	-2.6
% of net sales	-31.9	-116.2	-28.5
Operating profit/loss, change %	65.0	12.3	58.7
Profit/loss before extraordinary items and taxes (MEUR)	-0.4	-1.9	-2.0
% of net sales	-17.8	-115.8	-21.8
Number of employees at period end	82	89	75
Earnings per share (EUR)	-0.01	-0.07	-0.07
Shareholders' equity per share (EUR)	0.88	1.20	0.90

NET SALES

Consolidated net sales for January-March totaled EUR 2.0 million (EUR 1.6 million), up by 27.4% percent, year on year.

During the report period, SSH continued the systematic implementation of its strategy based on the SSH Tectia solution. SSH Tectia is a data security solution primarily aimed at large enterprises, financial institutions, and government agencies, with almost all of its sales reported for the period stemming from these customer categories.



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

RESULTS AND EXPENSES

Operating loss for January–March amounted to EUR –0.6 million (Q1/2005: a loss of EUR –1.9 million), with net loss totaling EUR –0.4 million (a loss of EUR –1.9 million).

SSH's fixed costs reported for the period continued their year-on-year decline, as evidenced by the reduction of approximately EUR 0.8 million in fixed costs from the January–March 2005 level. Payroll costs were cut by 23 percent and other operating expenses by 22 percent.

Research and development expenses for the report period totaled EUR 0.9 million (EUR 1.0 million), while sales and marketing expenses came to EUR 1.3 million (EUR 1.9 million) and administrative expenses EUR 0.5 million (EUR 0.5 million).

BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH remained at a healthy level during the report period. The consolidated balance sheet total on March 31, 2006 stood at EUR 27.7 million (EUR 36.4 million), of which liquid assets accounted for EUR 24.6 million (EUR 32.9 million), or 89.1 percent of the balance sheet total. The company has no long-term liabilities.

On March 31, 2006, gearing, or the ratio of net liabilities to shareholders' equity, was –98.7 (-96.9) and the equity ratio stood at 95.3 percent (94.5 percent).

The reported gross capital expenditure for the period totaled EUR 0.1 million (EUR 0.0 million). Reported financial income came mainly from capital gains on fund shares. Financial income and expenses totaled EUR +0.3 million, compared with EUR 0.0 million a year ago.

During January–March, SSH reported a positive cash flow of EUR 2.0 million from business operations, whereas investments showed a positive cash flow of EUR 0.2 million. Cash flow from financing was zero. Cash flow from operations, investments and financing resulted in the company showing a positive total cash flow of EUR 2.3 million during the period.

MARKET DEVELOPMENTS

Legislative reforms concerning data confidentiality and secure data communication continue causing positive near- and long-term effects in the markets of our products in the United States, Japan and Europe. Customers are facing an ever greater challenge in information security management due to deperimeterization, or the gradual disappearance of boundaries between companies' internal and external information networks. Large enterprises continue finding it more difficult to protect



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their networks and businesses from sophisticated worms and backdoor-based network attacks, while at the same time the legislation, industry & inter-company agreements are enforcing much higher liabilities for data security and risk management.

The SSH Tectia solution's features and management capabilities align well with these trends and can help the customers to cope with these rising requirements now and in future.

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

In SSH's main market area, North America, rules in Section 404 of the Sarbanes-Oxley Act in the U.S. continue to impact SSH's target customers' data security plans and investment budgets. Other important regulations that impact the demand for SSH's products are the Gramm-Leach-Bliley Act for customer financial data security, HIPAA for patient health record security, as well as the PCI standards of the major credit card organizations for card holder data security.

In North America, the demand is focused primarily on solutions for secure remote management connections and file transfers within the corporate IT infrastructure. A large number of Tectia product evaluations are now also underway for secure access and file transfers to IBM Mainframe environments using the new Tectia for z/OS products.

In the European and Asian markets, the new regulations and data security risks started to become visible in the gradually growing active sales case base during the second half of 2005. Germany, the U.K., and the Nordic countries continue to be the most promising market areas for SSH in Europe, and Japan respectively in Asia.

During January-March, the competitive landscape in the company's markets continued to develop favorably for SSH Tectia. The new tighter data security regulations caused customers to re-assess the risks and hidden costs of their OpenSSH-based deployments, giving many customers good new reasons to start and/or increase phase-by-phase migration programs to deploy fully commercially supported products, such as SSH Tectia.



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SALES PERFORMANCE

SSH'S NET SALES

EUR million

	1-3/ 2006	10-12/ 2005	7-9/ 2005	4-6/ 2005	1-3/ 2005	1-12/ 2005
BY SEGMENT						
AMER	1.2	3.3	1.8	0.8	0.9	6.8
APAC	0.2	0.1	0.2	0.1	0.2	0.7
EROW	0.6	0.7	0.3	0.3	0.5	1.8
SSH Group total	2.0	4.1	2.4	1.2	1.6	9.3
SSH TECTIA BUSINESS						
Net sales / license sales	1.2	3.5	1.7	0.8	1.0	6.8
Net sales / maintenance	0.9	0.6	0.7	0.5	0.6	2.5
SSH Tectia total	2.0	4.1	2.4	1.2	1.6	9.3

The active sales case base has grown significantly compared to the corresponding period a year ago.

The sales process for a system-level IT product for major customers is a long one. In line with its strategy, SSH aims at a major increase in the average size of contracts. With the sales processes with major customers being particularly slow, coupled with substantial growth occurring in the size of future contracts, the future is likely to see major fluctuations in sales from quarter to quarter.

The Americas, the Asia Pacific region, and the 'Europe and Rest of the World' market area accounted for 59.9 percent (55.9 percent), 11.7 percent (13.3 percent) and 28.4 percent (30.8 percent) of reported net sales, respectively.

During the report period, SSH concluded a number of new customer agreements, two of which were each worth more than EUR 100,000. The ten largest customers accounted for 31 percent of reported net sales, with the largest single customer accounting for approximately 6 percent.

PRODUCTS AND MARKETING

During the report period, SSH focused its sales and marketing efforts on large enterprises, financial institutions, and government agencies in the U.S., Europe, and Asia, in line with its long-term strategy. The company strengthened its sales organization by reinforcing its partner network complementing the SSH Tectia solution.

As several new regulations and related data security audits continue to solidify our customers' plans and requirements, SSH has been able to develop and execute several specific marketing and product programs to satisfy the needs of the growing demand. Successfully validated new product deployments by our largest US



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customers, and now also SAP in Germany, have also generated good responses from target customers in Germany and the U.K, and other markets.

SSH started to deliver the new-generation Secure Shell products in 2005. The company's new Tectia Secure Shell product for the IBM mainframe environment made SSH Tectia the most extensive integrated Secure Shell-based solution on the market. During the reporting period the largest single order came from a large German industrial company, and it comprised SSH Tectia for large IBM mainframe infrastructure.

RESEARCH AND DEVELOPMENT

Research and development expenses for January-March totaled EUR 0.9 million (EUR 1.0 million), the equivalent of 42.4 percent of net sales (61.6 percent).

At the end of September, the company held 11 patents, and 12 were pending.

HUMAN RESOURCES AND ORGANIZATION

At the end of March, the Group had 82 employees on its payroll, down 7 from the previous year, a decrease of 7.8 percent.

At the end of the period, 46.3 percent of the employees worked in R&D, 39.0 percent in sales and marketing, and 14.6 percent in corporate administration.

BOARD AND AUDITORS

The Annual General Meeting (AGM) on March 21, 2006, re-elected Tapio Kallioja, Tomi Laamanen, Timo Ritakallio and Tatu Ylönen to SSH Communications Security Corp.'s Board of Directors, with Laamanen re-elected as chairman.

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

SHARES, SHAREHOLDING AND CHANGES IN GROUP STRUCTURE

The reported trading volume of SSH Communications Security Corp. shares totaled 4,515,628 (valued at EUR 6,947,520.53); i.e. 15.97 percent of the shares changed hands. The highest quotation was EUR 1.71 and the lowest EUR 1.24. The trade-weighted average share price for the period was EUR 1.54, and the share closed at EUR 1.71 (March 31, 2006).

There were no substantial changes in SSH Communications Security Corp.'s shareholding during the report period. Tatu Ylönen and Tero Kivinen are the largest shareholders. The former holds, directly and through his company, Tatu Ylönen Oy, 53.4 percent of the company's shares, and Kivinen holds 6.7 percent. More



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information about the shareholding can be obtained from the company's Web site. There were no changes in the group structure during the period.

SHARE CAPITAL AND BOARD AUTHORIZATIONS

The company's registered share capital on March 31, 2006 was EUR 848,064.39, consisting of 28,268,813 shares. During the report period, no changes of share capital occurred.

The SSH Annual General Meeting of March 21, 2006 authorized the Board of Directors to decide by March 21, 2007, to increase the share capital through a rights issue and/or convertible bonds and/or issue share options, in such a way that the resultant share capital may increase by a maximum of EUR 165,000. The Board has not yet exercised this authorization.

The SSH Annual General Meeting also approved the proposal of the Board of Directors for the reduction of the share premium fund and the partial distribution of the amount to the shareholders. The reduction will come into effect on the day of the authorization by the National Board of Patents and Registration. After the permission has been received, the Board of Directors is authorized to decide on the record date of the distribution of the assets and the date of the payment.

CORPORATE GOVERNANCE

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

PROSPECTS

Thanks to growth in tenders, new customers and new products, the year 2006 is expected to show a markedly better performance compared to 2005. SSH aims to be a profitable company in 2006.

The execution of our SSH Tectia strategy has now a good start. The large orders during the 2nd half of 2005 validated the suitability of SSH Tectia for the most demanding target customers.

Our backlog of active large sales cases is now remarkably larger than year ago. Reinforced by the large number of active customer evaluations underway of our IBM Mainframe and other new 2005 products introduced in 2005, good growth prospects are available to us in 2006. As new regulations and risks continue driving our customers to increase their investments for better data security, we expect to see continued growth of the demand in all markets. We also believe that the trends driving our North American customers to increase their investments in internal data security will gradually spread in phases to our target customer base in Germany, the U.K. and Japan.



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Due to the large size of individual orders and uncertainty of timing, the actual quarterly revenue may vary substantially, although the growth of the sales prospect base partially can help compensate the impact of single large orders within a quarter.

INCOME STATEMENT

EUR million

	1-3/ 2006	1-3/ 2005	1-12/ 2005
Net sales	2.0	1.6	9.3
Purchasing and production costs	0.0	0.0	-0.1
Gross profit	2.0	1.6	9.2
Other operating income	0.0	0.0	0.2
Expenses			
Product development	-0.9	-1.0	-3.4
Sales and marketing	-1.3	-1.9	-6.7
Administration	-0.5	-0.5	-1.9
Operating profit/loss	-0.6	-1.9	-2.6
Financial income and expenses	0.3	0.0	0.6
Profit/loss before taxes	-0.4	-1.9	-2.0
a Taxes	0.0	0.0	0.0
Net profit/loss for the period	-0.4	-1.9	-2.0

a) Taxes are proportionate to the net profit for the period, and no deferred tax assets are recorded for the accrued loss.

	1-3/ 2006	1-3/ 2005	1-12/ 2005
Earnings per share (EUR)	-0.01	-0.07	-0.07
Earnings per share, diluted (EUR)	-0.01	-0.06	-0.07



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BALANCE SHEET
EUR million

	3/31/2006	3/31/2005	12/31/2005
ASSETS			
Fixed and other non-current assets			
Tangible assets	0.2	0.4	0.2
Intangible assets	0.5	0.8	0.6
Deferred tax assets	0.2	0.2	0.2
Total fixed and other non-current assets	0.9	1.4	1.0
Inventories and current assets			
Short-term receivables	2.1	2.0	5.6
Short-term investments	20.9	31.1	21.1
Cash and cash equivalents	3.7	1.8	1.4
Total inventories and current assets	26.7	35.0	28.1
Total assets	27.7	36.4	29.1
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity	24.9	33.7	25.4
Long-term liabilities			
Provisions	0.1	0.3	0.1
Long-term financial liabilities	0.0	0.3	0.0
Total long-term liabilities	0.1	0.7	0.2
Short-term liabilities	2.6	2.0	3.5
Total liabilities and shareholders' equity	27.7	36.4	29.1

CASH FLOW STATEMENT
EUR million

	1-3/ 2006	1-3/ 2005	1-12/ 2005
Cash flow from business operations	2.0	-1.1	-3.5
Cash flow from investments	0.2	0.5	10.9
Cash flow from financing	0.0	0.0	-8.4
Increase(+) / decrease (-) in liquid assets	2.3	-0.6	-1.0
Liquid assets at period start	1.4	2.4	2.4
Adjustment for translation difference	0.0	0.0	0.1
Liquid assets at period end	3.7	1.8	1.4



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STATEMENT ON CHANGES IN SHAREHOLDERS' EQUITY

EUR million	Share capital	Issue premium fund	Fair value and other reserves	Translation difference	Retained earnings	Total
Shareholders' equity						
Jan. 1, 2005	0.8	24.4	15.1	-0.8	-4.2	35.4
Change	0.0	0.0	0.2	0.0	-1.9	
Shareholders' equity						
Mar. 31, 2005	0.8	24.4	15.3	-0.8	-6.1	33.7
Change	0.0	0.0	0.0	0.1	-8.3	
Shareholders' equity						
Dec. 31, 2005	0.8	24.4	15.3	-0.7	-14.4	25.4
Change	0.0	0.0	-0.1	0.0		
Net loss					-0.4	
Shareholders' equity						
Mar. 31, 2006	0.8	24.4	15.2	-0.7	-14.8	24.9

NET SALES BY SEGMENT

EUR million	1-3/ 2006	1-3/ 2005	1-12/ 2005
AMER	1.2	0.9	6.8
APAC	0.2	0.2	0.7
EROW	0.6	0.5	1.8
SSH Group total	2.0	1.6	9.3

OPERATING PROFIT/LOSS BY SEGMENT

EUR million	1-3/ 2006	1-3/ 2005	1-12/ 2005
AMER	0.5	0.2	3.5
APAC	0.1	0.1	0.2
EROW	0.1	-0.3	-0.8
Common Group expenses*	-1.4	-1.9	-5.5
SSH Group total	-0.6	-1.9	-2.6

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



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KEY FIGURES AND RATIOS

	1-3/ 2006	1-3/ 2005	1-12/ 2005
Net sales (MEUR)	2.0	1.6	9.3
Operating profit/loss (MEUR)	-0.6	-1.9	-2.6
Operating profit/loss, as % of net sales	-31.9	-116.2	-28.5
Profit/loss before extraordinary items and taxes (MEUR)	-0.4	-1.9	-2.0
Profit/loss before extraordinary items and taxes, as % of net sales	-17.8	-115.8	-21.8
Profit/loss before taxes (MEUR)	-0.4	-1.9	-2.0
Profit/loss before taxes, as % of net sales	-17.8	-115.8	-21.8
Return on investment (%)			-6.4
Return on equity (%)			-6.6
Interest-bearing net liabilities (MEUR)	-24.6	-32.6	-22.5
Equity ratio (%)	95.3	94.5	92.8
Gearing (%)	-98.7	-96.9	-88.4
Gross capital expenditure (MEUR)	0.1	0.0	0.1
% of net sales	2.9	1.8	0.9
R&D expenses (MEUR)	0.9	1.0	3.4
% of net sales	42.4	61.6	36.8
Personnel, period average	78	94	83
Personnel, period end	82	89	75

PER-SHARE DATA

	1-3/ 2006	1-3/ 2005	1-12/ 2005
Earnings per share, undiluted (EUR)	-0.01	-0.07	-0.07
Earnings per share, diluted (EUR)	-0.01	-0.06	-0.07
Equity per share (EUR)	0.88	1.20	0.90
No. of shares at period end (thousands)	28,269	28,107	28,269
Share performance (EUR)			
Average price	1.54	1.37	1.23
Low	1.24	1.13	0.91
High	1.71	1.59	1.78
Share price, period end	1.71	1.55	1.23
Market capitalization, period end (MEUR)	48.3	43.6	34.8
Volume of shares traded (in millions)	4.5	3.7	11.4
Volume of shares traded, as % of total	16.0	13.1	40.5
Value of shares traded, in millions of euros	6.9	5.1	14.0
Price-to-earnings ratio (P/E)	-	-	-



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CONTINGENT LIABILITIES

EUR million

	03/31/2006	03/31/2005	12/31/2005
Rental liabilities	0.2	0.2	0.2
Leasing liabilities	0.2	0.1	0.1
Other contingent liabilities	0.7	0.6	0.7
Currency derivatives (not included in hedge accounting)			
Fair value	0.0	0.0	0.0
Nominal value	0.0	0.7	6.0

This interim report has been compiled observing IAS 34 (Interim Financial Reporting) accounting standard. The same accounting principles have been used in the interim report as in the financial statement for 2005. These data are based on unaudited figures.

FINANCIAL REPORTING

The company will hold a briefing on its interim report for equity analysts and the media in World Trade Center's meeting facilities, 2nd floor, cabinet no. 5, address Aleksanterinkatu 17, 00100 Helsinki, on Wednesday, April 19, 2006, starting at 11:00 a.m.

SSH Communications Security Corp will release its next interim report and financial statements for January 1–June 30, 2006 on 26 July 2006. Further information will be available on the company's Web site (<http://www.ssh.com>).

Helsinki, on April 19, 2006

SSH COMMUNICATIONS SECURITY CORP

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