

SSH'S INTERIM REPORT, JANUARY 1 - MARCH 31, 2009

January-March

- Net sales totaled EUR 1.9 million, up by 1.6 % percent year on year (EUR 1.8 million in Q1/2008).

- Operating loss amounted to EUR -0.8 million (an operating loss of 0.9 million in Q1/2008), loss EUR -0.6 million (-0.7 million).

The company's financial position remained healthy, with equity ratio 81.7% (93.6%) and liquid assets at the end of the period EUR 7.5 million (EUR 21.5 million).

#### KEY FIGURES

	1-3/2009	1-3/2008	Change	%	1-12/2008
Net sales (MEUR)	1.9	1.8	1.6	%	8.5
Operating profit/loss (MEUR)	-0.8	-0.9	-13.5	%	-2.2
% of net sales	-40.7	-47.8			-25.9
Profit/loss before taxes (MEUR)	-0.6	-0.7	-16.2	%	-1.5
Profit/loss (MEUR)	-0.6	-0.7	-16.2	%	-1.8
Return on equity, %	-22.5	-13.2			-10.2
Return on investment, %	-21.8	-12.4			-7.4
Liquid assets	7.5	21.5	-65.4	%	16.5
Gearing (%)	-139.2	-108.7			-112.8
Equity ratio (%)	81.7	93.6			91.3
Earnings per share (EUR)	-0.02	-0.02	-16.4	%	-0.06
Shareholders' equity per share (EUR)	0.18	0.69	-73.4	%	0.51

#### CEO'S BUSINESS REVIEW

During the reporting period, net sales remained at the same level as the previous year. The Americas' proportion of net sales decreased while Europe's proportion increased year on year. The operational efficiency still requires continuous improvement. The company's financial position is good.

Large potential customers' anticipated investments in communications security remain stable. Customers' expectations of economic recovery timing have slowed down decision making, especially amongst large customers.

In accordance with the company's strategy, SSH has improved its position to facilitate profitable growth. In the beginning of the reporting period, the company initiated product and service development for improved control of customers' communications security management. Test-marketing to the key markets started at the end of the reporting period. The company has also started negotiations with new technology partners to improve its product and service offering, in line with SSH's current position on the market.

SSH has signed a co-operation contract with an international market analysis company to analyze and establish new market positioning, stakeholder communications and the company's respective product and service offering. The efficiency of our current distribution and retail partner network is being evaluated. SSH will focus on developing its market position with selected regional partners, creating new solutions and strengthening customer relationships.

SSH's aim is to secure its customers' business by securing critical information flows in a flexible, focused and cost efficient manner.

Growth drivers include improvement in efficiency, the company's extensive customer and maintenance base, new solutions in products and services, as well as global development and strengthening of our partner network. SSH estimates its net sales to grow during 2009 and expects the net result of the year to be positive.

#### NET SALES

Consolidated net sales for January-March totaled EUR 1.9 million (EUR 1.8 million), dup by 1.6 % percent, year on year.

The Americas, the 'Europe and Rest of the World' market area and the Asia Pacific region accounted for 65.1 percent (70.2 percent), 23.7 percent (19.7 percent) and 11.2 percent (10.2 percent) of reported net sales, respectively.

#### SSH NET SALES

EUR Million	1-3/2009	1-3/ 2008	Change	%	1-12/ 2008
BY SEGMENT					
AMERICAS	1.2	1.3	-5.9	%	5.8
APAC	0.2	0.2	12.0		0.8
EROW	0.4	0.4	22.6	%	1.9
SSH Group Total	1.9	1.8	1.6	%	8.5
BY OPERATION					
License sales	0.6	0.7	-12.3	%	4.0
Maintenance	1.2	1.1	10.6	%	4.5
Total	1.9	1.8	1.6	%	8.5

The majority of SSH's invoicing is U.S. dollar based. During the report period, the U.S. dollar's average exchange rate to euro strengthened approximately 13 percent compared to the same period a year ago. At constant currency, net sales would have decreased 7 percent compared to the first quarter of 2008.

#### RESULTS AND EXPENSES

Operating loss for January-March amounted to EUR -0.8 million (an operating loss of EUR -0.9 million), with net loss totaling EUR -0.6 million (a loss of EUR -0.7 million).

Research and development expenses for the report period totaled EUR 0.9 million (EUR 1.0 million), while sales and marketing expenses amounted EUR 1.1 million (EUR 1.3 million) and administrative expenses EUR 0.6 million (EUR 0.5 million).

#### BALANCE SHEET AND FINANCIAL POSITION

The financial position of SSH remained at a healthy level during the report period, despite the capital returned to shareholders. The consolidated balance sheet total on March 31, 2009 stood at EUR 9.3 million (EUR 23.7 million), of which liquid assets accounted for EUR 7.5 million (EUR 21.5 million), or 78.6 percent of the balance sheet total. The company's interest bearing liabilities, EUR 0.2 million, comprised lease finance commitments. On March 31, 2009, gearing, or the ratio of net liabilities to shareholders' equity, was -139.2 percent (-108.7) and the equity ratio stood at 79.6 percent (93.6).

The reported gross capital expenditure for the period totalled EUR 0.0 million (EUR 0.0 million). The reported financial income consisted mainly of interest on fixed-term deposits. Financial income and expenses totalled EUR 0.2 million (EUR 0.2 million).

During January-March, SSH reported a negative cash flow of EUR -0.6 million (EUR 0.3 million) from business operations, and investments showed a positive cash flow of EUR +8.6 million (EUR 0.0 million). Cash flow from financing totalled EUR -8.5 million (EUR 0.0 million), mainly consisting of capital returned to shareholders. Cash flow

from operations, investments and financing resulted in the company showing a negative total cash flow of EUR -0.5 million (EUR 0.3 million) during the period.

#### RESEARCH AND DEVELOPMENT

Research and development expenses for January-March totaled EUR 0.9 million (EUR 1.0 million), the equivalent of 49.2 percent of net sales (55.5 percent). During the report period, SSH did not capitalize any research and development expenses.

#### HUMAN RESOURCES AND ORGANIZATION

At the end of December, the Group had 68 employees on its payroll, down by 14 from the previous year, a decrease of 17.1 percent.

At the end of the period, 60 percent of the employees worked in R&D, 27 percent in sales and marketing, and 13 percent in corporate administration.

#### BOARD AND AUDITORS

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

The AGM also re-elected PricewaterhouseCoopers Oy, authorized public accountants, as the company's auditor, 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 1,168,574 (valued at EUR 1,178,086). The highest quotation was EUR 1.24 and the lowest EUR 0.72. The trade-weighted average share price for the period was EUR 1.01 and the share closed at EUR 0.73 (March 31, 2008).

During the report period, the ownership structure of the company did not change essentially. Tatu Ylönen holds, directly and through his company, Tatu Ylönen Oy, 52.7 percent of the company's shares, Assetman Oy holds 14.7 percent and Tero Kivinen 5.1 percent. More information about the shareholding can be obtained from the company's web site.

#### SHARE CAPITAL AND BOARD AUTHORIZATIONS

The company's registered share capital on March 31, 2009 was EUR 859,568.04, consisting of 28 652 268 shares. During the report period, SSH increased its share capital once. Based on the Board of SSH decision upon a chargeable share issue directed to the CEO on 16 December 2008, a total 68,493 new shares were subscribed. The subscription price was in total EUR 50,000, i.e. approximately 73 cents (EUR 0.73) per share. The Company's share capital increased to EUR 859,568.04.

The Annual General Meeting approved the Board of Directors' proposal to authorize the Board of Directors to decide upon the issuing of in total 5,500,000 shares in one or more tranches as share issues against payment or by giving stock options or other special rights defined in Chapter 10 Section 1 of the Finnish Companies Act, which entitle to shares either according to the shareholders' pre-emptive right to share subscription or deviating from this right. The authorization will be valid until the next Annual General Meeting, but will expire on June 30th 2010 at the latest.

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

authorization to acquire the shares shall be valid at most for eighteen (18) months after the decision of the Annual General Meeting.

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

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

#### CORPORATE GOVERNANCE

SSH complies with The Finnish Corporate Governance Code, set by the Securities Market Association. More information on corporate governance is available on the company's Web site ([www.ssh.com](http://www.ssh.com)).

#### REPORTING

This interim report follows IAS 34 (Interim Financial Reporting) accounting standard. The same accounting principles have been used in the financial statements for 2008. These data are based on unaudited figures.

The interim report also complies with the renewed IAS 1 and IAS 8 standards. Based on IAS 1, the exchange differences on translating foreign subsidiaries are presented as a part of the comprehensive income statement. SSH reports Americas, Asia and Pacific, and Europe and the rest of the world as its IAS 8 operational segments. In addition licence and maintenance sales are separated from each other.

#### INCOME STATEMENT

EUR million	1-3/ 2009	1-3/ 2008	1-12/ 2008
Net sales	1.9	1.8	8.5
Cost of goods sold	0.0	0.0	0.0
Gross profit	1.9	1.8	8.5
Other operating income	0.0	0.0	0.2
Product development expenses	-0.9	-1.0	-4.0
Distribution costs	-1.1	-1.3	-5.0
Administrative expenses	-0.6	-0.5	-1.9
Operating profit/loss	-0.8	-0.9	-2.2
Financial income and expenses	0.2	0.2	0.7
Profit/loss before taxes	-0.6	-0.7	-1.5
Taxes	0.0	0.0	-0.3
Net profit/loss for the period	-0.6	-0.7	-1.8
Other profit and loss account items:			
Foreign subsidiary translation differences	-0.1	0.0	0.2
Total comprehensive income	-0.7	-0.6	-1.6

EARNINGS PER SHARE	1-3/2009	1-3/2008	1-12/2008
Earnings per share (EUR)	-0.02	-0.02	-0.05
Earnings per share, diluted (EUR)	-0.02	-0.02	-0.06

BALANCE SHEET	3/31/2009	3/31/2008	12/31/2008
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EUR million

#### ASSETS

##### Non-current assets

Tangible assets	0.3	0.2	0.3
Intangible assets	0.0	0.1	0.0
Deferred tax assets	0.0	0.2	0.0
Total non-current assets	0.3	0.5	0.3

##### Current assets

Trade and other receivables	1.6	1.8	2.3
Short-term financial assets	6.0	19.5	14.5
Cash and cash equivalents	1.5	2.0	2.0
Total current assets	9.0	23.3	18.8

Total assets 9.3 23.7 19.1

#### LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity 5.3 19.8 14.5

##### Non-current liabilities

Provisions	0.0	0.2	0.0
Non-current interest-bearing liabilities	0.1	0.0	0.1
Total long-term liabilities	0.1	0.2	0.1

Current liabilities 3.9 3.7 4.5

Total equity and liabilities 9.3 23.7 19.1

#### CASH FLOW STATEMENT

EUR million 1-3/2009 1-3/2008 1-12/2008

Cash flow from business operations	-0.6	0.3	-2.0
Cash flow from investments	8.6	0.0	6.5
Cash flow from financing	-8.5	0.0	-4.3

Increase(+) / decrease (-) in liquid assets -0.5 0.3 0.2

Liquid assets at period start 2.0 1.7 1.7

Adjustment for translation difference 0.0 0.0 0.0

Liquid assets at period end 1.5 2.0 2.0

STATEMENT ON CHANGES IN  
SHAREHOLDERS' EQUITY

EUR million	Share Capi- tal	Share Premi- um	Fair value reser- ves	Trans- lation diff.	Unrest- ricted equity funds and retained earnings	Total
Shareholders' equity Jan. 1. 2008	0.9	11.5	0.1	-1.0	8.9	20.4
Change Net profit	0.0	0.0	0.0	0.0	-0.7	
Shareholders' equity March 31. 2008	0.9	11.5	0.1	-1.0	8.3	19.8
Change Net profit	0.0	-11.5	0.0	0.2	7.3 -1.1	0,0
Shareholders' equity Dec. 31. 2008	0.9	0.0	0.1	-0.9	14.4	14.5
Change Net profit	0.0	0.0	0.0	-0.1	-8.5 -0.6	
Shareholders' equity March. 31. 2009	0.9	0.0	0.1	-1.0	5.3	5.3

NET SALES BY SEGMENT

EUR million	1-3/ 2009	1-3/ 2008	1-12/ 2008
AMER	1.2	1.3	5.8
APAC	0.2	0.2	0.8
EROW	0.4	0.3	1.9
SSH Group total	1.9	1.8	8.5

OPERATING PROFIT/LOSS BY  
SEGMENT

EUR million	1-3/ 2009	1-3/ 2008	1-12/ 2008
AMER	0.4	0.5	2.7
APAC	0.1	0.1	0.4
EROW	0.1	-0.1	1.1
Common Group expenses*	-1.4	-1.4	-6.4
SSH Group total	-0.8	-0.9	-2.2

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

## KEY FIGURES AND RATIOS

EUR million	1-3/2009	1-3/2008	1-12/2008
Net sales	1.9	1.8	8.5
Operating profit/loss	-0.8	-0.9	-2.2
Operating profit/loss, as % of net sales	-40.7	-47.8	-25.9
Profit/loss before extraordinary items and taxes	-0.6	-0.7	-1.2
Profit/loss before extraordinary items and taxes, as % of net sales	-30.0	-36.3	-14.2
Profit/loss before taxes	-0.6	-0.7	-1.5
Profit/loss before taxes, as % of net sales	-30.0	-36.3	-18.0
Return on investment (%)	-21.8	-12.4	-7.4
Return on equity (%)	-22.5	-13.2	-10.2
Interest-bearing net liabilities	-7.4	-21.5	-16.4
Equity ratio (%)	81.7	93.6	91.3
Gearing (%)	-139.2	-108.7	-112.8
Gross capital expenditure	0.0	0.0	0.1
% of net sales	0.0	0.2	1.3
R&D expenses	0.7	1.0	4.0
% of net sales	40.2	55.5	46.6
Personnel, period average	69	80	77
Personnel, period end	68	82	73

## PER-SHARE DATA

EUR	1-3/2009	1-3/2008	1-12/2008
Earnings per share, undiluted	-0.02	-0.02	-0.06
Earnings per share, diluted	-0.02	-0.02	-0.06
Equity per share	0.18	0.71	0.51
No. of shares at period end (thousand)	28 652	28 538	28 584
Share performance			
Average price	1.01	1.50	1.48
Low	0.72	1.37	0.66
High	1.24	1.69	1.69
Share price, period end	0.73	1.52	0.70
Market capitalization, period end (EUR million)	20.9	43.4	20.0
Volume of shares traded (million)	1.2	1.5	3.6
Volume of shares traded, as % of total	4.1	5.1	12.5
Value of shares traded (EUR million)	1.2	2.2	4.5
Price-to-earnings ratio (P/E)	-	-	-11.2

## CONTINGENT LIABILITIES

EUR million	3/31 2009	3/31 2008	12/31 2008
Leasing commitments outside the balance sheet			
Maturing within 1 year	0.7	0.7	0.7
Maturing between 1 and 5 years	0.4	1.1	0.6

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SSH Communications Security Corp will release its next interim report and financial statements for January 1<sup>st</sup> - June 30<sup>th</sup> 2009 on July 22<sup>nd</sup> 2009.

Helsinki, April 22nd 2009

SSH COMMUNICATIONS SECURITY CORP

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