

Investment pace stepped up

– Pointsec continues to take market shares

FOURTH QUARTER 2006

- Net sales increased by 116% to SEK 207.3 M (96.2)
- Sales of Pointsec solutions more than doubled to SEK 175.1 M (81.4)
- Profit after net financial items amounted to SEK 47.5 M (31.6)
- Profit after tax amounted to SEK 31.5 M (22.5)
- Earnings per share increased to SEK 1.37 (1.00)

JANUARY – DECEMBER 2006

- Net sales increased by 100% to SEK 578.1 M (288.9)
- Sales of Pointsec solutions rose to SEK 504.3 M (233.5)
- Profit after net financial items amounted to SEK 135.6 M (66.0)
- Profit after tax doubled to SEK 90.2 M (44.5)
- Earnings per share increased to SEK 3.98 (2.01)

CEO Peter Larsson's comments:

"I am proud to note that Pointsec sales in 2006 exceed SEK one half billion. During 2003, sales were slightly less than SEK 100 M, and growth over the three-year period since then has been fantastic.

"The acquisition of Reflex means that Pointsec is broadening its offering with

solutions that help IT and security managers control the use of communication ports on the company's computers. By protecting the computer's endpoints, companies can prevent transmission of sensitive data via USB memories, for example, to computers and systems external

to their own IT environment.

"It is on the basis of this success that we will now go forward as part of Check Point. We will gain access to a broader network of partners and resellers, and continue our international expansion."

SIGNIFICANT EVENTS DURING THE FOURTH QUARTER OF 2006

- On November 1, Protect Data acquired the privately owned company Reflex Software Ltd. including subsidiaries. With the acquisition, Pointsec solutions are broadened to include software for controlling connection and access to external devices, such as USB memories and Bluetooth.
- On November 20, the Protect Data Board of Directors recommended the shareholders to accept the buy-out offer from Check Point Software Technologies Ltd.
- In December, Pointsec received several significant orders from customers in the US market. These included a world-leading computer manufacturer that purchased Pointsec solutions for 60,000 PCs and a global consumer products company that subscribed for 50,000 licenses for its employees.

NET SALES

Fourth quarter 2006

Net sales during the fourth quarter amounted to SEK 207.3 M (96.2), corresponding to growth of 116 percent (56). The acquisition of Reflex contributed SEK 18.4 M or 19 percent to this growth. Currency fluctuations had a negative effect on net sales, and thus growth, of about 7 percent.

Sales growth continued in the US market and amounted to nearly 400 percent during the fourth quarter. In Europe, growth was slightly less than 40 percent, while the Asia Pacific region noted a decline, compared with the same quarter of the preceding year, when several large orders had a positive effect on sales.

Net sales in the fourth quarter were distributed such that 83 percent (76) were attributable to new sales of licenses and products, while 15 percent (22) corresponded to repetitive revenues in the form of maintenance and leasing revenues as shown in the table below.

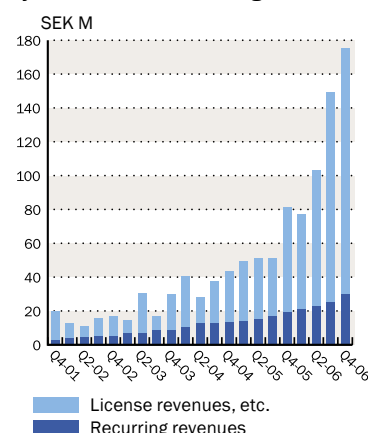
Net sales, SEK M

	Oct – Dec		Jan – Dec	
	2006	2005	2006	2005
Pointsec licenses	144.0	61.4	400.9	163.7
Digital Identities	10.7	11.4	42.7	44.4
Reflex licenses	17.8	-	17.8	-
Recurring revenues	31.8	20.9	106.9	72.0
Other	3.0	2.5	9.8	8.8
Total	207.3	96.2	578.1	288.9

Sales of the proprietary security software Pointsec more than doubled, compared with the year-earlier period, and amounted to SEK 175.1 M (81.4). Pointsec thus accounted for 84 percent (85) of total sales for the quarter. The share of repetitive revenues in Pointsec sales was 17 percent (23). Sales of Pointsec via partners amounted to 39 percent.

The Group's sales of solutions for digital identities accounted for SEK 12.6 M (14.8) or 6 percent (15).

Quarterly Pointsec revenues distributed by new sales and recurring revenues

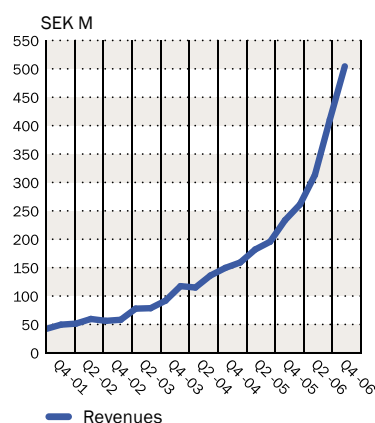


January – December 2006

Net sales doubled to SEK 578.1 M (288.9) during 2006. Reflex, which was acquired during the fourth quarter, contributed 6 percent to total growth, while currency fluctuations had a negative effect of about 2 percent.

Pointsec sales accounted for SEK 504.3 M (233.5) or 87 percent (81), which was an increase of 116 percent. Sales of Pointsec via partners accounted for 37 percent.

Continued strong growth for Pointsec sales

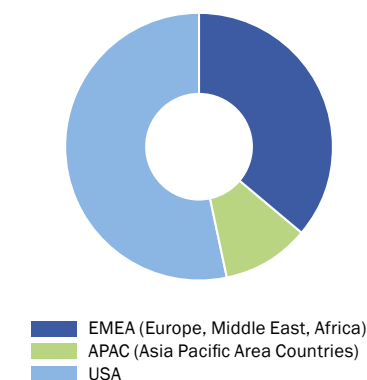


Revenues from Pointsec operations summed on a rolling basis over the past four quarters.

All geographic markets contributed to sales growth during 2006. However, the US accounted for the largest share of the increase with growth of nearly 300 percent.

The Group's sales of solutions for digital identities amounted to SEK 53.7 M (55.4).

Net sales distributed by geographic market



Total Group revenues, Jan–Dec 2006

PROFIT

Fourth quarter 2006

Gross profit increased in pace with sales growth and amounted to SEK 197.5 M (88.6) in the fourth quarter. An impairment loss of SEK 3.0 M relating to license inventories was charged against gross profit. The gross margin amounted to 95 percent (92). The margin improvement was attributable to the increased sales share for proprietary Pointsec solutions.

Operating profit amounted to SEK 42.4 M (28.5), corresponding to an operating margin of 20 percent (30). Operating income was charged with costs totaling SEK 9.1 M that arose in Protect Data in conjunction with Check Point's offer and a reserve for doubtful receivables from partners in the Middle East and India amounting to SEK 1.2 M.

The organization was further strengthened during the quarter with 53 new employees, of whom 32 work in the acquired company Reflex. Operations in the offices that were started during the autumn were also reflected in operating costs. Investments in the marketing and sales organization continued at the same time as development work was intensified, which is reflected in the cost structure. Sales growth also increased variable sales commissions.

During the quarter, development costs totaling SEK 7.7 M (5.3) were capitalized on the balance sheet, while depreciation amounted to SEK 5.3 M (3.4). Costs for

employee stock options allocated without charge amounted to SEK 3.8 M (0.9).

Realized and unrealized exchange-rate losses totaling SEK 5.2 M were charged against operating income, while a corresponding exchange-rate gain of SEK 1.1 M was noted in the fourth quarter of 2005.

Net financial items amounted to income of SEK 5.1 M (3.1). In the fourth quarter, financial investments with a book value of about SEK 90 M were realized, with a positive effect of SEK 4.7 M on net financial items. Profit after net financial items increased to SEK 47.5 M (31.6) in the fourth quarter.

Earnings per share rose to SEK 1.37 (1.00).

January – December 2006

Gross profit for 2006 amounted to SEK 543.0 M (256.7). An impairment loss of SEK 6.1 M relating to license inventories was charged against gross profit.

The margin increased to 94 percent (89), which was a result of sales growth attributable to Pointsec solutions, which carry a high gross margin.

Operating profit more than doubled to SEK 129.9 M (60.3), corresponding to an operating margin of 22 percent (21). A one-time reserve of SEK 10.6 M attributable to doubtful receivables relating to sales to partners in the Middle East and India was charged against operating profit. In addition, Check Point's buy-out offer resulted in costs of SEK 9.1 M for Protect Data.

During 2006, development costs totaling SEK 27.0 M (15.9) were capitalized on the balance sheet, while depreciation for the period amounted to SEK 17.5 M (13.4). Costs for employee stock options allocated without charge amounted to SEK 6.4 M (1.7).

Realized and unrealized exchange-rate losses totaling SEK 11.3 M were charged against operating profit, while corresponding exchange-rate gains of SEK 5.5 were noted during 2005.

Earnings per share rose to SEK 3.98 (2.01).

LIQUIDITY AND FINANCIAL POSITION

The Group's financial position remains strong, with positive cash flow from operating activities amounting to SEK 120.0 M (46.2) during 2006. Cash flow from investment activities related primarily to the initial payment for Reflex and to cash received from the sale of short-term investments. Cash flow from financing activities included

dividends to shareholders totaling SEK 28.0 M (13.7) and financing of the Reflex acquisition.

Cash and cash equivalents amounted to SEK 123.5 M. The utilized portion of the overdraft facility amounted to SEK 68.7 M and was reported as a current liability. Net cash and cash equivalents thus amounted to SEK 54.8 M. Together with unutilized credit facilities of SEK 73.3 M (50.0), available liquidity amounted to SEK 128.1 M (210.3).

EQUITY AND WARRANTS PROGRAM

Shareholders' equity at year-end amounted to SEK 295.4 M (222.6), corresponding to an equity/asset ratio of 46 percent (67) and equity per share of SEK 12.86 (9.95).

On April 28, 2006, a split of the company's shares was implemented such that an old share was divided into two new shares. The key data and information on the number of shares presented in this report were recalculated to reflect the split and increase comparability.

Protect Data had five outstanding warrants programs at December 31, 2006. The number of allocated unutilized warrants amounted to 536,387 warrants carrying rights to subscribe for 1,072,774 shares.

INVESTMENTS

The Group's investments in equipment amounted to SEK 6.4 M (5.5) in 2006, while investments in capitalized expenses for software development amounted to SEK 27.0 M (15.9).

ACQUISITION OF OPERATIONS

On November 1, 2006, Protect Data AB acquired all shares in the British company Reflex Software Ltd. including subsidiaries. The acquired operations contributed SEK 18.4 M in revenues and profit after tax of SEK 6.6 M during the period from November 1 to December 31, 2006.

According to the pro forma figures including acquisition adjustments for the Group, the Protect Data Group's net sales would have amounted to SEK 613.8 M and profit after tax to SEK 89.6 M, if the acquisition had taken place on January 1, 2006. Pro forma earnings per share would amount to SEK 3.95 before dilution and SEK 3.88 after dilution. The acquisition resulted in the following acquired net assets and goodwill.

Acquired net assets and goodwill, SEK M

Acquisition value	
Cash consideration	175.6
Estimated additional purchase price	12.6
Direct transaction cost	5.0
Total	193.2
Fair value of acquired asset and assumed debt (refer to specification below)	-24.8
Goodwill	168.4

Reported and fair values of acquired assets and assumed debt were distributed as follows.

Acquired assets and assumed debt, SEK M

	Reported value	Fair value
Software	-	19.1
Support agreements	-	4.0
Fixed assets	1.1	1.1
Other current assets	12.4	12.4
Cash and cash equivalents	3.2	3.2
Total acquired assets	16.7	39.8
Long-term liabilities	-	-
Current liabilities	7.6	15.0
Total assumed debt	7.6	15.0
Acquired net assets	9.1	24.8

Goodwill is attributable to the acquired operations' future new sales of licenses and maintenance contracts, access to sales channels that can be used for Protect Data's existing solutions, employee skills and the synergy effects that a broadened product portfolio are expected to create.

PARENT COMPANY

The Parent Company's sales during 2006 amounted to SEK 8.7 M (18.9), of which SEK 8.5 M (18.6) was attributable to sales to Group companies.

The Parent Company reported positive cash flow for the year amounting to SEK 22.4 M (11.2), in part as a result of the sale of short-term investments during the fourth quarter.

The Parent Company's investments in equipment amounted to SEK 1.1 M (3.1) during 2006.

CHECK POINT'S ACQUISITION OF PROTECT DATA

On November 20, 2006, Check Point Software Technologies Ltd. through its wholly owned subsidiary C.P.S.T. Sweden Holdings AB, announced a buy-out offer to the shareholder and certain warrant hold-

ers in Protect Data AB. The initial cash offer amounted to SEK 180 per share, which was subsequently raised to SEK 187 per share on December 19, 2006.

On January 24, 2007, it was announced that Check Point owns about 96.5 percent of the shares and voting rights in Protect Data. At the same time, the acceptance period for the cash offer was extended until February 7. Check Point intends to call for compulsory redemption of the remaining shares and warrants.

On February 14, 2007, an extraordinary general meeting will be held at which the matter of election of the Protect Data Board of Directors will be considered.

DE-LISTING FROM THE STOCKHOLM STOCK EXCHANGE

Against the background of Check Point Software Technology Ltd.'s bid for Protect Data AB, the Stockholm Stock Exchange decided at the request of Protect Data's Board of Directors to de-list the company's shares. The final date for trading is February 12, 2007.

DIVIDEND

The current Board of Directors has not taken a position on a possible dividend but instead refers the matter to the Board of Directors to be elected at the extraordinary general meeting on February 14, 2007.

ACCOUNTING PRINCIPLES

This year-end report was prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU, IAS 34 Interim Financial Reporting, and the Swedish Financial Accounting Standards Council's recommendation RR 31 Consolidated interim reports and RR 32 Reporting of legal entities. The accounting principles applied in this interim report are those described in the annual report for 2005. As noted in that description, International Financial Reporting Standards (IFRS) are applied as of the 2005 fiscal year.

Summary of income statements, SEK M

	Group				Parent Company	
	Oct – Dec		Jan – Dec		Jan – Dec	
	2006	2005	2006	2005	2006	2005
Net sales	207.3	96.2	578.1	288.9	8.7	18.9
Cost of products and services sold	-9.8	-7.6	-35.1	-32.2	-	-
GROSS PROFIT	197.5	88.6	543.0	256.7	8.7	18.9
Selling expenses ¹⁾	-104.1	-36.2	-273.4	-111.3	-	-
Administrative expenses ²⁾	-25.1	-12.0	-70.2	-52.3	-46.5	-27.4
Research and development costs ³⁾	-20.7	-13.0	-58.1	-40.0	-	-
Other operating income/expenses	-5.2	1.1	-11.4	7.2	-	-
OPERATING PROFIT	42.4	28.5	129.9	60.3	-37.8	-8.5
Net of financial items ⁴⁾	5.1	3.1	5.7	5.7	118.2	7.1
PROFIT AFTER FINANCIAL ITEMS	47.5	31.6	135.6	66.0	80.4	-1.4
Appropriations	-	-	-	-	-0.3	-4.2
Tax ⁵⁾	-16.0	-9.1	-45.4	-21.5	-21.0	2.1
PROFIT AFTER TAX	31.5	22.5	90.2	44.5	59.1	-3.5
<i>Includes depreciation totaling</i>	7.3	4.8	23.8	18.8	1.4	1.3
<i>of which capitalized expenses for software development</i>	5.3	3.4	17.5	13.4	-	-
<i>of which other assets</i>	2.0	1.4	6.3	5.4	1.4	1.3

¹⁾ Sales costs for the period January – December 2006 include reserves for doubtful receivables relating to sales to partners in the Middle East and India totaling SEK 10.6 M.

²⁾ Includes all other costs that are not directly attributable to sales and product operations. Costs that arose in conjunction with Check Point's offer for Protect Data are included in an amount of SEK 9.1 M for the period from October – December 2006 and for the full year 2006.

³⁾ Expenses for software development were capitalized in an amount of SEK 7.7 M (5.3) for the quarter and SEK 27.0 M (15.9) for the full year.

⁴⁾ Net financial items in the Parent Company include SEK 100.0 M corresponding to Group contributions from subsidiaries.

⁵⁾ At the end of the fiscal year, there were loss carry-forwards for tax purposes totaling SEK 41 M (78) in the Group. Deferred tax claims deriving from these and from losses during the current year were reported in the consolidated income statement and balance sheet to the extent it was deemed possible to utilize them.

Share data ¹⁾

	Oct – Dec		Jan – Dec	
	2006	2005	2006	2005
BEFORE DILUTION:				
Number of shares, 000s	22,963	22,377	22,963	22,377
Average number of shares, 000s	22,937	22,351	22,670	22,140
Earnings per share, SEK ²⁾	1.37	1.00	3.98	2.01
AFTER DILUTION: ³⁾				
Average number of shares, 000s	23,533	23,108	23,086	22,770
Earnings per share, SEK ²⁾	1.34	0.97	3.91	1.96

¹⁾ A 2:1 split of the company's shares was implemented on April 28, 2006. Key data and information on the number of shares were recalculated to reflect the split and to increase comparability between the periods.

²⁾ Calculated as profit after tax divided by the average number of shares.

³⁾ Only warrants with a discounted exercise price less than the share's average market price during the period are included.

Summary by segments, January – December, SEK M

	EMEA ¹⁾		APAC ²⁾		USA		Parent Company and Group items ³⁾		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
External sales	208.9	151.0	61.2	56.5	307.7	81.2	0.3	0.2	578.1	288.9
Internal sales	114.2	25.3	6.7	3.5	6.1	12.7	-127.0	-41.5	-	-
Gross profit	288.1	144.7	63.8	58.2	200.5	69.9	-9.4	-16.1	543.0	256.7
Operating costs	-201.9	-141.1	-22.2	-8.3	-154.1	-57.5	-34.9	10.5	-413.1	-196.4
Operating profit	86.2	3.6	41.6	49.9	46.4	12.4	-44.3	-5.6	129.9	60.3
Assets	254.3	197.6	23.6	2.8	223.5	61.5	142.6	71.6	644.0	333.5
Liabilities	191.8	161.4	20.6	5.2	169.0	35.1	-32.8	-90.8	348.6	110.9
Investments	221.3	17.7	0.2	0.1	2.5	0.5	1.0	3.1	225.0	21.4
Depreciation	21.5	17.2	0.1	0.1	0.8	0.3	1.4	1.2	23.8	18.8

¹⁾ Europe, Middle East and Africa

²⁾ Asia Pacific region

³⁾ Relates to elimination of sales within the Group and other Group items.

Summary of balance sheets, SEK M

	Group		Parent Company	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
ASSETS				
Goodwill	171.5	6.9	194.2	0.9
Capitalized expenses for software development	34.4	24.8	-	-
Other intangible assets	21.9	1.5	-	-
Deferred income tax assets	7.6	15.7	-	0.2
Other fixed assets	11.7	8.9	4.5	5.4
Other current assets	273.4	115.4	64.7	70.4
Financial assets available for sale	-	46.7	-	44.3
Cash and cash equivalents	123.5	113.6	73.7	51.1
TOTAL ASSETS	644.0	333.5	337.1	172.3
EQUITY AND LIABILITIES				
Equity	295.4	222.6	195.1	151.7
Untaxed reserves	-	-	9.6	9.3
Deferred income tax liabilities	23.9	12.4	2.3	-
Long-term liabilities ¹⁾	-	0.2	-	-
Current liabilities ²⁾	324.7	98.3	130.1	11.3
TOTAL EQUITY AND LIABILITIES	644.0	333.5	337.1	172.3
<i>Pledged assets</i>	-	-	-	-
<i>Contingent liabilities</i>	0.2	0.5	-	2.0

¹⁾ Debts are interest-bearing.

²⁾ The utilized portion of the interest-bearing overdraft facility is included in an amount of SEK 68.7 M as of December 31, 2006.

Specification of changes in shareholders' equity, SEK M

	Group		Parent Company	
	2006	2005	2006	2005
On opening date	222.6	177.9	151.7	144.5
Sales of warrants	1.2	1.5	-	1.2
New issues due to conversion of warrants	15.6	6.4	12.3	6.4
Dividend payment	-28.0	-13.7	-28.0	-13.7
Market valuation of financial assets available for sale	-1.9	1.0	-	-
Share-based payments	6.4	1.7	-	-
Group contribution	-	-	-	16.8
Currency translation differences	-10.7	3.3	-	-
Profit for the year	90.2	44.5	59.1	-3.5
On closing date	295.4	222.6	195.1	151.7

Summary of cash flow statements, SEK M

	Group				Parent Company	
	Oct – Dec		Jan – Dec		Jan – Dec	
	2006	2005	2006	2005	2006	2005
Cash flow from operations						
before changes in operating capital	51.2	29.4	146.9	75.1	-44.2	-0.8
Changes in operating capital	-5.3	-44.4	-26.9	-28.9	147.6	-31.2
CASH FLOW FROM OPERATING ACTIVITIES	45.9	-15.0	120.0	46.2	103.4	-32.0
Cash flow from investing activities	-115.3	25.9	-164.0	13.6	-134.1	32.5
Cash flow from financing activities	70.9	0.4	57.5	-6.1	53.1	10.7
CASH FLOW FOR THE PERIOD	1.5	11.3	13.5	53.7	22.4	11.2
Cash and cash equivalents on the opening date	123.3	101.3	113.6	57.6	51.1	39.9
Translation differences in cash and cash equivalents	-1.3	1.0	-3.6	2.3	0.2	-
CASH AND CASH EQUIVALENTS ON THE CLOSING DATE ¹⁾	123.5	113.6	123.5	113.6	73.7	51.1

¹⁾ Short-term investments with periods exceeding 90 days are not included in cash and cash equivalents. On the closing date, such investments totaled SEK 0.0 M (SEK 46.7 M), in which there were unrealized surplus values of SEK 0.0 m (4.5). Cash and cash equivalents include current investments with periods less than 90 days. Unrealized surplus values in these assets amounted to SEK 0.0 M (0.2).

Key data, Group ¹⁾

	Oct – Dec			Jan – Dec		
	2006 ³⁾	2005 ³⁾	2006 ³⁾	2005 ³⁾	2004 ³⁾	2003
Sales growth	116%	56%	100%	33%	29%	-17%
Gross margin	95%	92%	94%	89%	82%	77%
Profit margin after financial items	23%	33%	23%	23%	9%	1%
Return on equity ²⁾	11%	11%	35%	22%	15%	0%
Return on capital employed ²⁾	15%	15%	46%	33%	13%	2%
Equity/assets ratio	46%	67%	46%	67%	67%	64%
Earnings per share, SEK	1.37	1.00	3.98	2.01	1.14	0.03
Equity per share, SEK	12.86	9.95	12.86	9.95	8.12	6.35
Number of employees, on closing date	230	126	230	126	101	92
Number of employees, average	204	124	169	116	105	88
Net sales per employee, SEK 000s	1,019	776	3,421	2,497	2,071	1,916

¹⁾ A 2:1 split of the company's shares was implemented on April 28, 2006. Key data and information on the number of shares were recalculated to reflect the split and to increase comparability between the periods.

²⁾ Return for the quarters refers only to three-month periods and was not adjusted up to full-year values.

³⁾ Prepared in accordance with IFRS.

INFORMATION DATES 2007

February 14, 2007 Extraordinary general meeting

STOCKHOLM, FEBRUARY 8, 2007

Protect Data AB (publ)
The Board of Directors

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