DNA Ltd's
Financial Statements Release
2011

DNA

DNA's growth continues: net sales EUR 727.5 million, EBITDA EUR 188.4 million

Summary

October–December

- Net sales increased by 4.5 per cent year-on-year to EUR 190.2 million (182.0 million).
- EBITDA increased by 16.5 per cent to EUR 46.5 million (39.9 million), or 24.4 per cent of net sales. EBITDA for the comparable period was affected, in particular, by a non-recurring provision due to cooperation negotiations. Depreciation for the review period remained high, and net sales increased by 76.9 percent to EUR 13.2 million (7.5 million), or 7.0 per cent of net sales.
- In December, DNA introduced 4G-grade speeds in 130 municipalities.

- The mobile communication subscription base grew by 8.4 per cent year-on-year to 2,285,000 in total.
  - Revenue per user (ARPU) for mobile communications amounted to EUR 20.5 (21.4).
  - Mobile communication subscription turnover rate (CHURN) was 16.5 per cent (19.4 per cent).
- Due to the fall in the number of telephone subscriptions, DNA's fixed-line subscription base fell by 2.0 per cent year-on-year to 1,039,000 subscriptions (telephone, broadband and cable television).

January–December

- Net sales increased by 5.4 per cent year-on-year to EUR 727.5 million (690.5 million). From 1 July 2010 onwards, net sales growth was fuelled by incorporation of the Welho business in particular. An internal system error necessitated an adjustment of EUR -6.7 million in the net sales and result for the January-September period. It did not affect customer-facing functions, cash flow or the financial result estimate for the year.
- EBITDA improved by 3.5 per cent and totalled EUR 188.4 million (182.1 million), or 25.9 per cent of net sales. Due to an increase in depreciation, operating profit fell by 22.1 per cent and came to EUR 50.8 million (65.2 million), or 7.0 per cent of net sales.

Key figures

Figures are unaudited.

EUR million	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Net sales	**190.2**	182.0	**727.5**	690.5
EBITDA	**46.5**	39.9	**188.4**	182.1
- % of net sales	**24.4**	21.9	**25.9**	26.4
Depreciation	**33.2**	32.4	**137.6**	116.8
Operating profit	**13.2**	7.5	**50.8**	65.2
- % of net sales	**7.0**	4.1	**7.0**	9.4
Profit before tax	**11.3**	6.6	**46.2**	60.6
Profit for the financial period	**10.3**	5.9	**35.8**	46.0
Return on investment (ROI), %*	**6.9**	4.0	**6.6**	9.6
Return on equity (ROE), %*	**6.7**	3.7	**5.7**	8.7
Investments	**49.5**	38.8	**119.5**	83.4
Cash flow after investments**	**-3.1**	-2.7	**9.0**	71.8

	31 Dec 2011	31 Dec 2010
Net debt, EUR million	**153.2**	102.4
Net debt/EBITDA	**0.81**	0.56
Gearing, %	**24.5**	16.1
Equity ratio, %	**62.2**	63.6
Personnel at the end of period	**1,035**	1,003

* 12-month average

** includes business combinations and financial lease agreements

Further information (6 February from 1 pm onwards):

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Key media

www.dna.fi

CEO's review

"Net sales grew despite challenging market."

DNA's net sales for 2011 grew by 5.4 per cent year-on-year to EUR 727.5 million (690.5 million). EBITDA for the review year improved by 3.5 per cent and came to EUR 188.4 million (182.1 million). As anticipated, operating profit was weakened by the increase in depreciation and came to EUR 50.8 million (65.2 million). Our financial position remained very good.

2011 was a challenging year due to the change in the Telecommunications Act and the extensive renewal of our customer information system. After the third quarter, it was confirmed that an internal system error necessitated an adjustment of EUR -6.7 million in the net sales and result for the January–September period. However, this did not affect customer-facing functions, cash flow or DNA's net sales and financial result estimates for 2011.

Net sales for the last quarter grew by 4.5 per cent year-on-year to EUR 190.2 million (182.0 million). EBITDA for the period grew by 16.5 per cent to EUR 46.5 million (39.9 million), or 24.4 per cent (21.9 per cent) of net sales. Operating profit was EUR 13.2 million (7.5 million), or for 7.0 per cent (4.1 per cent) of net sales.

The growth of EBITDA and net sales in October–December was caused by higher net sales and a non-recurring provision in the comparable period due to cooperation negotiations. Subscription turnover rate (CHURN) remained lower year-on-year, but increased slightly from the previous quarter in accordance to normal seasonal fluctuation. Depreciation remained high.

Major investments in the network combined with business acquisitions increased gearing to 24.5 per cent (16.1 per cent). Extremely low gearing will enable strategic investments and business acquisitions also in the future. DNA's net debt/EBITDA ratio was 0.81 (0.56), remaining at a very healthy level.

In December, we launched 4G services based on LTE (Long Term Evolution) technology in the Helsinki Metropolitan Area and the cities of Turku, Tampere and Hämeenlinna. We will expand the coverage of the 4G network further in 2012. We also significantly expanded the coverage of Dual Carrier technology on our mobile network. By the end of 2011, it enabled the use of 4G-grade speeds on our 3G network in over 130 municipalities.

Fast 4G technology further increases the competitiveness of DNA's mobile broadband services in comparison with traditional fixed-network broadband services. 4G speeds have only recently become available on the market and have significant potential. The use of smart terminals and entertainment services is increasing at a rapid pace on the mobile network, as a growing number of users prefer to log into social media services from their mobile terminals rather than PCs.

DNA's comprehensive channel offering on the terrestrial network will grow further in early 2012. According to the new programme licences granted in December, we can significantly increase the offering of HDTV sports coverage.

Although the pay-TV business on the terrestrial network was slow to pick up in 2011, we believe that pay-TV services in the terrestrial and cable networks will grow throughout the market, since the most appealing sports coverage is expected to move to pay-TV.

By the end of 2011, DNA's HD channel offering was the most extensive over both the cable and terrestrial network. Our terrestrial TV network covered some 70 per cent of the population, and our cable-TV network had some 600,000 connected households.

DNA's renewed customer information system was adopted in the spring, giving us the opportunity to renew our entire subscription product portfolio. Owing to this, we can further develop comprehensive product packages that make product choices easier for customers. Product packaging is introducing a significant change in the market and increases the predictability of invoicing.

Apart from the increasing availability of product packages on the market, key points in 2012 include the expansion of DNA's TV business to nationwide coverage and the legislative proposal on prohibiting the telemarketing of mobile subscriptions, which DNA is in favour of. If approved, it will change the structure of mobile subscription sales.

The Group's financial position is expected to remain good in 2012, and net sales are expected to grow. EBITDA (in euro) is estimated to remain at a similar level as in 2011, and operating profit is expected to be lower than in 2011 due to an increase in depreciation.

Riitta Tiuraniemi

The Financial Statements Release *2011*

Interim report practices

This interim report has been prepared in accordance with IFRS recognition and measurement principles. For more detailed information on the accounting principles, please see note 1 (Accounting principles).

Unless otherwise stated, the comparison figures in brackets refer to the equivalent period in the previous year. The information presented in this interim report is unaudited.

Due to an internal system error during the January-September period in 2011, the comparison figures for 2012 will be adjusted during the publication of financial reports.

October–December 2011 in brief

Market situation and business environment

During the last quarter of the year, the overall financial environment became more uncertain, although this was not reflected in the telecommunications market. Competition in the telecommunications consumer and corporate markets remained intense.

Consumer demand for smart phones continued to increase. Mobile communication services, including mobile voice communication and mobile broadband, enjoyed strong demand. Fixed-network broadband customers were actively switching to higher-speed connections. Demand for pay-TV services remained steady, following the normal annual cycle.

Demand in the corporate market kept switching from fixed-network services to mobile services. This was reflected in particular in decreasing volumes of fixed-network operator services and voice services. Demand for mobile communication services continued to increase, particularly for mobile broadband. Demand for fixed-network broadband services remained steady.

Mobile network termination charges between operators fell from the corresponding period in 2010.

During the review period, price competition over housing company subscriptions intensified among operators, causing prices to fall further. The Housing Company Act, amended in 2010, made it easier for housing companies' annual general meetings to decide on fixed-network subscriptions since 2011.

The Finnish Ministry of Transport and Communications presented the Government's proposal on prohibiting consumer telemarketing of mobile phone subscriptions to the Finnish Parliament. A Parliament decision is expected in February 2012. DNA has voiced its strong support for the initiative.

In accordance with the Government Programme, the Ministry of Transport and Communications launched an initiative to bring together and clarify legislation pertaining to electronic communication and the provision of information services. Approximately ten acts will be consolidated to form an information society code. The reform will take several years to complete.

The Ministry of Transport and Communications has drafted a spectrum policy resolution on how licenses are to be granted and distributed within the 800 MHz band. The Ministry proposes using an auction process. A Government resolution is expected in spring 2012, after which the ministry will begin the legislative process and preparations necessary for the possible auction. DNA considers it essential that during the preparations the focus is on maintaining balanced competition in the mobile broadband market in Finland.

The Finnish Communications Regulatory Authority (FICORA) published new principles for the pricing of licences. These principles apply to the pricing of metallic subscriber connections and digital television broadcasting services. As of beginning of 2013, FICORA will assess the cost-orientation of their pricing based on book values.

Net sales

DNA's net sales in the fourth quarter grew by 4.5 per cent year-on-year to EUR 190.2 million (182.0 million). The growth was fuelled in particular by the increase in consumer sales. Net sales growth was restrained by price erosion caused by intensifying competition, falling demand for fixed-network services and the reduction in mobile network termination charges.

During the reporting period, 76.0 per cent (75.6 per cent) of net sales was generated by consumer business and 24.0 per cent (24.4 per cent) by corporate business.

Profit

DNA's EBITDA for the October–December period grew by 16.5 per cent to EUR 46.5 million (39.9 million), accounting for 24.4 per cent of net sales (21.9 per cent). Operating profit grew by 76.9 per cent to EUR 13.2 million (7.5 million), or 7.0 per cent of net sales (4.1 per cent).

EBITDA and operating profit of the comparable period were burdened, in particular, by a non-recurring provision due to cooperation negotiations. During the review period, they were mostly affected by the increase in material costs due to positive consumer business sales development and an increase in sales and marketing costs necessitated by intensifying competition. Depreciation amounted to EUR 33.2 million (32.4 million).

DNA's profit before tax in October-December came to EUR 11.3 million (6.6 million).

Return on investment was 6.9 per cent (4.0 per cent) and return on equity 6.7 per cent (3.7 per cent).

Financial profits and expenses amounted to EUR -1.9 million (-0.8 million). Income tax for the period was EUR -1.0 million (0.7 million), and profit increased to EUR 10.3 million (5.9 million). Earnings per share came to EUR 1.07 (0.62).

Key operative indicators

	10–12/2011	10–12/2010
Number of mobile communication network subscriptions at end of period*	2,285,000	2,108,000
- Revenue per user (ARPU), EUR**	20.5	21.4
- Customer CHURN rate, %**	16.5	19.4
Number of fixed-network subscriptions at end of period	1,039,000	1,060,000

* includes voice and mobile broadband
** includes postpaid subscriptions only

Development per business segment

Consumer business

In the October-December period, DNA's consumer business net sales increased to EUR 144.6 million (137.7 million) due to the growth in mobile communication services.

EBITDA amounted to EUR 32.3 million (28.4 million), or 22.3 per cent (20.6 per cent) of net sales. Operating profit came to EUR 11.6 million (7.6 million), accounting for 8.0 per cent (5.5 per cent) of net sales.

EBITDA and operating profit were burdened by the further increase in material costs due to positive sales development, and an increase in sales and marketing costs necessitated by intensifying competition. Depreciation to the amount of EUR 20.7 million (20.9 million) was allocated to consumer business.

Corporate business

Corporate business net sales for the fourth quarter increased to EUR 45.5 million (44.4 million) due to the Forte Netservices Oy acquisition. Net sales were burdened by continually shrinking volumes in operator sales in particular.

EBITDA improved to EUR 14.2 million (11.4 million), or 31.1 per cent (25.6 per cent) of net sales. Operating profit grew to EUR 1.6 million (-0.1 million), or 3.6 per cent (-0.3 per cent) of net sales. Depreciation to the amount of EUR 12.6 million (11.5 million) was allocated to corporate business.

Investments

Investments in the October-December period amounted to EUR 49.5 million (38.8 million), or 26.0 per cent (21.3 per cent) of net sales. The largest individual items were investments in the fibre system and the 3G network.

Investments

EUR million	10–12/2011	10–12/2010
Consumer business	34.5	28.3
Corporate business	14.4	10.5
Non-allocated	0.7	0.0
Total investments	49.5	38.8

January–December 2011

Net sales

DNA's net sales for the financial year grew by 5.4 per cent to EUR 727.5 million (690.5 million). Due to an internal system error, net sales and result for the January-September period were adjusted by EUR -6.7 million. The error did not affect customer-facing functions or cash flow.

In 2011, net sales growth was fuelled in particular by the incorporation of the Welho business into DNA's consumer business. The main brake on net sales growth were price erosion caused by intensifying competition, falling demand for fixed-network services and the reduction in mobile network termination charges.

During the review period, 76.2 per cent (74.4 per cent) of net sales were generated by consumer business and 23.8 per cent (25.6 per cent) by corporate business.

Profit

DNA's EBITDA grew by 3.5 per cent to EUR 188.4 million (182.1 million), accounting for 25.9 per cent (26.4 per cent) of net sales. Operating profit decreased by 22.1 per cent to EUR 50.8 million (65.2 million), or 7.0 per cent (9.4 per cent) of net sales.

EBITDA and operating profit for the review year were burdened in particular by the increase in material costs due to positive consumer business sales development and an increase in sales and marketing costs necessitated by intensifying competition. Operating profit was also burdened by an increase in depreciation, which totalled EUR 137.6 million (116.8 million). The increase was due to larger investments in data communications networks and their shorter depreciation period.

DNA's profit before tax for the financial year came to EUR 46.2 million (60.6 million).

Financial income and expenses amounted to EUR -4.7 million (-4.7 million). Income tax for the period was EUR 10.4 (14.5 million), and profit decreased to EUR 35.8 million (46.0 million). Earnings per share came to EUR 3.73 (5.35).

Consolidated key figures

EUR million	2011	2010
Net sales	727.5	690.5
EBITDA	188.4	182.1
- % of net sales	25.9	26.4
Depreciation	137.6	116.8
Operating profit	50.8	65.2
- % of net sales	7.0	9.4
Profit before tax	46.2	60.6
Profit for the financial period	35.8	46.0
Return on investment (ROI), %*	6.6	9.6
Return on equity (ROE), %*	5.7	8.7
Cash flow after investments**	9.0	71.8

*12-month average
** includes business combinations and financial lease agreements

Cash flow and financial position

In the financial year, cash flow after investments decreased to EUR 9.0 million (71.8 million). This was mostly attributable to paid taxes. The financial position was solid, and gearing was 24.5 per cent (16.1 per cent) at the period end. Gearing increased due to increased investments, business acquisitions and higher working capital.

The Group's liquid assets at the end of the year amounted to EUR 28.4 million (49.5 million), and interest-bearing liabilities to EUR 181.6 million (151.9 million).

On 8 November 2011, DNA agreed on a five-year loan and revolving credit facilities totalling EUR 300 million. The agreement includes a EUR 200 million revolving credit facility and a loan facility amounting to EUR 100 million. The revolving credit remained undrawn at the end of the year, while the loan facility had been fully withdrawn. These facilities refinanced DNA's previous loan and credit facilities.

The Group has also a credit facility agreement with the European Investment Bank amounting to a maximum of EUR 120.0 million (120.0 million). The availability of the draw down will expire on March 2012. In addition, the company has a commercial paper programme of EUR 150.0 million (150.0 million), under which EUR 25.0 million (0.0 million) was drawn by the end of December.

The net debt/EBITDA ratio was 0.81 (0.56).

The balance sheet remained strong, with the end-of-period equity ratio totalling 62.2 per cent (63.6 per cent).

Cash flow and financial key figures

	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Cash flow after investments, EUR million	-3.1	-2.7	9.0	71.8

	31 Dec 2011	31 Dec 2010
Net debt, EUR million	153.2	102.4
Net debt/EBITDA	0.81	0.56
Gearing, %	24.5	16.1
Equity ratio, %	62.2	63.6

Development per business segment

Consumer business

In the year under review, DNA's consumer business net sales increased to EUR 554.0 million (513.4 million), mainly due to the Welho acquisition and growth in mobile communication services.

EBITDA increased to EUR 132.8 million (125.7 million), or 24.0 per cent of net sales (24.5 per cent). Operating profit fell to EUR 46.5 million (52.7 million), accounting for 8.4 per cent of net sales (10.3 per cent).

EBITDA and operating profit were burdened in particular by the increase in material costs due to positive consumer business sales development and an increase in sales and marketing costs necessitated by intensifying competition. Operating profit was also burdened by the increase in depreciation in particular, of which EUR 86.3 million was allocated to consumer business (73.1 million).

On 8 April 2011, DNA announced new fixed-fee mobile phone and mobile broadband subscriber connections dubbed S, M, L and XL. With the mobile phone subscriptions, the total number of calls and text messages can be flexibly selected. Each mobile broadband subscription offers a dedicated maximum transmission speed and a defined volume of prioritised data transmission over the 3G network.

The new fixed-network products DNA Welho Broadband and DNA Welho TV were launched on 9 May 2011. With these products, DNA's TV and HDTV channel offering became the largest in Finland and Welho's extremely fast fixed-line broadband connections were made available to nearly one million households within the company's fixed-network area. At the same time, product offerings and pricing were streamlined and new fixed-line broadband customer promises were introduced.

Together with other operators, DNA began to grant mobile certificates to consumers from 27 June 2011 onwards.

On 17 August 2011, DNA launched a new consumer mobile subscription concept dubbed DNA Pro. The best on the market, its pricing levels are based on streamlined processes and self service. Purchasing and customer service are available online and invoicing is in electronic format.

Among the key events of 2011 was the launch of pay-TV packages within the terrestrial network on 18 August 2011, with the introduction of DNA Welho TV channel packages that include both standard and high definition channels. The channel offering and productisation were developed further during the rest of the year.

On 11 September 2011, DNA won two awards at the IBC Awards Ceremony, the premier annual event for television and broadcasting professionals worldwide. DNA received the IBC Innovation Award for its unique terrestrial network's spectral efficiency. In addition, the company received the Judges' Prize for launching its terrestrial TV business within a short timeline. DNA expanded its terrestrial HDTV network further during the rest of the year.

The City of Helsinki's real estate company, Siilitien Kiinteistöt Oy, selected DNA's TV and broadband services for its real estate. Announced on 17 October 2011, the agreement covers a total of 1,700 apartments.

The apartments of the Student Housing Foundation of Northern Finland (PSOAS) will utilise DNA's Internet connections and DNA Welho TV services. PSOAS provides accommodation for a total of 5,300 students in the city of Oulu. The three-year agreement was announced on 8 November 2011.

DNA's 4G network, especially well suited for remote work and entertainment, became available on 13 December 2011. Enabled by Dual Carrier and LTE technologies, the 4G speeds were available in 130 municipalities by the end of the year.

On 21 December 2011, the Council of State granted five new programme licences for DNA's terrestrial network. One licence was also adjusted.

Corporate business

Corporate business net sales for the financial year fell to EUR 173.5 million (177.1 million) due to lower operator sales volumes and lower volumes in fixed-network voice traffic in particular. The acquisition of Forte Netservices Oy compensated for the effect of these developments.

EBITDA decreased to EUR 55.6 million (56.3 million), or 32.1 per cent of net sales (31.8 per cent). Operating profit fell to EUR 4.3 million (12.6 million), or 2.5 per cent of net sales (7.1 per cent).

Operating profit was burdened in particular by the increase in depreciation, of which EUR 51.3 million was allocated to corporate business (43.8 million).

On 28 March 2011, DNA and G4S, the world's leading provider of security solutions, announced the use of DNA's network for G4S security services. The agreement covers several thousand fixed-network and mobile communication connections.

On 12 July 2011, DNA strengthened its corporate business by acquiring Forte Netservices Oy, a company that offers data communications and data security services. The company's services are used in 60 countries, and net sales for 2011 were estimated at EUR 8 million. Forte Netservices' 37 staff continued in its employ. The company's headquarters are in Espoo, Finland, and it has branches in Moscow, St Petersburg and Bangkok.

One of the world's leading manufacturers of piling equipment, Junttan Oy, selected DNA to provide its network-oriented server centre services. The companies announced their two-year contract on 9 August 2011, comprising the comprehensive DNA Data Services solution with company network subscriptions.

The City of Lahti introduced the DNA Mobile Certificate in the Lahti region residents' portal. The Internet services were launched on 29 August 2011.

Under a purchasing pool arrangement, the towns of Naantali and Raisio selected DNA as the supplier of the towns' voice and data communication services on 20 September 2011. Valued at EUR 1.8 million, the contract includes approximately 2,400 mobile phone subscriptions, the 'DNA Mobiilivaihde' mobile exchange and DNA Mobile broadband. The contract spans four years, with an option for one additional year.

On 15 November 2011, DNA and OP-Pohjola, the leading financial services group in Finland, announced an agreement on the use of mobile certificates. OP-Pohjola Group uses the service to promote the development and widespread use of electronic services in Finland.

Corporate business launched the next-generation 'DNA Mobiilivaihde', its spearheading mobile exchange product, on 16

November 2011. The product provides versatile exchange tools, hunt groups and numbering options as well as connection options to access control systems and calendar data, making people markedly more reachable. It is backed up and implemented with Alcatel-Lucent.

Ficolo Oy, the first colocation service provider in Finland, chose DNA's data communication connections for its server centre. Announced on 22 November 2011, the extensive agreement spans several years and includes data communication services and devices.

Key indicators per business segment

	Consumer business		Corporate business	
EUR million	1–12/2011	1–12/2010	1–12/2011	1–12/2010
Net sales	**554.0**	513.4	**173.5**	177.1
EBITDA	**132.8**	125.7	**55.6**	56.3
- % of net sales	**24.0**	24.5	**32.1**	31.8
Depreciation	**86.3**	73.1	**51.3**	43.8
Operating profit/loss	**46.5**	52.7	**4.3**	12.6
- % of net sales	**8.4**	10.3	**2.5**	7.1

Investments

Investments in the financial year amounted to EUR 119.5 million (83.4 million), or 16.4 per cent (12.1 per cent) of net sales. Major individual items included investments in fibre and transfer systems, the 3G network and information systems.

DNA's 4G network was launched in December, and 4G speeds enabled by the Dual Carrier and LTE technologies were available in 130 municipalities. Pay-TV broadcasts in the terrestrial network were launched in August, and the network was expanded towards the end of the year to cover approximately 70 per cent of the population.

Investments

EUR million	10–12/2011	10–12/2010	1–12/2011	1–12/2010
Consumer business	**34.5**	28.3	**81.1**	60.6
Corporate business	**14.4**	10.5	**34.3**	22.8
Non-allocated	**0.7**	0	**4.2**	0
Total investments	**49.5**	38.8	**119.5**	83.4

Research and development

During the financial year, the Group invested EUR 1.0 million (1.3 million) in research and product development, representing 0.1 per cent (0.2 per cent) of net sales. The majority of research and development costs have been recognised as expenses.

Network infrastructure

In data transfer comparison tests conducted on 4 October 2011, DNA's 3G network was the fastest for the second time running. The tests included drive testing and hot spot measurements. Telecommunications expert Omnitele Oy took the measurements in the Helsinki Metropolitan area and other major cities in Finland. In many of the measurements, the speeds achieved by DNA were significantly better than those of other operators.

DNA's 4G services were launched on 13 December 2011. DNA's 4G speeds are provided by means of LTE (Long Term Evolution) and Dual Carrier (DC) technologies. They covered a total of 130 municipalities at the end of the year. This coverage will be expanded further in 2012.

Personnel

At the end of December, DNA employed 1,035 persons (1,003). Year-on-year, the figure grew by 3.2 per cent. The number of consumer business employees totalled 690 (697) and corporate business employees 345 (306). The acquisition of Forte Netservices Oy increased the number of corporate business employees by 37 on 12 July 2011.

The average number of DNA employees in 2011 was 1,008 (934). Salaries and remunerations for the period amounted to EUR 48.0 million (49.8 million). At the end of the year, DNA employed 333 women (318) and 702 men (685).

As a result of the cooperation negotiations that ended in February, 23 employees were made redundant and 27 jobs were relocated.

Personnel by business segment

	31 Dec 2011	31 Dec 2010
Consumer business	690	697
Corporate business	345	306
Total personnel	1,035	1,003

Personnel by age group

	31 Dec 2011	31 Dec 2010
-25 years	31	
25-34 years	284	342
35-44 years	382	345
45-54 years	257	242
55-64 years	81	74
Total personnel	1,035	1,003

Changes in the Group structure

In its meeting of 25 May 2011, the Board of Directors decided to transfer the Welho Store (retail store business) and Welho Outbound (telemarketing business) business on 1 June 2011 from DNA Ltd to DNA Store Ltd. The business operation was transferred on 30 June 2010 to DNA Ltd in connection with the acquisition of Welho.

On 12 July 2011, DNA Ltd acquired the entire capital stock of Forte Groupservices Oy, the owner of Forte Netservices Oy, a company that offers data security services. In turn, Forte Netservices Oy is the owner of Forte Netservices OOO, a company that provides data security services in Russia.

Significant litigation matters

There were no significant litigation matters during the review period.

Management and governance

DNA's sales and marketing functions were transferred to the consumer and corporate business organisations as of 1 January 2011. On the same date, Erik Sylvestersson, Vice President, Sales and Marketing, retired from DNA Ltd's Executive Team.

DNA Ltd's Annual General Meeting of 10 March 2011 confirmed the Board of Directors to comprise eight members. Re-elected members of the Board of Directors included Hannu Isotalo, Jarmo Leino, Anu Nissinen, David Nuutinen, Jukka Ottela, Risto Siivola and Anssi Soila, and Tuija Soanjärvi was elected a new member. Jarmo Leino was re-elected Chairman of the Board of Directors in the Board's constitutive meeting. PricewaterhouseCoopers Ltd continue as the company's auditor.

On 31 March 2011, the Board of Directors decided to establish an audit committee that will primarily be in charge of DNA's financial reporting and control as well as preparation of audit-related matters. The Board elected Tuija Soanjärvi as chair and David Nuutinen and Jukka Ottela as members of the audit committee. The committee charter was adopted on 25 May 2011.

On 28 September 2001, the Board of Directors decided to establish a remuneration and nomination committee to assist the Board in the preparation of remuneration and nomination related matters of Board members, the CEO and other management, as well as preparation of the employee incentive scheme.

The Board elected Jarmo Leino as chair and Hannu Isotalo, Risto Siivola and Anu Nissinen as members of the remuneration and nomination committee. The committee charter was adopted on 26 October 2011.

DNA Ltd's corporate governance principles are described in more detail in the company's Annual Report.

Shares and shareholders

Shareholders

On 31 December 2011, the ten largest shareholders of DNA Ltd included Finda Oy, Sanoma Entertainment Finland Oy, Oulu ICT Oy, PHP Liiketoiminta Oyj, Osuuskunta KPY, Anvia Oyj, Ilmarinen Mutual Pension Insurance Company, Lohjan Puhelin Oy, Pietarsaaren Seudun Puhelin Oy and Karjaan Puhelin Oy. They owned a total of 99.6 per cent of DNA shares and voting rights.

Dividend

In accordance with the proposal by the Board of Directors, the Annual General Meeting of 10 March 2011 agreed to pay a dividend of EUR 5.20 per share, a total of EUR 49,936,515.20, to DNA's shareholders. The dividend was paid on 23 March 2011.

Shares

At the end of the review year, the company's shares totalled 9,610,676 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. There was no change in the number of shares and share capital during the year. The company held 7,500 treasury shares.

The Annual General Meeting of 10 March 2011 authorised the Board of Directors to resolve to repurchase or accept as a pledge DNA shares by using funds in the unrestricted equity reserve. A maximum number of 960,000 shares can be repurchased in one or several lots. This authorisation grants the Board of Directors the right to decide on the repurchase otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The shares may be repurchased in order to carry out acquisitions or other arrangements related to the company's business, to improve the capital structure of the company, to be used as part of the incentive scheme, to be transferred for other purposes or to be cancelled. The Board of Directors has the right to decide on all other matters related to the purchase of the shares. This authorisation will be effective until 30 June 2012 and replaced the previous authorisation.

Share issues and option rights

In March, based on the authorisation by the Annual General Meeting of 27 March 2009, the Board of Directors decided to issue 50,000 option rights classified as 2010B. Of these, 34,000 were allocated to the Executive Team and 16,000 to other key personnel. In addition, the Board decided to issue a maximum of 8,000 option rights classified as 2010B Supplementary lot. Of these, 3,000 were allocated to the Executive Team and 5,000 to other key personnel.

At the end of the financial year, the Board of Directors had a remaining authorisation to issue 17,000 option rights, based on the Annual General Meeting's authorisation on 27 March 2009 to issue a maximum of 125,000 option rights. They can be issued in one or several lots to be used as part of the management and key personnel incentive scheme. The authorisation includes the right to deviate from the pre-emptive right of shareholders.

Corporate responsibility

Due to its electricity consumption, the mobile radio network has been identified as the main source of DNA's environmental impact. In the financial year, DNA modernised its radio network with new generation base station devices. Instead of building individual base stations, the company can integrate all mobile communication technologies into one base station. Modernisation will continue in 2012.

DNA's 4G technology will further reduce relative per-data energy consumption through improved technical performance. Construction of the 4G network will continue in 2012. Moreover, the terrestrial TV network was constructed using existing mobile masts in the mobile communication network and the use of frequencies is efficient.

Network modernisation and the adoption of 4G technology are expected to decrease the network's total energy consumption considerably, while the need to multiply mobile broadband capacity is growing.

On 7 February 2011, DNA announced an agreement on the construction of a new office building in Käpylä, Helsinki, a location with excellent public transport connections. DNA will rent the building on a long term-lease, and about 600 DNA staff in the Helsinki Metropolitan Area will relocate to the new premises in late summer 2012. The new building is highly energy-efficient.

DNA and SOS Children's Village Association Finland, which provides child protection services, agreed on long-term cooperation on 1 October 2011, with DNA providing financial support and data communication connections for the association's offices. DNA is one of the main cooperation partners of the association.

DNA published its first corporate responsibility report, based on the Global Reporting Initiative (GRI) reporting model, as part of the Annual Report for 2010, and a more comprehensive GRI index table on the company website. In 2011, DNA continued the corporate responsibility development project according to the GRI model and executed an extensive materiality analysis in autumn. DNA's corporate responsibility report and GRI table for 2011 will be published with the Annual Report.

Significant risks and uncertainties

Risk management is part of DNA's strategy process and corporate governance. It is guided by the risk management policy approved by the Board of Directors. A more detailed description of DNA's risk management and risks is available in the company's Annual Report.

Risk refers to events or circumstances that, if they materialise, could affect DNA Group's ability to achieve its targets. Any risks that undermine DNA's strategically significant competitive strengths are avoided if possible, and special attention is paid to managing such risks.

DNA considers its risks to currently be at a manageable level, given the extent of its operations and its ability to manage risks.

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators and a high degree of penetration of telecommunication solutions.

DNA is increasing its emphasis on new business opportunities. Starting up new business always involves higher risks than conventional and established business operations.

Intense market competition places high demands on the quality and usability of operators' systems and network infrastructure. In addition, they must be able to productise services quickly and cost-efficiently.

The Finnish telecommunications market is characterised by stringent regulation. Regulation and, in particular, the authorities' ability to influence the price level of DNA's products and services, cost structure and the grounds on which frequencies are distributed, may also have an impact on DNA's business. For example, the views or changes in the assessment principles of the Finnish Communications Regulatory Authority (FICORA) can have an impact on the pricing of DNA's wholesale products. Licence regulation plays a major role in DNA's mobile communication and terrestrial network businesses.

DNA's business environment is very sensitive to change, and the pace of change is increasing. DNA must constantly deepen its understanding of customers and markets and react quickly when changes occur. For example, consumer use of mobile data and smart mobile terminals is currently experiencing strong growth.

Increased uncertainty related to overall economic development may affect customers' purchase behaviour and purchase power. The company is also affected by risks related to interests and liquidity.

With respect to the relevant areas, DNA's operations have been insured against loss and business interruption.

The risks and uncertainties related to DNA's business are described in closer detail in the company's Annual Report.

Events after the financial year

Minna Miettinen was appointed Vice President, Products & Content and a member of Executive Team as of 16 January 2012. She reports to DNA Chief Operating Officer Petteri Niemi and is responsible for the management and development of DNA's products and content portfolio. Her predecessor Timo Varsila resigned on 13 January 2012.

DNA and Kemppi Oy, a long-standing customer of DNA and a world-leading provider of arc welding equipment and productive welding solutions, announced on 1 October 2012 a multi-year agreement on service centre, communication and data communication services.

DNA Oy and Wextra Oy, an ICT expert, agreed on cooperation on 18 January 2012. As a local partner, Wextra will sell DNA's voice and data services to companies, associations and consumers.

Outlook for 2012

Market outlook

Similarly to 2011, it is estimated that the total value of the Finnish telecommunications market will remain unchanged. Areas likely to experience growth include mobile broadband, and, as pay TV and IP TV gain ground, TV services. The value of fixed-network voice services is expected to fall further. The value of the fixed-network broadband business is anticipated to decrease further as a result of intensified competition over housing company subscriptions, made possible by the amendment to the Housing Company Act in 2010.

Uncertainty related to the overall economic situation may increase, which may affect the value of smart phone and TV services and the corporate market.

In addition to the overall economic situation, net sales and profitability of the industry are being affected by the increased popularity of IP-based communication services driven by growing number of smart phones, other market developments, pricing pressures, reduction in mobile termination charges (in December 2011, prices fell from 4.4 cents to 3.8 cents/minute) and increased competition in the mobile communication and fixed-line broadband markets in particular.

DNA's outlook

Competition in the consumer market is expected to remain intense. DNA anticipates that business operations in the terrestrial TV network and terrestrial network pay-TV will grow slowly. Demand for pay-TV services is affected by consumer confidence related to overall economic development as well as the more affordable price level, introduced by increased competition, and awareness of services. In 2012, pay-TV services are expected to gain ground as the most appealing sports coverage moves to pay channels.

The increase in consumer demand for DNA's mobile broadband services is anticipated to continue. Fixed-network broadband customers are forecast to continue switching to housing company subscriptions and higher-speed connections. Intensifying competition in the housing company subscriptions market should lead to a lowering of ARPU.

Competition in the corporate market is expected to remain tight. The total value of the communication service market is expected to fall slightly, and the shift from fixed-network to mobile terminal-based voice services to continue.

Growth in the demand for mobile communication data services used in company customer networks is estimated to remain strong as the increase in mobile work continues. On the other hand, the market value of fixed-network data solutions connecting offices should remain unchanged despite increasing speeds. Demand for added value services for customer networks is anticipated to increase, including data security, management and monitoring services.

DNA will expand its current terrestrial HDTV network and all channel package broadcasts to cover 85 per cent of the Finnish population in early 2012.

The Group's target is to provide 4G services in major cities by 2014 and to invest in 3G network capacity in 2012.

The Group's financial position is expected to remain good in 2012, and net sales are expected to grow. EBITDA (in euro) is estimated to remain at a similar level as in 2011, and operating profit is expected to be lower than in 2011 due to an increase in depreciation.

Board of Directors' proposal for the distribution of profits

DNA Ltd's distributable funds in the financial statements amounted to EUR 248,889,498.27, of which profit for the financial year came to EUR 59,574,258.33. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 3.10 per share be paid. Based on the number of shares at the end of 2011, the total proposed dividend to be paid comes to EUR 29,769,845.60.

DNA Ltd
Board of Directors

DNA's next interim reports:

- January-March 2012: 30 April 2012 at 10:00 am
- January-June 2012: 20 July 2012 at 12:00 pm (press conference at 12:00 pm)
- January-September 2012: 25 October 2012 at 10:00 am

Financial Statements Release 2011

The financial statements release has been prepared in accordance with IFRS regulations and measurement principles. However, the report does not fully comply with all requirements of the IAS 34 Interim Financial Reporting standard. The information has been prepared in accordance with the valid International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the financial statements of 31 December 2010. This financial statements release should be read observing the 2010 financial statements. There are no IFRS or IFRIC interpretations that are effective for the first time 2011 that would be expected to have a material impact on the group.

Consolidated statement of comprehensive income, IFRS

EUR million	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Net sales	**190.2**	182.0	**727.5**	690.5
Other operating income	**0.6**	1.0	**3.9**	3.7
Materials and services	**-103.7**	-91.8	**-377.1**	-350.8
Employee benefit expenses	**-16.2**	-23.8	**-58.6**	-63.1
Depreciation	**-33.2**	-32.4	**-137.6**	-116.8
Other operating expenses	**-24.4**	-27.5	**-107.4**	-98.2
Operating profit	**13.2**	7.5	**50.8**	65.2
Financial income	**0.4**	0.5	**1.6**	1.4
Financial expense	**-2.3**	-1.3	**-6.2**	-6.1
Share of associated companies' results	**0.0**	0.0	**0.0**	0.0
Profit/loss before tax	**11.3**	6.6	**46.2**	60.6
Income tax	**-1.0**	-0.7	**-10.4**	-14.5
Profit/loss for the period	**10.3**	5.9	**35.8**	46.0
Other comprehensive income				
Cash flow hedges	**0.0**	0.2	**0.4**	0.6
Other comprehensive income, net of tax	**0.0**	0.2	**0.4**	0.6
Total comprehensive income	**10.3**	6.1	**36.1**	46.6
Net profit/loss attributable to:				
Owners of the parent	**10.3**	5.9	**35.8**	46.0
Comprehensive income attributable to:				
Owners of the parent	**10.3**	6.1	**36.1**	46.6
Earnings per share of the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	**1.07**	0.62	**3.73**	5.35
Average number of shares				
- Basic	**9,603**	9,603	**9,603**	8,604

Consolidated statement of financial position, IFRS

Assets

EUR million	31 December 2011	31 December 2010
Non-current assets		
Goodwill	**220.4**	209.8
Other intangible assets	**129.7**	134.4
Property, plant and equipment	**415.4**	412.6
Investments in associates	**1.1**	1.1
Available-for-sale financial assets	**0.2**	0.2
Trade and other receivables	**16.6**	7.9
Deferred income tax assets	**21.8**	28.5
Total non-current assets	**805.1**	794.4
Current assets		
Inventories	**14.0**	12.5
Trade and other receivables	**171.0**	158.1
Cash and cash equivalents	**28.4**	49.5
Total current assets	**213.5**	220.0
Total assets	**1 018.6**	1 014.4

Equity and liabilities

EUR million	31.12.2011	31.12.2010
Equity attributable to owners of the parent		
Share capital	**72.7**	72.7
Other reserves	**605.6**	605.3
Retained earnings	**-53.1**	-40.3
Equity attributable to owners of the parent	**625.2**	637.7
Total equity	**625.2**	637.7
Liabilities		
Non-current liabilities		
Deferred tax liabilites	**58.2**	71.9
Interest-bearing non-current liabilities	**135.1**	100.3
Derivative financial instruments	**0.7**	1.1
Provisions for other liabilities	**5.7**	8.0
Retirement benefit obligations	**0.2**	0.2
Other non-current liabilities	**1.4**	1.4
Total non-current liabilities	**201.3**	183.0
Current liabilities		
Interest-bearing current liabilities	**46.5**	51.6
Provisions for other liabilities	**0.1**	6.5
Income tax liabilities	**0.9**	9.2
Trade and other payables	**144.5**	126.5
Total current liabilities	**192.0**	193.8
Total equity and liabilities	**1,018.6**	1,014.4

IFRS=International Financial Reporting Standards

Condensed consolidated statement of cash flows

EUR million	1-12/2011	1-12/2010
Cash flows from operating activities		
Profit/loss for the period	**35.8**	46.0
Adjustments		
Depreciation	**137.6**	116.8
Change in working capital	**-7.9**	-13.6
Other adjustments	**-24.5**	5.7
Net cash generated from operating activities	**140.9**	154.9
Cash flows from investing activities		
Investments in tangible and intangible assets	**-118.4**	-83.4
Proceeds from sale of assets	**0.5**	0.3
Acquisition of subsidiaries and business transfers	**-14.1**	0.0
Loan repayments received	**0.1**	0.0
Change in other investments	**0.0**	0.0
Net cash used in investing activities	**-131.9**	-83.0
Cash flows from financing activities		
Dividends paid	**-49.9**	-33.0
Borrowing of interest-bearing liabilities	**100.0**	30.0
Repayments of interest-bearing liabilities	**-97.8**	-49.0
Commercial papers, net	**24.9**	0.0
Change in non-current receivables	**-7.2**	3.3
Net cash used in financing activities	**-30.0**	-48.7
Change in cash and cash equivalents	**-21.0**	23.2
Cash and cash equivalents at beginning of period	**49.5**	26.3
Cash and cash equivalents at end of period	**28.4**	49.5

Consolidated statement of changes in equity

EUR 1,000	Share capital	Hedge fund	Unrestricted equity reserve	Retained earnings	Total equity
Balance at 1 January 2010	72.7	-1.2	407.0	-53.8	424.6
Comprehensive income					
Profit/loss	0.0	0.0	0.0	46.0	46.0
Other comprehensive income					
Cash flow hedges, net of tax		0.6			0.6
Total other comprehensive income	0.0	0.6	0.0	0.0	0.6
Total comprehensive income for the period	0.0	0.6	0.0	46.0	46.6
Transactions with owners					
Acquisitions				0.0	0.0
Issue of ordinary shares related to business combination			200.0		200.0
Employees share option scheme: granted options				0.4	0.4
Other changes			-1.0	0.0	-1.0
Dividends relating to 2009				-33.0	-33.0
Total contributions by and distributions to owners	0.0	0.0	199.0	-32.6	166.4
Balance at 31 December 2010	72.7	-0.6	605.9	-40.3	637.7

EUR 1,000	Share capital	Hedge fund	Unrestricted equity reserve	Retained earnings	Total equity
Balance at 1 January 2011	72.7	-0.6	605.9	-40.3	637.7
Comprehensive income					
Profit/loss	0.0	0.0	0.0	35.8	35.8
Other comprehensive income					
Cash flow hedges, net of tax		0.4			0.4
Total other comprehensive income	0.0	0.4	0.0	0.0	0.4
Total comprehensive income for the period	0.0	0.4	0.0	35.8	36.1
Transactions with owners					
Employees share option scheme: granted options				1.3	1.3
Dividends relating to 2010				-49.9	-49.9
Total contributions by and distributions to owners	0.0	0.0	0.0	-48.6	-48.6
Balance at 31 December 2011	72.7	-0.3	605.9	-53.1	625.2

Notes to the financial statements release

1. Accounting principles

The financial statements release has been prepared in accordance with IFRS regulations and measurement principles. However, the report does not fully comply with all requirements of the IAS 34 Interim Financial Reporting standard. The information has been prepared in accordance with the valid International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the financial statements of 31 December 2010. This financial statements release should be read observing the 2010 financial statements. There are no IFRS or IFRIC interpretations that are effective for the first time 2011 that would be expected to have a material impact on the group.

2. Segment information under IFRS 8

There were no unallocated items in 2011 and 2010.

EUR 1,000
1 Oct–31 Dec 2011

Business Segments	Consumer	Corporate	Group total
Net sales	144,620	45,545	190,165
EBITDA	32,284	14,187	46,471
Depreciation	20,679	12,567	33,246
Operating result	11,606	1,620	13,225
Financial items			-1,903
Profit/loss before tax			11,325
Profit/loss for the financial period			10,317
Investments	34,462	14,379	48,840
Personnel at end of period	690	345	1,035

EUR 1,000
1 Oct–31 Dec 2010

Business Segments	Consumer	Corporate	Group total
Net sales	137,652	44,380	182,032
EBITDA	28,373	11,352	39,725
Depreciation	20,934	11,477	32,411
Operating result	7,603	-125	7,478
Financial items			-823
Profit/loss before tax			6,647
Profit/loss for the financial period			5,937
Investments	28,275	10,476	38,752
Personnel at end of period	697	306	1,003

EUR 1,000
1 Jan–31 Dec 2011

Business Segments	Consumer	Corporate	Group total
Net sales	554,033	173,498	727,531
EBITDA	132,793	55,610	188,403
Depreciation	86,298	51,266	137,564
Operating result	46,496	4,343	50,839
Financial items			-4,690
Profit/loss before tax			46,161
Profit/loss for the financial period			35,796
Investments	81,069	34,315	115,384
Personnel at end of period	690	345	1,035

EUR 1,000 1 Jan–31 Dec 2010 Business Segments	Consumer	Corporate	Group total
Net sales	513,440	177,053	690,492
EBITDA	125,721	56,333	182,054
Depreciation	73,063	43,765	116,828
Operating result	52,658	12,568	65,225
Financial items			-4,681
Profit/loss before tax			60,555
Profit/loss for the financial period			46,032
Investments	60,610	22,764	83,373
Personnel at end of period	697	306	1,003

3. Investments

EUR 1,000	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Capital expenditure				
Intangible assets	**7,327**	12,119	**26,371**	21,055
Property, plant and equipment	**42,167**	26,633	**93,172**	62,318
Total	**49,494**	38,752	**119,543**	83,373

All items of capital expenditure have not been allocated to business segments in management reporting (for example financial leases).

4. Shareholders' equity

Notes to Shareholders' equity:

EUR 1,000	Number of shares *)	Share capital	Unrestriced equity reserve
1 January 2010	7,581	72,702	406,956
Directed share issue	3		
Welho business combination (note 10)	2,027		200,000
Other changes			-1,029
31 December 2010	9,611	72,702	605,927
1 January 2011	9,611	72,702	605,927
31 December 2011	**9,611**	**72,702**	**605,927**

* Number of shares include 7 500 treasury shares

Payment of dividend

DNA Ltd's Annual General Meeting of 10 March 2011 approved a payment of dividend (EUR 5.20 per share) totalling EUR 49,936,515.20. The dividend was paid on 23 March 2011.

Treasury shares

No treasury shares have been redeemed during the financial period.

Date	Amount	Payment
7 April 2010	5,000	588,402
4 Aug 2009	2,500	287,209
Total	7,500	875,611

Treasury shares in total represent 0.1 per cent of the votes. The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

The shares do not have nominal value.

5. Net liabilities

EUR 1,000	31 December 2011	31 December 2010
Non-current and current interest-bearing liabilities	**181,601**	151,876
Less short-term investments, cash and bank balances	**28,448**	49,466
Total	**153,154**	102,410

6. Provisions

EUR 1,000	Decommissioning provision	Onerous contracts	Restructuring provision	Other provision
Provisions 1 January 2011	**4,683**	**3,786**	**6,076**	
Additions		**65**	**37**	
Provisions used		**-1,017**	**-1,234**	
Other changes/discount effect	**-390**	**-2,023**	**-4,126**	
Provisions 31 December 2011	**4,292**	**811**	**753**	**0**
Provisions 1 January 2010	4,667	4,636	3,710	0
Additions		767	4,587	
Business combinations		704		200
Provisions used	-113	-888	-2,221	-100
Other changes/discount effect	130	-1,433		-100
Provisions 31 December 2010	4,683	3,786	6,076	0

7. Related party transactions

The Group's related parties include organisations exercising significant influence, associated companies and members of the Board of Directors and the management teams, including the CEO and the deputy CEO as well as their immediate family. Additionally, any organisation where a member of the related party excercises significant influence is considered related party.

The following related party transactions were carried out during the period:

EUR 1,000 12/2011	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	**8,842**	**2,915**	**1**	**8**
Associated companies	**0**	**197**	**0**	**0**
Other related parties	**0**	**0**	**0**	**0**

EUR 1,000 12/2010	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	7,447	5,176	2,224	771
Associated companies	0	185	0	0
Other related parties	0	81	0	0

8. Rights issues

There have been no rights issues during the financial period. A rights issue was targeted at management as part of their incentive scheme in 2010, and a total of 2,748 new shares were subscribed to at a per-share subscription price of EUR 97.00. CEO Riitta Tiuraniemi subscribed to 180 shares and other members of the company's management subscribed to 2,568 shares. The new shares issued did not have a nominal value.

9. Share-based payments

Conditions of share-based incentive scheme

The Group has a share-based incentive scheme directed at management and key personnel. According to the conditions of the incentive scheme, the parent company gives options without monetary compensation. The Group's incentive scheme is conditional. The central condition of the scheme is presented in the table below.

Option scheme

As proposed by the Board of Directors, the Annual General Meeting decided that a long-term incentive scheme for the management and other key personnel be introduced in March 2010. If the option rights holder's employment with a Group company ends, his or her option rights will immediately transfer to the company or its order. A total of 100,000 option rights was issued (2010). During spring 2011, it was decided to grant an additional 8,000 option rights. At most, 50,000 option rights are classified as 2010A and 58,000 option rights as 2010B (the allocation was amended 7 February, previously 51,000 option rights were classified as 2010A and 49,000 option rights as 2010B). The share subscription period for option rights 2010A begins on 2 January 2013 and ends on 30 April 2015, and for option rights 2010B it begins on 2 January 2014 and ends on 30 April 2016. Since one option right entitles the holder to subscribe to one new share or treasury share held by the company, all of the option rights awarded entitle to the subscription of a maximum of 108,000 shares in the company. The per-share subscription price for option rights 2010A and 2010B is EUR 97.00, which is the estimated fair value of the share on 17 December 2009. Should the company distribute dividends or funds from its unrestricted equity fund, the subscription price applied to the option rights will be decreased in line with the amount of dividends decided or unrestricted equity funds distributed after 17 December 2009 and prior to the share subscription period on the record date of each dividend payment or capital refund. The subscription price will be recorded in the company's invested unrestricted equity reserve.

Option scheme

Classification	2010A	2010B
Target group	Management and key personnel	Management and key personnel
Granting date	10 March 2010	1 March 2011
Amount of granted instruments	50,000	58,000
Exercise price	EUR 97.00	EUR 97.00
Share price at granting date	EUR 97.00	EUR 98.66
Subscription period	2 January 2013–30 April 2015	2 January 2014–30 April 2016
Expected life (years)	5 years	5 years
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Share options outstanding

Changes in share options outstanding during the financial period and the average exercise prices are as follows:

	Options
On 1 January	50,000
Granted options	58,000
Forfeited options	
Exercised options	
Expired options	
On 31 December	**108,000**

The weighted average fair value of options granted during the period was EUR 38.73 per option (2010A: EUR 35.47 per option). The fair value of the options was determined by using a valuation model. The significant inputs of the model were the share price of EUR 98.66, exercise price shown above less dividends paid in 2010 of EUR 4.35, volatility of 38 per cent, an expected option life of two years, and a risk-free interest rate of 2.82 per cent (2010A: 2.49 per cent).

10. Business combinations

Forte acquisition

On 12 July 2011, DNA Ltd acquired 100% of the share capital of Forte Groupservices Oy. Forte Groupservices Oy owns Forte Netservices Oy and Forte Netservices OOO. Forte produces secure communication services for enterprise customers. The consideration was paid in cash. The goodwill of EUR 10,6 million, arising from the acquisition, is attributable to expected synergy effects, the knowledge of the personnel transferred in the acquisition as well as future benefits expected from new customers acquired through Forte services.

The net profit included in the consolidated income statement from 12 July 2011 to 31 December 2011 contributed by Forte Groupservices Oy was EUR 0.4 million. Had Forte Groupservices Oy been consolidated from 1 January 2011, the consolidated income statement for the twelve months ended 31 December 2011 would show revenue of EUR 731.5 million and profit of EUR 37.2 million. Direct costs of EUR 0.2 million relating to the acquisition were expensed.

The fair values of the acquired assets and liabilities are:

EUR 1,000	Fair value
Intangible assets	5,333
Property, plant and equipment	791
Deferred tax assets	210
Inventories	99
Trade and other receivables	1,914
Cash and cash equivalents	794
Total assets	**9141**
Deferred tax liabilities	1,525
Trade and other liabilities	3,328
Total liabilities	**4853**
Net assets	**4287**
Acquisition cost	14,923
Goodwill	10,636

Welho acquisition 2010

DNA Ltd completed the acquisition of Welho through a directed share issue on 30 June 2010. DNA Ltd issued in total 2,027,167 new shares to Sanoma Group, representing 21 per cent of the group's shares. According to the acquisition agreement, the shares were determined to have a value of EUR 200 million in total (EUR 98.66 per share).

The assets and liabilities were recorded on 30 June 2010 at their carrying amount and were adjusted to their fair value for the interim report of 30 September 2010. The goodwill is mainly based on synergy benefits expected, the knowledge of the personnel transferred in the business combination as well as future benefits expected from new customers acquired through the Welho brand and the Welho products.

Direct costs of EUR 0.5 million relating to the acquisition were expensed.

The acquired business's net sales for the period 1 January 2010–31 December 2010 amounted to EUR 69 million. If the acquisition had occurred on 1 January 2010, group net sales would have been EUR 725 million.

EUR 1,000	Amounts recognised at acquisition 30 June 2010	Fair value
Intangible assets	1,074	68,956
Property, plant and equipment	36,209	54,814
Deferred tax assets	52	258
Inventories	904	818
Trade and other receivables	5,879	5,879
Cash and cash equivalents	8	8
Total assets	44,127	130,733
Provisions	200	904
Deferred tax liabilities	2,050	24,533
Trade and other liabilities	18,363	18,363
Total liabilities	20,613	43,800
Net assets	23,514	86,933
Acquisition cost (shares)		200,000
Goodwill		113,067

11. Prior period adjustment

After the publishing of the January-September interim report, an internal system error was detected. The error has been corrected retrospectively for the period of January-September by a EUR -6.7 million adjustment to net sales. The effect of the adjustment in the financial statements for the period of January to September 2011 is disclosed below.

Consolidated statement of comprehensive income

EUR million	Published	Adjustment	Restated
Net sales	**544,1**	-6,7	**537,4**
Other operating income	**3,3**		**3,3**
Operating expenses	**-503,1**		**-503,1**
Operating profit	**44,3**	-6,7	**37,6**
Financial items	**-2,8**		**-2,8**
Share of associated companies' results	**0,0**		**0,0**
Profit before tax	**41,6**	-6,7	**34,8**
Income tax	**-11,1**	1,8	**-9,4**
Profit for the period	**30,5**	-5,0	**25,5**
Other comprehensive income			
Cash flow hedges	**0,3**		**0,3**
Other comprehensive income, net of tax	**0,3**		**0,3**
Total comprehensive income	**30,8**	-5,0	**25,8**
Basic earnings per share, EUR	**3,17**		**2,65**
Average number of shares			
-Basic	**9,603**		**9,603**

Consolidated statement of financial position

	Published	Adjustment	Restated
Non-current assets	**780,4**		**780,4**
Trade and other receivables	**162,6**	-8,3	**154,3**
Other current assets	**29,2**		**29,2**
Current assets	**191,8**	-8,3	**183,5**
Total assets	**972,2**	-8,3	**964,0**
Equity	**619,6**	-5,0	**614,6**
Non-current liabilities	**141,9**		**141,9**
Income tax liability	**5,1**	-1,8	**3,4**
Trade and other payables	**111,8**	-1,6	**110,2**
Other current liabilities	**93,8**		**93,8**
Current liabilities	**210,7**	-3,3	**207,4**
Total equity and liabilities	**972,2**	-8,3	**964,0**

Out of the above disclosed adjustment to year to date net sales (EUR 6.7 million), EUR 2.0 was directed to the first quarter and EUR 2.6 million to the second quarter. The 2012 comparable figures will be restated.

Key figures

	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Equity per share, EUR	**65.1**	66.4	**65.1**	66.4
Interest-bearing net liabilities, EUR million	**153.2**	102.4	**153.2**	102.4
Gearing, %	**24.5**	16.1	**24.5**	16.1
Equity ratio, %	**62.2**	63.6	**62.2**	63.6
Net debt/EBITDA	**0.82**	0.64	**0.81**	0.56
Return on investment (ROI), %	**6.9**	4.0	**6.6**	9.6
Return on equity (ROE), %	**6.7**	3.7	**5.7**	8.7
Investments, EUR million	**49.5**	38.8	**119.5**	83.4
Investments, % of net sales	**26.0**	21.3	**16.4**	12.1
Personnel at end of period	**1,035**	1,003	**1,035**	1,003

Key operative indicators

Mobile communication network subscription volumes:

Number of:	9/2011	9/2010	12/2011	12/2010
Subscriptions (incl. mobile broadband)*	**2,234,000**	2,078,000	**2,285,000**	2,108,000
DNA's own customers*	**2,147,000**	1,968,000	**2,188,000**	1,999,000

	10-12/2011	10-12/2010	1-12/2011	1-12/2010
Revenue per subscription (ARPU), EUR**	**20.5**	21.4	**20.4**	21.7
Customer churn rate, %**	**16.5**	19.4	**16.4**	18.7

* includes mobile broadband
** includes postpaid subscriptions only

Fixed-network subscription volumes:

Number of:	9/2011	9/2010	12/2011	12/2010
Broadband subscriptions	**294,000**	289,000	**299,000**	291,000
Cable TV subscriptions	**599,000**	596,000	**602,000**	598,000
Telephone subscriptions	**142,000**	174,000	**138,000**	171,000

Calculation of the key Indicators

$$\text{Equity per share (in euros)} = \frac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of outstanding shares at end of period}}$$

$$\text{Interest-bearing net liabilities (in euros)} = \text{Interest-bearing liabilities} - \text{liquid assets}$$

$$\text{Gearing, \%} = \frac{\text{Interest-bearing liabilities} - \text{liquid assets}}{\text{Total shareholders' equity}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Shareholders' equity}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

$$\text{EBITDA (in euros)} = \text{Operating result} + \text{depreciation and amortisation}$$

$$\text{Return on investment (ROI), \%*} = \frac{\text{Profit before taxes} + \text{interest and other financing expenditure}}{\text{Balance sheet total} - \text{non-interest bearing liabilities (annual average)}} \times 100$$

$$\text{Return on equity (ROE), \%*} = \frac{\text{Profit for the financial period}}{\text{Total shareholders' equity (annual average)}} \times 100$$

$$\text{Net debt/EBITDA*} = \frac{\text{Interest-bearing net liabilities}}{\text{EBIT} + \text{depreciation} + \text{amortisation}}$$

* 12-month adjusted