

The logo consists of the letters 'DNA' in a bold, white, sans-serif font, centered within a solid magenta square.

DNA

INTERIM REPORT

1-6/2016



Index

Summary	1
CEO's review	3
Interim Report January-June	5
Operating environment	5
Net sales and profit	6
Cash flow and financial position	8
Development per business segment	9
Investments	12
Network infrastructure	13
Personnel	14
Changes in the Group and capital structure and significant litigation matters	15
Management and governance	16
Shares and shareholders	17
Corporate responsibility	18
Near-term risks and uncertainties	19
Events after the review period	21
Outlook for 2016	22
Group key figures	23
Financial Statements	26
Consolidated income statement and statement of comprehensive income	26
Consolidated statement of financial position	28
Consolidated statement of cash flows	30
Consolidated statement of changes in equity	32
Notes	33
1. Accounting principles	34
2. Segment information	35
3. Investments	38
4. Shareholders' equity	39
5. Interest-bearing net liabilities	40
6. Provisions for other liabilities	41
7. Related party transactions	42
8. Share-based payments	43

DNA reports strong first half – profitability improved further

Summary

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year (reference period).

April–June 2016

- Net sales increased by 1.2 per cent and came to EUR 210.2 million (207.7 million).
- EBITDA increased by 6.2 per cent to EUR 58.6 million (55.1 million). The EBITDA percentage of net sales increased and came to 27.9 per cent (26.5 per cent).
- Comparable EBITDA came to EUR 58.6 million (54.1 million).
- The operating result increased by 59.3 per cent to EUR 22.3 million (14.0 million), or 10.6 per cent of net sales (6.7 per cent).
- The comparable operating result came to EUR 22.3 million (12.9 million).
- Revenue per user (ARPU) for mobile communications amounted to EUR 16.8 (17.2).
- The mobile communication subscription turnover rate (CHURN) was 15.0 per cent (14.6 per cent).

January–June 2016

- Net sales remained at a similar level year-on-year and amounted to EUR 412.2 million (408.5 million).
- EBITDA increased by 7.4 per cent to EUR 118.7 million (110.5 million). The EBITDA percentage of net sales increased and came to 28.8 per cent (27.0 per cent).
- Comparable EBITDA came to EUR 118.7 million (109.4 million).
- The operating result increased by 67.0 per cent to EUR 47.4 million (28.4 million), or 11.5 per cent of net sales (7.0 per cent).
- The comparable operating result came to EUR 47.4 million (27.3 million).
- The mobile communication subscription base grew by 4.8 per cent, reaching 2,668,000 (2,547,000) in total.
- Revenue per user (ARPU) for mobile communications amounted to EUR 16.6 (17.0).
- The mobile communication subscription turnover rate (CHURN) was 14.3 per cent (16.0 per cent).
- The fixed-network subscription base (voice, broadband and cable television) remained at a similar level and came to 1,111,000 subscriptions at the end of the second quarter (1,109,000).

DNA's outlook for 2016 remains unchanged

Net sales are expected to remain at a similar level and the operating result is expected to grow significantly in 2016 compared to 2015. The Group's financial position is expected to remain at a healthy level.

Key figures

Figures are unaudited.

EUR million	4-6/2016	4-6/2015	Change, %	1-6/2016	1-6/2015	Change, %	1-12/2015
Net sales	210.2	207.7	1.2%	412.2	408.5	0.9%	828.8
EBITDA	58.6	55.1	6.2%	118.7	110.5	7.4%	227.7
- % of net sales	27.9%	26.5%		28.8%	27.0%		27.5%
Comparable EBITDA *	58.6	54.1	8.3%	118.7	109.4	8.4%	226.7
- % of net sales	27.9%	26.0%		28.8%	26.8%		27.3%
Depreciation and impairment charges	-36.3	-41.1		-71.3	-82.1		154.6
Operating result	22.3	14.0	59.3%	47.4	28.4	67.0%	73.1
- % of net sales	10.6%	6.7%		11.5%	7.0%		8.8%
Comparable operating result*	22.3	12.9	72.3%	47.4	27.3	73.4%	72.0
- % of net sales	10.6%	6.2%		11.5%	6.7%		8.7%
Result before tax	19.9	11.1	79.6%	42.6	22.4	89.8%	61.6
Result for the financial period	15.9	9.0	75.3%	34.0	18.1	87.8%	50.0
Return on investment (ROI), %	9.6	6.0		10.0	5.9		7.6
Return on equity (ROE), %	12.4	7.4		13.0	7.3		9.7
Investments	33.8	35.5	-4.8%	54.6	51.3	6.4%	154.7
Cash flow after investments	11.2	25.6		40.3	63.1		97.3
Interest bearing net liabilities, EUR million	412.4	446.7	-7.7%	412.4	446.7	-7.7%	412.3
Interest bearing net liabilities/EBITDA	1.8	2.0		1.7	2.0		1.8
Net gearing, %	79.5	90.7		79.5	90.7		78.5
Equity ratio, %	44.9	42.5		44.9	42.5		44.1
Basic earnings per share, EUR	1.9	1.1		4.0	2.1		5.9
Personnel at the end of period	1,702	1,739	-2.1%	1,702	1,739	-2.1%	1,672

*Group key figures

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CEO's review



DNA delivered a strong performance in the first half of 2016. Our net sales remained at a similar level year-on-year and amounted to EUR 412.2 million. Our profitability increased further and our operating result grew by 67 per cent to EUR 47.4 million, or 11.5 per cent of net sales. Net sales were fuelled by the growth in service net sales (net sales less sales of goods and interconnection charges) as well as the positive development of mobile device sales. Our service net sales were boosted in particular by the increased sales of mobile subscriptions. The mobile data market continued to grow, boosted by increased smart phone adoption and wider availability of 4G speeds. Our net sales were burdened by lower interconnection earnings as well as weaker pay-TV service sales. Our operating result was boosted by the improved EBITDA and lower level of depreciation in the review period.

We reduced our net debt further during the first six months of 2016, and our equity ratio increased to 44.9 per cent.

Our subscription base continued to grow, in particular in the mobile communication network. Our mobile communication subscription base grew by 121,000 subscriptions year-on-year, reaching 2,668,000 in total. Our fixed-network subscription base increased by 2,000

and came to 1,111,000 at the end of the second quarter. The growth of the number of fixed-network broadband and cable television subscriptions by 17,000 subscriptions in total has compensated for the drop in the number of fixed-network voice subscriptions.

DNA's Board of Directors launched a strategic assessment in the second quarter with the aim of securing the conditions for a positive development of our business in the future. One possible outcome of the assessment is listing DNA on the stock exchange. DNA's Board of Directors will announce the results of the assessment upon its completion.

In May, we launched a new-generation fibre optic network. Our DNA Valokuitu Plus (DNA Fibre Optic Plus) network will enable broadband speeds of up to a Gigabit per second for hundreds of thousands of households without any changes to the housing company's internal network. We also set a new record speed in the launch event of the DNA Valokuitu Plus network, being the first operator in Europe to reach 3.055 Gbps in our broadband network.

We became the first operator in Finland to update the theoretical maximum speed of our 4G mobile network to 600 Mbps. The new base station technology increases the mobile network's capacity and speed, further enhancing our customers' user experience. The new technology will be introduced in DNA's 4G network across Finland during 2016.

In the first half of the year, 4G traffic volumes in DNA's networks grew by almost 150 per cent year-on-year. In early July, telecom competitiveness specialist Tefficient released a report* according to which DNA's customers have the highest mobile data usage in the world. In 2015, DNA carried almost six (5.9) gigabytes of data per subscription each month. We will continue our investments in network coverage and capacity in order to keep delivering a great and improving customer experience. Our 4G network currently reaches more than 97 per cent of the population in Finland, and will reach more than 99 per cent by the end of the year.

On 28 June, we made a binding offer of EUR 120 million to acquire the share capital of the following Anvia Plc subsidiaries: Anvia Telecom Ltd, Anvia IT-Services Ltd, Anvia Hosting Ltd, Anvia TV Ltd and Watson Nordic Ltd. However, Anvia's Extraordinary General Meeting of 29 June approved the sale of these subsidiaries to Elisa.

In 2016, we will continue to focus on increasing our profitability, growing our sales and improving our customer service further. We will also bolster and maintain employee satisfaction in order to ensure that we employ highly motivated top experts across the entire organisation.

* <http://media.tefficient.com/2016/06/tefficient-industry-analysis-3-2016-mobile-data-usage-and-pricing-FY-2015-final2.pdf>



Jukka Leinonen
President and CEO

Operating environment

The weak economic situation in Finland continued in the second quarter, also causing uncertainty in the telecommunications sector. Different sectors of the industry are experiencing diverse trends. The mobile data market continued to grow, boosted by increased smart phone adoption and the wider availability of 4G speeds. The trend of increased smart phone penetration also continued, and some 98 per cent of phones sold by DNA in the second quarter were smart phones. Demand for 4G subscriptions continued to increase, and some 85 per cent of phones sold by DNA were 4G-capable.

The number of mobile broadband subscriptions grew, and the number of fixed-network broadband subscriptions was steady. Price competition in the broadband market remained very intense. Revenue from voice calls as well as the text message market has been declining steadily in Finland, but this trend is compensated by the growth of the mobile data market. Social networking applications have enriched but also partially replaced some traditional communication methods such as text messaging.

Use of TV and video services has become more versatile. Traditional TV viewing remains relatively steady, while the use of streaming and on-demand video services has increased notably. The younger the viewers, the more likely they are to watch TV on other devices in addition to their television set. An increasing share of smart phone usage is linked to watching moving images.* The use of HDTV broadcasts is growing and customers want to watch content conveniently at a time that works best for them. The use of online entertainment services in particular continued to grow.

Economic uncertainty persisted and continued to affect investment decisions in the corporate market in the first half of the year. However, both the public and the private sector continued to digitise their business and expand mobile working at an increasing pace. Companies are interested in the Industrial Internet and its possibilities, which was reflected in the growth of DNA's M2M (machine-to-machine) subscription base. The rising business use of cloud services increases the demand for network capacity.

The licenses for commercial use of the 700 MHz band will be auctioned towards the end of 2016. The Finnish Ministry of Transport and Communications has invited comments on the draft decree on spectrum auction which proposes that one bidder may be granted no more than one third of the available frequency blocks.

On 20 June, the Ministry of Transport and Communications announced that the Norwegian Norkring AS relinquished the licences granted to it for antenna network operations, which will be made available for licence applications at a later date. It is the aim of the Ministry of Transport and Communications to extend the period of current network licences and the programme licences granted for these networks until these licences are issued again and enter into force.

The European Union roaming regulations (the Eurotariff) entered into force on 30 April, lowering the prices of calls, text messages and data transfer throughout the EU area. DNA lowered its roaming prices, cutting the charges for calls and data transfer in Europe by over 70 per cent from previous levels.

Legislative proposals on the reform of the regulatory framework for electronic communications by the European Commission are expected by the end of 2016. The reform is expected to have effects on the industry and the regulation of the market, spectrum and electronic communication services as well as the powers of the regulatory authorities.

The EU Data Protection Regulation (GDPR) was agreed in the spring of 2016. Following a two year implementation period, the GDPR will be applied across the European Union in May 2018. The GDPR and the subsequent review of the Directive on privacy and electronic communications are estimated to have an impact on DNA's business, with regard to the processing of customer data, for example.

*Source: DNA's consumer survey on the use of digital content

Net sales and profit

April–June 2016

Net sales increased and came to EUR 210.2 million (207.7 million). Net sales were fuelled by the positive development of mobile device sales and the growth in service net sales (net sales - sales of goods - interconnection), boosted in particular by the positive development of mobile subscriptions and growing use of mobile data, as 4G subscriptions become more common. Net sales were burdened by decreased pay-TV service sales as well as lower interconnection prices. During the review period, 73.3 per cent (71.8 per cent) of net sales was generated by Consumer Business and 26.7 per cent (28.2 per cent) by Corporate Business.

EBITDA increased by 6.2 per cent to EUR 58.6 million (55.1 million). The EBITDA percentage of net sales increased and came to 27.9 per cent (26.5 per cent). The increase was fuelled by growth in service net sales and improved operational efficiency. There were no items affecting the comparability of EBITDA in the review period. The comparability of EBITDA in the reference period was affected by a sales profit of EUR 1.1 million from the sales of DNA's share in Booxmedia Oy.

Operating result increased by 59.3 per cent to EUR 22.3 million (14.0 million). Operating result was boosted by the improved EBITDA and lower level of depreciation in the review period. Operating result as a percentage of net sales increased to 10.6 per cent (6.7 per cent). There were no items affecting the comparability of operating result in the review period. The comparability of operating result in the reference period was affected by a sales profit of EUR 1.1 million.

Financial income and expenses amounted to EUR -2.4 million (-2.9 million). Income tax for the period was EUR -4.0 million (-2.0 million). Result for the financial period improved by 75.3 per cent from the reference period and amounted to EUR 15.9 million (9.0 million). Earnings per share came to EUR 1.9 (1.1).

January–June 2016

DNA's net sales remained at a similar level year-on-year and amounted to EUR 412.2 million (408.5 million). Net sales were fuelled by the growth in service net sales (net sales - sales of goods - interconnection) as well as positive development of mobile device sales. Service net sales were boosted in particular by the increased sales of mobile subscriptions and growing use of mobile data as 4G subscriptions become more common. Net sales were burdened by lower pay-TV service sales as well as lower interconnection prices. During the review period, 72.7 per cent (71.6 per cent) of net sales was generated by Consumer Business and 27.3 per cent (28.4 per cent) by Corporate Business.

EBITDA increased by 7.4 per cent to EUR 118.7 million (110.5 million). The EBITDA percentage of net sales increased and came to 28.8 per cent (27.0 per cent). The increase was fuelled by growth in service net sales and improved operational efficiency. There were no items affecting the comparability of EBITDA in the review period. The comparability of EBITDA in the reference period was affected by a sales profit of EUR 1.1 million from the sales of DNA's share in Booxmedia Oy.

Operating result increased by 67.0 per cent to EUR 47.4 million (28.4 million). Operating result was boosted by the improved EBITDA and lower level of depreciation in the review period. Operating result as a percentage of net sales increased to 11.5 per cent (7.0 per cent). There were no items affecting the comparability of operating result in the review period. The comparability of operating result in the reference period was affected by a sales profit of EUR 1.1 million.

Financial income and expenses amounted to EUR -4.8 million (-6.0 million). Income tax for the period was EUR -8.6 million (-4.3 million). Result for the financial period improved by 87.8 per cent from the reference period and amounted to EUR 34.0 million (18.1 million). Earnings per share came to EUR 4.0 (2.1).

Consolidated key figures

EUR million	4-6/2016	4-6/2015	Change, %	1-6/2016	1-6/2015	Change, %	1-12/2015
Net sales	210.2	207.7	1.2%	412.2	408.5	0.9%	828.8
EBITDA	58.6	55.1	6.2%	118.7	110.5	7.4%	227.7
- % of net sales	27.9%	26.5%		28.8%	27.0%		27.5%
Comparable EBITDA*	58.6	54.1	8.3%	118.7	109.4	8.4%	226.7
- % of net sales	27.9%	26.0%		28.8%	26.8%		27.3%
Operating result	22.3	14.0	59.3%	47.4	28.4	67.0%	73.1
- % of net sales	10.6%	6.7%		11.5%	7.0%		8.8%
Comparable operating result*	22.3	12.9	72.3%	47.4	27.3	73.4%	72.0
- % of net sales	10.6%	6.2%		11.5%	6.7%		8.7%
Net result for the period	15.9	9.0	75.3%	34.0	18.1	87.8%	50.0

*Group key figures

Key operative indicators

	4-6/2016	4-6/2015	Change, %	1-6/2016	1-6/2015	Change, %	1-12/2015
Number of mobile communication network subscriptions at end of period	2,668,000	2,547,000	4.8%	2,668,000	2,547,000	4.8%	2,618,000
- Revenue per user (ARPU), EUR	16.8	17.2	-2.3%	16.6	17.0	-2.4%	17.0
- Customer CHURN rate, %	15.0	14.6	2.7%	14.3	16.0	-10.6%	16.0
Number of fixed line subscriptions at end of period	1,111,000	1,109,000	0.2%	1,111,000	1,109,000	0.2%	1,120,000

Cash flow and financial position

April–June 2016

Cash flow after investments was EUR 11.2 million (25.6 million). This is due to an increase in the working capital from the reference period.

January–June 2016

Cash flow after investments was EUR 40.3 million (63.1 million). This is due to an increase in the working capital from the reference period.

DNA has a EUR 150 million revolving credit facility, of which EUR 150 million (200 million) remain undrawn, and a EUR 15 million (15 million) credit facility. In addition, the company has a commercial paper programme worth EUR 150 million (150 million), under which EUR 50.0 million (115 million) was drawn by the end of the review period.

DNA's equity ratio decreased and came to 79.5 per cent (90.7 per cent) at the end of the review period. The Group's liquid assets amounted to EUR 17.8 million (16.6 million). Interest bearing net debt decreased to EUR 412.4 million (446.7 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 182.8 million (231.6 million).

The interest-bearing net debt/EBITDA ratio improved and was 1.74 (2.02) at the end of the review period.

DNA's equity ratio was 44.9 per cent (42.5 per cent) at the end of the review period.

Cash flow and financial key figures

	4-6/2016	4-6/2015	1-6/2016	1-6/2015	1-12/2015
Cash flow after investing activities, EUR million	11,2	25,6	40,3	63,1	97,3
	30.6.2016	30.6.2015	31.12.2015		
Interest bearing net debt, EUR million	412,4	446,7	412,3		
Interest bearing net debt/EBITDA	1,7	2,0	1,8		
Net gearing, %	79,5	90,7	78,5		
Equity ratio, %	44,9	42,5	44,1		

Development per business segment

Consumer business

April–June 2016

Net sales increased by 3.3 per cent and came to EUR 154.1 million (149.1 million). Net sales were boosted by the positive development in mobile subscription sales, increased use of mobile data as 4G subscriptions become more common and the positive development of mobile device sales. Net sales were burdened by lower interconnection prices and weaker demand for pay-TV services. EBITDA increased by 12.7 per cent and came to EUR 42.2 million (37.4 million). The increase was fuelled by the positive development of net sales for services and improved operational efficiency. The EBITDA percentage of net sales increased and amounted to 27.4 per cent (25.1 per cent). Consumer Business operating result increased by 62.3 per cent to EUR 19.0 million (11.7 million), or 12.3 per cent of Consumer Business net sales (7.1 per cent). Depreciation to the amount of EUR 23.2 million (25.7 million) was allocated to Consumer Business.

DNA launched a new-generation fibre optic network in May. The DNA Valokuitu Plus (DNA Fibre Optic Plus) network will enable broadband speeds of up to a Gigabit per second without any changes to the housing company's internal network. In the first phase, the 1 Gbps speed was available to about 300,000 households in the Helsinki Metropolitan region, and in early June was extended to some 80,000 households in Oulu and the surrounding areas. On 9 May, DNA set a new speed record of 3.055 Gbps in the launch event of the DNA Valokuitu Plus network. No other operator in Europe has provided similar speeds in a live environment, i.e. in a broadband network accessed by customers under normal conditions.

On 25 May, a mobile application launched by DNA and Comptel won a Global Telecoms Innovation Award in London. Unveiled at the end of last year, the application simplifies and speeds up the purchase of mobile data for prepaid subscriptions.

In May, DNA and public broadcaster Yle agreed to continue the distribution of Yle's high-definition television channels after 2017. The agreement will be valid until the end of 2026.

January–June 2016

Consumer Business net sales increased by 2.4 per cent and came to EUR 299.7 million (292.7 million). Net sales were boosted by the positive development in mobile subscription sales, increased use of mobile data as 4G subscriptions become more common and the positive development of mobile device sales. Net sales were burdened by lower interconnection prices and weaker demand for pay-TV services. EBITDA increased by 11.2 per cent and came to EUR 84.3 million (75.8 million). The increase was fuelled by the positive development of net sales for services and improved operational efficiency. The EBITDA percentage of net sales increased to 28.1 (25.9 per cent). Consumer Business operating result increased by 55.8 per cent to EUR 38.7 million (24.8 million), or 12.9 per cent of Consumer Business net sales (8.5 per cent). Depreciation to the amount of EUR 45.6 million (51.0 million) was allocated to Consumer Business.

Consumer business

EUR million	4-6/2016	4-6/2015	Change, %	1-6/2016	1-6/2015	Change, %	1-12/2015
Net sales	154.1	149.1	3.3%	299.7	292.7	2.4%	596.3
EBITDA	42.2	37.4	12.7%	84.3	75.8	11.2%	154.6
- % of net sales	27.4%	25.1%		28.1%	25.9%		25.9%
Comparable EBITDA*	42.2	36.3	16.0%	84.3	74.8	12.8%	154.6
- % of net sales	27.4%	24.4%		28.1%	25.5%		25.9%
Operating result	19.0	11.7	62.3%	38.7	24.8	55.8%	56.0
- % of net sales	12.3%	7.8%		12.9%	8.5%		9.4%
Comparable operating result*	19.0	10.6	78.4%	38.7	23.8	62.7%	56.0
- % of net sales	12.3%	7.1%		12.9%	8.1%		9.4%

*Group key figures

Corporate business

April–June 2016

Corporate business net sales decreased by 4.3 per cent to EUR 56.1 million (58.6 million). Net sales were burdened by the reduction in interconnection prices and the decrease in the MVNO (Mobile Virtual Network Operator) business as well as lower traffic volumes. EBITDA decreased by 7.5 per cent to EUR 16.4 million (17.7 million), or 29.2 per cent of net sales (30.3 per cent). Operating result grew to EUR 3.3 million (2.3 million), or 5.9 per cent of net sales (3.9 per cent). Depreciation to the amount of EUR 13.1 million (15.4 million) was allocated to Corporate Business.

DNA signed significant new agreements and extensions with enterprises and the public sector in the second quarter. The share of SMEs in particular grew in the customer base. In May, operator Moi started commercial operations as an MVNO in DNA's network.

In the second quarter, DNA signed extensive agreements covering several products and services with companies such as Hartwall and L-Fashion Group.

M2M is a growing business area for DNA and customers are interested in the possibilities of the Industrial Internet. DNA is supplying M2M subscriptions for sensors in Enevo's refuse containers worldwide, for example. The sensors in refuse containers are connected to a mobile network in order to indicate which containers are full and need to be emptied. In June, DNA announced that it is also delivering the M2M subscriptions for Buster boats' new infotainment system.

DNA's Corporate Customer Services were again successful in the annual Asiakkaan Ääni ("Customer's Voice") competition, placing third in the category of best customer service development. The Customer Voice Awards are based on feedback collected by SN4 International Ltd immediately after the customer service experience.

January–June 2016

Corporate business net sales decreased by 2.9 per cent to EUR 112.5 million (115.8 million). Net sales were burdened by the reduction in interconnection prices, the decrease in the MVNO (Mobile Virtual Network Operator) business and lower traffic volumes. EBITDA decreased by 0.9 per cent to EUR 34.4 million (34.7 million), or 30.6 per cent of net sales (29.9 per cent). The increase was fuelled by a withdrawal from the provision for premises. Operating result grew to EUR 8.8 million (3.6 million), or 7.8 per cent of net sales (3.1 per cent). Depreciation to the amount of EUR 25.6 million (31.1 million) was allocated to Corporate Business.

Corporate business

EUR million			Change,				1-12/2015
	4-6/2016	4-6/2015	%	1-6/2016	1-6/2015	Change, %	
Net sales	56.1	58.6	-4.3%	112.5	115.8	-2.9%	232.5
EBITDA	16.4	17.7	-7.5%	34.4	34.7	-0.9%	73.1
- % of net sales	29.2%	30.3%		30.6%	29.9%		31.4%
Operating result	3.3	2.3	44.0%	8.8	3.6	144.8%	17.1
- % of net sales	5.9%	3.9%		7.8%	3.1%		7.3%

There were no items affecting comparability during the period

Investments

April–June 2016

Investments amounted to EUR 33.8 million (35.5 million), or 16.1 per cent of net sales (17.1 per cent).

January–June 2016

Investments amounted to EUR 54.6 million (51.3 million), or 13.2 per cent of net sales (12.5 per cent).

Major individual items included investments in the 4G and 3G networks and in fibre and transfer systems.

Investments

EUR million	4-6/2016	4-6/2015	Change, %	1-6/2016	1-6/2015	Change, %	1-12/2015
Consumer business	21.9	24.7	-11.3%	34.5	34.3	0.6%	101.5
Corporate business	10.3	9.8	5.1%	17.2	15.0	14.7%	48.2
Un-allocated	1.6	0.9	78.1%	2.9	2.0	45.2%	5.0
Total investments	33.8	35.4	-4.8%	54.6	51.3	6.4%	154.7

Network infrastructure

DNA makes continuous investments in high-speed mobile networks and fixed-network broadband to support the customers' growing use of subscriptions, devices as well as online and cloud services. In the first half of 2016, DNA expanded its 4G and 3G networks by adding almost 1,300 base stations. At the end of the review period, DNA's 4G network reached more than 97 per cent of the population in Finland. It will reach nationwide coverage of 99 per cent by the end of 2016. DNA's 3G network reaches more than 99 per cent of the population.

Mobile data volumes continued to expand in the second quarter, boosting the volumes of 4G traffic in DNA's networks between January and June by almost 150 per cent year-on-year. At the moment, more than 70 per cent of all data is transferred in the 4G network. This trend is due to the intense expansion of the 4G LTE network, growing 4G customer base, the proliferation of devices that employ a constant network connection, and the migration of TV and music services to mobile devices.

Suomen Yhteisverkko Oy is responsible for the construction of a new 2G/3G/4G network for mobile communications in Northern and Eastern Finland. Launched in late spring in 2015, the construction of the shared network has proceeded according to plan and most of the investments have already been made. 4G connections were available in all of Lapland by the end of April, and the network was completed in the Kainuu region before the summer. In the next phase, the shared network will expand to the provinces of Northern Karelia and Savonia. Construction is expected to be completed in Northern Karelia and most of Northern and Southern Savonia by the end of August. A shared network enables a faster construction of the mobile network and will provide data transfer speeds in Northern and Eastern Finland that are dozens of times faster than those available now.

DNA has also carried out significant 4G upgrades in the Archipelago Sea region during the spring. Some of these works will be completed during the summer. 4G coverage has been improved in the following areas in particular: Parainen and surrounding municipalities, Kemiönsaari, Kustavi, Uusikaupunki, Naantali and Salo.

In the second quarter, DNA became the first operator in Finland to update the theoretical maximum speed of its 4G mobile network to 600 Mbps. The practical speed tests were carried out in Karuby village in Siuntio, where the base station utilises a new three-frequency technology based on LTE, 256 QAM and Ericsson Lean Carrier. The new functionalities increase the mobile network's capacity and speed. The new functionalities will be introduced in DNA's 4G network across Finland during 2016.

Personnel

At the end of June 2016, DNA Group had 1,702 employees (1,739 employees), of which 692 were women (704) and 1,010 men (1,035).

Salaries and employee benefit expenses paid during the second quarter amounted to EUR 27.9 million (28.8 million).

Personnel by business segment

	30.6.2016	30.6.2015	Change, %	31.12.2015
Consumer business	1 030	1 034	-0,4 %	1 000
Corporate business	672	705	-4,6 %	672
Total personnel	1 702	1 739	-2,1 %	1 672

Changes in the Group structure and significant litigation matters

Changes in the Group structure

There were no changes in the Group structure during the review period.

Significant litigation matters

There were no new significant litigation matters in the review period.

Management and governance

Group Executive Team

DNA Ltd has a line organisation, comprising of Consumer Business, Corporate Business, Technology, and Information Management and IT units as well as support functions.

At the end of the review period, DNA's Executive Team comprised CEO Jukka Leinonen, CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Human Resources Marko Rissanen, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz and CIO Janne Aalto.

Decisions of the Annual General Meeting of 2016

DNA Ltd's Annual General Meeting was held on 31 March 2016. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2015. According to the proposal by the Board of Directors, the AGM agreed to pay a dividend of EUR 4.72 per share, at a total of EUR 40,062,746.40, to DNA's shareholders. No dividend will be paid for treasury shares held by the company itself. The dividend was paid on 11 April 2016.

The AGM elected PricewaterhouseCoopers to continue as the company's auditor, with Authorised Public Accountant Mika Kaarisalo as the principal auditor.

Board members and remuneration

The number of Board members was confirmed to be six. Re-elected members of the Board include Jarmo Leino, Jukka Ottela, Kirsi Sormunen, Tero Ojanperä, Anu Nissinen and Margus Schults. At the constitutive meeting of the Board of Directors held subsequent to the AGM, Jarmo Leino was re-elected Chairman.

The AGM decided on the following annual remuneration: EUR 144,000 for the Chairman of the Board and EUR 48,000 for the members of the Board. Based on the decision of the AGM, each member and the Chairman of the Board of Directors can choose to receive 40 per cent of their annual remuneration in DNA shares. Acquired shares are measured at fair value at acquisition date. Certain conditions apply to the transferability of shares. The AGM also decided on the following payments per meeting: for each member of the Board and Committee Chairs, EUR 1,050 per person and for each committee member, EUR 525 per person.

The Board's share repurchase authorisation

The AGM authorised the Board of Directors to decide on the repurchase of treasury shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 960,000 treasury shares. This is equal to slightly less than 10 per cent of all company shares. The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots. The authorisation will be effective until 30 June 2017. This authorisation cancels the previous authorisation.

DNA's Corporate Governance Statement is included in the company Annual Report published on 7 March 2016: <http://annualreporting.dna.fi/2015/en/governance/corporate-governance-and-internal-control>.

Shares and shareholders

Shareholders

Owners (10 biggest):

	6/30/2016
Finda Oy	49.85%
PHP Holding Oy	37.52%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	5.00%
Anvia Oyj	3.47%
Lohjan Puhelin Oy	2.60%
Pietarsaaren Seudun Puhelin Oy	0.83%
Karjaan Puhelin Oy	0.20%
Vakka-Suomen Puhelin Oy	0.15%
Puhelinosuuskunta IPY	0.13%
Orox Oy	0.04%
TOTAL	99.79%

On 30 June 2016, the largest shareholders of DNA Ltd were Finda Oy (49.85 per cent), PHP Holding Oy (37.52 per cent), Ilmarinen Mutual Pension Insurance Company (5.00 per cent), Anvia Oyj (3.47 per cent) and Lohjan Puhelin Oy (2.60 per cent). At the end of the review period, they held a total of 98.44 per cent of DNA's shares and voting rights. The holdings were calculated based on the number of outstanding shares. There were no changes in the shares owned by the largest shareholders during the review period.

Shares

At the end of the review period, the company's shares totalled 9,618,357 (9,618,357 on 30 June 2015), and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225.65 on 30 June 2015). At the end of the review period, the company held 1,130,487 treasury shares (1,130,362 on 30 June 2015), or 11.75 per cent of all shares. The changes in the number of shares are related to the share-based reward system for DNA's personnel as well as the payment of the annual remuneration for the members of the Board of Directors. In the share issue of 21 April 2016, members of the Board of Directors subscribed a total of 520 shares. These shares were entered into the shareholder register on 4 July 2016.

Corporate responsibility

DNA continued the practical implementation of its new corporate responsibility strategy in the second quarter of 2016. Responsibility strategy supports DNA's business objectives and emphasises DNA's responsible attitude towards its customers.

DNA takes responsibility over the environmental effects of its operations. While the strong expansion of DNA's networks and business continues, DNA aims to reduce its total emissions by 15 per cent by 2020 from the levels reported in 2014. The company also aims to improve the energy-efficiency of its networks and to reduce emissions from its radio network in proportion to annual data transfer volumes by 80 per cent by 2020 from 2014. In May 2016, DNA signed up to Society's Commitment to Sustainable Development.

Modernisation of base stations continued as planned. By the end of June 2016, more than 80 per cent of the old base stations had been replaced by more energy-efficient models. The project is expected to be completed by 2017.

DNA's Code of Conduct and Supplier Code of Conduct were updated in June. The practical implementation of the new Code of Conduct begins in the second half of 2016.

In the second quarter, DNA launched a pilot project as part of the Family Federation of Finland's family-friendly work initiative, which supports DNA's strategic goal of being one of the most desired employers in Finland.

DNA is a main partner of the "HundrED – 100 Koulua" initiative that was launched in December 2015. The initiative is searching for 100 education innovations that will be developed and trialled with a selection of Finnish schools and education experts. DNA is also one of the main partners of SOS Children's Village, supporting it financially and providing data communication connections for its premises.

Near-term 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. The Audit Committee of the Board monitors the implementation of risk management. The CEO is responsible for the practical organisation of risk management and maintenance of the risk management policy. Risk management is a means of ensuring that any risks affecting DNA's business are identified, controlled and monitored.

According to the company, there have been no significant changes in near-term risks and uncertainties in the review period. A more detailed description of DNA's risk management and uncertainties is available in the Annual Report.

Strategic and operative risks

Continued uncertainty related to the overall economic situation affects the demand for smart phone and TV services and the corporate market. General decline in purchasing power has a post-cyclical effect on the operator market.

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators, and a high degree of penetration. The demand for fixed-network voice services is declining steadily. DNA operates in Finland, a market where the number of mobile phones per capita is among the highest in the world, which limits the prospects of future growth in the number of subscriptions.

DNA closely monitors changes in the operating environment and the resulting possible new business opportunities, which always involve higher risks than conventional and established business operations.

New communication methods and continuous technological development

The rapid phase of technological development affects the entire telecommunication industry and DNA's operations. Alongside traditional communications methods, technological development and new types of services and devices can create new revenue models. Customer behaviour can change rapidly if new services are reliable and easy to use.

As new communications methods gain widespread popularity, they have an impact on the traditional business of operators. Message and voice traffic is increasingly moving to the internet, which creates new challenges for operators. On the other hand, new communication methods can provide new opportunities for operators by increasing the use of mobile data, for example.

Intensifying competition in entertainment business

International players have a strong presence in the competitive environment of TV and entertainment services. DNA faces competition from traditional operators, but also increasingly from OTT (over-the-top content) service providers that deliver content over the Internet to mobile devices. The role of media companies' own distribution channels and services is also becoming more important.

The ongoing shift in media use will provide both new risks and opportunities while content rights are being negotiated. DNA monitors the TV and entertainment service market intensively and continuously enhances its service offering to anticipate changes in the market.

System and network risks

The nature of DNA's operations and customer requirements place high demands on DNA's systems and network infrastructure. DNA's business is capital-intensive, and the company's success depends on its ability continuously to maintain and improve its network infrastructure. Use of mobile devices that have a constant network connection is increasing strongly among both business and private users. M2M subscriptions and the Industrial Internet will further expand the volume of data traffic. To optimise the availability of its communications services, DNA employs a range of methods. These include establishing back-up solutions for critical transfer connections by using at least two different routes. Other methods involve duplicating and decentralising the main data centre and communication service systems in the company's equipment facilities.

Regulatory risks

The legislative preparation, interpretation and implementation of EU roaming regulations is still largely incomplete. Significant uncertainty about the financial constraints on the provision of roaming services remains, in particular due to the incomplete regulation of wholesale roaming rates. The interpretation and implementation of net neutrality regulations is also incomplete, and may have a significant impact on DNA's broadband business.

Financing risks

In order to manage the interest rate risk, the Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, in addition to liquid assets the company uses credit limits. To manage customer credit risk, the credit history of new customers is checked as part of the ordering process. The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro denominated.

A more detailed description of the management of financing risks can be found in Note 3 to the consolidated financial statements in DNA's Annual Report:

<http://annualreporting.dna.fi/2015/en/financial-statements/consolidated-financial-statements/notes-to-the-consolidated-financial-statements/3.-financial-risk-management>.

Damage risk

In anticipation of possible unforeseen damage risks, DNA has continuous insurance policies covering aspects of its operations including personnel, property, business interruption, third-party liability and criminal action. Damager risks are prevented and minimised by means such as security guidelines and personnel training.

Events after the review period

There have been no significant events after the review period.

Outlook for 2016

Market outlook

Competition is expected to remain intense in 2016. The overall economic situation will remain challenging, affecting consumer and corporate purchasing power. The total value of the telecommunications market is expected to fall slightly in 2016.

In addition to the overall economic situation, net sales and the profitability of the industry are being affected by the increased popularity of IP-based communications solutions driven by the growing number of smart phones and tablets. Moreover, they are affected by the reduction in interconnection prices in the mobile communication network and intense competition in the mobile communication and fixed-line broadband markets in particular.

Strong growth of mobile data use is expected to continue for several years, boosted by the growing number of 4G subscriptions and increased mobile data usage per user. In the coming years, mobile data use will shift mostly to 4G networks.

In the consumer market, consumer demand for fast broadband subscriptions and entertainment services in particular is expected to increase. Fixed-network broadband customers are expected to continue to switch to housing company subscriptions. The mobile broadband subscription base is expected to remain relatively steady in the near future.

In the mobile communication networks, SMS and voice revenue is expected to fall slightly. The market for fixed-network voice services is expected to continue declining. The sales volume of mobile devices in terms of numbers sold is expected to fall by a few percentage points in 2016.

Due to the overall economic situation, organisations will continue to seek cost savings, but will also increasingly need to implement new ICT solutions to improve the productivity of their business. More mobile and versatile ways of working will boost demand for services such as cloud and video conference services. Companies transfer their applications to the cloud to increase their operational efficiency, which will boost the demand for connections with redundancy and high speeds. The demand for customer network services, such as fast Internet connections and information security solutions, is anticipated to continue to increase.

The Industrial Internet is part of the new digital shift in the business world. The demand for Industrial Internet solutions, and subsequently for M2M subscriptions, is expected to grow.

DNA's outlook for 2016 remains unchanged

Net sales are expected to remain at a similar level and the operating result is expected to grow significantly in 2016 compared to 2015. The Group's financial position is expected to remain at a healthy level.

DNA Ltd
Board of Directors

DNA's financial publications in 2016:

20 October 2016 Interim Report January–September 2016

Group key figures

	Apr-Jun		Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
	Apr-Jun 2016	2015			
Equity per share, EUR	61.1	58.0	61.1	58.0	61.8
Interest bearing net liabilities, EUR million	412.4	446.7	412.4	446.7	412.3
Net gearing, %	79.5	90.7	79.5	90.7	78.5
Equity ratio, %	44.9	42.5	44.9	42.5	44.1
Interest bearing net liabilities/EBITDA	1.8	2.0	1.7	2.0	1.8
Return on investment (ROI), %	9.6	6.0	10.0	5.9	7.6
Return on equity (ROE), %	12.4	7.4	13.0	7.3	9.7
Investments, EUR million	33.8	35.5	54.6	51.3	154.7
Investments, % of net sales	16.1	17.1	13.2	12.5	18.7
Personnel at end of period	1,702	1,739	1,702	1,739	1,672

Reconciliation of comparable key figures

	Apr-Jun		Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
	Apr-Jun 2016	2015			
EBITDA	58.6	55.1	118.7	110.5	227.7
Item affecting comparability: Booxmedia Oy sales profit	0.0	-1.1	0.0	-1.1	-1.1
Comparable EBITDA	58.6	54.1	118.7	109.4	226.7
Operating result	22.3	14.0	47.4	28.4	73.1
Item affecting comparability: Booxmedia Oy sales profit	0.0	-1.1	0.0	-1.1	-1.1
Comparable operating result	22.3	12.9	47.4	27.3	72.0

Key operative indicators

Mobile communication network subscription volumes:

Number of:	30 Jun 2016	30 Jun 2015	31 Mar 2016	31 Mar 2015	31 Dec 2015
Subscriptions*	2,668,000	2,547,000	2,632,000	2,516,000	2,618,000
DNA's own customers*	2,661,000	2,538,000	2,628,000	2,504,000	2,615,000

	Apr-Jun 2016	Apr-Jun 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Revenue per subscription (ARPU), EUR**	16.8	17.2	16.6	17.0	17.0
Customer churn rate, %**	15.0	14.6	14.3	16.0	16.0

*Includes only mobile broadband

**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	30 Jun 2016	30 Jun 2015	31 Mar 2016	31 Mar 2015	31 Dec 2015
Broadband subscriptions	432,000	425,000	432,000	422,000	436,000
Cable TV subscriptions	608,000	598,000	606,000	596,000	606,000
Telephone subscriptions	71,000	86,000	74,000	93,000	78,000

Calculation of key indicators

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

Interest-bearing net liabilities, EUR = Interest-bearing liabilities - cash and cash equivalents

Gearing, % = $\frac{\text{Interest-bearing liabilities} - \text{cash and cash equivalents}}{\text{Total equity}}$

Equity ratio, % = $\frac{\text{Total equity}}{\text{Balance sheet total} - \text{prepayments received}}$

EBITDA, EUR = Operating result (EBIT) + depreciation, amortisation and impairments

Return on investment (ROI), %* = $\frac{\text{Result before taxes} + \text{interest and other finance expenses}}{\text{Total equity} + \text{interest-bearing non-current and current liabilities}}$

Return on equity (ROE), %* = $\frac{\text{Result for the financial period}}{\text{Total equity (annual average)}}$

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

* 12-month adjusted

DNA presents alternative performance measures to reflect the underlying business performance and to enhance comparability from period to period. The alternative performance measures should not be considered as a substitute for measures of performance in accordance with IFRS. From Q1 2016, DNA relabels the previously referenced "excluding non-recurring items" non-IFRS financial measures with "Comparable" performance measures. Comparable performance measures exclude the income statement impacts of certain non-operational affecting comparability.

Consolidated income statement, IFRS

EUR million	1 Apr -30 Jun 2016	1 Apr -30 Jun 2016	1 Jan -30 Jun 2016	1 Jan -30 Jun 2015	1 Jan-31 Dec 2015
Net sales	210.2	207.7	412.2	408.5	828.8
Other operating income	1.0	1.8	1.9	2.5	4.3
Materials and services	-93.2	-93.6	-179.1	-182.9	-375.0
Employee benefit expenses	-27.9	-28.8	-55.5	-55.8	-106.9
Depreciation and impairments	-36.3	-41.1	-71.3	-82.1	-154.6
Other operating expenses	-31.5	-32.0	-60.9	-61.8	-123.5
Operating result, EBIT	22.3	14.0	47.4	28.4	73.1
Financial income	0.2	0.3	0.5	0.5	1.0
Financial expense	-2.6	-3.2	-5.3	-6.5	-12.5
Share of associated companies' results	0.0	0.0	0.0	0.0	0.0
Net result before tax	19.9	11.1	42.6	22.4	61.6
Income tax	-4.0	-2.0	-8.6	-4.3	-11.5
Net result for the period	15.9	9.0	34.0	18.1	50.0
Net result attributable to:					
Owners of the parent	15.9	9.0	34.0	18.1	50.0
Earnings per share of net result attributable to equity holders of the parent company					
Basic earnings per share, EUR	1.9	1.1	4.0	2.1	5.9

Consolidated statement of comprehensive income

EUR million	1 Apr -30 Jun 2016	1 Apr -30 Jun 2016	1 Jan -30 Jun 2016	1 Jan -30 Jun 2015	1 Jan-31 Dec 2015
Net result for the period	15.9	9.0	34.0	18.1	50.0
Items that will not be reclassified to profit or loss:					
Remeasurements of post employment benefit obligations	0.0	0.0	0.0	0.0	0.2
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedges		0.0		0.1	0.1
Other comprehensive income, net of tax					0.4
Total comprehensive income	15.9	9.1	34.0	18.3	50.4
Attributable to owners of the parent					

Consolidated statement of financial position, IFRS

EUR million	30 Jun 2016	30 Jun 2015	31 Dec 2015
Assets			
Non-current assets			
Goodwill	327.2	327.2	327.2
Other intangible assets	157.6	164.4	158.4
Property, plant and equipment	426.8	413.8	443.9
Investments in associates	1.2	1.2	1.2
Available-for-sale financial assets	0.2	0.2	0.2
Trade and other receivables	33.9	38.6	37.9
Deferred tax assets	17.2	26.4	18.8
Total non-current assets	964.0	971.9	987.6
Current assets			
Inventories	20.1	16.2	21.1
Trade receivables and other receivables	180.3	176.0	176.6
Tax receivable	0.3	3.8	5.9
Cash and cash equivalents	17.8	16.6	25.3
Total current assets	218.6	212.7	228.9
Total assets	1182.6	1184.5	1216.5
Shareholders' equity			
Equity attributable to owners of the parent			
Share capital	72.7	72.7	72.7
Other reserves	607.3	607.3	607.3
Treasury shares	-103.4	-103.4	-103.4
Retained earnings	-92.0	-102.2	-101.8
Profit for the year	34.0	18.1	50.0
Total equity	518.7	492.6	524.9
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	345.0	305.7	362.3
Retirement benefit obligations	2.0	2.2	1.9
Provision for other liabilities	11.6	17.7	13.0
Deferred income tax liabilities	26.0	28.8	28.3
Other non-current liabilities	12.6	19.3	12.5

Total non-current liabilities	397.1	373.6	418.1
Current liabilities			
Interest-bearing current liabilities	85.2	157.6	75.2
Provisions for other liabilities	0.7	1.4	1.0
Trade and other payables	173.3	158.8	197.3
Current income tax liabilities	7.5	0.5	0.0
Total current liabilities	266.8	318.3	273.5
Total equity and liabilities	1182.6	1184.5	1216.5

Consolidated statement of cash flows, IFRS

EUR million	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Cash flows from operating activities			
Net result for the period	34.0	18.1	50.0
Adjustments *)	82.8	87.0	166.0
Change in working capital **)	-12.9	7.9	42.1
Dividends received	0.0	0.0	0.0
Interest paid	-1.1	-4.8	-9.5
Interest received	0.2	0.2	0.5
Other financial items	-0.9	-1.3	-1.5
Taxes paid	3.9	5.0	2.1
Net cash generated from operating activities	106.3	112.1	249.7
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	-65.5	-51.8	-155.1
Proceeds from sale of PPE	0.1	0.9	1.0
Other investments	-0.6	1.8	1.6
Net cash used in investing activities	-66.0	-49.0	-152.5
Cash flows from financing activities			
Proceeds from issuance of shares	0.1	0.2	0.2
Dividends paid	-40.1	-30.0	-30.0
Borrowing of interest-bearing liabilities	59.9	114.7	274.6
Repayment of interest-bearing liabilities	-67.6	-141.9	-327.3
Net cash used in financing activities	-47.7	-57.1	-82.6
Change in cash and cash equivalents	-7.5	6.0	14.7
Cash and cash equivalents at beginning of year	25.3	10.6	10.6
Cash and cash equivalents at end of year	17.8	16.6	25.3
Adjustments*):			
Depreciation and impairments	71.3	82.1	154.6
Gains and losses on disposals of non-current assets	-0.2	-1.1	-1.2
Other non-cash income and expense	0.0	0.0	0.0

Financial income and expense	4.8	6.0	10.5
Taxes	8.6	4.3	11.5
Change in provisions	-1.7	-4.2	-9.4
Total adjustment	82.8	87.0	166.0
Change in working capital **):			
Change in sales receivables and other receivables	1.1	14.8	15.2
Change in inventories	1.0	3.3	-1.6
Change in liabilities, non-interest bearing	-14.9	-10.2	28.5
Change in working capital	-12.9	7.9	42.1

Consolidated statement of changes in equity

EUR million	Share capital		Unrestricted equity			Total equity
	fund	reserve	Treasury shares	Retained earnings		
Balance at 1 January 2015	72.7	-0.1	607.3	-103.5	-72.2	504.1
Comprehensive income						
Net result for the period					18.1	18.1
Other comprehensive income						
Cash flow hedges, net of tax		0.1				0.1
Total other comprehensive income, net of tax		0.1			0.0	0.1
Total comprehensive income	0.0	0.1	0.0	0.0	18.1	18.2
Transactions with owners						
Share transfer				0.2	-0.2	0.0
Employee share option scheme					0.2	0.2
Dividends relating to 2014					-30.0	-30.0
Total contribution by and distributions to owners	0.0	0.0	0.0	0.2	-30.0	-29.8
Balance at 30 June 2015	72.7	0.0	607.3	-103.4	-84.0	492.6
Balance at 1 January 2016	72.7	0.0	607.3	-103.4	-51.7	524.9
Comprehensive income						
Net result for the period					34.0	34.0
Other comprehensive income						
Cash flow hedges, net of tax		0.0				0.0
Total other comprehensive income, net of tax		0.0	0.0	0.0	0.0	0.0
Total comprehensive income	0.0	0.0	0.0	0.0	34.0	34.0
Transactions with owners						
Employee share option scheme					-0.2	-0.2
Dividends relating to 2015					-40.1	-40.1
Total contribution by and distributions to owners	0.0	0.0	0.0	0.0	-40.2	-40.2
Balance at 30 June 2016	72.7	0.0	607.3	-103.4	-57.9	518.7

Notes

- [1. Accounting principles](#)
- [2. Segment information](#)
- [3. Investments](#)
- [4. Shareholders's equity](#)
- [5. Interest-bearing net liabilities](#)
- [6. Provisions for other liabilities](#)
- [7. Related party transactions](#)
- [8. Share-based payments](#)

1 Accounting principles

This interim report has been prepared in accordance with IFRS regulations and measurement principles and complies with the 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 2015 with the exception of new and modified standards effective as of 1st of January 2016 which have not effected the DNA group financial statements. This interim report should be read observing the 2015 Financial Statements. The information presented in the interim report is unaudited.

2 Segment information

The Group's operations are reported according to the following business segments:

1 Apr–30 Jun 2016

EUR 1,000	Consumer segment	Corporate segment	Group total
Business segments			
Net sales	154,086	56,135	210,221
EBITDA	42,160	16,416	58,576
Depreciation	23,174	13,113	36,287
Operating result, EBIT	18,986	3,303	22,289
Net financial items			-2,409
Share of associated companies' results			8
Net result before tax			19,888
Net result for the period			15,869
Investments*	21,927	10,273	32,200
Employees at end of period	1,030	672	1,702

1 Apr–30 Jun 2015

EUR 1,000	Consumer segment	Corporate segment	Group total
Business segments			
Net sales	149,099	58,642	207,741
EBITDA	37,393	17,742	55,135
Depreciation	25,696	15,448	41,144
Operating result, EBIT	11,698	2,293	13,991
Net financial items			-2,943
Share of associated companies' results			23
Net result before tax			11,071
Net result for the period			9,050
Investments*	24,748	9,805	34,552
Employees at end of period	1,034	705	1,739

1 Jan–30 Jun 2016

EUR 1,000	Consumer segment	Corporate segment	Group total
Business segments			
Net sales	299,679	112,500	412,179
EBITDA	84,309	34,370	118,678
Depreciation	45,638	25,617	71,254
Operating result, EBIT	38,671	8,753	47,424
Net financial items			-4,826

Share of associated companies' results			7
Net result before tax			42,606
Net result for the period			34,048

Investments*	34,535	17,171	51,706
Employees at end of period	1,030	672	1,702

1 Jan–30 Jun 2015

EUR 1,000

Business segments	Consumer segment	Corporate segment	Group total
Net sales	292,663	115,849	408,513
EBITDA	75,817	34,675	110,491
Depreciation	50,989	31,100	82,089
Operating result, EBIT	24,828	3,575	28,403
Net financial items			-5,967
Share of associated companies' results			10
Net result before tax			22,446
Net result for the period			18,134
Investments*	34,295	14,982	49,277
Employees at end of period	1,034	705	1,739

1 Jan–31 Dec 2015

EUR 1,000

Business segments	Consumer segment	Corporate segment	Group total
Net sales	596,250	232,550	828,800
EBITDA	154,577	73,137	227,714
Depreciation	98,565	56,057	154,622
Operating result, EBIT	56,012	17,081	73,092
Net financial items			-11,514
Share of associated companies' results			14
Net result before tax			61,593
Net result for the period			50,049
Investments*	101,466	48,171	149,636
Employees at end of period	1,000	672	1,672

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

The primary key indicators for the segments' profit and loss monitoring comprise net sales, EBITDA and operating result. The company believes that the EBITDA measure provides meaningful supplemental information to the company management and the readers of its financial statements by excluding items that may not be indicative of the company's operating result or cash flows.

EBITDA is not prepared in accordance with IFRS and is therefore considered a non-IFRS financial measure, which should not be viewed in isolation or as a substitute to the equivalent IFRS financial

measures. EBITDA should not be considered as an alternative to (a) operating result or net result for the period as a measure of operating performance, (b) cash flows from operating, investing or financing activities as a measure of the company's ability to meet its cash needs or (c) any other IFRS financial measures, or as a measure of performance or liquidity.

3 Investments

EUR 1,000	Jan–Jun 2016	Jan–Jun 2015	Jan–Dec 2015
Capital expenditure*			
Intangible assets	14,822	10,339	37,306
Property, plant and equipment	39,787	40,925	117,358
Total	54,609	51,264	154,664

*All items of capital expenditure have not been allocated to business segments in management reporting (for example financial leases). Investments are presented excluding business combinations.

Major individual items included investments in the 4G and 3G networks and in fibre and transfer systems. Major individual intangible items included investments in IT systems.

4 Shareholders' equity

EUR 1,000	Number of shares (thousands)	Share capital	Unrestricted equity reserve
At 1 January 2015	9,611	72,702	607,335
Share issue	6		
At 31 December 2015	9,618	72,702	607,335
At 30 June 2016	9,618	72,702	607,335

Number of shares include 1,130,487 treasury shares.

DNA Ltd has one share type. The total number of shares is 9,618,357 (9,618,357). The shares do not have a nominal value. DNA Ltd's share capital amounts to EUR 72,702,226. All issued shares have been paid in full.

Dividends

DNA Ltd's Annual General Meeting of 31 March 2016 approved a payment of dividend (EUR 4.72 per share) totalling EUR 40,062,746.40. The dividend was paid on 11 April 2016.

5 Net liabilities

EUR 1,000	30 June 2016	30 June 2015	31 December 2015
Interest-bearing non-current liabilities	344,998	305,674	362,334
Interest-bearing current liabilities	85,180	157,585	75,210
Total interest-bearing liabilities	430,177	463,259	437,544
Less cash and cash equivalents	17,810	16,597	25,266
Net liabilities	412,367	446,661	412,278

6 Provisions for other liabilities

EUR 1,000	1 Jan 2016	Additions	Provisions changes/Discount		30 Jun 2016
			used	Other effect	
Decommissioning provisions	8,564		-402		8,162
Restructuring provisions	152	1			153
Onerous contracts	4,935	1,163	-238	-2,361	3,499
Other provision	376	140			516
Total	14,027	1,304	-640	-2,361	12,330

Decommissioning provisions

The decommissioning provision comprise the estimated decommissioning costs of data centres, masts and telephone poles. The estimated decommissioning period for telephone poles is 15 years, and 10 years for data centres and masts. Realising the decommissioning costs do not involve any significant uncertainties.

Onerous contracts

This provision is mainly for a non-voidable lease agreement and covers future leases of unused premises. During the period, the Group has let part of the under-utilised premises and the provision has been reversed. The provision has been discounted. The non-voidable lease agreement expires in 2025.

7 Related party transactions

The Group's related parties include entities exercising significant influence, associated companies and members of the Board of Directors and the management team, including the CEO and the deputy CEO as well as their close family members. In addition, related parties include all entities controlled or jointly controlled by a person identified as related party.

EUR 1,000	Sales	Purchases	Receivables	Liabilities
6/2016				
Entities exercising significant influence	15	1,349	2	195
Associated companies	0	131	0	2

EUR 1,000	Sales	Purchases	Receivables	Liabilities
6/2015				
Entities exercising significant influence	12	1,857	2	1
Associated companies	0	380	0	2

EUR 1,000	Sales	Purchases	Receivables	Liabilities
12/2015				
Entities exercising significant influence	24	3,527	2	2
Associated companies	0	624	0	2

8 Share-based payments

New rights issue against payment to Group key personnel in 2014

On 20 November 2014, the Board of Directors decided to introduce a new share-based reward plan in the incentive and commitment scheme of DNA and its subsidiaries.

The objective is to align the goals of DNA's owners and the participating key personnel in order to increase the value of DNA, ensure the commitment of the key personnel and to offer them a competitive reward plan based on earning and accumulating company shares.

Participation requires subscription in the directed rights issue

The prerequisite for participating in the plan is that a person participating in the plan acquires, against payment, shares up to the number determined by the Board of Directors.

Participants have the opportunity to receive a reward as DNA's shares or as cash in connection with stock-exchange listings or main shareholders' exit. Receiving of the reward is tied to the continuance of participant's employment and ownership of shares up to the number determined by the Board of Directors upon reward payment.

The reward will consist of one share per each subscribed share (base matching shares). Additionally, it is possible to obtain a reward based on the listing or sale price (performance share). For stock-exchange listings, the value of the additional reward, is based on the share price and for exits, on the sale price. If neither takes place by 31 May 2019 at the latest, or if the Board of Directors decides to extend the plan no later than 31 May 2021, the reward is based on the possible increase in the share value during the expected life.

The right to the reward is personal, and is payable only to named participants. Participants cannot transfer the right to the reward to another party. The Board of Directors decides on all matters relating to the plan, such as a participant's right to the reward in case their duties within the Group should change or they leave the employment of DNA before the reward payment.

A maximum total of 128,000 new shares can be issued in the plan.

The share subscription period of the new shares was from 27 November to 12 December 2014. Additionally, the board of directors has on the 26th of March 2015, decided to make an addition to the share-based reward plan 2014 target group after which the amount of granted instruments were 6 725. The share subscription period of the new shares was from 26 March to 24 April 2015.

Plan

Granting date	12 Dec 2014	22 May 2015
Amount of granted instruments	6,475	375
Returned instruments	125	
Share price at granting date	95.51	95.51
Fair value at granting date		
Base matching share	95.51	95.51
Performance share	315.00	315.00
Valid until	31 May 2019	31 May 2019
Expected life	4 years	4 years
Implementation	As shares and cash	As shares and cash

DNA's management expects the implementation to take place partly as shares and partly as cash. The fair value of the share is estimated according to the shares' valuation model. The estimation of the performance share fair value is based on assumptions such as expected volatility, fair value of the share at granting date and expected life.

