INTERIM REPORT

1-9/2016

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DNA reports significant improvement in profitability

Summary

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

July–September 2016

- Net sales increased by 7.4 per cent and came to EUR 221.5 million (206.3 million).
- EBITDA increased by 5.3 per cent to EUR 66.4 million (63.0 million). The EBITDA percentage of net sales came to 30.0 per cent (30.5 per cent).
- Comparable EBITDA came to EUR 70.9 million (63.0 million).
- The operating result increased by 15.4 per cent to EUR 29.3 million (25.4 million), or 13.2 per cent of net sales (12.3 per cent).
- The comparable operating result came to EUR 33.9 million (25.4 million).
- Revenue per user (ARPU) for mobile communications amounted to EUR 17.7 (17.2).
- The mobile communication subscription turnover rate (CHURN) was 17.8 per cent (16.1 per cent).

January–September 2016

- Net sales increased by 3.1 per cent and came to EUR 633.7 million (614.9 million).
- EBITDA increased by 6.6 per cent to EUR 185.0 million (173.5 million). The EBITDA percentage of net sales increased and came to 29.2 per cent (28.2 per cent).
- Comparable EBITDA came to EUR 189.6 million (172.5 million).
- The operating result increased by 42.6 per cent to EUR 76.7 million (53.8 million), or 12.1 per cent of net sales (8.8 per cent).
- The comparable operating result came to EUR 81.3 million (52.7 million).
- The mobile communication subscription base grew by 5.9 per cent, reaching 2,731,000 (2,580,000) in total.
- Revenue per user (ARPU) for mobile communications amounted to EUR 17.0 (17.1).
- The mobile communication subscription turnover rate (CHURN) was 15.5 per cent (16.0 per cent).
- The fixed-network subscription base (voice, broadband and cable television) remained at a similar level and came to 1,115,000 subscriptions at the end of the second quarter (1,111,000).

DNA’s outlook for 2016 has changed

Net sales are expected to increase moderately 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.

In the second quarter, net sales were expected to remain at a similar level and the operating result was expected to grow significantly in 2016 compared to 2015. The Group’s financial position was expected to remain at a healthy level.

Key figures

Figures are unaudited.

EUR million	7-9/2016	7-9/2015	Change, %	1-9/2016	1-9/2015	Change, %	1–12/2015
Net sales	**221.5**	206.3	7.4%	**633.7**	614.9	3.1%	828.8
EBITDA	**66.4**	63.0	5.3%	**185.0**	173.5	6.6%	227.7
- % of net sales	**30.0%**	30.5%		**29.2%**	28.2%		27.5%
Comparable EBITDA *	**70.9**	63.0	12.5%	**189.6**	172.5	9.9%	226.7
- % of net sales	**32.0%**	30.5%		**29.9%**	28.1%		27.3%
Depreciation, amortisation and impairment	**-37.0**	-37.6		**-108.3**	-119.7		154.6
Operating result, EBIT	**29.3**	25.4	15.4%	**76.7**	53.8	42.6%	73.1
- % of net sales	**13.2%**	12.3%		**12.1%**	8.8%		8.8%
Comparable operating result*	**33.9**	25.4	33.4%	**81.3**	52.7	54.1%	72.0
- % of net sales	**15.3%**	12.3%		**12.8%**	8.6%		8.7%
Net result before tax	**26.9**	22.4	20.0%	**69.5**	44.9	54.9%	61.6
Net result for the period	**21.5**	17.9	20.0%	**55.6**	36.1	54.1%	50.0
Return on investment (ROI), %	**12.4**	10.7		**10.7**	7.5		7.6
Return on equity (ROE), %	**16.2**	14.3		**13.9**	9.5		9.7
Capital expenditure	**30.3**	32.5	-6.8%	**84.9**	83.7	1.4%	154.7
Cash flow after investing activities	**39.4**	16.1		**79.7**	79.2		97.3
Net debt, EUR million	**373.1**	430.7	-13.4%	**373.1**	430.7	-13.4%	412.3
Net debt/EBITDA	**1.41**	1.71		**1.51**	1.86		1.81
Net gearing, %	**69.0**	84.3		**69.0**	84.3		78.5
Equity ratio, %	**45.8**	44.2		**45.8**	44.2		44.1
Basic earnings per share, EUR	**2.54**	2.11		**6.55**	4.25		5.90
Diluted earnings per share, EUR	**2.54**	2.11		**6.55**	4.25		5.90
Personnel at the end of period	**1,669**	1,691	-1.3%	**1,669**	1,691	-1.3%	1,672

*Group key figures

Additional information:

Jukka Leinonen, CEO, DNA Ltd, tel. +358 44 044 1000, jukka.leinonen (at) dna.fi
Timo Karppinen, CFO, DNA Ltd, tel. +358 44 044 5007, timo.karppinen (at) dna.fi
DNA Corporate Communications, tel. +358 44 044 8000, viestinta (at) dna.fi

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CEO’s review

DNA delivered a strong performance in the third quarter of 2016, in terms of both net sales and profitability. This is particularly due to our continued drive to enhance customer experience, which is reflected in the high quality and speed of our networks as well as excellent customer service all the way from sales to service processes. As a whole, year 2016 so far has been one of the best years of DNA’s history both financially and in terms of customer satisfaction and customer base metrics. We reached another important milestone in the third quarter as the population coverage of our 4G network exceeded 99 per cent.

Our net sales for the January-September period increased and came to EUR 633.7 million. Our profitability developed favourably as our operating result grew to EUR 76.7 million, or 12.1 per cent of net sales. Net sales were fuelled by the strong 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 the wider availability of 4G speeds. Our net sales were burdened by lower interconnection earnings as well as weaker demand for pay-TV services.

Our operating result was boosted significantly by the improved EBITDA, which was fuelled by growth in sales and improved operational efficiency, and lower level of depreciation in the review period. As our result improved, our net debt decreased and our equity ratio increased, which will allow systematic long-term development of our operations.

Our subscription base continued to grow, in particular in the mobile communication network. Our mobile communication subscription base grew by 151,000 subscriptions year-on-year, reaching 2,731,000 in total. Our fixed-network subscription base increased by 4,000 and came to 1,115,000 at the end of the third quarter. The growth of the number of fixed-network broadband and cable television subscriptions by 18,000 subscriptions in total compensated for the drop in the number of fixed-network voice subscriptions.

Finnish Shared Network Ltd (Suomen Yhteisverkko Oy) has been constructing a shared mobile communication network in Northern and Eastern Finland since the spring of 2015. Most of the investments in this significant initiative have already been made as the last large portion of the network was completed in Southern Karelia in early October. By the end of the third quarter, Finnish Shared Network has constructed some 1,700 base stations, providing better connections to more than 800,000 people in Northern and Eastern Finland. The joint arrangement has further improved the cost-efficiency of our mobile communication network and has also had a positive effect on our sales and customer satisfaction.

Boosted by our excellent results, we will continue our measures to further enhance our customer experience and customer service while also continuing to bolster and maintain our employee competence and satisfaction. We believe that by doing so, we contribute to the positive future development of our sales in both the consumer and corporate market.

Jukka Leinonen
President and CEO

Operating environment

The Finnish economy is slowly returning to growth. Unlike many other industries, telecommunications is less affected by the overall economic situation, and the demand for telecommunication services has remained relatively steady for a long period.

The significant growth of the mobile data market continued, boosted by increased adoption of smart phones, tablets and other Internet-connected smart devices as well as the wider availability of 4G speeds. The trend of increased smart phone penetration continued, and some 99 per cent of phones sold by DNA in the third quarter were smart phones and all these phones were also 4G-capable.

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.

The number of fixed-network broadband subscriptions remained steady. However, Finns are switching to considerably faster cable and Ethernet-based broadband connections. Price competition in the broadband market remained very intense.

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, but at a slower rate than before. The steady growth of cable television subscriptions continued. The use of HDTV broadcasts is growing and customers want to watch content conveniently at a time that works best for them.

Economic uncertainty persisted and continued to affect investment decisions in the corporate market in the third quarter. The increasingly mobile and networked ways of working have an impact on the access solutions and data communication services adopted by both the private and public sector as mobile data grows in importance. Companies are also interested in the Industrial Internet and its possibilities, which is reflected, for example, 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.

Regulation

The licenses for commercial use of the 700 MHz band will be auctioned in November 2016.
One bidder may be granted no more than one third of the available frequency blocks. The 700 MHz band can be used for the construction of 4G networks from the beginning of February 2017.

In June 2016, the Ministry of Transport and Communications announced that the Norwegian Norkring AS relinquished the licences granted to it for antenna network operations, which were made available for licence applications. It is the aim of the Ministry 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 on 16 May 2017.

The European Commission published its proposal for the new European Electronic Communications Code in September 2016. The reform is expected to have an effect on areas such as market regulation, spectrum management and use of spectrum bands, universal service obligations, regulation of electronic communication services as well as consumer protection. The regulatory package may have a significant impact on DNA's business.

The European Commission proposed maximum regulated wholesale roaming charges (Eurotariff) in the summer of 2016. The discussion of the Commission's proposal by the European Council and Parliament is continuing. The European Commission has also published drafts for the implementing act on the Roaming Regulation and Fair Use Policy. The implementing act is also currently under discussion. The new Roaming Regulation is to enter into force in the summer of 2017. The Roaming Regulation may have a significant impact on DNA's business.

Net sales and result

July–September 2016

DNA's net sales increased by 7.4 per cent and came to EUR 221.5 million (206.3 million). Net sales were fuelled by the positive development of mobile device sales and the growth in service net sales (net sales less sales of goods and interconnection charges), boosted in particular by the positive development of mobile subscription sales and growing use of mobile data, as 4G subscriptions become more common. Net sales were burdened by lower demand for pay-TV services as well as lower interconnection prices. During the review period, 74.4 per cent (72.4 per cent) of net sales was generated by Consumer Business and 25.6 per cent (27.6 per cent) by Corporate Business.

EBITDA increased by 5.3 per cent to EUR 66.4 million (63.0 million). The EBITDA percentage of net sales came to 30.0 per cent (30.5 per cent). The increase was fuelled by growth in service net sales and improved operational efficiency. The items affecting the comparability of EBITDA in the review period totalled EUR 4.6 million and were related to the strategic assessment launched by the Board of Directors.

Operating result increased by 15.4 per cent to EUR 29.3 million (25.4 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 13.2 per cent (12.3 per cent). The items affecting the comparability of operating result in the review period totalled EUR 4.6 million and were related to the strategic assessment launched by the Board of Directors.

Financial income and expenses amounted to EUR -2.4 million (-3.0 million). Income tax for the period was EUR -5.4 million (-4.5 million). Result for the financial period improved by 20.0 per cent from the reference period and amounted to EUR 21.5 million (17.9 million). Earnings per share came to EUR 2.54 (2.11).

January–September 2016

DNA's net sales increased by 3.1 per cent and came to EUR 633.7 million (614.9 million). Net sales were fuelled by the growth in service net sales as well as the 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 demand for pay-TV services as well as lower interconnection prices. During the review period, 73.3 per cent (71.9 per cent) of net sales was generated by Consumer Business and 26.7 per cent (28.1 per cent) by Corporate Business.

EBITDA increased by 6.6 per cent to EUR 185.0 million (173.5 million). The EBITDA percentage of net sales increased and came to 29.2 per cent (28.2 per cent). The increase was fuelled by growth in service net sales and improved operational efficiency. The items affecting the comparability of EBITDA in the review period totalled EUR 4.6 million and were related to the strategic assessment launched by the Board of Directors. 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 42.6 per cent to EUR 76.7 million (53.8 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 12.1 per cent (8.8 per cent). The items affecting the comparability of operating result in the review period totalled EUR 4.6 million and were related to the strategic assessment launched by the Board of Directors. 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 -7.2 million (-8.9 million). Income tax for the period was EUR -13.9 million (-8.8 million). Result for the financial period improved by 54.1 per cent from the reference period and amounted to EUR 55.6 million (36.1 million). Earnings per share came to EUR 6.55 (4.25).

Consolidated key figures

EUR million	7-9/2016	7-9/2015	Change, %	1-9/2016	1-9/2015	Change, %	1–12/2015
Net sales	**221.5**	206.3	7.4%	**633.7**	614.9	3.1%	828.8
EBITDA	**66.4**	63.0	5.3%	**185.0**	173.5	6.6%	227.7
- % of net sales	**30.0%**	30.5%		**29.2%**	28.2%		27.5%
Comparable EBITDA*	**70.9**	63.0	12.5%	**189.6**	172.5	9.9%	226.7
- % of net sales	**32.0%**	30.5%		**29.9%**	28.1%		27.3%
Operating result, EBIT	**29.3**	25.4	15.4%	**76.7**	53.8	42.6%	73.1
- % of net sales	**13.2%**	12.3%		**12.1%**	8.8%		8.8%
Comparable operating result, EBIT*	**33.9**	25.4	33.4%	**81.3**	52.7	54.1%	72.0
- % of net sales	**15.3%**	12.3%		**12.8%**	8.6%		8.7%
Net result for the period	**21.5**	17.9	20.0%	**55.6**	36.1	54.1%	50.0

*Group key figures

Key operative indicators

	7-9/2016	7-9/2015	Change, %	1-9/2016	1-9/2015	Change, %	1–12/2015
Number of mobile communication network subscriptions at end of period	**2,731,000**	2,580,000	5.9%	**2,731,000**	2,580,000	5.9%	2,621,000
- Revenue per user (ARPU), EUR	**17.7**	17.2	2.9%	**17.0**	17.1	-0.6%	17.0
- Customer CHURN rate, %	**17.8**	16.1	10.6%	**15.5**	16.0	-3.1%	16.0
Number of fixed line subscriptions at end of period	**1,115,000**	1,111,000	0.4%	**1,115,000**	1,111,000	0.4%	1,120,000

Cash flow and financial position

July–September 2016

Cash flow after investing activites was EUR 39.4 million (16.1 million). This is due to a change in the net working capital from the comparable period.

January–September 2016

Cash flow after investing activites was EUR 79.7 million (79.2 million).
At the end of the review period, DNA had a EUR 150 million revolving credit facility, of which EUR 150 million (200 million) remained undrawn, and a EUR 15 million (15 million) credit facility. The credit facility was extended for the first time, with the agreement of all the banks, by one year and the new maturity is now October 2021. In addition, the company has a commercial paper programme worth EUR 150 million (150 million), under which EUR 45 million (105 million) was drawn by the end of the review period.

DNA's net gearing decreased and came to 69.0 per cent (84.3 per cent) at the end of the review period. The Group's liquid assets comprising cash and cash equivalents amounted to EUR 48.4 million (12.5 million). Net debt decreased to EUR 373.1 million (430.7 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 213.4 million (227.5 million).

Net debt/EBITDA ratio improved and was 1.51 (1.86) at the end of the review period.

DNA's equity ratio was 45.8 per cent (44.2 per cent) at the end of the review period.

Cash flow and financial key figures

	7-9/2016	**7-9/2015**	**1-9/2016**	**1-9/2015**	**1–12/2015**
Cash flow after investing activities, EUR million	**39.4**	16.1	**79.7**	79.2	97.3

	6/30/2016	**9/30/2015**	**12/31/2015**
Net debt, EUR million	**373.1**	430.7	412.3
Net debt/EBITDA	**1.51**	1.86	1.81
Net gearing, %	**69.0**	84.3	78.5
Equity ratio, %	**45.8**	44.2	44.1

Development per business segment

Consumer business

July–September 2016

Consumer Business net sales increased by 10.2 per cent and came to EUR 164.8 million (149.4 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 7.1 per cent and came to EUR 46.9 million (43.7 million). The increase was fuelled by the positive development of net sales for services and improved operational efficiency. The EBITDA percentage of net sales came to 28.4 per cent (29.3 per cent). Consumer Business operating result increased by 21.1 per cent to EUR 22.7 million (18.7 million), or 13.8 per cent of Consumer Business net sales (12.5 per cent). Depreciation to the amount of EUR 24.2 million (25.0 million) was allocated to Consumer Business.

DNA launched a new SportMix channel package in the third quarter, allowing customers to pick the sport packages they want from five options. The channel packages are available in DNA's cable and terrestrial networks and practically all the sports channels in DNA's offering are also available for mobile viewing through the DNA TV application. The sales of the SportMix channel package are off to a good start.

January–September 2016

Consumer Business net sales increased by 5.0 per cent and came to EUR 464.4 million (442.1 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 9.7 per cent and came to EUR 131.2 million (119.6 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 28.2 (27.0 per cent). Consumer Business operating result increased by 40.8 per cent to EUR 61.4 million (43.6 million), or 13.2 per cent of Consumer Business net sales (9.9 per cent). Depreciation to the amount of EUR 69.8 million (76.0 million) was allocated to Consumer Business.

Consumer business

EUR million	7-9/2016	7-9/2015	Change, %	1-9/2016	1-9/2015	Change, %	1–12/2015
Net sales	**164.8**	149.4	10.2%	**464.4**	442.1	5.0%	596.3
EBITDA	**46.9**	43.7	7.1%	**131.2**	119.6	9.7%	154.6
- % of net sales	**28.4%**	29.3%		**28.2%**	27.0%		25.9%
Comparable EBITDA*	**49.6**	43.7	13.3%	**133.9**	118.5	13.0%	153.5
- % of net sales	**30.1%**	29.3%		**28.8%**	26.8%		25.7%
Operating result, EBIT	**22.7**	18.7	21.1%	**61.4**	43.6	40.8%	56.0
- % of net sales	**13.8%**	12.5%		**13.2%**	9.9%		9.4%
Comparable operating result, EBIT*	**25.4**	18.7	35.6%	**64.1**	42.5	50.7%	55.0
- % of net sales	**15.4%**	12.5%		**13.8%**	9.6%		9.2%

*Group key figures

Corporate business

July–September 2016

Corporate Business net sales remained at a similar level year-on-year and amounted to EUR 56.8 million (56.9 million). Net sales were burdened by the reduction in interconnection prices and lower traffic volumes. EBITDA increased by 1.1 per cent to EUR 19.5 million (19.3 million), or 34.4 per cent of net sales (33.9 per cent). Operating result remained at a similar level year-on-year and amounted to EUR 6.6 million (6.7 million), or 11.7 per cent of net sales (11.7 per cent). Depreciation to the amount of EUR 12.9 million (12.6 million) was allocated to Corporate Business.

DNA signed significant new agreements and extensions with enterprises and the public sector in the third quarter. The share of SMEs in particular grew in the customer base.

In September, the European IP address manager RIPE NCC announced that it ranks DNA as the most significant operator providing IPv6 LIR addresses in Finland. By the end of the third quarter, DNA has brought IPv6 functionality to some 2.2 million consumer and corporate subscriptions. Facilitating direct, two-way communication between mobile devices, the new IPv6 protocol is a prerequisite for the increased prevalence of the Internet of Things (IoT).

In 2016, DNA has placed special emphasis on shorter service delivery times for Corporate Business customers. The project has provided excellent results and significantly shorter delivery times by reorganising operations and introducing new operating methods.

January–September 2016

Corporate Business net sales decreased by 2.0 per cent to EUR 169.3 million (172.7 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 remained at a similar level year-on-year and amounted to EUR 53.9 million (54.0 million), or 31.8 per cent of net sales (31.2 per cent).The increase was fuelled by a withdrawal from the provision for premises. Operating result grew to EUR 15.4 million (10.2 million), or 9.1 per cent of net sales (5.9 per cent). Depreciation to the amount of EUR 38.5 million (43.7 million) was allocated to Corporate Business.

Corporate business

EUR million	**7-9/2016**	**7-9/2015**	**Change, %**	**1-9/2016**	**1-9/2015**	**Change, %**	**1–12/2015**
Net sales	**56.8**	56.9	-0.2%	**169.3**	172.7	-2.0%	232.5
EBITDA	**19.5**	19.3	1.1%	**53.9**	54.0	-0.2%	73.1
- % of net sales	**34.4%**	33.9%		**31.8%**	31.2%		31.4%
Comparable EBITDA*	**21.3**	19.3	10.6%	**55.7**	54.0	3.2%	73.1
- % of net sales	**37.6%**	33.9%		**32.9%**	31.2%		31.5%
Operating result, EBIT	**6.6**	6.7	-0.6%	**15.4**	10.2	50.2%	17.1
- % of net sales	**11.7%**	11.7%		**9.1%**	5.9%		7.3%
Comparable operating result, EBIT*	**8.5**	6.7	27.1%	**17.2**	10.2	68.2%	17.1
- % of net sales	**14.9%**	11.7%		**10.2%**	5.9%		7.3%

*Group key figures. There were no items affecting comparability during the period

Capital expenditure

July–September 2016

Capital expenditure amounted to EUR 30.3 million (32.5 million), or 13.7 per cent of net sales (15.7 per cent).

January–September 2016

Capital expenditure amounted to EUR 84.9 million (83.7 million), or 13.4 per cent of net sales (13.6 per cent).

Major individual items included in capital expenditure are the 4G and 3G networks and in fibre and transfer systems.

Capital expenditure

EUR million	7-9/2016	7-9/2015	Change, %	1-9/2016	1-9/2015	Change, %	1–12/2015
Consumer business	**18.9**	20.7	-8.6%	**53.5**	55.3	-3.2%	101.5
Corporate business	**9.4**	10.6	-11.6%	**26.5**	25.2	5.2%	48.2
Unallocated	**2.0**	1.2	66.2%	**4.9**	3.2	52.5%	5.0
Total capital expenditure	**30.3**	32.5	-6.8%	**84.9**	83.7	1.3%	154.7

Capital expenditure is defined as additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum license.

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 January-September 2016, DNA expanded its 4G and 3G networks by adding some 2,200 base stations. At the end of the review period, DNA's mobile communication network reached more than 99 per cent of the population in Finland. DNA's 3G network also reaches more than 99 per cent of the population.

In the January-September period, 4G traffic volumes in DNA's networks grew by more than 140 per cent year-on-year. At the end of the period, more than 80 per cent of all data was 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.

Finnish Shared Network Ltd is constructing a new 2G/3G/4G network for mobile communications in Northern and Eastern Finland. A shared network enables a faster construction of the mobile network and will provide data transfer speeds in Northern and Eastern Finland that are much faster than those available now. Almost all of the capital expenditure have already been made. Construction was completed in Northern Karelia and most of Northern and Southern Savonia in mid-August. In the third quarter, the construction got underway in Southern Karelia, and the network was completed in early October, providing improved connections to some 130,000 residents there.Finnish Shared Network has constructed some 1,700 base stations, providing better connections to more than 800,000 people in Northern and Eastern Finland.

Data traffic volumes in DNA's mobile communication network exceeded the volumes of fixed broadband network in the summer of 2016. In August, some 27,000 terabytes of data were transferred in DNA's fixed broadband network, while the data volume in the mobile communication network was significantly higher at almost 32,000 terabytes. Mobile data volumes are set to grow at an increasing speed in years to come.

Personnel

At the end of September 2016, DNA Group had 1,669 employees (1,691 employees), of which 673 were women (675) and 996 men (1,016).

Salaries and employee benefit expenses paid during the third quarter amounted to EUR 27.4 million (23.0 million).

Personnel by business segment

	9/30/2016	9/30/2015	Change, %	12/31/2015
Consumer business	**1,002**	1,008	-0.6%	1,000
Corporate business	**667**	683	-2.3%	672
Total personnel	**1,669**	1,691	-1.3%	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):

	9/30/2016
Finda Oy	49.84%
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	99.78%

On 30 September 2016, the largest shareholders of DNA Ltd were Finda Oy (49.84 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 98.43 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 September 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 September 2015). At the end of the review period, the company held 1,129,967 treasury shares (1,130,487 on 30 September 2015), or 11.75 per cent of all shares. On 30 September 2016, the Board of Directors decided to cancel the treasury shares. The decision was entered in the Finnish Trade Register on 13 October 2016.

The changes in the number of treasury shares were related to 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.

DNA’s financial objectives and dividend policy

During the review period, DNA’s Board of Directors renewed DNA’s dividend policy, according to which the company aims for a payout ratio of some 70 to 90 per cent of DNA’s free cash flow to equity for the financial year.

The Board of Directors also adopted the following as DNA’s medium-term financial objectives:

- net sales growth above market average
- EBITDA percentage of at least 30 per cent
- investments amount to less than 15 per cent of net sales (excluding any fees for frequency band licences)
- net debt/EBITDA ratio of less than 2.0 per cent, which may temporarily be exceeded if DNA finds appealing acquisition opportunities that allow the company to complement its offering in existing markets.

Corporate responsibility

DNA continued the practical implementation of its new corporate responsibility strategy in the third 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 September 2016, more than 90 per cent of the old base stations had been replaced by more energy-efficient models. The project is expected to be completed by the end of 2017.

In the third quarter, DNA continued the 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

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 has some effect on the demand for 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 information 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. The role of good information security and data security gain in importance as the use of smart devices and Industrial Internet gain ground.

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. The elimination of roaming charges and the uncertainty of the level of wholesale roaming charges may have an unfavourable effect on DNA's business. 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 Finnish economy is slowly returning to growth and the value of the telecommunications market has also returned to the growth path.

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 traffic 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 slightly in 2016.

Due to the overall economic situation, organisations will continue to seek cost savings, but they 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 Industrial Internet solutions, and subsequently for M2M subscriptions, is expected to grow.

DNA’s outlook for 2016 has changed

Net sales are expected to increase moderately 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.

In the second quarter, net sales were expected to remain at a similar level and the operating result was expected to grow significantly in 2016 compared to 2015. The Group’s financial position was expected to remain at a healthy level.

DNA Ltd
Board of Directors

Group key figures

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Equity per share, EUR	**63.7**	60.2	**63.7**	60.2	61.8
Net debt, EUR million	**373.1**	430.7	**373.1**	430.7	412.3
Net gearing, %	**69.0**	84.3	**69.0**	84.3	78.5
Equity ratio, %	**45.8**	44.2	**45.8**	44.2	44.1
Net debt/EBITDA	**1.41**	1.71	**1.51**	1.86	1.81
Return on investment (ROI), %	**12.4**	10.7	**10.7**	7.5	7.6
Return on equity (ROE), %	**16.2**	14.3	**13.9**	9.5	9.7
Capital expenditure, EUR million	**30.3**	32.5	**84.9**	83.7	154.7
Capital expenditure, % of net sales	**13.7**	15.8	**13.4**	13.6	18.7
Personnel at end of period	**1,669**	1,691	**1,669**	1,691	1,672

Reconciliation of comparable key figures

	Jul-Sep 2016	Jul-Sep 2015	Jan-Jun 2016	Jan-Sep 2015	Jan-Dec 2015
EBITDA	**66.4**	63.0	**185.0**	173.5	227.7
Items affecting comparability: costs related to the strategic assessment work of the Board of Directors	**4.6**	-	**4.6**	-	-
Items affecting comparability: Booxmedia Oy sales profit	**-**	-	**-**	-1.1	-1.1
Comparable EBITDA	**70.9**	63.0	**189.6**	172.5	226.7
Operating result	**29.3**	25.4	**76.7**	53.8	73.1
Items affecting comparability: costs related to the strategic assessment work of the Board of Directors	**4.6**	-	**4.6**	-	-
Items affecting comparability: Booxmedia Oy sales profit	**-**	-	**-**	-1.1	-1.1
Comparable operating result	**33.9**	25.4	**81.3**	52.7	72.0

Key operative indicators

Mobile communication network subscription volumes:

Number of:	30 Sep 2016	30 Sep 2015	30 Jun 2016	30 Jun 2015	31 Dec 2015
Subscriptions*	2,731,000	2,580,000	2,668,000	2,547,000	2,621,000
DNA's own customers*	2,718,000	2,577,000	2,661,000	2,538,000	2,618,000

	Jul-Sep 2016	Jul-Sep 2015	Jan-Sep 2016	Jan-Sep 2015	Jan-Dec 2015
Revenue per subscription (ARPU), EUR**	17.7	17.2	17.0	17.1	17.0
Customer churn rate, %**	17.8	16.1	15.5	16.0	16.0

*Includes only mobile broadband **Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	30 Sep 2016	30 Sep 2015	30 Jun 2016	30 Jun 2015	31 Dec 2015
Broadband subscriptions	438,000	430,000	437,000	425,000	436,000
Cable TV subscriptions	609,000	599,000	608,000	598,000	606,000
Telephone subscriptions	68,000	82,000	71,000	86,000	78,000

Calculation of key indicators

Equity per share, EUR	=	Equity attributable to owners of the parent / Number of outstanding shares at end of period
Net debt, EUR	=	Non-current and current borrowings -cash and cash equivalents
Net gearing, %	=	Net debt / Total equity
Equity ratio, %	=	Total equity / Total assets – advances received
EBITDA, EUR	=	Operating result (EBIT) + depreciation, amortisation and impairments
Return on investment (ROI), %*	=	Net result before income taxes + finance expense / Total equity + borrowings (average for the period)
Return on equity (ROE), % *	=	Net result for the period / Total equity (average for the period)
Net debt/EBITDA*	=	Net debt / Operating result + depreciation + amortisation + impairments
Comparable EBITDA (EUR)	=	EBITDA excluding items affecting comparability
Comparable operating result, EBIT (EUR)	=	Operating result, EBIT excluding items affecting comparability
Items affecting comparability	=	Items affecting comparability being material items outside ordinary course of business such as net gain or losses from business disposals, direct transaction costs related to business acquisitions, write-off of non-current assets, costs for closure of business operations and restructurings, fines or other similar payments, damages as well as costs related to a one time study on the Company's strategic alternatives to grow its shareholder base and costs related to the strategic assessment work of the Board of Directors.
Cashflow after investing activities (EUR)	=	Net cash generated from operating activities + net cash used in investing activities
Capital expenditure (EUR)	=	Capital expenditure comprise additions to property, plant and equipment and intangible assets excluding business acquisitions, gross acquisition cost of spectrum license and additions through finance leases and asset retirement obligations and including annual cash instalments for the spectrum license.
Free Cash Flow to Equity (FCFE)	=	Comparable EBITDA – total capital expenditure excluding the annual cash instalment for spectrum licenses - change in net working capital including an adjustment between operative capex and cash-based capex in order to present FCFE on a cash basis, however excluding cash instalments for spectrum licenses and adjusted with the items affecting comparability - net interest paid - income taxes paid - change in provisions

* 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 items affecting comparability being material items outside ordinary course of business.

* 12-month adjusted

Consolidated income statement

EUR million	1 Jul -30 Sep 2016	1 Jul -30 Sep 2015	1 Jan -30 Sep 2016	1 Jan -30 Sep 2015	1 Jan–31 Dec 2015
Net sales	**221.5**	206.3	**633.7**	614.9	828.8
Other operating income	**0.8**	0.8	**2.7**	3.3	4.3
Materials and services	**-99.4**	-91.7	**-278.4**	-274.6	-375.0
Employee benefit expenses	**-27.4**	-23.0	**-82.9**	-78.8	-106.9
Depreciation, amortisation and impairments	**-37.0**	-37.6	**-108.3**	-119.7	-154.6
Other operating expenses	**-29.2**	-29.4	**-90.0**	-91.2	-123.5
Operating result, EBIT	**29.3**	25.4	**76.7**	53.8	73.1
Finance income	**0.2**	0.2	**0.7**	0.7	1.0
Finance expense	**-2.6**	-3.2	**-7.9**	-9.6	-12.5
Share of associates' results	**0.0**	0.0	**0.0**	0.0	0.0
Net result before income tax	**26.9**	22.4	**69.5**	44.9	61.6
Income tax expense	**-5.4**	-4.5	**-13.9**	-8.8	-11.5
Net result for the period	**21.5**	17.9	**55.6**	36.1	50.0
Attributable to:					
Owners of the parent	**21.5**	17.9	**55.6**	36.1	50.0
Earnings per share for net result attributable to owners of the parent:					
Earnings per share, basic EUR	**2.54**	2.11	**6.55**	4.25	5.90
Earnings per share, diluted EUR	**2.54**	2.11	**6.55**	4.25	5.90

Consolidated statement of comprehensive income

EUR million	1 Jul -30 Sep 2016	1 Jul -30 Sep 2015	1 Jan -30 Sep 2016	1 Jan -30 Sep 2015	1 Jan–31 Dec 2015
Net result for the period	**21.5**	17.9	55.6	**36.1**	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**	0.0	0.0	**0.1**	0.1
Other comprehensive income, net of tax	**0.0**	0.0	0.0	**0.1**	0.4
Total comprehensive income	**21.5**	18.0	55.6	**36.2**	50.4
Attributable to:					
Owners of the parent	**21.5**	18.0	55.6	**36.2**	50.4

Notes are an integral part of the consolidated interim financial statements.

Consolidated statement of financial position

EUR million	30 Sep 2016	30 Sep 2015	31 Dec 2015
Assets			
Non-current assets			
Goodwill	**327.2**	327.2	327.2
Other intangible assets	**154.5**	159.1	158.4
Property, plant and equipment	**423.1**	413.4	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	**34.6**	34.6	37.9
Deferred tax assets	**17.8**	24.2	18.8
Total non-current assets	**958.6**	**960.0**	**987.6**
Current assets			
Inventories	**18.0**	18.9	21.1
Trade and other receivables	**184.1**	187.5	176.6
Income tax receivables	**0.3**	2.8	5.9
Cash and cash equivalents	**48.4**	12.5	25.3
Total current assets	**250.8**	**221.7**	**228.9**
Total assets	**1209.4**	**1181.7**	**1216.5**
Equity			
Equity attributable to owners of the parent			
Share capital	**72.7**	72.7	72.7
Reserves	**607.3**	607.3	607.3
Treasury shares	**-103.3**	-103.4	-103.4
Retained earnings	**-91.2**	-102.1	-101.8
Net result for the period	**55.6**	36.1	50.0
Total equity	**541.1**	**510.6**	**524.9**
Liabilities			
Non-current liabilities			
Borrowings	**341.3**	298.9	362.3
Employment benefit obligations	**2.0**	2.2	1.9
Provisions	**10.3**	16.6	13.0
Deferred tax liabilities	**25.6**	28.1	28.3
Other non-current liabilities	**12.5**	19.0	12.5
Total non-current liabilities	**391.8**	**364.7**	**418.1**
Current liabilities			
Borrowings	**80.2**	144.3	75.2
Provisions	**0.7**	1.2	1.0
Trade and other payables	**186.2**	160.2	197.3
Income tax liabilities	**9.5**	0.6	0.0
Total current liabilities	**276.6**	**306.3**	**273.5**
Total equity and liabilities	**1209.4**	**1181.7**	**1216.5**

Notes are an integral part of the consolidated interim financial statements.

Consolidated statement of cash flows

EUR million	Jan-Sep 2016	Jan-Sep 2015 Restated*	Jan-Dec 2015 Restated*
Cash flows from operating activities			
Net result for the period	**55.6**	36.1	50.0
Adjustments 1)	**126.4**	130.9	167.0
Change in net working capital 2)	**11.9**	14.7	35.7
Dividends received	**0.0**	0.0	0.0
Interest paid	**-5.1**	-3.6	-6.8
Interest received	**0.4**	0.3	0.5
Other financial items	**-0.5**	-1.1	-1.5
Income taxes paid	**-0.6**	3.0	2.1
Net cash generated from operating activities	**188.1**	180.2	247.0
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	**-107.4**	-103.6	-152.4
Proceeds from sale of PPE	**0.1**	0.9	1.0
Other investments	**-1.1**	1.6	1.6
Net cash used in investing activities	**-108.4**	-101.0	-149.7
Cash flows from financing activities			
Proceeds from issuance of shares	**0.1**	0.2	0.2
Dividends paid	**-40.1**	-30.0	-30.0
Proceeds from borrowings	**59.9**	124.6	274.6
Repayment of borrowings	**-76.4**	-172.0	-327.3
Net cash used in financing activities	**-56.6**	-77.3	-82.6
Change in cash and cash equivalents	**23.1**	1.9	14.7
Cash and cash equivalents at beginning of period	**25.3**	10.6	10.6
Cash and cash equivalents at end of period	**48.4**	12.5	25.3
Adjustments 1):			
Depreciation, amortisation and impairments	**108.3**	119.7	154.6
Gains and losses on disposals of non-current assets	**-0.1**	-1.1	-1.2
Other non-cash income and expense	**0.0**	0.0	0.0
Finance income and expense	**7.2**	8.9	11.5
Income tax expense	**13.9**	8.8	11.5
Change in provisions	**-3.0**	-5.5	-9.4
Total adjustment	**126.4**	130.9	167.0
Change in net working capital 2):			
Change in trade and other receivables	**-3.6**	6.7	15.2
Change in inventories	**3.1**	0.6	-1.6
Change in trade and other payables	**12.4**	7.4	22.0
Change in net working capital	**11.9**	14.7	35.7

* Note 9

Notes are an integral part of the consolidated interim financial statements.

Consolidated statement of changes in equity

EUR million	Share capital	Hedge reserve	Reserve for invested unrestricted equity	Treasury shares	Retained earnings	Total equity
1 January 2015	72.7	-0.1	607.3	-103.5	-72.2	504.1
Comprehensive income						
Net result for the period					36.1	36.1
Other comprehensive income						
Remeasurements of post employment benefit obligations					0.0	0.0
Cash flow hedges		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	36.1	36.2
Transactions with owners						
Share issue				0.2	-0.2	0.0
Share-based payments					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	-29.9	-29.7
30 September 2015	72.7	0.0	607.3	-103.4	-66.0	510.6
1 January 2016	**72.7**	**0.0**	**607.3**	**-103.4**	**-51.7**	**524.9**
Comprehensive income						
Net result for the period					**55.6**	**55.6**
Other comprehensive income						
Remeasurements of post employment benefit obligations					**0.0**	**0.0**
Cash flow hedges		**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**	**55.6**	**55.6**
Transactions with owners						
Share issue				**0.1**	**-0.1**	**0.0**
Share-based payments					**0.7**	**0.7**
Dividends relating to 2015					**-40.1**	**-40.1**
Total contribution by and distributions to owners	**0.0**	**0.0**	**0.0**	**0.1**	**-39.4**	**-39.4**
30 September 2016	**72.7**	**0.0**	**607.3**	**-103.3**	**-35.6**	**541.1**

Notes are an integral part of the consolidated interim financial statements.

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 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 had no material impact on DNA's consolidated financial statements. This interim report should be read in connection with the 2015 Financial Statements. Certain items in the consolidated statements of cash flows, for the year 2015 and for the nine months ended 30 September 2015, have been reclassified to correspond to the current presentation format. For more information, see note 9. 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 Jul–30 Sep 2016
EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	164,760	56,781		221,541
EBITDA	46,852	19,506		66,357
Depreciation, amortisation and impairments	24,170	12,876		37,046
Operating result, EBIT	22,682	6,630		29,312
Net finance items			-2,404	-2,404
Share of associates' results			6	6
Net result before income tax				26,913
Net result for the period				21,524
Capital expenditure*	18,924	9,350	1,994	30,269
Employees at end of period	1,002	667		1,669

1 Jul–30 Sep 2015
EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	149,450	56,895		206,345
EBITDA	43,744	19,295		63,038
Depreciation, amortisation and impairments	25,011	12,628		37,639
Operating result, EBIT	18,733	6,667		25,399
Net finance items			-2,964	-2,964
Share of associates' results			0	0
Net result before income tax				22,436
Net result for the period				17,936
Capital expenditure*	20,700	10,571	1,200	32,471
Employees at end of period	1,008	683		1,691

1 Jan–30 Sep 2016
EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	464,439	169,281		633,720
EBITDA	131,160	53,876		185,036
Depreciation, amortisation and impairments	69,807	38,493		108,300
Operating result, EBIT	61,353	15,383		76,736
Net finance items			-7,230	-7,230
Share of associates' results			13	13
Net result before income tax				69,519
Net result for the period				55,573
Capital expenditure*	53,459	26,521	4,898	84,878
Employees at end of period	1,002	667		1,669

1 Jan–30 Sep 2015
EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	442,113	172,745		614,858
EBITDA	119,561	53,969		173,529
Depreciation, amortisation and impairments	76,000	43,727		119,727
Operating result, EBIT	43,560	10,242		53,802
Net finance items			-8,931	-8,931

Share of associates' results			10	10
Net result before income tax				44,882
Net result for the period				36,070
Capital expenditure*	55,320	25,220	3,200	83,740
Employees at end of period	1,008	683		1,691

1 Jan–31 Dec 2015

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Unallocated**	**Group total**
Net sales	596,250	232,550		828,800
EBITDA	154,577	73,137		227,714
Depreciation, amortisation and impairments	98,565	56,057		154,622
Operating result, EBIT	56,012	17,081		73,092
Net finance items			-11,514	-11,514
Share of associates' results			14	14
Net result before income tax				61,593
Net result for the period				50,049
Capital expenditure*	101,466	48,171	5,028	154,664
Employees at end of period	1,000	672		1,672

* Reported capital expenditure comprise additions to intangible and tangible assets, excluding business combinations, spectrum license acquisition and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure include spectrum license payments made during the reporting period. Unallocated capital expenditure comprise sales commissions.

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 Capital expenditure

EUR 1,000		Jan–Sep 2016
Capital expenditure*		
	Intangible assets	**22,420**
	Property, plant and equipment	**62,458**
Total		**84,878**

* Capital expenditure comprise additions to intangible and tangible assets, excluding business combinations, spectrum license acquisition and additions relating to finance lease agreements and decommissioning obligations. Additionnally, capital expenditure include spectrum license payments made during the reporting period.

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

4 Equity

EUR 1,000	Number of shares (thousands)	Share capital	Reserve for invested unrestricted equity
1 January 2015	9,611	**72,702**	**607,335**
Share issue	6		
31 December 2015	9,618	**72,702**	**607,335**
30 September 2016	9,618	**72,702**	**607,335**

DNA Ltd has one class of ordinary shares. The total number of shares is 9,618,357 (9,618,357). The total number of shares include 1,129 967 treasury shares. Number of shares outstanding are 8,488,390 (8,487,870). 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 debt

EUR 1,000	30 September 2016	30 September 2015	31 December 2015
Non-current borrowings	**341,330**	298,906	362,334
Current borrowings	**80,189**	144,330	75,210
Total borrowings	**421,519**	443,237	437,544
Less cash and cash equivalents	**48,369**	12,531	25,266
Net debt	**373,150**	430,705	412,278

6 Provisions

EUR 1,000	1 January 2016	Additions	Provisions used	Other/Discount effect	30 September 2016
Asset retirement obligation	8,564	4	-526		8,041
Restructuring provisions	152	1			153
Onerous contracts	4,935	1,163	-295	-3,557	2,246
Other provision	376	210			586
Total	14,027	1,377	-820	-3,557	11,027

Asset retirement obligation

The asset retirement obligation provision comprise the estimated dismantling and demolition costs of data centres, masts and telephone poles. The asset retirement period for telephone poles is 15 years, and 25 years for data centres and masts. Realising the dismantling and demolition costs do not involve any significant uncertainties.

Onerous contracts

This provision is mainly for a non-cancellable 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-cancellable lease agreement expires in 2025.

7 Related party transactions

DNA's related parties include the main shareholders (Finda Oy, PHP Holding Oy) which have significant influence over the group, subsidiaries, associated companies, joint arrangements 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 idenfitied as related party.

The Group's related party transactions:

EUR 1,000	Sales	Purchases	Receivables	Liabilities
6/2016				
Organisations exercising significant influence	22	2,042	2	193
Associated companies	0	344	0	2

EUR 1,000	Sales	Purchases	Receivables	Liabilities
6/2015				
Organisations exercising significant influence	18	2,713	2	6
Associated companies	0	510	0	2

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

8 Share-based payments

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 share-based reward plan is that a person participating in the share-based reward 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 shares 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 shared-based reward 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. Additionnally, 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.

Share-based reward plan		
Grant date	12 Dec 2014	22 May 2015
Amount of granted instruments	6,475	375
Returned instruments	125	
Share price at grant date	95.51	95.51
Fair value of the reward at grant date		
Matching share/Share	95.51	95.51
Performance share	315.00	315.00
Valid until	31 May 2019	31 May 2019
Expected life	3 years	3 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. Management has reassessed the expected life of the share-based reward to three years.

The fair value of the share is estimated according to the shares' valuation model.

The determination of fair value is based on assumptions such as expected volatility, fair value of the share at grant date and expected life.

Expense recorded in the income statement	**1-9/2016**	**1-12/2015**
Share-based payments	5,746	756

Debt recorded in the statement of financial position	**9/30/2016**	**12/31/2015**
Debt related to share-based reward plan	5,456	378

9 Correction to prior periods

DNA has reclassified certain balance sheet and cash flow items to represent the group's current reporting policy. The corrections and reclassifications have been retrospectively revised according to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The corrections had the following effect on the Group's figures

EUR 1,000

Consolidated statement of cash flows		**1-9/2015**	
	Reported	Re-classifications	Restated
Cash flows from operating activities			
Net result for the period	36,070		36,070
Change in net working capital	-640	15,321	14,681
Change in trade and other receivables	7,582	-847	6,735
Change in trade and other payables	-8,812	16,168	7,356
Interest paid	-7,281	3,634	-3,647
Other financial items	-1,957	847	-1,110
Net cash generated from operating activities	160,377	19,803	180,180
Investments in property, plant and equipment (PPE) and intangible assets	-83,752	-19,803	-103,554
Net cash used in investing activities	-81,182	-19,803	-100,984
Net cash generated from (used in) financing activities	-77,263		-77,263

EUR 1,000

Consolidated statement of cash flows		**1-12/2015**	
	Reported	Re-classifications	Restated
Cash flows from operating activities			
Net result for the period	50,049		50,049
Adjustments	165,954	1,048	167,003
Finance income and expense	10,465	1,048	11,513
Change in net working capital	42,114	-6,463	35,651
Change in trade and other payables	28,483	-6,463	22,020
Interest paid	-9,452	2,684	-6,768
Net cash generated from operating activities	249,743	-2,731	247,012
Investments in property, plant and equipment (PPE) and intangible assets	-155,129	2,731	-152,398
Net cash used in investing activities	-152,466	2,731	-149,735
Net cash generated from (used in) financing activities	-82,610		-82,610

DNA