Annual Report *2010*

DNA

the best of both worlds

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dna

DNA Ltd is a *Finnish* telecommunications company providing *high-quality, state-of-the-art* voice, data and TV services to private customers and corporations. DNA has over 3 million mobile and fixed-network customers.

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year 2010

Mobile communication or high-quality TV services?
Mobile phones for consumers or telecommunication services for businesses? Top quality or reasonable prices?
Broad coverage or strong local presence?

We believe in the best of both worlds.

We are bold, yet reliable. We are quality-conscious, yet quick. We are genuine and above all we value our customers.

More information: www.dna.fi

Figures for 2010

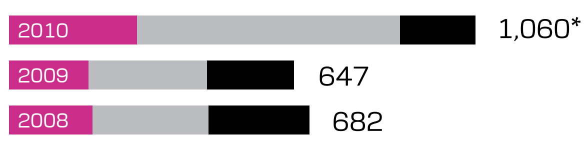
key figures

	2010	2009
Net sales, EUR million	690.5	652.2
EBITDA excluding non-recurring items, EUR million	187.0	179.5
of net sales, %	27.1	27.5
EBIT excluding non-recurring items, EUR million	70.2	63.4
of net sales, %	10.2	9.7
Capital expenditure, EUR million	83.4	87.9
Cash flow after investments, EUR million	71.8	52.5
Net debt/EBITDA	0.56	0.86
Gearing, %	16.1	34.0
Equity ratio, %	63.6	55.3
Personnel at end of period	1,003	818

Mobile network subscriptions, in thousands*

* including mobile broadband

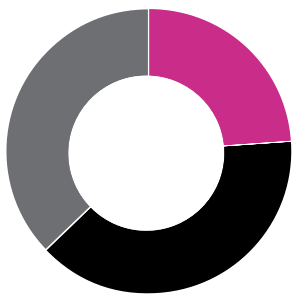
Fixed-line network subscriptions, in thousands



Number of broadband subscriptions
Number of cable TV subscriptions
Number of telephone subscriptions

* including Welho's cable TV and broadband subscriptions

market shares



Mobile communications

DNA 24%
Elisa 39%
TeliaSonera 37%

Cable TV

DNA (incl. Welho) 43%
Elisa 18%
TeliaSonera 13%
Other 25%

Main events in 2010

- In the summer, DNA announced the purchase of Welho business operations from Sanoma. With the business transaction, DNA's share of the cable TV market in Finland increased to 43 per cent and the company acquired a strong position in the fixed-network business in the Helsinki metropolitan area.
- DNA's 3G network was expanded considerably during the year. By the end of the year, connections suitable for mobile Internet access were available to almost every Finn.
- DNA's customer information system was renewed in October to improve customer service and operational efficiency further.
- To meet the increased number of customers, DNA established several new call service centers. By the end of the year, the number of centers totalled 10.
- In October, DNA was the first operator in Finland to launch cooperation with Google in the B-to-B market. A range of Google's applications from email to word-processing are accessible to users, regardless of where they work, via a cloud computing service.
- In early December, DNA became the first Finnish operator to start terrestrial HDTV test broadcasting. By the turn of the year, broadcasts were available to 2 million Finns.

reliable

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DNA's 3G services suitable for mobile Internet access are available to almost 5 million people in Finland. DNA's customers experience fewer problems with connecting to the wireless network than competitors' customers, and their use of their mobile broadband connection exceeds the market average*.

* MOCCSI survey by Taloustutkimus Oy (autumn 2010)

bold

DNA was honoured as Vuoden verkkomainostaja ("THE ONLINE ADVERTISER OF THE YEAR") at the digital media Grand One 2010 gala. DNA received this accolade for being a bold and professional advertising client that listens to new ideas, dares to try out new things and gives feedback.

A word from *Riitta & Jarmo*

Boldly into *new* markets

Last year was another period of big steps for DNA. While the rest of the country struggled with heavy snow, we busied ourselves negotiating a major business acquisition. Just before the summer, we signed an agreement to acquire Welho, a flagship in Finland's operator sector.

With this business transaction, DNA gained a strong position in the telecommunications market in the Helsinki metropolitan area and a comprehensive fibre network in Helsinki. The company also became Finland's largest cable TV operator and a broadband operator with a strong nationwide presence. The icing on the cake is that both Welho and DNA are known for their high level of customer satisfaction. As one company, we are even better equipped to keep our customers satisfied.

Business services from the cloud

Another bold step that surprised the market was the launch of our cooperation with Google. We integrated our telecommunication services and Google's cloud-based office services into an easy-to-deploy, cost-efficient business solution: DNA Toimisto.

Riitta Tiuraniemi, President and CEO and Jarmo Leino, Chairman of the Board of Directors

Many traditional operators consider Google an aggressive competitor, but at DNA we see things differently. As an operator, our task is to offer our customers convenient services that make their lives easier. Instead of focusing on policing our own turf, we want to work with the best possible partners such as Google to achieve this. We strongly believe that this partnership will give a further boost to DNA's growing and evolving corporate business.

Breaking a monopoly

Television business is one of our main growth areas. We are now the largest cable TV operator and want to develop the business even further. After starting terrestrial HDTV broadcasting towards the end of 2010, by the end of 2011 we expect our network to cover over 80 per cent of Finnish households.

The Ministry of Transport and Communications intends to bring an end to the monopoly and over-priced terrestrial broadcast services in Finland. DNA is the first to introduce competition to this field. However, two networks will not suffice to bring about a competitive market: each household will need two separate antennas because our new high-definition technology uses different frequencies.

To encourage households to install two antennas, the most interesting high-definition content should be directed to the new frequencies. In order to achive this and for a truly competitive situation, bold decisions are required from the ministry. If this is successful, Finland – and DNA – will set a motivational example for other countries interested in breaking such monopolies.

4G brings efficiency to the network

Smartphone and tablet markets are experiencing strong growth in Finland and worldwide. Efficient use of these versatile devices poses new challenges for mobile broadband networks.

Over the recent years, DNA's 3G broadband network has achieved nationwide coverage. In addition, we were the first to introduce higher-speed mobile broadband connections, gaining about one third of this fast-growing market.

During the current year, we will increase the speed and capacity of our broadband network even further by introducing 4G, the next-generation technology. With 4G technology, our customers can enjoy even faster connections and more flexible and efficient use of the radio network and a limited frequency band.

New tools for fine-tuning our operations

We introduced several important operative changes last year, including renewing the customer information system in October. This is an extremely comprehensive and complex venture for a teleoperator, preparations for which took over three years.

Having successfully migrated to the new system, we can now focus on improving our customer service further and using the system's versatile features. As a result, we can quickly launch new product families, offer comprehensive and easy-to-use self-service options to our customers and fine-tune our operative efficiency.

DNA aspires to be a good corporate citizen. Due to the ongoing project to upgrade our network infrastructure, which is the basis for our operations, we will be able to cut the energy consumption of our GSM and 3G radio networks by up to 50 per cent. During the reporting year, we launched a corporate responsibility development project based on the Global Reporting Initiative (GRI) reporting model, which we will implement in stages. This is our first annual report to include a more comprehensive responsibility report.

We now have good practical tools in place for strengthening DNA's brand and the key components of our operating culture – quickness, boldness and being genuine. I would thereby like to thank our customers, employees, shareholders and all other stakeholders for a rewarding year. Let's work together to make 2011 another year of bold decisions. ■

Riitta Tiuraniemi
President and CEO

Long-term *development provides best* shareholder value

The DNA Board of Directors' goal is to increase shareholder value in the long term. We believe that sustainable development of the company best serves the interests of DNA's shareholders as well as other stakeholders.

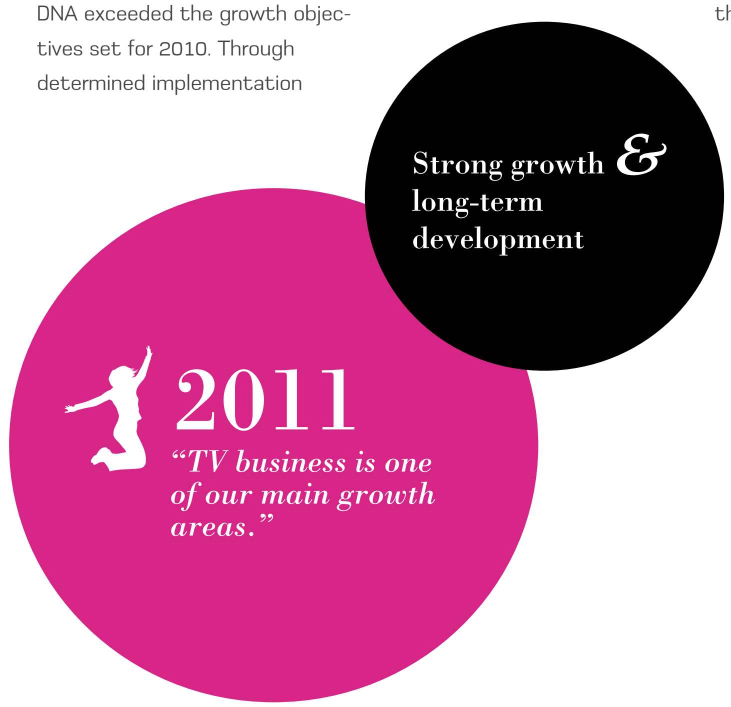
Despite the limited size of the telecommunications sector, changes in the operating environment and constantly increasing competition, DNA exceeded the growth objectives set for 2010. Through determined implementation of business efficiency and operational improvements, we reached the target size and structure we began working towards several years ago.

We intend to maintain our current market share and consider it necessary to grow also in the future.

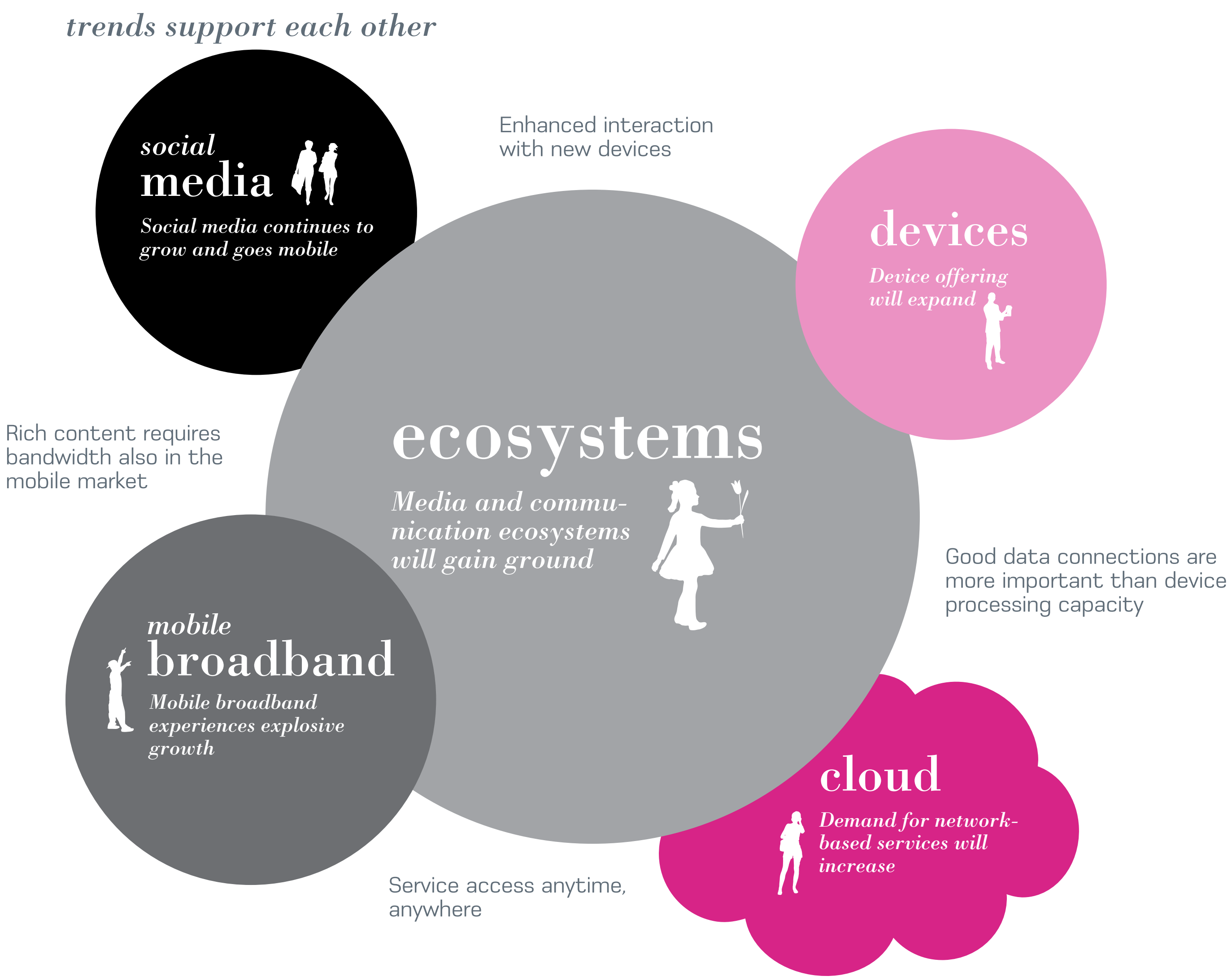
Until now, DNA's growth has mainly been founded on the traditional telecom business. In the future, we will increasingly seek growth from new business. This will require thinking outside the box, differentiation from competitors and even more proactive attitude towards customers' needs. I believe that DNA's unique culture will be our trump card amidst future change.

We are open to growth opportunities outside Finland. DNA's capital market eligibility may also extend our means for further growth and development.

Growth in such a demanding market would not have been possible without the joint efforts of DNA's management and skilled personnel. The Board has enjoyed excellent cooperation with the executive management. We are now well positioned to turn our attention to new business, which will serve and strengthen DNA's operations further. ■



Jarmo Leino
Chairman of the Board of Directors



DNA's environment: regulation, competition and *mobile broadband*

DNA operates in a constantly changing telecommunications market. In addition to competition, DNA is subject to state regulations and changing trends in the consumer and corporate segments.

Mobile broadband market is expanding

According to estimates, the total value of the Finnish telecommunications market will remain unchanged over the coming years. However, areas forecasted to experience growth include mobile broadband and TV services. The increasingly fast mobile broadband connections already offer a competitive alternative to fixed-line connections. The latter, however, is still expected to generate steady business value.

The market is shrunk by fixed-line voice services in steady decline. They are losing volume to mobile voice services, which constitute the biggest single market in telecommunication. Its value is waning, however, due to the reduction in mobile network termination charges that teleoperators charge each other. Internet-based VoIP solutions present a third option to these voice services and are currently gaining popularity.

Competition between operators is tight and pricing pressures are rising. Achieving higher market shares and net sales is challenging in a small market. It is possible by offering innovative products and services, improving operational efficiency, enhancing customer service and acquiring volume through competitive pricing.

Due to the competition, operators will be differentiated by their business logic: some will focus on basic services, whereas others will expand their service offering. New players are also entering the market, such as media companies, terminal manufacturers, Internet companies and ICT companies.

On the other hand, as communication content and channels become more closely integrated, operators can find opportunities in new areas. Rapid changes may also occur in the service production value chain.

Demand for smart phones is growing sharply

The broadband market is characterised by a clear trend: broadband use is becoming more personal and mobile. Both consumer and corporate customers want their ICT services available, regardless of time, place or device, and the distinction between work and leisure is increasingly blurred. In addition, consumers participate in social media at a growing rate and the share of SMS and traditional voice communication is decreasing.

This trend will further increase the attractiveness of smartphones and other intelligent portable devices. Their features already have a significant effect on the purchasing decisions of consumers in particular.

The devices are used both for communication and entertainment, and their number per user is growing. At the same time, device lifecycles will become shorter and consumer electronics go online.

Companies purchase all-inclusive solutions

Also companies use an increasing number of Internet services, through Cloud Computing and SaaS solutions. They acquire voice and office communication services, terminals as well as server and other infrastructure services as all-inclusive solutions instead of themselves integrating products and services from different providers.

The demand for such solutions will integrate voice and office communication into mobile IT services and blur the boundaries between the operator and IT markets. The role of terminals, web-based services and data connections is becoming increasingly important.

Demand for M2M (machine to machine) services is facing robust growth in the corporate market.

Telecom is affected by stringent regulation

Regulation has a notable impact on the business of teleoperators. Through regulation, authorities can influence areas such as the cost structure of products and services and the criteria on which frequencies are allocated. Market players are active participants in official and industry working groups that promote viable operating conditions for the industry.

Operators' net sales are directly affected by the mobile network termination charges that operators collect from each other. The downward trend in charges continues: the latest reduction was introduced in December 2010, and the next one is due in December 2011. Roaming prices are also falling, and the next EU-level review will be held in July this year.

In the television business, network competition was opened up and new network operating licences were granted in 2010. The next major milestone will be in 2016, when most current TV network operating licences expire and will be redistributed.

The EU directives on electronic communication were changed in December 2009. The changes will be reflected in national legislation, in particular the Telecommunications Act in 2011. The most important change will allow for the possibility of number porting in fixed-term contracts. This will further increase competition between teleoperators. ■

DNA's values

quick

means that DNA customers get quick and helpful service. Internally, this means that we focus on what is important and adopt the best processes.

genuine

means that DNA listens to its customers and speaks their language. Internally, this means that we value and understand both our internal and external customers.

bold

means that our customers will see daring DNA advertising and action that pushes boundaries. Internally, this means that we are direct, unprejudiced and responsive to change.

From challenger to *leader*

DNA aims to grow faster than its competitors. In addition to expanding other business areas, the company is seeking to maintain its share of one third in the mobile broadband market and to further strengthen its position as the leading TV operator.

The business environment of telecom operators is strongly regulated, competitive and changing. To achieve its targets, DNA must lead the way in cost efficiency, have a deep understanding of its customers and apply strong processes. In the demanding customer market, DNA is differentiated from competitors through innovative services, the best value for money and excellent customer experience.

DNA's skilled and agile personnel, who have adopted the common corporate culture, work to achieve these targets. The culture is based on DNA's values – quick, genuine and bold. These are reflected in all of the company's operations and, ultimately, in its brand.

Competition fuels good customer service

Satisfaction among DNA's customers has remained high. During the period under review, the company further increased its customer service resource and it will continue making similar investments in the future.

DNA has a broad customer service network, supported by sales service centers that manage current accounts and acquire new customers. By the end of 2010, the company had 10 service centers in operation, and new ones will be established in the future. After careful preparation, the company's customer information system was renewed in October to ensure the high quality of customer service and provide efficient sales tools.

Nationwide TV business & heavy investments in mobile communications

DNA boasts the most extensive store network among the Finnish operators. The network's 76 DNA Stores are complemented by an online store, phone-in service, hundreds of external representatives as well as corporate sales agents and sales offices, allowing customers to choose the most convenient service channel. DNA's bold and distinctive marketing supports its sales operations, further strengthening the DNA brand.

DNA is open-minded when seeking new partners to complement the company's service portfolio. In the period under review, DNA began cooperation with Google, integrating Google Apps into the service offering. Services are commercialised and combined into user-friendly solutions that are offered through the extensive sales network.

Focus within consumer and corporate markets

DNA's customers include consumers who value good customer service and want voice, data and content services that provide excellent value for money. They also include companies and communities seeking convenient, tested and cost-efficient services that meet their basic needs.

Consumer business offers excellent customer service together with attractive product packages that are easy to deploy. A special business emphasis is placed on mobile communication solutions and terminals as well as on the construction of the nationwide terrestrial HDTV network and content solutions. The Welho business acquisition not only expanded DNA's content offering and customer base but also introduced synergy benefits and the possibility to leverage Welho's best practices in customer relationship management.

DNA's service offering to businesses includes selected products and solutions built from set service components. Mobile voice and data services account for a significant portion of the service offering. During the period under review, the company also invested in network-based IT business services and support for cloud-based business models. DNA's corporate business will be further expanded in a controlled manner.

TV operations to achieve nationwide coverage

To be a strong nationwide TV operator, DNA needs a firm foothold in the Helsinki metropolitan area. With the Helsinki-based Welho business acquisition, DNA's share of the cable TV market rose to 43 per cent and the company became Finland's leading TV operator. In the future, it will invest in both its cable and terrestrial network business to maintain and further strengthen its position in the growing TV services market.

At the end of 2010, DNA launched test HDTV broadcasting in the terrestrial network. The company's terrestrial network business will be launched during 2011, and new channels will be offered to customers. By the end of the year, the network will cover over 80 per cent of the households in Finland.

The terrestrial network business will significantly expand the coverage of DNA's TV networks, making the company a truly nationwide TV operator. It will also increase competition by challenging current monopolies. At least two network operators, equal in terms of geographical coverage and operating licences, are required for genuine competition.

Heavy investments in mobile communications

DNA aims to retain a one-third share of the mobile broadband market. During the period under review, the company was adding hundreds of new base stations on average to its 3G network every month, thus extending coverage to practically everyone in Finland. Network expansion will continue at a similar pace in 2011.

DNA has also invested in new product features in the core and trunk network and signed an agreement at the year-end to introduce 4G technology to its mobile networks. 4G services will be launched in major cities during 2011.

New technologies not only improve the speed and quality of mobile broadband products but also enable the shift towards a data transfer-based product structure. This will create new opportunities for further profitability improvements.

Since an increasing number of users want access to mobile broadband services regardless of time and place, the rapidly growing numbers of smart and portable terminals are boosting demand for broadband services. DNA's sales network offers smart phones, tablet computers and other smart terminals. By the end of 2010, approximately half of the phones being sold were smart phones. ■

committed to quality

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Year 2010 was the FIFTH CONSECUTIVE YEAR in which Welho was awarded BEST MARKS in the EPSI Rating study. Reliable connection through a local cable network paired with excellent and efficient customer service ensure Welho's customer satisfaction. The study also revealed that DNA's value for money is the best among large operators.

quick

According to a report published by students of Helsinki Metropolia University of Applied Sciences, DNA's mobile broadband subscription is the FASTEST IN THE MARKET: DNA connections achieved 63 per cent of the maximum speed, whereas other operators reached only 40 per cent at best.

Fitsum Teklehaimanot and Taffese Tewodros: Wireless Broadband Project Report. Helsinki Metropolia University of Applied Sciences (2010)

> Fastest wireless data transfer & Finland's most extensive store chain to sell mobile phones

Consumer customers *are satisfied* with mobile broadband

The increasing popularity of mobile broadband was reflected in the sales of DNA's Consumer Business. The Welho acquisition was another source of growth, helping the business to reach its targets set for the review year. Growth will again be sought in 2011, on the basis of DNA's competitive advantages: a reasonable price level, excellent customer service and high-quality network.

DNA provides diverse telecommunication services facilitating communication, information retrieval, security and entertainment for consumers. The product portfolio includes smartphones and other mobile phones, mobile subscriptions, mobile and fixed-network broadband, data security services, fixed-line phone subscriptions, as well as various TV services from subscriptions to channel packages.

Investing in customer service

DNA's reasonable price levels and excellent customer service have always provided an important competitive advantage. According to the annual EPSI Rating study, loyalty and level of satisfaction among DNA's mobile broadband customers in cities remains high. Customer satisfaction with the company's mobile broadband is substantially better than the industry average.

DNA has an effective distribution network, including 76 DNA Stores, an online store, comprehensive call center services and hundreds of external representatives. The company is actively establishing new call centers. An important sales channel, they also provide means for the active maintenance of current customer accounts.

DNA's brand is also one of its strengths. DNA was declared Vuoden verkkomainostaja ("Online advertiser of the year") and Vuoden tv-mainostaja ("TV advertiser of the year") thanks to its "switch to better" advertising, which spurred excellent sales results and image-related responses.

DNA intends to be a leading national TV operator

In summer 2010, DNA acquired the business operations of Welho. With the business transaction, DNA gained a significant share of the television and broadband business in the Helsinki metropolitan area. The company became the largest cable TV operator in Finland with 43 per cent market share. In addition, its position in the consumer business strengthened considerably in the metropolitan area.

The goal of the transaction is to acquire nationwide coverage for DNA's broadband and TV services and achieve operational synergy benefits. The results of the business acquisition have met all expectations. Both companies will adopt the recorded best practices, the aim being to further enhance customer satisfaction by drawing on Welho's excellent customer service, among other things.

Results of the EPSI Rating study* indicate the level of Welho's customer service. According to the study, Welho remains the number one choice for fixed-line broadband among consumers in the Helsinki metropolitan area. Pay-TV services were included in the study for the first time in 2010. Welho was the best by a clear margin in this category as well.

In June 2009, DNA received a network operating licence for HDTV broadcasting under the DVB-T2 standard. The company began mobile TV business in the same year and launched terrestrial HDTV business operations as both a network and service operator towards the end of 2010.

HDTV broadcasting makes DNA the only TV operator with genuine nationwide coverage. The terrestrial network business increases competition by challenging the current monopolies of Digita and Plus-TV.

Growth in the mobile communication market

Service-wise, the broadband markets for fixed and mobile networks are more similar than ever. Mobile broadband speeds continue to increase, providing a very competitive alternative to fixed-line broadband. DNA is the only operator offering consumers mobile data transfer speeds of up to 21 Mbps.

With the increased popularity of smartphones in the review year, traffic volumes in the mobile broadband network saw explosive growth. The development is expected to continue. Considering this, it was no surprise that the strongest growth area in consumer business was the data market for mobile broadband and smartphones.

As a consequence, smartphone sales experienced strong growth. DNA also launched sales of tablets computers.

During 2010, DNA expanded its mobile broadband network further and introduced new consumer services into the wireless market, such as data security services for "Mokkula" modems and 3G data transfer services productized for iPad. In addition, the company is capable to offer mobile certificates for personal identification.

Consumer business aims to increase its net sales further. The positive development of mobile communication market and TV services provides a good setting to reach this goal. ■

More information at www.dna.fi >> Private customers

* More information on EPSI Rating study at www.dna.fi >> DNA Group >> Press >> Research activities

Quality work »

MARIKA KUPARINEN
Executive Assistant

DNA employees have a hands-on attitude:
"I heard a radio host comment on a listener's reception problem on Radio SuomiPOP, challenging someone at DNA to do something. I decided to take up the challenge. My colleagues helped me to troubleshoot the issue quickly. Unaware that I was speaking live on air, I explained that there were no reception problems in the area and that the problem seemed to be limited to the listener's phone. I even participated in a quiz. After the call, my six-year-old daughter asked me, 'Mum, does this mean you'll become famous?'

For me, quality means quick and genuine customer service for all stakeholders."

Marika Kuparinen

Cost-effective *&* *quick service* to corporate customers

Companies and organisations require reliable and cost-effective services and well-planned processes from their operator. DNA ensures them by offering competitive nation-wide business services, service-oriented operating model and customer-centric product development. The company listens to the customers and is quick to react to their needs.

DNA's corporate business offers companies and communities a wide array of communication, telecommunication and server center services over the fixed network, mobile network and the Internet. Domestic and international teleoperators have access to infrastructure services that use state-of-the-art technologies cost-efficiently and with high quality.

Perfect-sized partner

Corporate customers include companies and communities that find an agile domestic operator such as DNA the perfect-sized partner. DNA looks after some 50,000 corporate accounts. In 2010, they were complimented by thousands of new small and medium-sized customers and extended agreements with existing customers, such as the cities of Kuopio and Pori and the Satakunta health-care district.

A major part of the business solutions that customers are interested in comprise of switch and other communication solutions based on wireless technologies. DNA has also implemented new, web-based services with partners such as Google. These services integrate voice services with instant messaging, conference calls and other web-based office communications.

DNA is also expanding the scope of data communication services and network-based call center services. Customers have the opportunity to migrate their IT services to the Internet and use them from any terminal via both mobile and fixed communication services.

In addition, DNA provided tailored services for companies by bundling terminals, subscription services and application services into one, easy-to-use and cost-efficient package. The company keeps an open mind when seeking new partners to complement the current service portfolio.

DNA and Google launch major cooperation

In October, DNA became the first operator in Finland to launch cooperation with Google in the B-to-B market. DNA integrated its services and Google Apps into a cost-efficient business solution that is easy to acquire and deploy.

Google Apps, from email to word-processing, are accessible to users no matter where they work. They offer a cost-efficient solution based on a cloud service used via the Internet. They free customers from having to invest in hardware and software and maintain them. The applications can provide significant savings, as high as 70 per cent, in IT costs.

Via the cooperation, DNA's business services provide seamless coverage not only of communication, data communication and server solutions, but also integrated Google Apps. DNA offers them Finnish-language technical and deployment support and various expert services.

Benefits of the service include improved productivity, cost savings, ease of use and secure access to information from any location. IT budgets will also be easy to prepare because the entire package comes with a fixed monthly fee.

To market the new service and demonstrate its benefits, a tour was organised towards the end of 2010, covering seven locations. The tour is set to continue in the current year.

Offering best customer experience

Research shows that the vast majority of corporate customers want efficient, basic-level services from their operator, including quick response times, service reliability and accurate invoicing. DNA's clearly specified, cost-effective and reliable services and products as well as its effective support processes meet these needs.

Quickness is one of DNA's values. This means, among other things, that the company is quick in its decision-making at the customer interface and has the shortest time-to-market of new, modern solutions.

DNA is continuously increasing its number of corporate sales offices and online customer facilities. At the moment, corporate customers are served by over 100 professional sales agents, 13 sales offices and 76 stores.

In 2010, DNA focused strongly on increasing brand-awareness of the company as a business solution provider. DNA yet again received top marks among large Finnish operators in the EPSI Rating study, while its ratings beat the industry averages across the board. Corporate customers considered the company's value for money the best among large operators. ■

More information at www.dna.fi >> Business Customers

DNA's nation-wide business services

- *Communication services*
- *Data communication services*
- *Server center services*
- *Comprehensive customised solutions*

Best value for money & reliable service and product offering

Quality work »

MARKKU LEINONEN
Area Manager, Implementation

You can count on good service from "Make":

According to his colleagues, not only does Markku have a positive and helpful attitude, but he is also diligent, quick and flexible; he does what he promises. Markku works in regional technology construction and is responsible for building radio networks.

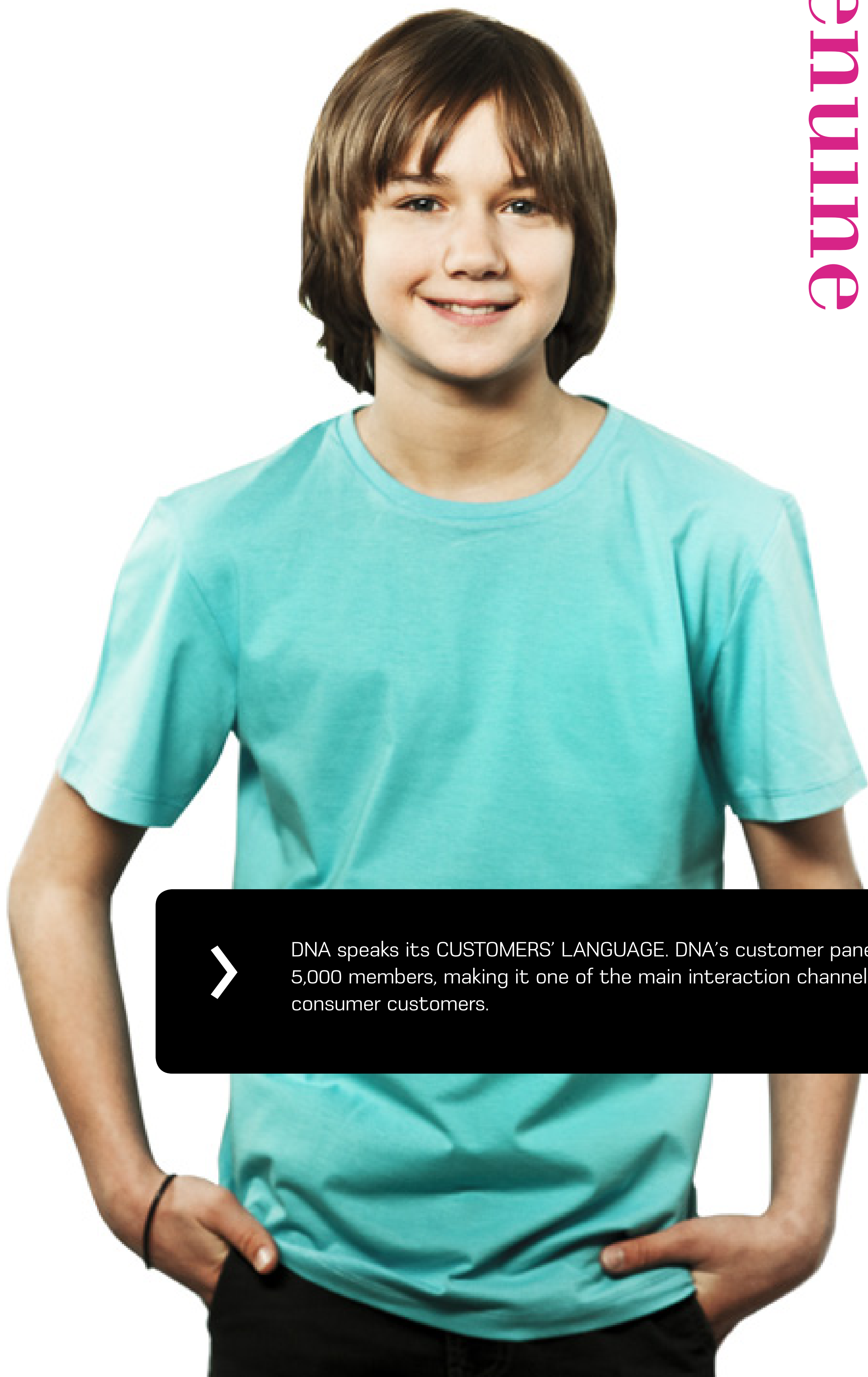
Customers have also been happy with his work.

"In my opinion, quality is the key. By maintaining high quality, we ensure that our customers are satisfied and loyal," Markku says.

customer-appreciative

According to the mystery shopping study conducted in the spring, 64 per cent of the mystery shoppers described DNA Stores' customer service THE BEST IN THE MARKET. 79 per cent considered the service genuine, and 80 per cent of the situations were dealt with promptly and quickly.

Informatum Oy (2010)



genuine

DNA speaks its CUSTOMERS' LANGUAGE. DNA's customer panel has over 5,000 members, making it one of the main interaction channels with consumer customers.

Corporate responsibility at DNA

DNA is a profitable and responsible corporation, the values of which are quickness, boldness and being genuine. DNA's corporate responsibility is based on its values, corporate culture and continuous business development. In 2010, the company adopted the Global Reporting Initiative (GRI) guidelines. This annual report includes the first corporate responsibility report produced according to these guidelines.

To ensure responsible operations, the company's procedures were fine-tuned further in early 2010. At senior level, corporate responsibility lies with the DNA Board of Directors and the Chief Executive Officer. Matters related to corporate responsibility are reviewed regularly in Board meetings. At executive team level, the Chief Financial Officer is in charge of practical work related to corporate responsibility. He heads a horizontal corporate responsibility group that coordinates and develops DNA's corporate responsibility. The group reports twice a year to the Executive Team.

The group focuses on the company's chosen areas of improvement. It includes the following working groups: guidelines and supplier interface, development of reporting, environmental responsibility, responsible product and service innovations and social responsibility projects. They approach corporate responsibility through social, environmental and economic performance viewpoints.

Corporate responsibility reporting

DNA's annual report for 2010 is the first to include a corporate responsibility report based on the GRI guidelines. The report was implemented at the level C and it includes the most relevant indicators and themes. In the future, the report will be published as part of the annual report and in GRI format with more content and depth added as required. The company considers further development of responsibility reporting an important part of stakeholder interaction.

DNA's corporate responsibility reporting consists of three parts: first, the Corporate responsibility section of the annual report, second, the corporate responsibility appendix of the annual report listing the single GRI indicators and third, the Corporate responsibility section, including an extensive GRI indicator table, of the DNA website. ■

Corporate responsibility objectives for 2010:

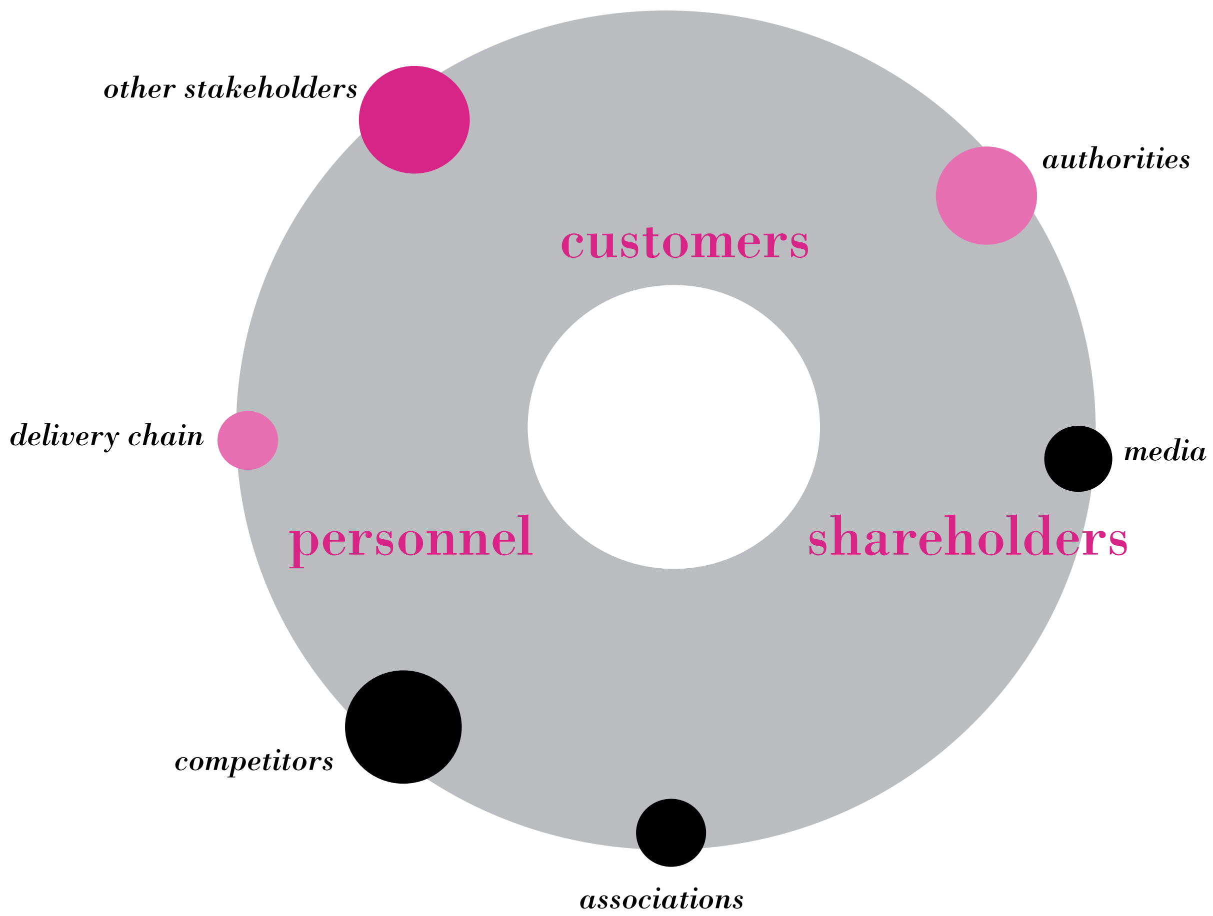
- Renewing the code for corporate responsibility: DNA renewed the ethical principles for personnel and launched ethical requirements for subcontractors.
- Education and commitment of personnel: personnel received training on ethical themes based on the renewed ethical principles.
- Integrating corporate responsibility into product innovations: see page 27.
- Considering corporate responsibility in product and service purchases: in delivery logistics, among other things, using environmentally friendly Itella Green transportation services cut DNA's CO_2 emissions from Itella services by 74 per cent in 2010.
- Developing GRI reporting: DNA adopted the GRI principles in its annual report for 2010.
- Active participation in the further development of corporate responsibility with various partners: DNA continued participating in the working groups of the Ministry of Transport and Communications and the Green ICT cooperation established by the Finnish Federation for Communications and Teleinformatics (FiCom), among other things. DNA also became a member of the corporate responsibility network Finnish Business & Society association (FiBS ry).
- Defining the corporate responsibility value chain: DNA assessed the corporate responsibility of its value chain through a stakeholder analysis in the autumn 2010.

In addition, DNA:

- Revamped its leadership and development processes for corporate responsibility.
- After competitive tendering between radio network suppliers, selected a supplier largely based on environmental considerations (see p. 26).
- Established responsible partnerships in service production (see p. 27).

For a more detailed GRI content comparison, see pages 90–95 of the Annual Report.

stakeholders



Interaction with *main stakeholders*

DNA continuously assesses the opinions of its customers and other main stakeholders in order to develop its operations. Consequently, customer satisfaction remained high in the review year. The company is also a strong participant in various associations, representative bodies and development of the industry.

DNA's main stakeholders include customers, personnel and shareholders. Their expectations for and interests in responsible operations are presented more closely in the table below. Implementation of personnel-related and other social responsibility has been described in detail later in the report. In addition, execution of economic responsibility to owners in particular has been detailed in the financial statements.

DNA also takes account of the main stakeholders in its operating environment that are either influenced by the company's operations or which directly or indirectly influence it.

Positive feedback from the EPSI Rating customer survey

DNA was yet again among the top large Finnish operators in the EPSI Rating study in 2010, while the company's ratings beat industry averages across the board. DNA's value for money was considered the best by both private and corporate customers.

Customer loyalty and satisfaction among mobile broadband customers remained high in cities, and private customers' satisfaction with DNA's mobile broadband was substantially better than the industry average.

Welho remained the number one choice for fixed-line broadband among consumers in the Helsinki metropolitan area, receiving a total EPSI Rating of 76.3, which is clearly above the industry average of 65.2 points on a scale from 0 to 100.

This was the fifth consecutive year in which Welho received a top rating in the study. According to the study, reliable connection through a local cable network paired with excellent and effective customer service ensures Welho's customer satisfaction and loyalty.

Pay-TV services were included in the study for the first time in 2010. Welho was the best, by a clear margin, in this category as well.

Looking after interests in representation bodies

DNA's main representation bodies in 2010 included the Employers' Association TIKLI ry, the Finnish Federation for Communications and Teleinformatics (FiCom), the European Competitive Telecommunications Association (ECTA) and Cable Europe.

Four associations representing service industry employers, namely the Employers' Association for Special Services, the Employers' Association for Transport and Special Services, the Association of Support Service Industries and the Employers' Association TIKLI, merged on 1 January 2011 to form the Service Sector Employers PALTA, a member association of the Confederation of Finnish Industries EK. DNA's President and CEO Riitta Tiuraniemi was appointed the first chair of PALTA.

FiCom is a cooperation organisation that looks after the interests of the ICT industry in Finland. FiCom's member companies include telecom, Internet and cable-TV operators, data network equipment and system manufacturers as well as e-commerce and e-consulting enterprises.

FiCom's task is to promote business opportunities for its members and to enhance their competitiveness. The organisation, in cooperation with various companies in the sector, also develops performance reliability in the data network sector and contributes to the sector's readiness in case of major disturbances and emergencies. ECTA and Cable Europe are telecom trade associations that support the interests of their members in Europe. ■

More information on EPSI Rating study at www.dna.fi >> DNA Group >> Press >> Research activities

	EXPECTATION	RESPONSE
Customers	• Communication • Responsible company operations	• Responsible services • Corporate responsibility process
Personnel	• Remuneration for time spent at work • Responsible employer conduct • Working conditions	• Responsible payroll operations • Reliable and predictable human resources policy • Facility strategy and working environment concept
Shareholders	• Return on capital • Responsible company operations • Openness	• Dividend payment • Sustainable development and human resources policy • Investor communications

Corporate responsibility in practice: *people & environment*

Environmental impact of the radio infrastructure is the single biggest contributor to DNA's environmental responsibility. Subsequently, the company's new network equipment currently underway can cut the environmental impact of base stations by dozens of percentages. DNA's corporate responsibility also covers services to enhance and facilitate customers' everyday life as well as several social responsibility projects.

State-of-the-art radio network contributes to corporate responsibility

Mobile radio network has been identified as the main source of DNA's environmental impacts. DNA's decision to use easily upgradeable, next-generation radio network technology will help reduce the environmental impact of each base station by up to double-digit percentages.

Upgrading the mobile communication network after explosive traffic growth

As a result of strong growth in mobile data traffic volumes and the availability of new technology (LTE), DNA decided in 2010 to upgrade its mobile network with equipment that utilises new fourth-generation technology. The ensuing competitive tendering of network suppliers resulted in awarding the tender to Oy L M Ericsson AB, the leading supplier in its field. Some equipment has already been upgraded, and large-scale upgrading will begin in the second half of 2011.

New network equipment cuts energy consumption by half

The upgraded base station equipment will cut the total energy consumption of DNA's GSM and 3G radio networks by up to 50 per cent. The improved energy-efficiency is due to an enhanced utilisation rate and improved integration ratio for radio network equipment as well as increasingly energy-efficient radio network software. In total, energy consumption in the entire network will be reduced by dozens of percents.

4G technologies bring faster connections & more flexible services

DNA displays the Key Flag, a proof of services produced in Finland

DNA has published Netiquette and Youth Netiquette on its web site.

New technology also reduces the need to construct new base stations. With more efficient solutions, it is possible to provide the required network capacity and coverage with fewer base stations.

Customers will benefit from improved network efficiency

The new technology will also be of benefit to network users. An upgraded network will provide faster connection speeds and more reliable services to a growing number of users. Savings from lower energy consumption and reduced base station construction costs can be invested in further enhancing the user experience in the network.

New responsible partner

DNA's extensive cooperation network and stakeholders constitute the cornerstone of its operating model. In 2010, DNA and Google agreed on broad-based cooperation: DNA integrated its services and Google Apps into a cost-efficient business solution that is easy to acquire and deploy.

Since environmental perspective and sustainable development play an important role in Google's operations, the company was considered a responsible partner for DNA. Google's many environmental initiatives, such as green functions, environmentally aware products, investments in green energy and initiatives to further improve environmental awareness add to its value as a partner.

Google Apps enhance work efficiency by giving users access to reliable, secure web-based office tools from e-mail to word-processing regardless of their location. Cost-efficiency of the applications is based on a cloud service used via the Internet, which frees up customers from having to invest in hardware and software and maintain them.

Benefits include improved productivity, cost savings, ease of use, new team work and cooperation models and secure access to information from any location.

Product launches in 2010

DNA's products and services help customers to improve energy efficiency, well-being and user convenience.

Mobile data transfer safety with DNA Nettiturva

DNA developed its mobile data transfer services by introducing data security services for the "mokkula" modems. DNA Nettiturva further increases quality and user safety of the company's services.

DNA Ilmoituksensiirto alarm transmission for fixed-network business services

DNA Ilmoituksensiirto is a remotely monitored alarm transmission service that meets the data transfer requirements of automatic fire and intrusion alarm systems by Finnish fire authorities, the Federation of Finnish Financial Services and the Finnish Safety and Chemical Agency.

The service includes DNA Ilmoituksensiirto that transfers the alarm to a security service provider or other control center and DNA Hälytyksensiirto that transfers it to the emergency response center.

DNA Palveluviestintä for monitoring orders and reports

The free DNA Palveluviestintä service provides companies with an effective, versatile and customisable view of their subscribed fixed-network business products and a possibility to view the progress of submitted disruption reports.

DNA Varmistus for remote backups

All backups for the customer's computers can be specified, managed and implemented centrally with one tool. The service backs up business-critical data and ensures business continuity even in unexpected situations.

Wireless backup connection for company Internet subscriptions

Wireless backup is an additional service that provides a mobile backup connection for business-critical data traffic in case of a disruption in the company's fixed-line connection.

DNA Switchboard reporting for improved service

The DNA Switchboard service measures and analyses voice traffic, service level and itemises phone costs. By analysing the related reports, the company can improve the answering percentage of customer service agents, switchboard operators and reservations agents.

DNA Tuplakaista: two connections for the price of one

DNA Tuplakaista provides two broadband connections for the price of one: DNA Laajakaista fixed-line broadband or broadband cable together with DNA Nettikaista mobile broadband.

Reasonably-priced broadband services to sparsely populated areas

The pricing of DNA's universal service subscription takes account of the observations of the Ministry of Transport and Communications and the Finnish Communications Regulatory Authority on reasonable pricing. DNA has set reasonable prices for its fixed-network universal service products and is committed to the following pricing: in 90 per cent of the subscriptions provided, the acquisition cost of the universal service subscription is between EUR 200 and EUR 1,000 at a maximum. In the case of mobile broadband networks, if the delivery of the subscription requires additional construction, the construction fee will be between EUR 200 and EUR 1,000.

Mobile certificates launched in Finland

In November 2010, DNA and other Finnish operators announced their capability to offer mobile certificate service for consumers and service providers.

The mobile certificate service is provided in cooperation with FiCom. The mobile certificate is stored on the SIM card and can be used for electronic identification. With the certificate, users can identify themselves when logging into electronic services or using digital signatures.

The rate of adoption of the service in Finland will depend on how rapidly public and private sector service providers will offer the possibility for mobile identification.

Working environment concept and energy efficient DNA Building

New working methods and rapid changes place demands on working environment solutions. DNA's facility management launched a facility renewal project in the autumn of 2010 by mapping change requirements and defining future working methods. The concept was developed with personnel representatives and by conducting a survey among personnel. The working environment concept will be ready for use in 2011 and will guide future facility planning at DNA.

Value-based education for the young & energy-efficient radio network technologies

DNA's new facility strategy will steer the development of current facilities and acquisition of new ones. It will create a new kind of working environment, aiming to promote working as one company and to visibly embrace quickness, boldness and being genuine.

Facility decisions are guided by DNA's brand, corporate responsibility considerations and the strategic location-related needs of each business division.

The main environmental values steering the decisions are energy-efficiency, eco-efficient purchases, flexibility and improved recycling. Environmental goals include increasing the use of phone and video meetings, the development of equipment rooms and making facilities more comfortable and productive.

In February 2011, DNA Ltd and YIT Rakennus Oy announced the construction of an office building for DNA in Käpylä, Helsinki. YIT will construct the building and rent it out to DNA on a long-term lease. The building will be completed in late summer 2012 and all DNA staff in the Helsinki metropolitan area, a total of about 600 employees, will relocate to the new premises. The new YIT EnergyGenius office building will be extremely energy-efficient.

Safe mobile phone use by children

DNA signed the Finnish Code of Conduct for Safer Mobile Use by Younger Teenagers and Children. DNA has also signed the European Framework for Safer Mobile Use by Younger Teenagers and Children. Safe Internet use by children via a computer or a mobile phone is one of the main objectives of the European Commission's Digital Agenda for Europe.

As mobile communication becomes increasingly popular, mobile phone operators in EU member states have taken action to keep children safe when using the Internet with smartphones. The framework has been signed by 90 mobile operators, covering 96 per cent of all mobile customers in the EU.

Framework principles include increasing awareness on safer mobile use, controlling children's access to adult content and classifying content. The operators also aim to raise parental and general awareness of the safe use of smartphones.

Prevention campaigns for the young and support for non-profit organisations

The main charity supported by DNA in 2009 and 2010 was the No Excuse campaign, focusing on the prevention of bullying among schoolchildren. The campaign is a value-based project for the young and focuses on the well-being of children and youth. With bullying at school on the increase, the campaign seeks to prevent it through working with young people and their parents and teachers.

DNA also participates in the national Online Safety School campaign that provides material for students, teachers and parents. DNA has also published a Netiquette and a special Netiquette for the young on the company website, guiding young users on safe use of the Internet.

Signing the Finnish code of conduct has added depth to DNA's involvement in the improvement of online safety for young people and their parents.

In December, DNA announced an online vote at the company website and in Facebook for customers and partners on how to allocate the company's EUR 30,000 Christmas donation to charity. Votes were cast for three youth-related candidate charities: Life is the Best Drug, Plan's My Path project and the Finnish Hospital Clowns.

The Finnish Hospital Clowns attracted the majority of altogether 5,000 votes. On the basis of the vote, the Hospital Clowns received EUR 12,300, Life is the Best Drug EUR 12,000 and Plan's My Path EUR 5,700.

DNA has also made smaller donations to Sotiemme Veteraanit ("Our war veterans"), the Finnish Association of People with Physical Disabilities, Medi-Heli Vantaa and the "Asennetta" attitude campaign of the Free from Drugs organisation. In addition, DNA donated prepaid subscriptions and reload vouchers to Helsinki Missio. ■

"My thing" digiworkshops

DNA supported the Mun juttu ("My thing") digiworkshops of the Finnish Federation of Settlements both financially and by donating notebook laptops. The workshops are held in Helsinki, Tampere and Jyväskylä. They provide young people facing the risk of social alienation with resources for dealing with the demands of the information society by offering them facilities, tools and adult encouragement and support. On this basis, they gain courage to express themselves and make decisions about their future. As well as teaching participants how to use digital tools, the workshops provide the related support.

DNA Peers are a staff network of volunteers who advise their peers, channel information, organise events and work towards improving team spirit. They also act as an effective internal marketing group.

Determined personnel *development & motivation*

In the review year, DNA focused on skill development, well-being at work and employee motivation. As a result of the Welho acquisition, the company gained 200 new skilled employees in the summer. The goal for the current year is to work towards creating and maintaining a strong and coherent internal culture.

DNA enhanced its leadership model, which builds on the current organisation by adding more detail to role, responsibility and task descriptions. Decision-making became more straightforward in both the executive team and steering groups.

The number of personnel grew as a result of the Welho acquisition on 1 July 2010. During the autumn, DNA's practices were introduced to the Welho business. Time was spent with new colleagues, both on and off work, in order to get to know each other better.

Employee motivation is the goal

The general index of the employee satisfaction survey held in May remained high, at 4.3, the maximum being 6.0. The results of the survey clearly indicate that DNA has motivated and committed employees who value their work, colleagues and the company's investments in employee skills and wellbeing.

The general leadership index was 4.6. An increased focus on leadership development through communication and training has paid off in a notable index improvement.

In 2010, three groups participated in the tailored two-year "JET" qualification programme in leadership training. This training method seems to work well for DNA. New groups will start as required every year.

The company uses a result and target-based payment system. Payments are based on reaching specified targets at company, team and personal level. In turn, these are based on DNA's strategic and financial business goals.

The company's labour protection committee (2010–2012) has one labour protection delegate per office, a labour protection officer as well as representatives from office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, as well as dealing with possible occupational safety issues.

Well-being from exercise and services

Having chosen a single occupational healthcare service partner in the previous year, DNA was able to focus more on preventive measures in 2010. Employees were given the opportunity to participate in a quit smoking campaign supported by the company as well as in rehabilitation organised with occupational healthcare and the Social Insurance Institution of Finland.

DNA continued to focus on office ergonomics by training special ergonomic experts in offices. The regular well-being at work theme day drew a large number of participants.

The company continued to offer exercise vouchers to personnel and encourage them to be active during working hours. Personnel clubs remained active in 2010: some 40 clubs organised recreational and cultural activities, such as golf, diving, motorcycling, fishing or movies.

DNA also supports working parents. If a child falls ill, the employee can obtain a nurse to look after the child for up to three days, with the employer paying for the service. In addition, traditional Christmas parties were organised in offices for the employees' children.

DNA will continue with its current occupational health and well-being models and will develop them further in close cooperation with partners.

Constructive and close cooperation

In 2010, the company cooperated closely with employee representatives in a mutually positive atmosphere. Common goals included motivating personnel and developing the operations of the company. New collective labour agreements came into effect in the autumn.

Employer and personnel representatives concluded a separate personnel agreement for 2010, with an even greater focus on personnel development. The goal was to provide personnel with opportunities to build skill sets, enabling the company to fill as many positions as possible internally.

The agreement also contains additional conditions, such as protection against redundancies and temporary layoffs to improve the position of employees who face restructuring-related measures.

The Welho business was incorporated into DNA on 1 July 2010, with Welho's personnel transferring into the employ of DNA as existing employees. As part of this business arrangement, personnel negotiations were organised in July 2010, focusing mainly on company practices and benefits and appropriate collective labour agreements.

DNA's equality plan is updated annually. In 2010, the plan touched on areas such as training, recruitment and striking the right balance between work and family life.

A common culture in 2011

The human resources department's objective for 2011 is to create and maintain a strong culture for one DNA. This objective is supported by an agile organisation, development of personnel skills and leadership work.

Personnel negotiations began in early 2011 to merge the DNA and Welho businesses into one operational entity. At the same time, some structural changes were introduced in DNA's organisation to improve operational efficiency. This process was supported by a re-employment plan based on Change Security regulations. The plan took account of employee well-being and outlined employer support measures during the transition process. ■

Quality work »

JANNE HANKAANKORPI
Department Manager,
ICT Services

Everyone wants to develop and learn new skills:
"I began working towards a "JET" specialist qualification in leadership to improve my leadership skills. The training also gives me an opportunity to meet fellow supervisors, and we can work together to improve leadership practices. We start by analysing and planning our own leadership efforts and team activities. The plans are put into practice during the second year of training. For me, quality means consistency and shared operating models. They require continuous development and internal training. The best way to develop a company's operations is to start on your own turf."

Corporate Governance

DNA Ltd is a Finnish limited company. The obligations and responsibilities of its governing bodies are determined by Finnish legislation and the principles of corporate governance, as defined by the Board of Directors. The company is domiciled in Vantaa, Finland.

The ultimate power of decision lies with the shareholders' General Meeting. The company is led by the Board of Directors and the CEO. In decision-making and administration, DNA adheres to the Finnish Limited Liability Companies Act, the Articles of Association and, where applicable, other regulations concerning public companies. The company also adheres to the relevant parts of the Corporate Governance Code of Finnish listed companies.

"Personnel representatives attend the meetings of the company's extended Executive Team."

General Meeting and Articles of Association

The Annual General Meeting is held by the end of June at the time specified by the Board of Directors. The Annual General Meeting adopts the consolidated income statement and balance sheet. The General Meeting elects the Board of Directors and auditors and decides on distribution of dividends based on the Board of Directors' proposal. The notice of the General Meeting is sent to shareholders no later than eight days before the General Meeting.

The company has one share series. One share entitles to one vote at the General Meetings. The company's Articles of Association include a redemption provision. The right to vote at the General Meetings and the transfer of company shares are restricted by shareholder agreements.

Board of Directors

The Board of Directors is responsible for properly organising the company's administration, operations, accounting and asset management and, where applicable, for developing shareholder value.

The Board of Directors has confirmed a written standing order on the tasks of the Board of Directors, matters on the agenda, meeting practices and the decision-making process. According to the standing order, the Board of Directors handles and decides on matters that are significant to the Group's finances, business or principles.

Board members and term of office

The General Meeting elects a Board of Directors, which under the Articles of Association comprises no less than six and no more than eight ordinary members. A person who has reached the age of 68 cannot be elected to the Board of Directors. When electing members to the Board of Directors, the requirements laid down by the company's operations and development phase will be considered. The term of office of a member of the Board of Directors expires at the end of the Annual General Meeting following the election. The Board of Directors elects the chairman from among the members for each term of office.

Board decision-making and meeting practices

A quorum is constituted by the presence of more than half of the members of the Board of Directors. The Board of Directors meets as and when deemed necessary and regularly approximately once per month. The company shall report the number of Board meetings held during the financial period and the participation rate of the members. The Board of Directors carries out an internal self-evaluation of its operations once per year.

CEO and the Executive Team

The CEO is responsible for managing the operations of the company in line with the Finnish Limited Liability Companies Act and the guidelines and rules issued by the Board of Directors as well as informing the Board on the development of the company's business and financial situation. Moreover, the CEO is responsible for arranging the company's routine administration and she/he ensures that the company's asset management has been reliably organised. The CEO is nominated by the Board of Directors.

The Executive Team supports the CEO in decision-making and preparing for decision-making. The Executive Team meets as and when deemed necessary and regularly approximately once per month. Personnel representatives attend the meetings of the company's extended Executive Team which meets at least once per quarter.

Principles of internal control

The Board of Directors has confirmed the principles of internal control, which are based on recognised international principles of good governance.

Organisation of enterprise risk management

Risk management is based on the policy adopted by the Board of Directors, defining the objectives, principles, organisation, responsibilities and key practices of risk management.

Internal audit

The functions and principles of the company's internal audit have been defined in the description confirmed by the Board of Directors. Internal auditing is carried out in accordance with the annual plan. Persons carrying out the internal audit and the auditing of the accounts shall communicate in order to coordinate procedures.

The objective of auditing is to ensure that the company's targets are met in areas such as the effectiveness and efficiency of operations, the reliability of financial and operational reporting, legislative compliance and the safeguarding of assets.

Auditing of the accounts

The company's accounting year is one calendar year. Under the Articles of Association, the company has one auditor, nominated by the Annual General Meeting.

The auditor is nominated for an indefinite term and must be a public accountant authorised by the Central Chamber of Commerce. The auditor shall present the company's shareholders with an auditors' report as part of the financial statements in compliance with the legislation in force. The auditor reports regularly to the Board of Directors.

Communications

The company's communication principles have been defined in the communication policy adopted by the Board of Directors.

Insider administration

The company's insider administration is based on the guideline for insiders adopted by the Board of Directors, defining the key practices of insider administration. The company has designated a person responsible for insider administration and a holder of the insider register. Furthermore, the company maintains a company-specific permanent insider register and, where necessary, a project-specific register. ■

For a description of corporate governance in 2010, see page 43 of the Board of Directors' report.

Board of Directors & Executive Team

FROM LEFT TO RIGHT: Riitta Tiuraniemi, Jarmo Leino, Anu Nissinen, Pekka Väisänen, Ilkka Pitkänen, Petteri Niemi, Risto Siivola, Marko Rissanen, Jukka Ottela, Jukka Leinonen, Hannu Isotalo, Anssi Soila, Tommy Olenius, Asta Rantanen, Johan Flykt, Timo Varsila, David Nuutinen and Hannu Turunen

Board of Directors 2010

JARMO LEINO *b. 1951*
Master of Laws, Master of Laws with court training
Finda Oy, CEO
Member of the Board since 2006 and Chairman since 2010
Main work experience:
Advocate 1980–2010
Main positions of trust:
Finda Oy, Chairman of the Board
Kontaktia Oy, Member of the Board
Oy Omnitele Ab, Member of the Board

HANNU ISOTALO *b. 1947*
M.Sc. (Tech)
Lujatalo Oy, Chairman of the Board
Member of the Board 2004–2006 and again from 2007
Main work experience:
Lujatalo Oy, CEO
Lujabetoni Oy, CEO
Main positions of trust:
Enfo Oyj, Member of the Board
Etera Oy, Member of the Board

ANU NISSINEN *b. 1963*
M.Sc. (Econ)
Sanoma Entertainment Ltd., President
Sanoma Media, Member of the Board
Member of the Board since 2010
Main work experience:
Helsinki Televisio/Welho, President
Oy Sinebrychoff Ab, various marketing positions
Main positions of trust:
F-Secure Corporation, Member of the Board
The Federation of the Finnish Media Industry, Vice Chairman

DAVID NUUTINEN *b. 1959*
M.Sc. (Econ)
Leaf Suomi Oy, President Finland
Member of the Board since 2010
Main work experience:
Leaf International, Member of the Executive Team
Leaf Suomi Oy, Commercial Director
Pepsi Co Beverages International, Director
McDonald's Finland, Operations Director

JUKKA OTTELA *b. 1953*
M.Sc. (Econ), Master of Laws
Esan Kirjapaino Oy, CEO
Member of the Board since 2010
Main work experience:
Onninen Oy, Director Wholesale Division
Newspaper publishing, management of media business
Main positions of trust:
PHP Holding Oy, Chairman of the Board
PHP Liiketoiminta Oyj, Chairman of the Board
The Finnish Newspaper Association, Member of the Board

RISTO SIIVOLA *b. 1947*
M.Sc. (Tech)
Oulu ICT Oy, CEO
Member of the Board since 2003 and Chairman 2003–2010
Main work experience:
Turun Telelaitos, CEO
Oulun Puhelin Oyj, CEO
Telepohja Oy, CEO
Main positions of trust:
Oy Omnitele Ab, Chairman of the Board
Kontaktia Oy, Member of the Board

ANSSI SOILA *b. 1949*
M.Sc. (Tech), M.Sc. (Econ)
Board professional
Member of the Board since 2008
Main work experience:
Kone Corporation, CEO
Kone Corporation, over 20 years of management experience in Finland and abroad
Main positions of trust:
Outokumpu Oyj, Deputy Chairman of the Board
Normet Corporation, Deputy Chairman of the Board
Attendo Ab, Member of the Board
Lindström Oy, Member of the Board
Outotec Oyj, Member of the Board

Executive Team 2010

RIITTA TIURANIEMI *b. 1962*
M.Sc. (Tech)
President and CEO
With DNA since 2001
Main work experience:
DNA Finland Ltd, CEO
DNA Networks Ltd, CEO

JOHAN FLYKT *b. 1965*
QBA
Vice President, Customer Processes
With DNA since 2010
Main work experience:
Welho, Business Director
Tampereen Tietoverkko Oy, CEO
TeliaSonera Finland Oyj, Director

JUKKA LEINONEN *b. 1962*
M.Sc. (Tech)
Vice President, Corporate Business
With DNA since 2010
Main work experience:
Yritysverkot Oy/Sonera Solutions Oy, CEO
TeliaSonera Group, various management positions in corporate business marketing, sales and product management

PETTERI NIEMI *b. 1970*
M.Sc. (Tech)
Chief Operating Officer
With DNA since 2001
Main work experience:
DNA Finland Ltd, Vice President, Customer Processes
Finnet Com Oy, Product Group Manager

ILKKA PITKÄNEN *b. 1966*
M.Sc. (Econ)
Chief Financial Officer
With DNA since 2010
Main work experience:
Metsäliitto Group, Group CFO
Kone Corporation, VP Corporate Controller, VP Alliances & Acquisitions

ASTA RANTANEN *b. 1962*
Master of Laws
Vice President, Legal Affairs
With DNA since 2004
Main work experience:
DNA Finland Ltd, Vice President, Legal Affairs
Finnet Ltd, Vice President, Legal Affairs

MARKO RISSANEN *b. 1974*
QBA
Vice President, Human Resources
With DNA since 2003
Main work experience:
Finnet Networks Ltd, HR Manager
Telia Product Oy, HR Manager

HANNU TURUNEN *b. 1963*
M.Sc. (Tech), MBA
Vice President, New Business
With DNA since 2007
Main work experience:
Elisa Corporation, Director
ABB, Profit Center Manager
Vaisala Corporation, Manager, New Business Development

TIMO VARSILA *b. 1964*
M.Sc. (Tech)
Vice President, Products & Content
With DNA since 2003
Main work experience:
Telia Mobile, management positions in product management and business development
Ericsson Oy Ab, Product Area Manager

PEKKA VÄISÄNEN *b. 1966*
M.Sc. (Econ)
Vice President, Consumer Business
With DNA since 2003
Main work experience:
DNA Services Ltd, Sales and Marketing Director
Oulun Puhelin Oyj, Business Development Director

TOMMY OLENIUS *b. 1962*
Engineer
Vice President, Technology
With DNA since 2003
Main work experience:
Suomen 2G, Technical Director
Telia Finland Oy, Technical Director

DNA in figures

objectives

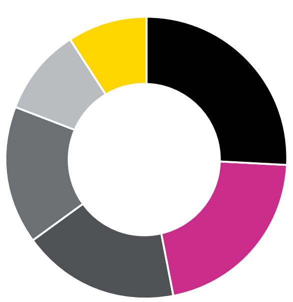
	ACHIEVED IN 2010	TARGET FOR 2011
Market share	• 43% of the cable TV market • 24 % of the mobile communications market	• Terrestrial TV network and pay-TV operations launched • Heavy investment in the 4G network
Net sales growth, %	6%	5–7%
EBITDA, %	26%	26–28%
Equity ratio, %	63.6%	Unchanged
Gearing, %	16.1%	Unchanged
Return on equity (ROE), %	8.7%	9–10%
Net debt/EBITDA	0.56	Unchanged

the Group's key figures

	2010	2009
Net sales, EUR million	690.5	652.2
EBITDA excluding non-recurring items, EUR million	187.0	179.5
of net sales, %	27.1	27.5
EBIT excluding non-recurring items, EUR million	70.2	63.4
of net sales, %	10.2	9.7
Result for the financial period, EUR million	46.0	-56.5*
Revenue per user (ARPU), EUR**	21.7	22.4
Customer churn rate (CHURN), %**	18.7	16.2
Gross investments, EUR million	83.4	88.0
of net sales, %	12.1	13.5
Net debt/EBITDA	0.56	0.86
Return on investment (ROI), %	9.6	-6.1*
Return on equity (ROE), %	8.7	-11.6*
Average number of personnel for the period	934	918
Personnel at end of period	1,003	818
Salaries and remunerations for the period, EUR million	49.8	50.2

* result was weakened by a non-recurring EUR 94.9 million goodwill write-down on the fixed network
** figures include postpaid subscriptions only

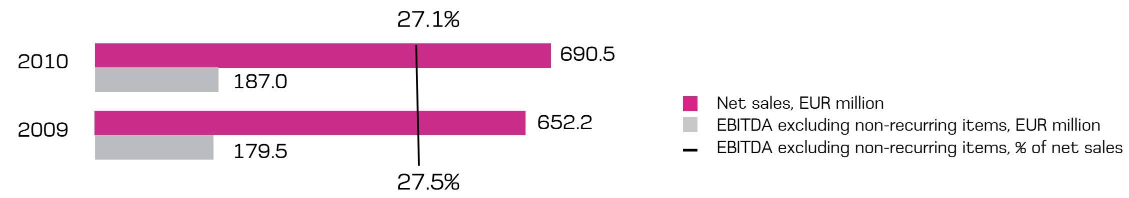
owners on 31 December 2010



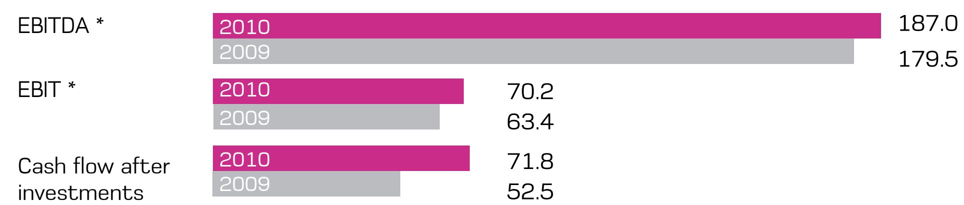
- Finda Oy, 26%
- Sanoma Television Oy*, 21%
- Oulu ICT Oy, 18%
- PHP Liiketoiminta Oyj, 16%
- Kuopion Puhelin Oy**, 10%
- Others, 9%

* merged into Sanoma Entertainment Finland Ltd on 1 Jan 2011
** name changed to Osuuskunta KPY

Net sales and EBITDA

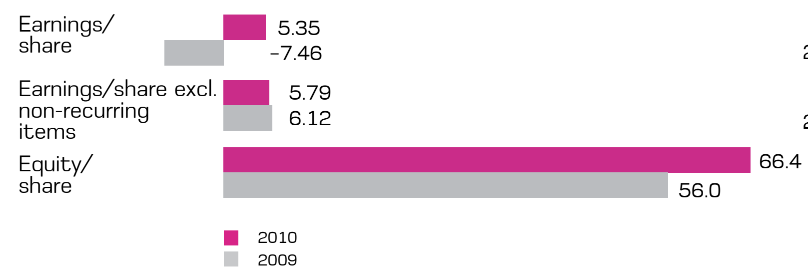


Profitability, EUR million



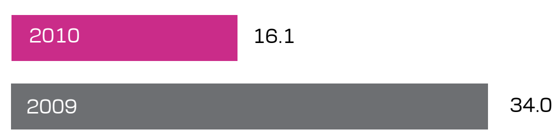
* excluding non-recurring items

Key figures per share, EUR



Interest-bearing debt, EUR million

Gearing, %



Equity ratio, %

Board of Directors' report

DNA's net sales grew to EUR 690.5 million in 2010. The growth was fuelled by increasing sales in the consumer business and, in particular, by the incorporation of the Welho business. EBITDA excluding non-recurring items improved to EUR 187.0 million and operating profit (EBIT) to EUR 70.2 million. Towards the end of the year, the result was burdened by the increase in material costs, the total cost of the extensive renewal of the customer information system, intensifying competition and a non-recurring provision recognised in December due to personnel negotiations.

DNA Ltd is a Finnish telecommunications group offering voice, data and TV services to consumers, communities and corporations. DNA also offers network and data communication services to service operators.

Welho business was incorporated into the balance sheet of DNA Ltd on 30 June 2010 and into the profit and loss account from 1 July to 31 December 2010. Welho's personnel transferred to the employ of DNA as existing employees.

Unless otherwise stated, the comparison figures in brackets refer to the equivalent period in the previous year.

Market situation

The overall economic situation improved in 2010, however competition increased in the telecommunications consumer market towards the year end. Strong demand for mobile communication services continued, particularly for mobile broadband, and fixed-line broadband customers actively switched to higher-speed Internet connections. Demand for television services and mobile voice communication, which constitutes the largest individual market, remained steady.

Competition remained intense in the corporate market. In 2010, demand was switching from fixed-network voice services to mobile voice services. Demand for mobile broadband and other mobile communication services increased, while that for fixed-network data subscriptions remained steady.

Mobile network termination charges between operators fell from last year. Towards the end of the year, there were signs of tighter regulation of the Finnish telecommunications market. The Council of State opened up the television business to competition and granted new operating licences for the terrestrial network.

Financial development of the Group

Net sales

DNA's net sales totalled EUR 690.5 million (652.2 million), representing 5.9 per cent growth on last year. The growth was fuelled by increasing sales in the consumer business and, in particular, by the incorporation of the Welho business. The main brake on net sales growth was falling demand for fixed-network services and the reduction in mobile network termination charges.

During the reporting period, 74 per cent (72 per cent) of net sales were generated by consumer business and 26 per cent (28 per cent) by corporate business.

EBITDA and operating profit

DNA's earnings before interest, taxes, depreciation and amortisation (EBITDA) for the financial year increased to EUR 182.1 million (167.2 million), or 26.4 per cent of net sales (25.6 per cent). EBITDA excluding non-recurring items improved to EUR 187.0 million (179.5 million). Operating profit grew, coming to EUR 65.2 million (-43.8 million), or 9.4 per cent of net sales (-6.7 per cent). Operating result for the comparable period was affected by a non-recurring EUR 94.9 million goodwill write-down on the fixed network in the last quarter of 2009. Operating profit excluding non-recurring items increased and came to EUR 70.2 million (63.4 million), accounting for 10.2 per cent of net sales (9.7 per cent).

EBITDA and operating profit improved mainly as a result of increased net sales from consumer business.

DNA's profit before tax in January–December came to EUR 60.6 million (-42.8 million). Earnings per share came to EUR 5.35 (-7.46) and earnings per share excluding non-recurring items to EUR 5.79 (6.12).

Financial profits and expenses amounted to EUR -4.7 million (1.0 million). Income tax for the financial year was EUR 14.5 million (13.8 million) and profit for the financial period improved to EUR 46.0 million (-56.5).

The Group's key figures

EUR million	2010	2009
Net sales	**690.5**	652.2
EBITDA	**182.1**	167.2
EBITDA, %	**26.4**	25.6
EBITDA, excluding non-recurring items	**187.0**	179.5
EBITDA, % excluding non-recurring items	**27.1**	27.5
Operating profit/loss (EBIT)	**65.2**	-43.8
EBIT, %	**9.4**	-6.7
Operating profit/loss (EBIT), excluding non-recurring items	**70.2**	63.4
EBIT, % excluding non-recurring items	**10.2**	9.7
Profit before tax	**60.6**	-42.8
Profit/loss for the financial period	**46.0**	-56.5
Earnings per share, EUR	**5.35**	-7.46
Earnings per share, excluding non-recurring items, EUR	**5.79**	6.12
Return on investment (ROI), %*	**9.6**	-6.1
Cash flow after investments	**71.8**	52.5

* 12-month average

Key operative indicators

	2010	2009
Number of mobile communication network subscriptions	**2,108,000**	1,947,000
- Revenue per subscription (ARPU), €*	**21.7**	22.4
- Customer churn rate, %*	**18.7**	16.2
Number of fixed-network subscriptions	**1,060,000****	647,000
- Number of broadband subscriptions	**291,000****	180,000
- Number of cable TV subscriptions	**598,000****	270,000
- Number of telephone subscriptions	**171,000**	197,000

* includes only postpaid subscriptions

** includes Welho subscriptions

Cash flow

Cash flow after investments for the financial year increased to EUR 71.8 million (52.5 million). The financial position improved, and gearing at the end of the period was 16.1 per cent (34.0 per cent).

At the end of the period, the Group's liquid assets amounted to EUR 49.5 million (26.3 million), and interest-bearing liabilities to EUR 151.9 million (170.8 million). Undrawn credit limits came to EUR 185.0 million (90.0 million).

In September, the Group negotiated a loan of EUR 120 million at a maximum with the European Investment Bank. The loan term is seven years, and the credit was undrawn at the closing date of the financial statements. In addition, the Group has an undrawn commercial paper programme worth EUR 150.0 million (150.0 million).

Net debt amounted to EUR 102.4 million (144.5 million). The net debt/EBITDA ratio improved significantly to 0.56 (0.86).

The balance sheet remained healthy, with the end-of-period equity ratio totalling 63.6 per cent (55.3 per cent).

Development per business segment

Consumer business

DNA's consumer business net sales for the financial year increased to EUR 513.4 million (471.0 million), mainly due to the Welho acquisition and the positive development in mobile communication services.

EBITDA amounted to EUR 125.7 million (113.0 million) and EBITDA excluding non-recurring items came to EUR 128.6 million (119.1 million). Operating profit improved to EUR 52.7 million (21.1 million). Profit for the last year was affected by a non-recurring EUR 13.0 million goodwill write-down on the fixed network that was allocated to consumer business in the last quarter of 2009. Operating profit excluding non-recurring items came to EUR 55.5 million (40.2 million).

Operating profit was improved through growth from the Welho acquisition and the higher volume of mobile communication services. Towards the end of the year, EBITDA and operating profit were burdened by the increase in material costs, the total cost of the extensive renewal of the customer information system, actions necessitated by intensifying competition and a non-recurring provision recognised in December due to the cooperation negotiations.

Consumer business key indicators

EUR million	2010	2009
Net sales	**513.4**	471.0
EBITDA	**125.7**	113.0
EBITDA, %	**24.5**	24.0
EBITDA excluding non-recurring items	**128.6**	119.1
EBITDA, % excluding non-recurring items	**25.0**	25.3
Operating profit/loss (EBIT)	**52.7**	21.1
EBIT, %	**10.3**	4.5
Operating profit/loss (EBIT), excluding non-recurring items	**55.5**	40.2
EBIT, % excluding non-recurring items	**10.8**	8.5

Corporate business

DNA's corporate business net sales for the financial year decreased to EUR 177.1 million (181.1 million). Net sales waned in fixed-network voice services and increased in mobile communication services. Volumes also decreased in operator sales.

EBITDA amounted to EUR 56.3 million (54.4 million) and EBITDA excluding non-recurring items came to EUR 58.4 million (60.6 million). Operating profit came to EUR 12.6 million (-64.6 million). Operating result for the last year was affected by a non-recurring EUR 81.9 million goodwill write-down on the fixed network, allocated to corporate business in the last quarter of the year. Operating profit excluding non-recurring items came to EUR 14.7 million (23.5 million).

EBITDA and operating profit were burdened by the decrease in net sales, the total cost of the extensive renewal of the customer information system and a non-recurring provision recognised in December due to cooperation negotiations.

Corporate business key indicators

EUR million	2010	2009
Net sales	**177.1**	181.1
EBITDA	**56.3**	54.4
EBITDA, %	**31.8**	30.1
EBITDA, excluding non-recurring items	**58.4**	60.6
EBITDA, % excluding non-recurring items	**33.0**	33.5
Operating profit/loss (EBIT)	**12.6**	-64.6
EBIT, %	**7.1**	-35.7
Operating profit/loss (EBIT), excluding non-recurring items	**14.7**	23.5
EBIT, % excluding non-recurring items	**8.3**	13.0

Investments

Investments in the financial year amounted to EUR 83.4 million (87.9 million), or 12.1 per cent of net sales (13.5 per cent). Consumer-business investment amounted to EUR 60.6 million (59.9 million) and investment in corporate business to EUR 22.8 million (27.8 million). The lower annual level of investment was due to an equipment supplier's delivery and component problems and competitive bidding among next-generation equipment suppliers. Investments were increased during the last quarter of the year.

Major individual items include investments in the 3G network, fibre and transfer systems, as well as the customer information system.

Research and development

The Group invested EUR 1.3 million (2.5 million), or 0.2 per cent (0.4) of net sales, in research and product development in the financial year. Of this, EUR 0.7 million (0.8 million) was entered in the balance sheet.

Personnel

At the end of December, DNA employed 1,003 (818) people. The year-on-year increase of 22.6 per cent was attributable to the Welho acquisition. In total, 225 people transferred from Welho mainly to DNA's consumer business as existing employees on 30 June 2010.

Personnel were distributed as follows: 697 (511) in the consumer business and 306 (307) in the corporate business.

The average number of employees in January-December was 934 (918).

Key personnel indicators

	2010	2009
The average number of employees for the period	**934**	918
Salaries and remunerations for the period, EUR million	**49.8**	50.2

Main events in 2010

DNA Ltd's Annual General Meeting of 31 March 2010 agreed to pay a dividend of EUR 4.35 per share, a total of EUR 32,965,435.35, to DNA's shareholders. The decision was made in accordance with the Board of Directors' proposal and on the basis of the financial statements for 2009 as adopted by the Annual General Meeting.

The Board of Directors was confirmed as comprising six members. Mr Risto Siivola, Mr Esa Haavisto, Mr Hannu Isotalo, Mr Jarmo Leino and Mr Anssi Soila continued as members of the Board. Mr Jukka Ottela, 56, M.Sc. (Econ), Master of Laws and CEO of Esan Kirjapaino Oy, was elected a Board member to replace Mr Juha-Pekka Keskiaho who resigned from the Board. PricewaterhouseCoopers Oy continued as the company's auditor.

In March 2010, DNA introduced a long-term incentive scheme for management and other key personnel.

On 31 May 2010, DNA agreed to acquire the Welho business from Sanoma Corporation. The agreement was approved by the Finnish Competition Authority on 30 June, and the combined business operations were launched on 1 July 2010. After the business transaction, DNA had over three million customers, a leading 43 per cent share of the cable TV market in Finland and a strong position in the fixed-network business in the Helsinki metropolitan area.

The Extraordinary General Meeting on 30 June 2010 appointed two new members to the Board of Directors: Ms Anu Nissinen, 47, M.Sc. (Econ) and Mr David Nuutinen, 51, MBA. Ms Nissinen is the President of Sanoma Entertainment Ltd. and a member of the Board of Directors of Sanoma Media. Mr Nuutinen is the President (Finland) of Leaf Suomi Oy and a member of the Executive Team of Leaf International. On the same date, Mr Esa Haavisto retired from the Board and the number of Board members was confirmed at seven. Mr Jarmo Leino, CEO of DNA's largest shareholder, Finda Oy, took over as the Chairman of the Board.

Mr Johan Flykt, Business Director at Welho, was appointed DNA Vice President, Customer Processes and member of the Executive Team on 5 August 2010. He reports to DNA Chief Operating Officer Petter Niemi.

The customer information system of DNA's mobile communication customer service was renewed in October. With the new system and the related tools, customer service and sales personnel can serve DNA's customers even better.

DNA was the first operator in Finland to launch cooperation with Google in the B-to-B market on 18 October 2010. DNA and Google agreed on broad-based cooperation whereby DNA integrated its services and Google Apps into a cost-efficient business solution that is easy to acquire and deploy.

DNA began the construction of its terrestrial HDTV network in the third quarter of the year and launched HDTV test broadcasts in the Uusimaa region on 1 December 2010. By the turn of the year, broadcasts were available to some 2 million Finns.

On 28 December 2010, DNA announced the merger of DNA and the Welho business. Due to the business restructuring, cooperative negotiations involving all DNA and Welho staff began on 3 January 2011. It was estimated that restructuring would result in staff cuts affecting 40 employees.

To ensure the high quality of customer service, DNA established new sales service centers, bringing the total number to 10 by the end of the year. The expansion and strengthening of DNA's 3G network continued throughout the year.

Changes in the Group structure

The Group exercised its call option to purchase 96 shares from Huuked Labs Oy, which brought its holding to 100 per cent. As part of the streamlining of the corporate structure, Shelco 2 Oy and Shelco 3 Oy were merged with DNA Ltd on 30 September 2010.

Significant litigation matters

On 25 October 2010, DNA received a notification from the Finnish Competition Authority (FCA) announcing that the FCA had closed all investigations into suspected abuse of a dominant position in the broadband market by Kuopion Puhelin Oy, Päijät-Hämeen Puhelin Oyj and Oulun Puhelin Oy, as well as DNA Ltd's broadband business to which their operations had been transferred. Investigations by the competition authority did not lead to further action.

Corporate governance

General Meetings

The Annual General Meeting was held on 31 March 2010. In addition, an Extraordinary General Meeting was held on 30 June 2010.

Board of Directors

During the period under review, the Board of Directors convened 17 times. The participation rate of meetings of the Board of Directors was 99 per cent. The Board of Directors had the following members:

- From 1 January 2010 to 31 March 2010: Risto Siivola (Chairman), Esa Haavisto, Hannu Isotalo, Juha-Pekka Keskiaho, Jarmo Leino and Anssi Soila
- From 31 March 2010 to 30 June 2010: Risto Siivola (Chairman), Esa Haavisto, Hannu Isotalo, Jarmo Leino, Anssi Soila and Jukka Ottela
- From 30 June 2010 to 31 December 2010: Jarmo Leino (Chairman), Risto Siivola, Hannu Isotalo, Anssi Soila, Jukka Ottela, David Nuutinen and Anu Nissinen

The Board of Directors did not have any sub-committees in 2010.

President and CEO

DNA Ltd's President and CEO was Riitta Tiuraniemi.

Executive Team

The company's executive team consisted of Riitta Tiuraniemi (President and CEO), Johan Flykt (Vice President, Customer Processes) effective 5 August, Jukka Leinonen (Vice President, Corporate Business), Petteri Niemi (Chief Operating Officer), Tommy Olenius (Vice President, Technology), Ilkka Pitkänen (Chief Financial Officer, Deputy CEO), Asta Rantanen (Vice President, Legal Affairs), Marko Rissanen (Vice President, Human Resources), Erik Sylvestersson (Vice President, Sales & Marketing), Hannu Turunen (Vice President, New Business), Timo Varsila (Vice President, Products & Content) and Pekka Väisänen (Vice President, Consumer Business).

Auditors

The company's auditor was Authorised Public Accountants PricewaterhouseCoopers with Pekka Loikkanen, Authorised Public Accountant, acting as the principal auditor.

Shareholders, shares, issues and option rights

At the beginning of the financial year, the number of the company shares totalled 7,580,761 and the company's share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. At the end of the financial year, the company's shares totalled 9,610,676 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. The company held 7,500 treasury shares.

The largest shareholders of DNA Ltd on 31 December 2010

Owner	No. of shares	No. of votes	Share, %
Finda Oy	2,495,490	2,495,490	26.0
Sanoma Television Oy *	2,027,167	2,027,167	21.1
Oulu ICT Oy	1,698,997	1,698,997	17.7
PHP Liiketoiminta Oyj	1,513,856	1,513,856	15.8
Kuopion Puhelin Oy **	993,864	993,864	10.3
Anvia Plc ***	251,471	251,471	2.6
Ilmarinen Mutual Pension Insurance Company	227,423	227,423	2.4
Lohjan Puhelin Oy	220,877	220,877	2.3
Pietarsaaren Seudun Puhelin Oy	70,460	70,460	0.7
Kokkolan Puhelin Oy ***	42,841	42,841	0.4
Ten largest owners in total	**9,542,446**	**9,542,446**	**99.3**
Others	68,230	68,230	0.7
Total	**9,610,676**	**9,610,676**	**100.0**

* merged into Sanoma Entertainment Finland Ltd on 1 January 2011
** name changed to Osuuskunta KPY
*** The merger of Anvia Plc and Kokkolan Puhelin Oy was entered into the Finnish Trade Register on 31 December 2010.

Share issues

The Extraordinary General Meeting on 30 June 2010 decided to issue a total of 2,027,167 new shares as a directed share issue to Sanoma Television Oy. The right to deviate from the pre-emptive right of the shareholders was due to the existence of a weighty financial reason under Section 9(4) of the Limited Liability Companies Act, because the shares were issued to acquire the Welho business. DNA Ltd acquired the Welho business from Sanoma Corporation through a directed share issue on 30 June 2010. The fair value of the issued shares was EUR 200,000,000 (EUR 98.66 per share). They accounted for 21 per cent of DNA Ltd's share stock.

The share subscription price was EUR 8.70 per share, bringing the total subscription price to EUR 17,626,329.22, which was paid using property given as a subscription in kind. The price was registered in full in the company's invested unrestricted equity reserve. The share subscription took place during the implementation of the business acquisition on 30 June 2010. The shares were registered in the Finnish Trade Register on 31 August 2010. The difference between the fair value and subscription price is credited in the consolidated financial statement to the invested unrestricted equity reserve.

Based on the authorisations by the Annual General Meetings of 27 March 2009 (max. 2,500 shares) and 31 March 2010 (max. 5,000 shares), the Board of Directors decided to issue 2,500 shares on 28 January 2010 and 248 shares on 31 March 2010 as part of the company's management incentive programme. The authorisation included the right to deviate from the pre-emptive right of the shareholders. A total of 2,748 new shares were subscribed at a per-share subscription price of EUR 97. President and CEO Riitta Tiuraniemi subscribed a total of 180 shares and other managers 2,568 shares.

At the end of the financial year, the Board of Directors had a remaining authorisation for issuing 4,752 new shares.

Option rights

The Annual General Meeting on 27 March 2009 authorised the Board of Directors to decide on issuing a maximum of 125,000 option rights. Based on the authorisation, the Board of Directors decided on 17 December 2009 to issue a maximum of 100,000 option rights to DNA's management and other key personnel. On 28 January 2010, the Board of Directors decided to allocate 36,000 of the option rights classified as 2010A to the Executive Team and 14,000 to other key personnel. At the end of the year, 50,000 option rights from this issue had not been allocated to named option right holders.

At the end of the financial year, the Board of Directors held a remaining authorisation, based on the Annual General Meeting's authorisation on 27 March 2009, to issue 25,000 option rights in one or several lots as part of the management and other key personnel incentive scheme. The authorisation included the right to deviate from the pre-emptive right of shareholders.

Treasury shares

During the financial period, the company purchased 5,000 treasury shares pursuant to the decision taken by the Annual General Meeting on 31 March 2010 The redemption price was EUR 588,402.16. The shares redeemed during the financial period account for 0.05 per cent of shares and votes. The redemption of treasury shares did not have any significant effect on the ownership and distribution of votes in the company. The acquisition was made with the company's unrestricted equity, which was subsequently reduced by the redemption price.

The Annual General Meeting authorised the Board of Directors to resolve to repurchase or accept as a pledge a maximum of 750,000 DNA shares in one or several lots by using funds in the unrestricted equity reserve. The shares may be repurchased in order to carry out acquisitions or other arrangements related to the company's business, to improve the capital structure of the company, to be used as part of the incentive scheme, to be transferred for other purposes or to be cancelled. The Board of Directors shall have the right to decide on other matters related to the purchase of the shares. The authorisation will be effective until 30 June 2011. No shares were purchased based on the authorisation during the reporting period.

Corporate responsibility

DNA continued the corporate responsibility development project, which is based on the Global Reporting Initiative (GRI) reporting model and was launched in the autumn of 2009. The reporting model will be implemented in stages, selecting those GRI metrics that are appropriate for DNA's business. The objective was to reach GRI level C at minimum in 2010. The corporate responsibility report for 2010 will be included in the annual report.

Significant risks and uncertainties

General

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 policy defines the purpose, process, key practices and responsibilities of risk management.

The purpose of risk management is to help DNA's management achieve the company vision and strategic objectives and to provide the Board of Directors with up-to-date information on company risks and their management. Risk management is also designed to safeguard DNA's critical success factors. Critical success factors rely on DNA's operative efficiency, in-depth understanding of customers and markets as well as skilled and agile workforce.

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

DNA's risk management focuses on preventive action, limitation of adverse effects and utilisation of opportunities. The Group systematically identifies and analyses risks and modifies its operations accordingly as required. Within the Group, it is acknowledged that not every risk relevant to its business can be identified by DNA itself. For this reason, the Group regularly communicates with its main external stakeholders to gain the most comprehensive overview possible of DNA's risk framework and the business environment.

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

DNA's key strategic and operative risks

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

DNA believes that the borders between business sectors will become more blurred in the future, enabling increased competition between telecom operators, ICT, media and Internet companies and terminal manufacturers. Rapid changes may also occur in different parts of the service production value chain. The Group sees this shift as an important opportunity and actively monitors market developments. DNA is also making special efforts to identify new business opportunities. Starting up new business always involves higher risks than conventional and established business operations.

Alongside traditional communications methods offered by telecom operators, technological development can create new ones such as communications through social media or smartphone applications. Customer behaviour can change rapidly if new communications methods are sufficiently reliable and easy to use. If such services gain widespread popularity, they can have an overall impact on the traditional business of operators. On the other hand, new communications methods can provide new opportunities for operators by increasing the use of mobile data, for example.

Intense market competition places high demands on operators' systems. They must be able to provide usable and high-quality tools and productise services quickly and cost-efficiently. DNA aims to use the most reliable and modern system solutions possible, to avoid issues such as service downtimes and problems related to the reliability and availability of data.

In conclusion, DNA's business environment is highly sensitive to change and currently the pace of that change is increasing. DNA must deepen its understanding of customers and markets, and react quickly when changes occur.

Regulatory risks

The Finnish telecommunications market is characterised by stringent regulation. Regulation and particularly the authorities' ability to influence the price level of products and services, cost structure and the criteria on which frequencies are distributed may also have an impact on DNA's business.

Changes made to the Telecommunications Act, such as the possibility of number porting, could intensify competition further in 2011.

Financing risk

In order to manage the interest rate risk, some of the loans taken by the Group have been hedged. The Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, the company uses credit limits in addition to liquid assets. The Group's foreign interest risk is insignificant as the majority of its cash flow is euro denominated. For more details on the management of financing risks, please refer to section 3 in the notes to the consolidated financial statements.

Damage risk

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

Events after the financial year

Test HDTV broadcasting via DNA's terrestrial network continued on 1 January 2011, under the DVB-T2 standard as required by DNA's network operating licence. The programme content of the broadcasts became more varied.

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

On 10 January 2011, DNA announced that it is extending cooperation with long-term partner Ericsson to include the entire 3G/HSPA+ network and the technology needed to build and launch DNA's 4G network. Based on the three-year contract, DNA will begin to offer 4G services in major cities, launching 4G commercially in 2011. The agreement also covers further expansion of the 3G network. During the contract period, DNA's 3G/HSPA+ (21/42 Mbps) services will expand to nationwide coverage.

On 11 and 27 January, DNA announced the establishment of new call service centers in Kajaani and Tornio that will begin operating in February and March, respectively. These new centers bring the total number of DNA's call service centers to 12.

DNA Ltd and YIT Rakennus Oy agreed on constructing an office building for DNA in Käpylä, Helsinki. The project was announced on 7 February 2011. YIT will construct the building and rent it out to DNA on a long-term lease. It will be completed in late summer 2012. All DNA staff in the Helsinki metropolitan area, a total of around 600 employees, will relocate to the new premises.

Outlook for 2011

Market outlook

It is estimated that the total value of the Finnish telecommunications market will remain unchanged. Areas likely to experience growth include mobile broadband and TV services. The value of fixed-line broadband business is anticipated to remain unchanged and the value of fixed-line voice services to decrease.

In addition to the overall economic situation, the industry's net sales and profitability are affected by the development of the market in general, pricing pressures, increased competition in the mobile communication market in particular and the reduction in mobile termination charges in December 2010. While the overall economic situation is expected to continue improving, in previous recessions there has been a clear delay in the effect of economic cycles on the telecommunications sector.

The changes made to the Telecommunications Act in accordance with the EU directives on electronic communication will come into effect in 2011. The most important change will be the possibility of number porting in fixed-term contracts, which will further increase competition between telecom operators.

DNA's outlook

Competition in the consumer market is expected to increase further due to the change in the Telecommunications Act in particular. Business operations will be launched in the terrestrial TV networks and pay-TV business. It is anticipated that demand for DNA's mobile broadband services will increase, with fixed-line broadband customers actively switching to higher-speed connections.

Competition in the corporate market is expected to remain tight. Demand for DNA's mobile voice and data services is estimated to grow, whereas demand for fixed-network services is likely to decrease.

DNA intends to invest heavily in the construction and deployment of the 4G network during 2011.

The change in the Telecommunications Act may have an impact on DNA's amortisation schedule on intangible rights.

The Group's financial position is expected to remain good in 2011 and net sales to grow mainly due to the integration of the Welho business. EBITDA and operating profit (EBIT) excluding non-recurring items are estimated to remain at the same level as in 2010 or to improve slightly.

Board of Directors' proposal on the distribution of profits

DNA Ltd's distributable funds in the financial statement amounted to EUR 239,251,755.14, of which profit for the financial year came to EUR 59,861,733.01. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 5,20 per share be paid, totalling EUR 49,936,515.20.

DNA Ltd
Board of Directors

Consolidated income statement, IFRS

EUR 1,000

	Note	1 Jan–31 Dec 2010	1 Jan–31 Dec 2009
Net sales	6	**690,492**	652,162
Other operating income	7	**3,719**	4,963
Materials and services		**-350,786**	-324,109
Employee benefit expenses	10	**-63,136**	-63,482
Depreciation	9	**-116,828**	-116,051
Goodwill impairment	9, 17	**0**	-94,900
Other operating expenses	8, 11	**-98,235**	-102,379
Operating result (EBIT)		**65,225**	-43,796
Financial income	12	**1,424**	3,822
Loss/gain on financial assets recognised at fair value against profit or loss		**0**	2,463
Financial expense	13	**-6,105**	-5,270
Share of associated companies' results	18	**11**	9
Net profit/loss before tax		**60,555**	-42,772
Income tax	14	**-14,523**	-13,778
Net profit/loss for the period		**46,032**	-56,550
Attributable to:			
owners of the parent		**46,032**	-56,550
Earnings per share attributable to owners of the parent:			
earnings per share, basic, EUR	15	**5.35**	-7.46

Consolidated statement of comprehensive income

EUR 1,000

Net profit/loss for the period		**46,032**	-56,550
Other comprehensive income, net of tax			
Cash flow hedging	13	**614**	-270
Available-for-sale financial assets - change in fair value	13	**0**	-47
Other comprehensive income, net of tax		**614**	-317
Total comprehensive income		**46,646**	-56,867
Attributable to:			
owners of the parent		**46,646**	-56,867

The notes on pages 50-77 are an integral part of the consolidated financial statements.

Consolidated balance sheet, IFRS

EUR 1,000

	Note	31 Dec 2010	31 Dec 2009
ASSETS			
Non-current assets			
Goodwill	17	**209,767**	96,700
Other intangible assets	17	**134,356**	59,056
Property, plant and equipment	16	**412,623**	397,640
Investments in associates	18	**1,139**	1,133
Available-for-sale financial assets	19	**157**	243
Trade and other receivables	20	**7,879**	10,919
Deferred tax assets	21	**28,459**	31,677
Total non-current assets		**794,380**	597,368
Current assets			
Inventories	22	**12,527**	7,856
Trade and other receivables	20	**158,051**	140,115
Cash and cash equivalents	23	**49,466**	26,304
Total current assets		**220,044**	174,275
TOTAL ASSETS		**1,014,424**	771,643
SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent			
Share capital	24, 25	**72,702**	72,702
Hedge fund	24	**-634**	-1,248
Unrestricted equity reserve	24	**605,927**	406,956
Retained earnings		**-86,345**	2,757
Profit/loss of the period		**46,032**	-56,550
TOTAL EQUITY		**637,682**	424,617
LIABILITIES			
Non-current liabilities			
Interest-bearing non-current liabilities	28	**100,292**	121,438
Retirement benefit obligations	26	**236**	253
Provisions for other liabilities	27	**8,049**	9,236
Derivative financial instruments	31	**1,053**	1,686
Deferred income tax liabilities	21	**71,939**	55,246
Other non-current liabilities		**1,405**	1,443
Total non-current liabilities		**182,973**	189,302
Current liabilities			
Interest-bearing current liabilities	28	**51,584**	49,391
Provisions for other liabilities	27	**6,497**	3,777
Derivative financial instruments	31	**0**	453
Prepayments received	29	**11,554**	2,693
Trade payables	29	**72,600**	69,910
Accrued expenses	29	**38,259**	27,198
Current income tax liabilities		**9,173**	1,811
Other current liabilities	29	**4,103**	2,491
Total current liabilities		**193,770**	157,724
TOTAL LIABILITIES		**376,743**	347,026
TOTAL EQUITY AND LIABILITIES		**1,014,424**	771,643

The notes on pages 50-77 are an integral part of the consolidated financial statements.

Consolidated cash flow statement, IFRS

EUR 1,000

	2010	2009
Cash flows from operating activities		
Profit/loss for the period	46,032	–56,550
Adjustments *)	136,908	221,587
Change in working capital **)	–13,648	–17,187
Dividends received	2	0
Interest paid	–4,806	–5,932
Interest received	878	753
Other financial items	–377	0
Taxes paid	–10,126	–16,935
Net cash generated from operating activities (A)	154,862	125,737
Cash flows from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	–83,373	–88,329
Proceeds from sale of PPE	296	2,284
Proceeds from sale of shares	0	14,371
Acquisition of subsidiaries and business transfers	–1	–3
Change in other shares	0	–1,875
Proceeds from sale of subsidiary, net of cash disposed	0	312
Change in other investments	30	–13
Net cash used in investing activities (B)	–83,049	–73,253
Cash flows from financing activities		
Dividends paid	–32,955	–10,003
Share premium reduction	0	–41,618
Borrowing and repayment of current interest-bearing liabilities, net	0	–61,543
Borrowing of non-current interest-bearing liabilities	30,019	100,000
Repayment of non-current interest-bearing liabilities	–49,042	–33,991
Non-current receivables, increase/decrease	3,327	–5,118
Other financial items	0	18,756
Net cash used in financing activities (C)	–48,651	–33,518
Change in cash and cash equivalents (A+B+C)	23,162	18,966
Cash and cash equivalents at beginning of period	26,304	7,339
Cash and cash equivalents at end of period	49,466	26,304
*) Adjustments		
Depreciation	116,828	116,051
Impairment	0	94,900
Gains and losses on disposals of non-current assets	–113	0
Other non-cash income and expense	989	–6,455
Financial income and expenses	4,681	3,313
Taxes	14,523	13,778
Total adjustments	136,908	221,587
**) Change in working capital		
Change in receivables, non-interest bearing	–12,339	–2,626
Change in inventories	–3,853	2,819
Change in liabilities, non-interest bearing	2,544	–17,381
Total change in working capital	–13,648	–17,187

The notes on pages 50–77 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity, IFRS

EUR 1,000

	Note	Share capital	Share premium	Fair value reserve	Hedge fund	Unrest-ricted equity reserve	Retained earnings	Non-controlling interest	Total Equity
Balance at 1 January 2009		72,375	41,689	48	–978	407,213	32,979	–1	553,324
Comprehensive income									
Profit or loss							–56,550		–56,550
Other comprehensive income									
Available-for-sale financial assets				–48					–48
Cash flow hedges, net of tax					–270				–270
Total other comprehensive income, net of tax	13			–48	–270				–318
Total comprehensive income		0	0	–48	–270	0	–56,550	0	–56,868
Transactions with owners									
Other changes			–41,618						–41,618
Purchase of treasury shares							–287		–287
Proceeds from shares issued		327				–327			
Transfers in equity			–71			71			
Dividends for 2008							–29,934		–29,934
Total contributions by and distributions to owners		327	–41,689			–256	–30,221		–71,839
Balance at 1 January 2010		72,702	0	0	–1,248	406,957	–53,792	–1	424,617
Comprehensive income									
Profit or loss							46,032		46,032
Other comprehensive income									
Cash flow hedges, net of tax					614				614
Total other comprehensive income, net of tax	13				614				614
Total comprehensive income for the period		0	0	0	614	0	46,032	0	46,646
Transactions with owners									
Acquisitions							–1	1	
Employees share option scheme: granted options	25						389		389
Other changes						–1,029	15		–1,014
Issue of ordinary shares related to business combination	5					200,000			200,000
Dividends for 2009	24						–32,955		–32,955
Total contributions by and distributions to owners						198,971	–32,552	1	166,420
Balance at 31 December 2010		72,702	0	0	–634	605,927	–40,313	0	637,682

The notes on pages 50–77 are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1 The Group in brief

DNA Group is a national supplier of mobile communication services. The Group parent company is DNA Ltd. The parent company's registered domicile is Vantaa and registered address Ansatie 6a B, 01740 Vantaa, Finland.

Copies of the consolidated financial statements are available online at www.dna.fi or at the Group parent company head office at Ansatie 6a B, 01740 Vantaa, Finland.

DNA Ltd's Board of Directors approved the release of these consolidated financial statements at a meeting on 7 February 2011. Under the Finnish Limited Liability Companies Act, shareholders can approve or disapprove the consolidated financial statements in the Annual General Meeting held after the release. The Annual General Meeting is also entitled to amend the consolidated financial statements.

2 Accounting principles

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The statements are based on the IAS and IFRS standards and the SIC and IFRS interpretations effective on 31 December 2010. International Financial Reporting Standards refer to standards and interpretations that comply with the Finnish Accounting Act and regulations issued by virtue thereof and the procedure adopted for application in the European Union according to the IAS Regulation (EC) No 1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting legislation and Community legislation that supplement the IFRS.

The consolidated financial statements have mainly been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss. The consolidated financial statements are presented in euros.

The Group has adopted the following new and amended IFRS standards and interpretations as of 1 January 2010:

IFRS 3:a (revised) "Business Combinations" and consequential amendments to IAS 27 "Consolidated and separate financial statements", IAS 28 "Investments in associates", and IAS 31 "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

The revised standard was applied to the acquisition of the Welho business 30 June 2010. Acquisition-related costs of EUR 0.5 million have been recognised in the consolidated income statement. Previously, acquisition-related costs would have been included in the consideration for the business combination. See note 5 for further details on the business combination occurring in 2010.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting method when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but are not currently relevant to the group.

IFRIC 12	Service concession arrangements
IFRIC 15	Agreements for the construction of real estates
IFRIC 16	Hedges of a net investment in a foreign operation
IFRIC 17	Distribution of non-cash assets to owners
IFRIC 18	Transfers of assets from customers
IFRIC 9	(amendment) Reassessment of embedded derivatives and IAS 39 (amendment) Financial instruments: Recognition and measurement
IFRS 2	(amendment) Group cash-settled share-based payment transactions
IFRS 5	(amendment) Non-current assets held for sale and discontintued operations
IFRS 8	(amendment) Operating segments
IAS 1	(amendment) Presentation of financial statements
IAS 7	(amendment) Statements of cash flows
IAS 17	(amendment) Leases
IAS 18	(amendment) Revenue
IAS 36	(amendment) Impairment of assets
IAS 38	(amendment) Intangible assets
IFRIC 9	(amendment) Reassessment of embedded derivatives
IFRIC 16	(amendment) Hedges of a net investment in a foreign operation

Subsidiaries

The consolidated financial statements comprise the parent company DNA Ltd and all its subsidiaries. Subsidiaries are entities controlled by the Group. Control is obtained when the Group holds more than half of the voting rights or exercises other governing power. The existence of potential voting rights that are currently exercisable is considered when assessing the terms of control. Control refers to the right to govern the financial operating policies of a company for the purpose of gaining benefit from the company's operations. Intra-group shareholdings are eliminated using the acquisition method.

The acquisition method of accounting is applied to business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirees's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Subsidiaries are consolidated from the date on which control is obtained by the Group and de-consolidated from the date on which control ceases.

All inter-company transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated in the consolidated financial statements. Unrealised losses are not eliminated if they result from impairment. Distribution of profit between parent company shareholders and non-controlling shareholders as well as the distribution of comprehensive income is presented in the comprehensive statement of income, and non-controlling interest in equity is presented in the balance sheet as a separate component of shareholder's equity.

Associated companies

Associated companies are companies in which the Group exercises significant influence. Significant influence is realised if the Group holds more than 20 per cent of the voting rights or otherwise has significant influence without exercising full control. Associated companies are consolidated using the equity method. If the Group's share of the associated companies' losses exceeds the carrying amount of the investment, the investment is recognised in the balance sheet at zero value and the portion of the losses exceeding the carrying amount is not consolidated unless the Group has agreed to meet the associated companies' obligations. Unrealised profits between the Group and its associated companies are eliminated to the extent of the Group's share of ownership. The investment in each associated company includes goodwill arising from the acquisition. The Group's share of the associated companies' profit or loss for the financial year corresponding the Group's share of ownership is recognised separately below the operating profit line.

Segment reporting

The reporting on the operating segments is consistent with the internal reporting to the chief operating decision maker. The Board of Directors, which is responsible for strategic decisions, has nominated the chief operating decision maker to make decisions about resources to be allocated to the segments and to assess their performance.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional and presentation currency of the Group parent company.

Foreign currency transactions

Foreign currency transactions are translated into functional currency applying the exchange rates valid on the date of the transaction. Monetary items denominated in foreign currency are translated into functional currency applying the exchange rates quoted on the balance sheet date.

Gains and losses on foreign currency transactions and translation of monetary items are recognised in the income statement. Exchange gains and losses related to business operations are included in the corresponding items above the operating profit line.

Property, plant and equipment

Items of property, plant and equipment are carried at their historical cost less accumulated depreciation and impairment.

If an item consists of several components with varying useful lives, each component is treated as a separate asset. In this case, the cost of replacement is capitalised. In other cases, subsequent costs are included in the carrying amount of the asset only when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the item can be measured reliably. Other repair and maintenance costs are recognised against profit or loss as they are incurred.

Depreciation of assets is calculated using the straight-line method over the estimated useful lives. Land is not recognised as a depreciable asset. The depreciation periods are as follows:

Buildings	25 years
Constructions	10–25 years
Machinery and equipment	3–15 years

Residual values and depreciation periods are reviewed at each interim reporting and, if appropriate, adjusted to reflect any changes that may have occurred in the expectation of financial benefit. During 2010, the group decided to implement new network technology. Accordingly, the depreciation period for the current network was adjusted in alignment with the timetable for the future change in technology.

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Depreciation of property, plant and equipment ceases when the asset is classified as held for sale according to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Capital gain or loss on the decommissioning and disposal of property, plant and equipment are included in other operating income or expenses.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired and measured at the acquisition date. Goodwill arising from business combinations is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Research and development expenditure

Research expenditure is recognised as an expense in the income statement. Expenditure for the development of new or improved products is capitalised as intangible assets in the balance sheet from the date on which the product is technically feasible and commercially viable and is expected to bring future financial benefit. Capitalised development expenditure comprises material, work and testing expenses that are the direct result of the process of completing the product for its intended use. Development costs previously recognised as an expense cannot be capitalised in a subsequent period. Assets are depreciated from the time they are ready for use. Assets not ready for use are tested annually for impairment. Subsequent initial recognition, capitalised development expenditure is carried at cost less accumulated amortisation and impairment. The useful life of capitalised development expenditure is three years, over which period capitalised expenses are recognised as expenses on a straight-line basis.

Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship.

Other intangible assets

Intangible assets are recorded at historical cost in the balance sheet when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost can be measured reliably. Intangible assets with finite useful life are recognised as an expense on a straight-line basis in the income statement over their known or foreseeable useful life.

The useful lives of other intangible assets are as follows:

Customer contracts and the related customer relationships	1–20 years
IT software	3–10 years
Brand	30 years
Other intangible assets	2–10 years

Inventories

Inventories are recognised at the lower of cost or probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost to sell. Inventories are stated at the weighted average price.

Lease agreements

Group as a lessee

Leases on property, plant and equipment are classified as finance leases if the risks and rewards incidental to ownership are substantially transferred to the Group. Assets acquired through finance lease agreements are recognised in the balance sheet at the lower of the fair value of the leased asset or present value of minimum lease payments. Assets based on finance leases are depreciated over their useful life or within the shorter lease term. Payable lease amounts are split between finance expenses and loan repayments over the lease term, based on a pattern reflecting a constant periodic interest rate for the remaining debt. Rental obligations are included in interest-bearing liabilities. The Group has used finance lease agreements mainly to lease telecommunication network and IT equipment.

Leases are classified as operating leases if the risks and rewards incidental to ownership are retained by the lessor. Lease amounts paid on the basis of operating leases are recognised as an expense in the income statement over the lease term on a straight-line basis.

Group as a lessor

If the lease agreements on items held for lease by the Group transfer risks and rewards incidental to ownership substantially to the lessee, the leases are classified as finance lease agreements and recognised in the balance sheet as a receivable. Receivables are carried at present value. Finance income from the finance lease agreement is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the remaining net investment. The Group has leased out customer equipment based on finance lease agreements.

Any equipment leased out on the basis of other than finance lease agreements are recognised in property, plant and equipment on the balance sheet. They are depreciated over their useful life, as are the corresponding property, plant and equipment in the Group's own use. Lease income is recognised in the income statement over the lease term on a straight-line basis.

Impairment of property, plant and equipment and intangible assets

Goodwill and other intangible assets with indefinite useful life and intangible assets in progress are tested for impairment annually and whenever there is any indication of impairment of an asset. Intangible assets with finite useful lives and tangible assets are tested for impairment whenever events or changes in circumstances indicate that the non-trading position of the asset does not correspond to the recoverable amount.

The need for impairment is reviewed at the level of cash generating units (CGUs), i.e. the lowest unit level that is mostly independent of other units and whose cash flows can be identified separately from other cash flows. Recoverable amount is the higher of the asset's fair value less costs to sell, or the value in use. Value in use refers to the estimated future net cash flows obtainable from the asset or a CGU, which are discounted to their present value.

Discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. An impairment loss is immediately recognised in the income statement. If an impairment loss is recognised for CGU, the loss is first allocated to reduce goodwill on the CGU and then to reduce other assets of the unit on a pro-rata basis. When an impairment loss is recognised, the useful life of the amortised asset is reassessed. In respect of assets other than goodwill, an impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount for the asset. However, the reversal will not exceed the carrying amount that the asset would have had if an impairment loss had not been recognised. An impairment loss for goodwill cannot be reversed.

Employee benefits

Retirement benefit obligations

The Group's employee pension plans are managed by external insurance companies. The TyEL pension insurances are managed as defined contribution plans by the pension insurance companies.

Contributions to the defined contribution plans are charged to the income statement in the period to which they relate. Defined benefit plans are other than contribution-based plans, where the employer's pension liability is based on the present value of the obligation arising from the arrangement and on the fair value of the assets included in the arrangement, which are calculated sufficiently regularly using actuarial calculations determined in IAS 19. The Group's obligations with regard to defined benefit plans are calculated using the projected unit credit method. Pension costs are recognised as expenses over the service lives of employees on the basis of calculations made by authorised actuaries. The present value of pension liabilities is determined by using the market yields of high-quality bonds issued by companies or the interest rate of treasury bills as the discount rate. The maturity of bonds and treasury bills correspond in all essential aspects to the maturity of the pension obligation being considered.

Actuarial gains and losses will be recognised against profit and loss over the average remaining service lives of employees, to the extent that they exceed the higher of the following: 10 per cent of pension obligations or 10 per cent of the fair value of assets.

The past service cost is recognised as an expense in the income statement on a straight-line basis over the period until the benefits are vested. If the benefits are vested immediately, they are recognised immediately in the income statement.

Share-based payments

The group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. Key employees have been given the opportunity to subscribe to the company shares. The fair value of service given in return for options is recognised as an expense. The total amount of expenses is based on the fair value of the granted options. The amount recognised as an expense is accrued over the period of time during which all vesting conditions are to be met. Any effect of the adjustments made to the original estimates is recognised in the income statement and correspondingly in shareholders' equity. Any payments received for exercising the subscription right less the related direct transaction costs are recognised in the unrestricted equity reserve.

Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, payment is probable and a reliable estimate can be made on the amount of the obligation. Provisions are measured at present value of the expenditure required to settle the obligation. The discount rate used to determine present value reflects current market assessments of the time value of money at the time of review and the risks involved in the obligation. Where the Group expects some of the obligation to be reimbursed by a third party, the reimbursement is recognised as a separate asset but only when it is virtually certain.

A restructuring provision is recognised if the Group has prepared a detailed restructuring plan and initiated its implementation or notified thereof.

No provision is recognised for the expenses incurred from the continuing operations of the Group.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

A provision for decommissioning is recognised when the Group is under contractual obligation regarding decommissioning of leased equipment and aerial sites, and telephone poles and masts.

Income taxes

The tax expense in the income statement comprises tax based on taxable income for the financial period and deferred tax. With regard to items recognised directly in shareholders' equity, or comprehensive income, the corresponding tax effect is also recognised as part of shareholders' equity or comprehensive income. Tax based on taxable profit for the financial period is calculated using taxable income and applying the effective tax rate, adjusted by any taxes from previous periods.

Deferred tax is calculated on temporary differences between the carrying amount and tax base of assets. However, deferred tax liabilities are not recognised when arising from initially recognised assets or liabilities other than in a business combination, which do not affect either the accounting or the taxable profit at the time of the transaction.

The most significant temporary differences arise from the depreciation of property, plant and equipment and fair value measurement on business combinations.

Deferred tax is computed using tax rates enacted by the financial statement closing date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised.

Revenue recognition

The Group's net sales mainly comprise revenue from the sale of voice, data, TV and operator services; periodical, activation and maintenance charges; and revenue from the sale of equipment. Sales are recognised at fair value, which largely corresponds to the sale value less discounts and sales taxes.

Revenue is recognised in the period in which the service has been performed, either based on the actual traffic volume or over the contract term. Revenue from rendering of services is recognised when it is probable that the economic benefit will flow to the Group, and the revenue and expenses related to the transaction can be reliably measured. Revenue from voice and data services is recognised in accordance with the actual use of the service. Termination revenue from voice and data traffic from other operators is recognised at the time of transit across DNA's network. When end customers are charged for services provided by external content providers, amounts collected on behalf of the service provider are not recognised as revenue.

Subscription fees are recognised as revenue over the subscription period. The sales of pre-paid phone cards, mainly for mobile phones, is deferred and recognised as income based on the actual usage of the cards. Activation and connection fees are recognised at the time of activation. Equipment sales are recognised as income when the delivery has occurred and the risks and rewards incidental to ownership have been transferred to the customer, normally on delivery and following the customer's acceptance.

DNA can bundle services and products to create a single offering. Offerings may include the delivery or execution of a product, service or user right (tie-in deals) and the payment can be issued either as a separate payment or a combination of a separate payment and a continuous payment flow. Equipment is recognised separately from the service, if both items are also sold separately and the ownership of the equipment is transferred to the end user. In the IFRS financial statements, equipment and service revenue is recognised in proportion to the fair value of the individual items. If fair value cannot be reliably measured for the delivered items but it can be measured for the undelivered items, a residual method is used. Under the residual method, the value allocated to the delivered items equals the total arrangement value less the aggregate fair value of the undelivered items. In the IFRS financial statements, DNA has recognised tie-in deals using the residual method. Income from tie-in deals is discounted to present value while a part of the received payments from customers is recognised in financial income.

Customers are entitled to certain discounts from services and products provided by DNA under the customer loyalty programme. The benefit granted to the customer on the basis of the sales transaction is measured at fair value and the sales corresponding to the fair value are recognised as income when the campaign obligation has been met.

DNA provides corporate customers with comprehensive functionality service agreements in telecommunications, which may include switchboard services, fixed-line network telephony, mobile telephony, data communication and other customised services. Revenue from functionality services is recognised as income over the contract period.

Revenue and expense from construction contracts is recognised using the percentage of completion method. The stage of completion is determined for each project by reference to the relationship between the costs incurred for work performed to the date of review and the estimated total cost of the project. When it is probable that the total cost of the project will exceed total project revenue, the expected loss is recognised immediately as an expense.

Interest and dividend

Interest income is recognised using the effective interest method, and dividend income is recognised when the right to receive dividend is established.

Non-current assets held for sale and discontinued operations

Non-current assets (or the disposal group) and the assets and liabilities included in the discontinued operations are classified as held-for-sale, if their carrying amount is recovered principally through the disposal of the assets rather than through continuing use. For this to be the case, the sale must be highly probable, the asset (or the disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary, the management must be committed to selling, and the sale is expected to be completed within one year from the date of classification.

Immediately prior to the classification, the non-current assets held for sale or the assets and liabilities of the disposed items are measured in accordance with the applicable IFRS standards. From the time of classification, the assets held for sale (or the disposal group) are measured at the lower of carrying amount or fair value less estimated cost to sell. From the time of classification, the assets are not depreciated.

The disposal group includes assets, which do not fall within the scope of IFRS 5, while liabilities are measured in accordance with the applicable IFRS standards also after the classification.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale and meets the following conditions:

1. It represents a separate major line of business or geographical area of operations
2. It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
3. It is a subsidiary acquired exclusively with a view to resale.

Revenue from discontinued operations is presented as a separate item in the Group's income statement. Assets held for sale, disposal groups, items related to the assets held for sale and recognised directly in shareholders' equity, and liabilities related to the disposal group are presented separately from other assets in the balance sheet.

Financial assets and liabilities

Financial assets

The Group's financial assets are classified as follows: financial assets at fair value recognised against profit or loss, loans and other receivables, and financial assets available-for-sale. The classification depends on the purpose for which the financial assets were acquired and are classified at initial recognition. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the right to receive cash flows has expired or has been transferred to another party meeting the derecognition conditions under IAS 39.

Financial assets recognised at fair value against profit or loss represent financial assets that have been acquired to be held for trading or that are designated to this group when initially recognised. Financial assets recognised at fair value through profit or loss are measured at fair value against profit or loss. Changes in fair value are recognised as finance income or finance expense.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current receivables in the balance sheet if they expire within twelve months. The assets in this group are carried at amortised cost using the effective interest method.

Financial assets held for sale are non-derivative assets, which have been designated specifically to this group or not designated to any other group. Held for sale financial assets are valued at fair value. They are included in non-current assets, unless they are intended to be held for less than twelve months from the closing date of the financial statement, in which case they are included in current assets. The Group's investments in shares belong to this group. The investments have been designated to this group as they are not held for active trading and they are non-current. The fair values of financial assets held for sale are quoted prices in an active market for quoted shares, recognised at the purchase rate at the closing date of the financial statement. Changes in fair value are recognised in the statement of comprehensive income and presented in the fair value reserve in equity. Changes in fair value are transferred from shareholders' equity to the income statement when the investment is sold or its value has fallen so that an impairment loss has to be recognised for the investment. Unquoted shares are recognised at cost as their fair value cannot be reliably measured due to inactive market.

Liquid assets comprise cash in hand, bank deposits held at call and other highly liquid short-term investments. Items classified as liquid assets mature within three months or less from the date of acquisition. Credit accounts connected to the Group accounts are included in the short-term interest-bearing liabilities.

The Group reviews at each closing date whether there is any indication of an impaired liquid asset or asset group. If there is objective evidence that the value of an item is impaired, the impairment loss is recognised against profit or loss. If the amount of impairment loss subsequently reduces, the impairment loss recorded for an interest-bearing instrument will be reversed against profit or loss. However, impairment loss on a share investment cannot be reversed against profit or loss.

Impairment loss is recognised for accounts receivable when there is objective evidence that the outstanding amounts cannot be collected in full. Among others, a payment delayed for more than 180 days is considered as such objective evidence. The impairment is determined by the difference between the receivable's carrying amount and the present value of estimated future cash flows. The carrying value of accounts receivable is decreased by using a separate reduction account and the loss is reported in other operating expenses in the income statement. When the impairment loss is ascertained it is removed from the balance sheet through the reduction account. If, in a subsequent period, the amount of the impairment loss decreases, the reversal of the previously recognised impairment loss is recognised by reducing other operating expenses.

Borrowings
Financial liabilities are initially measured at fair value of consideration received. Transaction costs are included in the original carrying amount of financial liabilities. Subsequently all financial liabilities are carried at amortised cost using the effective interest method. Financial liabilities may include both current and non-current liabilities. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Derivative instruments and hedge accounting

Derivatives are initially recognised at cost on the date the derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group's derivatives are either cash flow hedges or derivatives not fulfilling the hedge accounting criteria. Embedded derivatives are bifurcated from the host contract and valued at fair value through profit and loss.

During the financial period the Group has been using interest rate swaps to hedge against loan interest rate risk transferring variable rate loans into fixed-rate loans. Hedge accounting under IAS 39 is applied to the interest rate swaps, and at the closing date they met the criteria for being effective. Changes in fair value of effective derivatives qualifying as cash flow hedges are recognised in the statement of comprehensive income and presented in the hedge fund of shareholders' equity. Accumulated profit or loss from derivatives recognised in shareholders' equity is carried in the income statement as income or expense in the period in which the hedged item is recognised in the income statement. When a cash flow hedge instrument expires, is sold or fails to qualify for hedge accounting, any profit or loss accumulated from the hedge instrument remains in shareholders' equity until the forecast cash flow from the transaction occurs. However, if the forecast transaction is not expected to continue, any profit or loss accumulated in shareholders' equity is immediately recognised in the financial items in the income statement. Any possible non-effective share of the hedge relationship is immediately recognised in the financial items of the income statement. Fair values of interest rate swaps are determined using the discounted cash-flow method.

The Group also has derivatives that fulfil the criteria for hedge instruments set by the Group risk management, but that do not fulfil the criteria for hedge accounting according to IAS 39. These derivatives are classified as assets or liabilities held for trade and presented in non-current assets or liabilities except when maturity is less than 12 months from the balance sheet date. Their realised and non-realised changes in fair value are recognised as finance income or expense in the income statement.

Share capital

Outstanding ordinary shares are presented in share capital.

Operating result (EBIT)

IAS Standard 1 "Presentation of Financial Statements" does not define operating result. The Group has defined the concept as follows: operating result is the net total which is formed when other operating income is added to net sales and the following items are detracted: the cost of purchase adjusted by change in the inventory of finished goods and work in progress, the cost of manufacture for own use, the cost of employee benefits, depreciation, impairment loss and other operating expenses. All other items of the income statement are presented below the operating result line. Exchange differences are included in operating result, if they arise from business-related items; otherwise they are recognised in financial items.

EBITDA

IAS Standard 1 "Presentation of Financial Statements" does not define EBITDA. The Group has defined the concept as follows: EBITDA is the net total which is formed when other operating income is added to net sales and the following items are detracted: the cost of purchase adjusted by change in the inventory of finished goods and work in progress, the cost of manufacture for own use, the cost of employee benefits, and other operating expenses. All other items of the income statement are presented below the EBITDA line.

Accounting principles requiring management judgement and uncertainty factors related to estimates

The estimates made during the preparation of the financial statements are based on management's best judgement at the closing date of the financial statements. Management estimates are based on historical experience and assumptions on future developments, which were considered well-founded at the closing date, including assumptions on expected development of the Group's economic environment in terms of sales and cost levels. The Group monitors the realisation of these estimates and assumptions on a regular basis together with the business units and with the help of internal and external information sources. Any changes to the estimates and assumptions are recognised during the period in which the change occurs and in all subsequent periods.

Measuring fair value of assets in business combinations
In major business combinations, the Group has employed the services of an outside advisor in assessing the fair value of tangible and intangible assets. The value of tangible assets has been compared to the market price of similar assets, and impairment caused by age, wear and other similar factors has been estimated. Measuring the fair value of intangible assets is based on the related estimated cash flows. Management considers the assumptions and estimates to be sufficiently accurate to provide a basis for estimating fair value. The Group also reviews any indication of impairment loss of tangible and intangible assets at each closing day. For further information about measuring the value of intangible assets in business combinations, see note 5.

Impairment testing
The Group tests goodwill and intangible assets in progress annually for impairment. Any indication of impairment is also reviewed in accordance with the basis of preparation described above. Recoverable amounts of cash-generating units are recognised with the help of calculations based on value in use. Preparing such calculations requires the use of estimates, see note 17 for more information.

Provisions
Recognizing provisions requires management's judgment, as the precise euro amount of obligations related to provisions is not known when preparing the financial statements. See note 27 for more information.

Adoption of new and amended IFRS standards and IFRIC interpretations

IASB has issued the following standards and amendments, which will become effective in 2010 or later. The Group has decided not to adopt them early. Management is currently evaluating the effect of the new standards and amendments on future financial statements.

Revised IAS 24 "Related party disclosures" issued in November 2009. It supersedes IAS 24, "Related party disclosures" issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the revised standard from 1 January 2011.

IFRIC 19 "Extinguishing financial liabilities with equity instruments" effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The group will apply the interpretation from 1 January 2011. It is not expected to have any impact on the group or the parent entity's financial statements.

Revised IFRS 7 "Financial instruments: Disclosures" requires additional disclosures about fair value measurements of financial instruments and liquidity risk. The standard requires more qualitative disclosures about risks in connection with financial instruments. The amendment may require additionnal disclosures in future financial statements. The amendment is effective on or after 1 July 2011. The amendment has not yet been approved by the EU.

IFRS 9 "Financial instruments: Classification and measurement" published October 2010. This standard is the first phase to replace IAS 39 "Financial Instruments: Recognition and Measurement". According to the new standard, the classification and measurement of financial liabilities is unchanged except for financial liabilities valued at fair value. The standard is not anticipated to affect the group's accounting treatment of financial liabilities. The standard is effective on or after 1 January 2013, but earlier adoption is permitted but only if the IFRS 9 requirements on accounting for financial assets also are applied. The standard has not yet been approved by the EU.

The Group estimates that the adoption of the following standards and interpretations effective 2011 the earliest, will have no effect on the group's financial statements:

- IAS 32 (amendment) Classification of rights issues
- IFRIC 14 (amendment) Prepayments of a minimum funding requirement

The following amendments have been published by the IASB in July 2010, as part of the yearly improvements. These improvements have not yet been approved for application within the EU. The group will apply the amendments as soon as they are approved by the EU. Management is currently evaluating the effect the amendments will have on the consolidated financial statements. The amendments concern the following standards:

IFRS 3	(amendment) Transition requirements for contingent consideration, measurement of non-controlling interests, and share based payments.
IFRS 7	(amendment) Financial instruments
IAS 1	(amendment) Presentation of financial statements – statement of changes in equity
IAS 27	(amendment) Consolidated and separate financial statements
IAS 34	(amendment) Interim financial reporting
IFRIC 13	(amendment) Customer loyalty programmes

3 Financial risk management

The main objectives of the Group's financing operations are funding, optimising capital expenditure and managing financial risks. The principles of risk management are defined in the Group financing policy, approved by the parent company Board of Directors. The policy include guidelines for raising capital, investing cash surplus and managing finance risk. The Group financing activities are centralised to the parent company treasury department which coordinates and monitors financing in the subsidiaries and reports to the Group management. The Group liquidity is centralised by using Group accounts and pooling systems. The parent company is responsible for investing surplus liquidity as well as managing the Group's extra funding requirements. Any finance deficit in the subsidiaries is covered by internal loans within the Group.

The main financial risks in the Group are liquidity, credit and interest rate risks. The objective of the Group financing risk management is to identify and measure the total risk position created by the Group financing operations and to carry out risk management measures to ensure that the total financing risk will not exceed the Group risk-bearing capacity and objectives. The Group's currency risk is insignificant, since its operations are carried out in Finland.

Liquidity risk

Liquidity risk refers to situations, where the Group's financial assets and extra funding opportunities fall short of the Group's requirements, or the cost of raising liquid assets is higher than the market cost. Creating cash flow forecasts and determining any related uncertainties are the key measures to managing liquidity risk. At the end of 2010, the Group had a strong liquidity position. In addition to cash and cash equivalents, the Group had unused creditlimits and other committed creditlimits of EUR 65 million, including EUR 50 million unused limits out of a EUR 150 million loan contract and creditlimits of EUR 15 million. A EUR 120 million long-term credit arrangement and a EUR 150 million commercial paper program were unused. The unused credit limits totalled EUR 335 million. The expected repayments 2011 total EUR 48 million.

Debt maturity analysis

EUR 1,000	Less than 1 year		1–5 years		Over 5 years		Total		Total
	Interest payment	Re-payment	Interest payment	Re-payment	Interest payment	Re-payment	Interest payment	Re-payment	Cash flow
2010									
Borrowings (excl. finance lease liabilities)	**3,286**	**47,975**	**5,916**	**94,784**	**44**	**1,538**	**9,246**	**144,297**	**153,543**
Finance lease liabilities	**263**	**3,609**	**369**	**3,477**	**68**	**584**	**700**	**7,670**	**8,370**
Trade payables	**0**	**72,600**	**0**	**0**	**0**	**0**	**0**	**72,600**	**72,600**
2009									
Borrowings (excl. finance lease liabilities)	1,037	44,898	2,640	114,297	0	0	3,677	159,195	162,872
Finance lease liabilities	464	4,606	580	6,701	115	1,603	1,159	12,910	14,069
Trade payables	0	69,910	0	0	0	0	0	69,910	69,910

The 2011 repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 1.8 per cent (1.7 per cent), variable rate loans constituted 82 per cent (83 per cent) of the Group's borrowings.

Borrowings from financial institutions have variable rates and TyEL repayment loans have fixed rates. Derivative instruments are specified in note 31.

Credit risk

The Group has a large number of customers and the individual receivable amounts are small and as such the credit risk is evenly spread. New customers are subjected to credit checks as part of the ordering process, and if any existing customers are found to have credit problems, they are declined any new business with the Group. In 2010, the impairment loss of trade receivables totalled EUR 8.9 million (EUR 8.6 million). The trade receivable impairment provision recognised in the financial statements is considered to correspond to future trade receivable impairment losses. Customers with weaker solvency are required to pay the basic charges in advance as a deposit. Opposing party risk refers to a situation where the other party fails to meets its obligations under the financing agreement. To minimise and monitor opposing party risk, investments and derivative instruments are managed within the framework for opposing party, financial instrument and maturity limits.

The age distribution of outstanding trade receivables is shown in the following table.

EUR 1,000	2010	2009
Undue trade receivables	**108,743**	103,350
Trade receivables 1–45 days overdue	**10,903**	9,626
Trade receivables 46–90 days overdue	**2,063**	1,841
Trade receivables 91–180 days overdue	**3,310**	2,328
Trade receivables more than 180 days overdue	**5,754**	5,148
Total	**130,773**	122,293

Interest risk

The Group interest rate risk primarily comprises interest rate sensitivity of financial items, referring to the direct effect of changes in the interest rate level on financial items, such as interest-bearing loans, investments and derivative instruments. The interest rate sensitivity of the Group's business operations refers to the indirect effect of the interest rate level on purchase and sales prices, salaries and other operative items on the balance sheet. In order to manage the interest rate risk, some of the loans taken by the Group have been hedged. The Group applies hedge accounting in accordance with IAS 39, and the Group's normal interest rate swaps fulfil the criteria set by hedge accounting. The Group's borrowings have been spread between fixed- and variable-rate instruments. 40 per cent (49 per cent) of the variable-rate loans are hedged. At the end of 2010, the Group had interest rate derivatives at a nominal value of EUR 47.5 million (EUR 65 million), of which EUR 17.5 million fulfilled the hedge accounting criteria. The EUR 30 million structured interest rate swap did not fulfil the hedge accounting criteria.

The Group is also exposed to fair value interest rate risk through fixed-rate reborrowing of TyEL pension contributions and finance lease liabilities. The share of fixed-rate loans amounted to 18 per cent (17 per cent) on the balance sheet date.

The negative effect on the Group's profit after taxes caused by a rise of one percentage point in the interest rate on the balance sheet date, all other factors remaining unchanged, would amount to EUR 0.5 million (EUR 0.5 million) and a corresponding drop in the interest rate would improve the Group's financial performance by EUR 0.4 million (EUR 0.5 million). The sensitivity analysis covers the Group's variable-interest loans, cash and cash equivalents as well as interest rate swaps.

A one percentage point increase/decrease in interest rates, all other factors remaining unchanged, would result in a positive impact of EUR 0.2 million (0.4 million) / negative impact of EUR 0.2 million (EUR 0.4 million) in equity due to the change in fair value of the hedge accounting interest rate swaps.

Capital management

The objective of the Group's capital management is to support the business operations by optimising the capital structure and ensuring normal operating conditions, as well as increasing shareholder value by maximising return on equity.

The capital structure can be influenced through dividend distribution, repayment of capital and investment planning. The Group management monitors the development of the capital structure through gearing and solvency ratios. These key indicators can be found in the key indicator table. The Group's financing facilities include key indicator covenants, requiring a solvency ratio of at least 35 per cent and net liabilities in relation to EBITDA should not exceed 3.0:1. These condition have been met during the financial period. The solvency ratio on the balance sheet date was 63.6 per cent (55.3 per cent) and net liabilities in relation to EBITDA was 0.56:1 (0.86:1).

4 Segment information under IFRS 8

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

DNA's Consumer segment offers consumers diverse telecommuication services, such as voice and data services for communication and retrieving information as well as telecommunication services for safety and entertainment purposes, broadband (fixed and mobile), tv-services from connection to channel packages as well as fixed phone connections.

DNA's Corporate segment offers companies and communities nation-wide, constant and easy-to-use data communications, public relations and networking solutions such as textmessage services, information transfer services, communication services, comprehensive solutions as well as services to domestic and international teleoperators.

The primary key indicators for the segments' profit and loss monitoring comprise net sales, EBITDA, and operating profit. Items not allocated to segments include financial items, extraordinary items and taxes.

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2010, foreign operations accounted for EUR 20.3 million (EUR 18.4 million) of the Group's net sales.

As the products and services of the Group's extensive portfolio target the mass market, the Group is not dependent on any single customer.

Business segments

EUR 1,000	Consumer Segment	Corporate Segment	Unallocated	Group total
1 Jan–31 Dec 2010				
Net sales	**513,440**	**177,053**		**690,492**
EBITDA	**125,721**	**56,333**		**182,054**
Depreciation	**73,063**	**43,765**		**116,828**
Operating result (EBIT)	**52,658**	**12,568**		**65,225**
Net financial items				**-4,670**
Profit/loss before tax				**60,555**
Profit/loss for the period				**46,032**
31 Dec 2010				
Assets	**682,149**	**247,857**	**84,418**	**1,014 424**
Total assets	**682,149**	**247,857**	**84,418**	**1,014 424**
Liabilities	**85,484**	**29,478**	**261,780**	**376,743**
Shareholders' equity			**637,682**	**637,682**
Total equity and liabilities	**85,484**	**29,478**	**899,462**	**1,014 424**
Investments	**60,610**	**22,764**		**83,373**
Personnel at end of year	**697**	**306**		**1,003**
1 Jan–31 Dec 2009				
Net sales	471,022	181,052	88	652,162
EBITDA	112,992	54,435	-271	167,155
Depreciation	91,924	119,048	-21	210,951
Operating result (EBIT)	21,068	-64,614	-250	-43,796
Net financial items				1,024
Profit/loss before tax				-42,772
Profit/loss for the period				-56,550
31 Dec 2009				
Assets	425,783	284,601	61,259	771,643
Total assets	425,783	284,601	61,259	771,643
Liabilities	73,196	28,186	245,644	347,026
Shareholders' equity			424,617	424,617
Total equity and liabilities	73,196	28,186	670,261	771,643
Investments	59,945	27,788	143	87,876
Personnel at end of year	511	307		818

5 Business combinations

Welho acquisition

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

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

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

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

Net sales for the period 1 July–31 December 2010 amounted to EUR 34 million.

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

6 Net sales

EUR 1,000	2010	2009
Sale of goods	**20,103**	19,412
Revenue from services	**669,919**	632,204
Revenue from construction contracts	**471**	546
Total	**690,492**	652,162

At the end of the period, the aggregate costs incurred and recognised profits from construction contracts (less recognised losses) totalled EUR 0.5 million (EUR 0.5 million). Progressed billings in relation to construction contracts were EUR 0.2 million (EUR 0 million).

7 Other operating income

EUR 1,000	2010	2009
Gains on sale of property, plant and equipment	**113**	77
Gains on sale of available-for-sale investments (share investments)	**0**	2,152
Rental income	**1,276**	1,066
Other income		
other income	**2,330**	1,630
supplier refunds	**0**	38
Total	**3,719**	4,963

8 Other operating expenses

EUR 1,000	2010	2009
Maintenance expenses	**26,309**	12,452
Rental expenses	**31,778**	47,357
External services	**3,656**	2,553
Other expenses	**36,492**	40,017
Total	**98,235**	102,379
Auditor fees and services		
PricewaterhouseCoopers Oy		
Audit fees	**243**	237
Tax services	**38**	29
Other services	**103**	88
Total	**384**	354

9 Depreciation, amortization and impairments

EUR 1,000	2010	2009
Depreciation and amortisation expenses consist of the following:		
Intangible assets		
Customer base	5,750	3,711
Brand	474	0
Other intangible assets	21,901	20,018
Total	28,125	23,729
Property, plant and equipment		
Buildings and constructions	1,935	2,173
Machinery and equipment	86,768	90,149
Total	88,703	92,322
Impairments		
Goodwill impairment	0	94,900
Total	0	94,900

10 Employee benefits and number of personnel

EUR 1,000	2010	2009
Wages and salaries	49,792	50,227
Pension expenses - defined contribution plan	9,966	8,389
Pension expenses - defined benefit plan	26	99
Other personnel expenses	3,352	4,767
Total	63,136	63,482

EUR 1,000	2010	2009
Personnel, average		
Consumer business	626	569
Corporate business	308	349
Total	934	918

Management employee benefits and loans are presented in the note 34 Related party transactions.

11 Research and development

EUR 1,000	2010	2009
Research and development costs recognised as expense	541	1,700
Capitalised development costs	743	829
Total	1,284	2,529

12 Financial income

EUR 1,000	2010	2009
Interest income from loans and other receivables	1,422	1,476
Dividend income on available-for-sale investments	2	574
Changes in fair values of financial assets/liabilities through profit and loss	0	1,772
Total	1,424	3,822

13 Financial expense

EUR 1,000	2010	2009
Derivative fair value change, outside hedge accounting	196	0
Interest expense on financial liabilities	5,909	5,270
Total	6,105	5,270

Other comprehensive income

Financial instrument items reported through other comprehensive income as well as amendments relating to the change in classification is presented below:

	2010				2009			
	Transferred to profit or loss before tax	Change in fair value	Tax effect	Other comprehensive income, net of tax	Transferred to profit or loss before tax	Change in fair value	Tax effect	Other comprehensive income, net of tax
Cash flow hedges	1,118	–288	–216	614	610	–975	95	–270
Available-for-sale financial assets					–65	1	17	–47
Total	1,118	–288	–216	614	545	–974	112	–317

14 Income tax

EUR 1,000	2010	2009
Income tax, current year	–18,870	–18,089
Income tax, previous years	–234	–620
Change in deferred tax	4,582	4,931
Total	–14,523	–13,778

Reconciliation of the income statement tax expense and the Group's taxes calculated at the domestic tax rate of 26 per cent:

EUR 1,000	2010	2009
Profit/loss before tax	60,555	–42,772
Income tax at Finnish tax rate	–15,744	11,121
Tax effects of:		
Tax exempt profits	1	876
Non-deductable expenses	–305	–481
Goodwill impairment (non-deductable)	0	–24,674
Taxes from prior years	–234	–620
Business combinations, postponed depreciation	1,760	0
Tax charge	–14,523	–13,778

15 Earnings per share

	2010	2009
Profit/loss attributable to the equity holders of the company, continuing operations, EUR thousand	46,032	–56,550
Weighted average number of shares	8,604	7,580
Basic earnings per share (euros/share), continuing operations	5.35	–7.46

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders for the financial period by the weigthed average number of outstanding shares during the financial period.

There are no instruments causing dilution of earnings per share.

16 Property, plant and equipment

EUR 1,000	Land and water	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
At 1 January 2009						
Cost	1,373	27,968	588,314	0	36,152	653,806
Accumulated depreciation	0	-2,496	-235,579	0	0	-238,075
Net book amount	1,373	25,472	352,735	0	36,152	415,731
Year ended 31 December 2009						
Opening net book amount	1,373	25,472	352,735	0	36,152	415,731
Additions and transfers		408	60,813	873	14,172	76,266
Disposals	-873		-6,259		-676	-7,808
Accumulated depreciation relating to disposals			6,058			6,058
Other changes		-285				-285
Depreciation charge		-2,173	-90,149			-92,322
Closing net book amount	500	23,422	323,198	873	49,648	397,640
At 31 December 2009						
Cost	500	28,376	642,868	873	49,648	722,265
Accumulated depreciation	0	-4,954	-319,670	0	0	-324,624
Net book amount	500	23,422	323,198	873	49,648	397,640
Year ended 31 December 2010						
Opening net book amount	500	23,422	323,198	873	49,648	397,640
Additions and transfers	10	2,063	71,417		-23,965	49,525
Business combinations (note 5)			54,814			54,814
Disposals	-1		-1,014		-133	-1,148
Accumulated depreciation relating to dis-posals			496			496
Other changes						0
Depreciation charge		-1,935	-86,768			-88,703
Closing net book amount	509	23,549	362,143	873	25,550	412,623
At 31 December 2010						
Cost	509	30,439	768,085	873	25,550	825,456
Accumulated depreciation	0	-6,889	-405,942	0	0	-412,831
Net book amount	509	23,549	362,143	873	25,550	412,623

Property, plant and equipment includes property acquired through finance lease agreements as follows:

Property, plant and equipment

EUR 1,000	2010	2009
Cost - capitalised finance leases	87,277	87,207
Accumulated depreciation	83,450	79,900
Net book amount	3,827	7,307

17 Intangible assets

EUR 1,000	Goodwill	Customer base	Brand	Other intangible assets	Total
At 1 January 2009					
Cost	201,179	38,484		128,482	368,144
Accumulated amortization and impairment	-9,579	-5,725		-99,751	-115,055
Net book amount	191,600	32,759		28,731	253,089
Year ended 31 December 2009					
Opening net book amount	191,600	32,759		28,731	253,089
Additions				21,297	21,297
Decreases				-1	-1
Amortization charge		-3,711		-20,018	-23,729
Impairment loss	-94,900				-94,900
Closing net book amount	96,700	29,048		30,009	155,756
At 31 December 2009					
Cost	201,179	38,484		149,778	389,440
Accumulated amortization and impairment	-104,479	-9,436		-119,769	-233,684
Net book amount	96,700	29,048		30,009	155,756
Year ended 31 December 2010					
Opening net book amount	96,700	29,048		30,009	155,756
Additions				33,999	33,999
Business combination (note 5)	113,067	39,655	28466	835	182,023
Amortization charge relating to transfers				469	469
Amortization charge		-5,750	-474	-21,901	-28,125
Closing net book amount	209,767	62,953	27,992	43,411	344,122
At 31 December 2010					
Cost	314,246	78,139	28,466	184,612	605,462
Accumulated amortization and impairment	-104,479	-15,186	-474	-141,201	-261,340
Net book amount	209,767	62,953	27,992	43,411	344,122

Goodwill allocation

Goodwill is allocated to DNA's cash-generating units as follows:

EUR 1,000	2010	2009
Consumer Business	168,959	57,833
Corporate Business	40,808	38,867
Total	209,767	96,700

Impairment testing

In order to carry out impairment testing, goodwill is allocated to cash-generating units (CGUs) in accordance with DNA's business organisation. The balance sheet values of all CGUs are subjected to annual impairment testing.

Apart from goodwill, the Group does not have any other intangible assets with unlimited useful life. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of CGUs is defined as the value in use according to the projected discounted cash flows (the DCF method). Cash flow projections are based on plans approved by the management, covering a five-year period. The management considers the projections to reflect the development to date and other information available from external sources. The (before tax) discount rate (weighted average cost of capital WACC) used in testing represents 14.2-15.7 per cent depending on the segment. The growth rate forecasted after five years was assumed to be 2.0 per cent.

The impairment test indicated that the recoverable amounts of the CGUs exceeded their balance sheet values and their goodwill have not been impaired. The management considers the applied assumptions to be reasonable in the light of information available at the time of producing the financial statements.

The key assumptions used were growth in net sales, development of profitability, weighted average cost of capital (WACC) as well as the cash flow growth rate after the five-year forecast period. The major sensitivities in the result are associated with the forecased revenues and levels of profitability. In comparison to previous years, the following changes were made to the calculation of WACC:

Change in business perspective: transfer from technology oriented (mobile/fixed) to a customer oriented model (consumer/corporate);

Beta estimation: transfer to the use of company level beta.

A risk premium was added to the WACC due to uncertain and changing market conditions. The CGU-specific WACC risk premiums used in testing were based on the differences in risks in the projected cash flows, e.g. relating to relative differences in growth projections.

Applied parameters and sensitivity analysis

Applied parameters in the testing of 2010

2010 Applied forecast parameters	Consumer Segment	Corporate Segment
Amount by which the book value is exceeded, EUR million	339	82
Average growth in net sales, %	4.9	6.5
Average operating margin, % *	31.3	30.9
Average investment, % of net sales *	13.9	11.9
Growth after the forecast period, %	2.0	2.0
WACC, %	14.2	15.7

* Five-year forecast period average

The table below illustrates the percentage unit change for the key forecast parameters when fair value is equal to book value (other parameters remaining unchanged).

2010 Sensitivity analysis of forecast parameters	Consumer Segment	Corporate Segment
Average EBITDA, % of net sales	-6.6	-4.9
WACC, %	7.1	5.0

Applied parameters in the testing of 2009

In 2009, the Group concluded during the annual goodwill impairment testing that indications of an impairment loss to goodwill in the former Fixed segment were present already in the beginning of the year, and as such the impairment testing should have been performed before the restatement of segments. The impairment testing is therefore performed also on former reported CGUs and as a result a EUR 94.9 million impairment loss was recognised in the Fixed segment. The impairment test indicated that the recoverable amounts of the current segments, Consumer and Corporate, exceeded their balance sheet values and their goodwill would not have been impaired. The management considers the applied assumptions to be reasonable in the light of information available at the time of producing the financial statements.

Applied parameters in the testing of current CGUs 2009

2009 Applied forecast parameters	Consumer Segment	Corporate Segment
Amount by which the book value is exceeded, EUR million	384	218
Average growth in net sales, %	2.5	2.3
Average operating margin, % *	26.5	32.3
Average investment, % of net sales *	13.6	9.6
Growth after the forecast period, %	1.7	1.2
WACC, %	11.6	11.1

* Five-year forecast period average

The table below illustrates the percentage unit change for the key forecast parameters when fair value is equal to book value (other parameters remaining unchanged).

2009 Sensitivity analysis of forecast parameters	Consumer Segment	Corporate Segment
Average EBITDA, % of net sales	-7.4	-10.5
WACC, %	10.7	8.5

Applied parameters in the testing of former CGUs 2009

The Retail segment was treated as part of the Mobile segment because of its immaterial impact.

2009 Applied forecast parameters	Mobile	Fixed
Amount by which the book value is exceeded, EUR million	590	-95
Average growth in net sales, %	4.4	-2.7
Average operating margin, % *	28.4	27.4
Average investment, % of net sales *	13.6	9.2
Growth after the forecast period, %	2.0	0.0
WACC, %	12.1	9.7

* Five-year forecast period average

The table below illustrates the percentage unit change for the key forecast parameters when fair value is equal to book value (other parameters remaining unchanged).

2009 Sensitivity analysis of forecast parameters	Mobile	Fixed
Average EBITDA, % of net sales	-11.1	5.0
WACC, %	21.6	-2.2

18 Investments in associates

EUR 1,000	2010	2009
At 1 January	**1,133**	1,191
Share of profit or loss for the financial period	**11**	9
Decreases	**-4**	-68
At 31 December	**1,139**	1,133

There was no goodwill related to associated companies in 2010 and 2009.

Financial information about the Group's associated companies

EUR 1,000	Domicile	Assets	Liabilities	Net sales	Share of profit/loss	Group holding
2010						
Suomen Numerot Numpac Oy	**Helsinki**	**504**	**242**	**1,065**	**11**	**25%**
Kiinteistö Oy Otavankatu 3	**Pori**	**2,508**	**370**	**259**		**36%**
Kiinteistö Oy Siilinjärven Toritie	**Siilinjärvi**	**329**	**3**	**27**		**38%**
2009						
Suomen Numerot Numpac Oy	Helsinki	584	351	1,222	9	25%
Kiinteistö Oy Otavankatu 3	Pori	2,501	623	198	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	339	4	33	0	38%

DNA Group's real estate companies are not included in the consolidated financial statements, as their exclusion does not have any significant effect on the Group's financial position.

19 Available-for-sale financial assets

EUR 1,000	2010	2009
Shares in non-listed companies	**157**	243
Total	**157**	243
Reconciliation of available-for-sale financial assets		
At 1 January	**243**	12,374
Additions	**0**	8,458
Disposals	**-86**	-20,590
Change in fair value	**0**	1
At 31 December	**157**	243

20 Receivables

EUR 1,000	2010	2009
Non-current receivables		
Trade and other receivables:		
Trade receivables	5,770	10,189
Finance lease receivables	1	9
Accruals *)	981	719
Other non-current receivables	1,126	2
Total non-current receivables	7,879	10,919
Current receivables		
Trade and other receivables:		
Trade receivables	130,773	122,293
Finance lease receivables	13	39
Accruals *)	17,200	7,777
Other current receivables	10,066	10,007
Total current receivables	158,051	140,115

*) Accruals consist of: trade payables of EUR 8.5 million (EUR 4.9 million), TyEL prepayment of EUR 5.8 million (EUR 0.8 million), marketing reimbursement of EUR 1.1 million (EUR 0 million) and other of EUR 2.7 million (EUR 2.7 million).

The Group has recognised a trade receivable impairment loss of EUR 8.9 million (EUR 8.6 million) during the period.

Impairment is performed on trade receivables older than 180 days. Non-current receivables are measured at fair value. Fair value of current loans and other receivables corresponds to book value as the effect of disounting is not material considering the maturity.

Finance lease receivable maturities:

EUR 1,000	2010	2009
Finance lease receivable maturities - total value of minimum lease payments		
Within one year	17	45
After one year and for a maximum of five years	2	19
Total	19	64
Finance lease receivables - present value of minimum lease payments		
Within one year	13	39
After one year and for a maximum of five years	1	9
Total	14	48
Receivables accrued in the future	5	16
Total finance lease receivables	19	64

Movements in the group provision for impairment of trade receivables are as follows:

EUR 1,000	2010	2009
At 1 January	8,462	7,050
Provision for impairment of trade receivables	10,593	13,664
Trade receivables written off during the year as uncollectible	9,369	11,821
Unused amounts reversed	0	431
At 31 December	9,686	8,462

21 Deferred tax assets and liabilities

EUR 1,000	Jan 1 2010	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	Dec 31 2010
Deferred tax assets 2010						
Financial assets	439		–216			223
Provisions	2,472	220			235	2,927
Finance lease agreements	1,161	–192				969
Group eliminations	26,765	–3,154				23,611
Other temporary differences	840	–133			23	729
Total	31,677	–3,259	–216	0	258	28,459
Deferred tax liabilities 2010						
Fair value of assets through business combinations	35,024	–6,077			22,391	51,338
Negative depreciation difference	15,222	–3,918			2,050	13,354
Other temporary differences	5,000	2,154			92	7,246
Total	55,246	–7,841	0	0	24,533	71,939

	Jan 1 2009	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	Dec 31 2009
Deferred tax assets 2009						
Financial assets	344		95			439
Provisions	571	1,901				2,472
Finance lease agreements	322	839				1,161
Group eliminations	29,887	–3,122				26,765
Other temporary differences	1,611	–771				840
Total	32,735	–1,153	95	0	0	31,677
Deferred tax liabilities 2009						
Fair value of assets through business combinations	40,175	–5,151				35,024
Negative depreciation difference	16,693	–1,471				15,222
Other temporary differences	4,478	539	–17			5,000
Total	61,347	–6,083	–17	0	0	55,246

The Group did not have unused confirmed tax losses on 31 December 2010.

22 Inventories

EUR 1,000	2010	2009
Materials and supplies	12,527	7,856
Total	12,527	7,856

23 Cash and cash equivalents

EUR 1,000	2010	2009
Cash and bank deposits	49,466	26,304
Total	49,466	26,304

24 Shareholders' equity

EUR 1,000	Number of shares (thousands)	Share capital	Share premium	Unrestricted equity reserve
At 31 December 2008	7,581	72,375	41,689	407,213
Share issue		327		-327
Share premium reduction			-41,618	
Other change			-71	71
At 31 December 2009	7,581	72,702	0	406,956
Share issue				
Directed share issue	3			
Welho acquisition (note 5)	2,027			200,000
Other change				-1,029
At 31 December 2010	9,611	72,702	0	605,927

The number of shares include 7,500 treasury shares.

DNA Ltd has one share series. The number of shares is 9,610,676 (7,580,761). 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.

Shareholders' equity reserves are described as follows:

Share premium

Where options or subscription rights to convertible bonds were decided under the previous Limited Liability Companies Act, the proceeds received from options and convertible bonds, less any transaction costs, have been recognised in share capital and the share premium reserve.

Hedge fund

Changes in fair value of derivative instruments, used as cash flow hedges, are recognised in the hedge fund.

EUR 1,000	2010	2009
Hedge fund	**-633**	-1,248
Total	**-633**	-1,248

Unrestricted equity reserve

The unrestricted equity reserve includes other equity type investments and the subscription price of shares insofar as it has not been expressly recognised in the share capital.

Dividends

After the balance sheet date, the Board of Directors proposed to distribute a dividend of EUR 49,936,515.20 (EUR 32,965,435.35).

Treasury shares

The company has during the financial year, acquired 5,000 treasury shares following the decision made at the extraordinary general meeting 31 March 2010. The cost of acquisition totalled EUR 588,402.16.

The acquisition of treasury shares is deducted from retained earnings.

Date	Number of shares	Acquisition cost, EUR
7.4.2010	5,000	588,402.16
4.8.2009	2,500	287,208.75
Total	7,500	875,610.91

Treasury shares acquired during the financial period represent 0.05 per cent of the votes (treasury shares in total representing 0.01 per cent of the votes). The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

Management rights issue

A rights issue was targeted at management as part of their incentive scheme. During the reporting period, a total of 2,748 new shares were subscribed at a per-share subscription price of EUR 97. Riitta Tiuraniemi subscribed to 180 shares and other members of the management subscribed to 2,568 shares. The new shares did not have a nominal value.

25 Share-based payments

Conditions of the share-based incentive scheme

During the financial period, the Group introduced a share-based incentive scheme directed at key personnel. According to the conditions of the incentive scheme, the parent company grants options without monetary compensation. The Group's incentive scheme is conditional. The central conditions of the scheme are presented in the table below.

Option scheme

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

Option scheme		
Classification	2010A	2010B
Target group	Key personnel	Key personnel
Granting date	10 March 2010	Not granted
Number of granted instruments	50,000	-
Exercise price	EUR 97	EUR 97
Share price at granting date	EUR 97	EUR 97
Subscription period	2 Jan 2013–30 April 2015	2 Jan 2014–30 April 2016
Expected life (years)	5 years	
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Share options outstanding

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

	Options
On 1 January 2010	
Granted options	50,000
Forfeited options	
Exercised options	
Expired options	
On 31 December 2010	50,000

The weighted average fair value of options granted during the period was EUR 35.47 per option. The fair value of the options was determined by using a valuation model. The significant inputs of the model were the share price as of 30 June 2010, of EUR 98.66, exercise price shown above, volatility of 38 per cent, an expected option life of three years, and an annual risk-free interest rate of 2.49 per cent.

Conditions of the share-based incentive plan

The Group did not have any new share-based incentive plans in 2009. During 2010, DNA Ltd continued the share-based incentive programme for management introduced in 2008. During 2010, the management has been given an opportunity to subscribe to a total of 2,500 and 248 shares in the company. The subscription price is EUR 97 per share. The shares of the first emission were to be subscribed to no later than on 5 February 2010 and the subscription price were to be paid by 13 February 2010. The shares of the second emission were to be subscribed to by 1 April 2010 and subscription price paid no later than on 8 April 2010. The Board of Directors agreed on the programme on 27 March 2009. The programme does not have an earning period. The shares are subjected to two prohibition periods with regard to share transfer. The first prohibition period ("Transfer prohibition 1") will be valid for two years from the time of subscription and the second prohibition period ("Transfer prohibition 2") will be valid for two years from the end of the Transfer Prohibition 1. The management may not transfer shares without an advance written consent by the DNA's Board of Directors during the Transfer prohibition 1. During the Transfer Prohibition 2, the management may not transfer more than 30 per cent of their shares without an advance written consent by the DNA's Board of Directors.

The Transfer prohibitions will not be valid should all DNA's shares be sold to a third party. The managment may also have to sell part or all of their shares in an intial public offering (IPO). In this case, the Transfer Prohibition does not apply to the shares sold at the time.

Arrangement			
Nature of arrangement	Shares	Shares	Shares
Date of granting	28 May 2008	28 Jan 2010	31 Mar 2010
Number of granted instruments	12,500	2,500	248
Subscription price	1,320,500	242,500	24,056
Share price at the time of granting	105.64	97.00	97.00
Valid for	19 Sep 2008	5 Feb 2010	1 April 2010
Implementation	In shares	In shares	In shares

26 Defined benefit plan

DNA Group's employee pensions are managed by external insurance companies. The TyEL pension insurances are managed as defined contribution plans in the pension insurance companies. DNA also has additional pension insurances. The liability recognised in the balance sheet for the defined benefit plans is determined as follows:

EUR 1,000	2010	2009
Liability recognised in the balance sheet		
Funded defined benefit obligation	**5,560**	4,864
Fair value of plan assets	**-4,695**	-4,434
Surplus/deficit	**865**	430
Unrecognised actuarial gains (+)/ losses (-)	**-629**	-177
Net liability	**236**	253
Liability recognised in the balance sheet	**236**	253
Expense recognised in profit or loss		
Current service cost	**25**	44
Interest cost	**247**	258
Expected return of plan assests	**-217**	-203
Effect of settlement	**-16**	0
Effect of curtailment	**-13**	0
Total expence recognised in profit or loss	**26**	99

See Note 10.

EUR 1,000	2010	2009
Movements in present value of defined benefit obligation		
Defined benefit obligation at beginning of year	**4,864**	4,613
Current service cost	**25**	44
Interest costs	**247**	258
Benefits paid	**-362**	-359
Settlements	**-20**	-25
Curtailments	**-13**	0
Actuarial gains (-)/losses (+) on obligation	**819**	333
Defined benefit obligation at the end of the year	**5,560**	4,864

EUR 1,000	2010	2009
Fair value of plan assets		
Fair value of plan assets at beginning of year	**4,434**	4,152
Expected return on plan assets	**217**	203
Actuarial gains (+)/losses (-) on plan assets	**363**	282
Contributions	**43**	180
Benefits paid	**-362**	-359
Settlements	**0**	-24
Fair value of plan assets at end of year	**4,695**	4,434

Actual return on plan assets was EUR 0.6 million (EUR 0.5 million).

EUR 1,000	2010	2009
Principal actuarial assumptions at end of financial period		
Discount rate	**4.5%**	5.3%
Expected rate of return on plan assets	**4.8%**	5.0%
Rate of salary increase	**3.5%**	3.5%
Rate of benefit increase	**2.1%**	2.1%
Rate of inflation	**2.0%**	2.0%
Average remaining service (years)	**12**	13

The amounts for the current financial year and the two previous financial years are as follows:

EUR 1,000	2010	2009	2008
Present value of obligation	**5,560**	4,864	4,613
Fair value of plan assets	**-4,695**	-4,434	-4,152
Surplus/deficit	**865**	430	461
Actuarian loss on obligation due to experience adjustments	**28**	142	2,144
Actuarian gain on plan assets due to experience adjustment	**363**	282	1,702

Expected contributions to the defined benefit plan in 2011 total EUR 0.04 million.

27 Provisions

EUR 1,000	1 Jan 2010	Addition	Provisions used	Provisions released	Business combination	Discount effect	31 Dec 2010
Decommissioning provision	4,667		-113			130	**4,683**
Restructuring provisions	3,710	4,587	-2,221				**6,076**
Onerous contracts	4,636	767	-888	-1,211	704	-222	**3,786**
Other provisions	0		-100	-100	200		**0**
Total	13,013	5,354	-3,322	-1,311	904	-92	**14,546**

EUR 1,000	2009	2010
Non-current provisions	9,236	**8,049**
Current provisions	3,777	**6,497**
Total	13,013	**14,546**

EUR 1,000	1 Jan 2009	Addition	Provisions used	Provisions released	Business combination	Discount effect	31 Dec 2009
Decommissioning provision	4,482		-410			595	**4,667**
Restructuring provisions	1,699	6,371	-4,360				**3,710**
Onerous contracts	704	7,712	-714	-3,149		83	**4,636**
Total	6,885	14,083	-5,484	-3,149		678	**13,013**

Restructuring provisions

As part of the Group's efforts to improve efficiency, DNA initated cooperation negotiations in 2008 and in 2009. The restructuring provision includes a provision for termination costs. The termination provision has been largely realised during 2009 and 2010, and the remaining provision will be realised in 2011.

At the end of 2010, personnel were informed of the integration of DNA and Welho businesses, resulting in the initiation of cooperation negotiations on 3 January 2011. The restructuring provision include a provision for termination costs. The provision relating to terminations will mainly realise during 2011.

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. The provisions are discounted to present value, which is also their fair value.

Onerous contracts

Following the restructuring, the Group has partially under-utilised premises, which have non-voidable lease agreements. The Group has let part of the under-utilised premises, while some of the premises have been reoccupied by the Group. The provision for onerous contracts covers the net loss for under-utilised premises in full. The provision is discounted to present value, which is also the fair value. The non-voidable lease agreements will expire between 2011 and 2020.

The group has contracts including minimum purchase obligations. An onerous contract provision is recognised to cover the loss of the minimum purchase obligation and the estimated difference from actual purchases. The provision covers the net loss in full. The provision is discounted to present value, which is also the fair value. The minimum purchase obligations expire in 2011.

28 Financial liabilities

EUR 1,000	2010	2009
Non-current interest-bearing liabilities		
Loans from financial institutions	75,203	88,824
Other loan commitments	21,028	25,473
Finance lease liabilities	4,061	7,141
Total	100,292	121,438
Current interest-bearing liabilities		
Loans from financial institutions	43,529	43,529
Other loan commitments	4,445	1,368
Finance lease liabilities	3,609	4,493
Total	51,584	49,391

Finance lease liabilities

Finance lease liabilities - minimum lease payments		
No later than 1 year	3,872	4,606
Later than 1 year and no later than 5 years	3,846	6,701
Later than 5 years	652	1,603
Total	8,370	12,910
Future finance charges on finance leases	-700	-1,276
Present value of finance lease liabilities	7,670	11,634

EUR 1,000	2010	2009
Finance lease liabilities - present value of minimum lease payments		
No later than 1 year	3,609	4,493
Later than 1 year and no later than 5 years	3,477	5,976
Later than 5 years	584	1,165
Total	7,670	11,634
Total finance lease liabilities	8,370	12,910

29 Trade payables and other liabilities

EUR 1,000	2010	2009
Current financial liabilities carried at amortised acquisition cost		
Trade payables	72,600	69,910
Accrued expenses *)	38,259	27,198
Advances received	11,554	2,693
Other current liabilities	4,103	2,491
Total current liabilities	126,516	102,292

*) Accrued expenses consist of:
Holiday pay and bonuses, including social expenses, totalling EUR 14.3 million (EUR 11.3 million), interest expenses EUR 0.9 million (EUR 1.3 million) and other accrued operative expenses EUR 23.0 million (EUR 14.6 million).

30 Fair value of financial liabilities

	2010		2009	
EUR 1,000	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial liabilities				
Loans from financial institutions	75,203	74,971	88,824	88,603
Other loan commitments	21,028	22,003	25,473	26,602
Financial lease agreements	4,061	4,061	7,141	7,141
Total	100,292	101,035	121,438	122,345
Current financial liabilities				
Loans from financial institutions	43,529	43,462	43,529	43,605
Other loan commitments	4,445	4,530	1,368	1,369
Financial lease agreements	3,609	3,609	4,493	4,493
Total	51,584	51,601	49,391	49,467

Fair value of liabilities has been calculated by discounting the expected cash flows of liabilities using the market interest rate at the balance sheet date plus the company's risk premium. The fair value of financial lease agreements do not materially differ from their carrying amount.

31 Derivative instruments

2010 EUR million			< 1 year	1-5 years	> 5 years
Derivatives, outside hedge accounting					
Structured interest rate swaps		Nominal value	-	30.0	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.2	-
Derivatives, hedge accounting					
Interest rate swaps		Nominal value	-	17.5	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.9	-

In 2010, DNA applied cash flow hedge accounting using an interest rate swap at a nominal value of EUR 17.5 million (EUR 30.0 million). Testing for hedge effectiveness showed the hedge to be effective. Hedge accounting was not applied to the EUR 30 million nominal valued structured interest rate swap. In 2009, it was reported as an interest rate option. This interest rate swap is fixed at a 3 month euribor rate of 2 per cent. The effect of exceeding this rate is that the instrument changes into a interest rate swap with a fixed rate of 3.46 per cent. In 2010, the Group changed electricity providers and the new contract does not include embedded derivative instruments.

2009 EUR million			< 1 year	1-5 years	> 5 years
Derivatives, outside hedge accounting					
Interest rate options		Nominal value	-	30.0	-
	Positive	Fair value	-	0.0	-
	Negative	Fair value	-	-	-
Derivatives, hedge accounting					
Interest rate swaps		Nominal value	-	35.0	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	1.7	-
Other instruments					
Electricity forward contracts	Positive	Fair value	-	-	-
	Negative	Fair value	0.5	-	-

Derivative fair value measurement hierarchy

Effective on 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, requiring disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - Other inputs observable either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 - Unobservable inputs

2010

Fair value measurement	Level 1	Level 2	Level 3
Structured interest rate swaps	-	-0.2	-
Interest rate swaps	-	-0.9	-

2009

Fair value measurement	Level 1	Level 2	Level 3
Interest rate option	-	-	-
Interest rate swaps	-	-1.7	-
Electricity forward contracts	-0.5	-	-

32 Operating lease agreements

Group as lessee

Minimum lease amount paid on the basis of non-voidable operating lease agreements:

EUR 1,000	2010	2009
Within one year	21,918	21,153
Longer than one year but not more than five years	8,945	12,225
After five years	4,036	5,525
Total	34,899	38,903

The Group leases premises, telecommunications premises, masts, vehicles etc. The lease periods are 1–6 years and normally include the opportunity to continue the agreement after the original end date. The 2010 income statement includes paid operating lease expenses of EUR 35.1 million (EUR 39.0 million). Relating to operating leases, the Group has made a provision of EUR 3.2 million (EUR 4.6 million). For more information, see note 27 "Provisions".

33 Guarantees and contingent liabilities

Lease commitments relating to operating lease agreements are presented in note 32.

Purchase commitments

At the balance sheet date, the value of the fixed purchase commitments of the Group were EUR 2.8 million (EUR 4.1 million).

34 Related party transactions

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

Group structure in 2010

Company	Country	Share of ownership	Share of votes
DNA Store Ltd	Finland	100%	100%
Huuked Labs Oy	Finland	100%	100%
ShelCo2 Oy *)	Finland		
ShelCo3 Oy *)	Finland		

*) ShelCo2 Oy and ShelCo3 Oy merged with DNA Ltd on 30 September 2010.

Listing of associated companies is presented in note 18.

The following related party transactions were carried out:

EUR 1,000	Sales	Purchases	Receivables	Liabilities
2010				
Organisations exercising significant influence	7,447	5,176	2,224	771
Associated companies	0	185	0	0
Other related parties	0	81	0	0
2009				
Organisations exercising significant influence	53	3,671	0	0
Associated companies	0	290	0	9
Other related parties	0	42	0	0

Management employee benefits

EUR 1,000	2010	2009
Salaries and other short-term employee benefits	2,300	2,058
Termination benefits	507	0
Total	2,807	2,058

The management was granted 36,000 share options during the year. The management option rights include the same conditions as options granted to other personnel. The fair value of the options is presented in note 25 "Share based payments".

1,000	2010	2009
Granted options	36	0
of which exercisable	0	0
Fair value of options	1,277	0
Total number of shares that management options entitle to	36	0

EUR 1,000	2010	2009
Salaries and commissions:		
CEOs	717	999
Members and deputy members of the Board of Directors	483	526

Management's and CEOs' pension commitments

Members of the Group management are entitled to defined benefit pensions at the age of 62 and the CEO and deputy CEO of the parent company at the age of 60.

35 Events after the balance sheet date

The test HDTV broadcasting via DNA's terrestrial network continued on 1 January 2011 under the DVB-T2 standard as required by DNA's network operating license. The programme content of the broadcasts also became more varied.

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

On 10 January 2011, DNA announced that it is extending the cooperation with long-term partner Ericsson to include all the technology needed to build and launch DNA's 3G/HSPA+ and 4G network. The contract period is three years. DNA will begin to offer 4G services in major cities and will launch 4G commercially in 2011. The agreement also covers further expansion of the 3G network. During the contract period, DNA's 3G/HSPA+ (21/42 Mbps) services will expand to nationwide coverage.

On 11 and 27 January, DNA announced the establishment of new customer call service centers in Kajaani and Tornio that will launch operations in February and March. The new centers bring the total number of DNA's call centers to 12.

DNA Ltd and YIT Rakennus Oy agreed on constructing an office building for DNA in Käpylä, Helsinki. The project was announced on 7 February 2011. YIT will construct the building and rent it out to DNA on a long-term lease. It will be completed in late summer 2012. All DNA staff in the Helsinki metropolitan area, a total of around 600 employees, will relocate to the new premises.

The changes made to the Telecommunications Act in accordance with the EU directives on electronic communication will come into effect during 2011. The change may affect the amortisation periods of DNA's intangible rights.

36 Shares and shareholders

Shareholders on 31 December 2010	%
Private companies	60.5%
Public companies	39.5%

Shareholder information	Number of shares	% of shares and votes
Finda Oy	2,495,490	26.0%
Sanoma Television Oy	2,027,167	21.1%
Oulun ICT Oy	1,698,997	17.7%
PHP Liiketoiminta Oyj	1,513,856	15.8%
Kuopion Puhelin Oy	993,864	10.3%
Anvia Oyj	251,471	2.6%
Ilmarinen Mutual Pension Insurance Company	227,423	2.4%
Other	402,408	4.2%

Parent company income statement, FAS

EUR 1,000	Note		1 Jan–31 Dec 2010		1 Jan–31 Dec 2009
Net sales	1		**676,327**		326,226
Other operating income			**4,504**		22,352
Materials and services					
Purchases		17,531		9,751	
Change in inventory		617		-90	
External services		331,668	**349,815**	156,955	166,616
Employee expenses					
Salaries and commissions		47,867		22,410	
Social expenses					
Pensions		9,638		3,613	
Other social expenses		2,786	**60,291**	2,000	28,023
Depreciation and impairments	2				
Depreciation according to plan			**96,289**		52,662
Other operating expenses	3		**101,869**		60,670
Profit/loss			**72,566**		40,608
Financial income and expenses					
Income from other investments		553		2,007	
Other interest and financial income		964		1,358	
Reversal of impairment		0		2,463	
Interest and other financial expenses		5,256	**-3,739**	6,260	-432
Profit/loss before extraordinary items			**68,827**		40,176
Extraordinary income	4		**3,119**		132,914
Profit/loss before appropriations and tax			**71,946**		173,089
Appropriations	5		**7,170**		1,733
Income taxes	6		**19,254**		10,472
Profit/loss for the financial period			**59,862**		164,350

Parent company balance sheet, FAS

EUR 1,000	Note		31 Dec 2010		31 Dec 2009
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	7				
Development costs		1,634		1,441	
Goodwill		1,336		2,150	
Intangible rights		105,164		115,028	
Other intangible assets		22,871	**131,005**	11,575	130,194
Tangible assets	7				
Land and water		509		500	
Buildings and constructions		9,381		9,529	
Machinery and equipment		260,684		220,715	
Other tangible assets		873		873	
Advances paid and construction in progress		25,544	**296,991**	49,350	280,967
Investments	8				
Holdings in Group companies		10,678		11,482	
Shares in associated companies		991		991	
Other shares and holdings		1,343	**13,013**	412	12,885
TOTAL NON-CURRENT ASSETS			**441,009**		424,046
CURRENT ASSETS					
Inventory					
Materials and supplies			**3,286**		3,003
Receivables					
Non-current receivables					
Loan receivables from Group companies		0		5,400	
Trade receivables		5,770		9,097	
Other receivables		983		721	
Deferred tax asset		2,761	**9,515**	2,621	17,839
Current receivables					
Trade receivables		130,804		122,284	
Receivables from Group companies	9	8,793		4,914	
Other receivables		9,858		8,268	
Accrued income and deferred expense	10	14,519	**163,975**	6,612	142,078
Cash and cash equivalents			**49,059**		18,745
TOTAL CURRENT ASSETS			**225,834**		181,665
TOTAL ASSETS			**666,843**		605,710

EUR 1,000	Note		31 Dec 2010		31 Dec 2009
LIABILITIES					
SHAREHOLDERS' EQUITY	11				
Share capital			72,702		72,702
Share premium reserve			0		0
Other reserves					
Unrestricted equity reserve			85,603		67,710
Retained earnings			93,787		-37,020
Profit for the financial period			59,862		164,350
TOTAL SHAREHOLDERS' EQUITY			311,954		267,742
Appropriations	12		59,246		58,530
Provisions	13		10,621		10,080
LIABILITIES					
Non-current					
Loans from financial institutions		96,322		114,297	
Advances received		579		684	
Other long-term liabilities		826	97,727	759	115,740
Current					
Loans from financial institutions		47,975		44,898	
Advances		11,554		2,693	
Trade payables		69,402		66,672	
Liabilities to Group companies	14	12,684		10,054	
Other short-term liabilities		11,423		3,617	
Accruals	15	34,257	187,295	25,686	153,619
TOTAL LIABILITIES			285,022		269,359
TOTAL EQUITY AND LIABILITIES			666,843		605,710

Parent company cash flow statement, FAS

EUR 1,000	2010	2009
Cash flows from operations		
Profit for the period	59,862	164,350
Adjustments to profit *)	112,613	-77,920
Change in working capital **)	-12,518	-830
Interest paid	-5,256	-5,519
Interest received	1,517	3,365
Taxes paid	-10,230	-12,074
Cash flows from operations (A)	145,987	71,371
Cash flows from investments		
Investments in tangible and intangible assets	-76,917	-43,129
Tangible and intangible assets' capital gains	147	65
Sale of shares	11	5,679
Purchase of shares	0	0
Acquired subsidiaries and business transfers	-201	-1,005
Other shares	0	0
Sale of subsidiaries	0	312
Other investments	-33	-8
Total cash flows from investments (B)	-76,994	-38,087
Cash flows from financing		
Share issue	267	0
Dividend distribution	-32,955	-10,003
Premium refund	0	-41,618
Repayment/withdrawal of short-term loans, net	-588	-61,544
Withdrawal of long-term loans	30,000	105,000
Repayments of long-term loans	-44,898	-27,486
Increase/decrease in long-term receivables	8,338	-5,600
Other	-38	18,562
Total cash flows from financing (C)	-39,874	-22,690
Change in liquid assets (A+B+C)	29,120	10,595
Liquid assets on 1 January	18,745	2,135
Liquid assets transferred in mergers	-1,194	-6,016
Liquid assets on 31 December	49,059	18,745
*) Adjustments to profit		
Depreciation	96,289	52,662
Other non-cash income and expense	-6,809	-143,208
Financial expenses	5,256	5,519
Interest income	-1,517	-3,365
Taxes	19,394	10,472
Total adjustments to profit	112,613	-77,920
**) Change in working capital		
Change in trade receivables and other receivables	-16,009	56,243
Change in inventory	622	-90
Change in trade payables and other payables	2,869	-56,983
Total change in working capital	-12,518	-830

Parent company accounting principles, FAS

Deferred tax
Deferred tax asset has been determined by temporary differences between tax bases of assets and their amounts in the financial reporting, using the tax rates effective for future years that were confirmed on the balance sheet date. The balance sheet includes the deferred tax asset at its estimated realisable amount. The deferred tax asset of EUR 2.8 million comprises obligatory provisions in the financial statements.

Valuation Principles
Fixed assets
Intangible and tangible assets are shown on the balance sheet at acquisition cost, less planned depreciation. Planned depreciation is recorded on a straight-line basis over the useful life of an asset.

During 2010, the Group decided to implement new network technology. Accordingly, the depreciation period for the current network was adjusted in alignment with the schedule for the future change in technology.

The depreciation/amortization periods are as follows:

Intangible rights	2–10 years
Goodwill	5–10 years
Other intangible assets	3–5 years
Buildings	25 years
Constructions	10–25 years
Machinery and equipment	3–15 years

Inventory
Inventories are stated at the lower of acquisition cost or replacement cost or likely realisable value.

Financial assets
Securities are recognised at market value. Valuation differences are recognised directly through profit and loss.

Research and development expenditure
Development expenditure is recognised as annual costs for the year in which it is incurred. Development expenditure expected to generate future economic benefits are capitalised under intangible assets and amortized over three years.

Pensions
The company's employee pensions are managed by an external insurance company. Pension contributions and other costs for the financial period are based on actuary calculations. Expenditure on pensions is recognised as an expense for the year in which it is incurred.

Foreign currency translations
Items denominated in foreign currencies are translated using the Bank of Finland average rate valid on 31 December 2010.

Cash flow statement
The presentation of the parent company cash flow statement has been changed to correspond to the presentation of the Group statement of cash flows.

Comparability of data from previous financial periods
When comparing financial data to previous periods it should be noted that on 30 June 2010, the Welho business transferred to DNA Ltd, resulting in a significant increase of net sales, the related expenditure and figures on the balance sheet.

Notes to the parent company financial statements, FAS

1 Net sales

EUR 1,000	2010	2009
Domestic	656,013	316,051
Foreign	20,314	10,175
Total	676,327	326,226

Average number of personnel during the financial period the Group and parent company employed		
Total	848	436

2 Depreciation and impairments

EUR 1,000	2010	2009
Depreciation of intangible and tangible assets	96,289	52,662

Balance sheet item-specific depreciation breakdown is included in note 7 "Non-current assets".

3 Other operating expenses

EUR 1,000	2010	2009
Operating and maintenance costs	27,384	11,127
Rental costs	32,419	25,510
External services	3,547	2,268
Other cost items	38,520	21,765
Total	101,869	60,670

Auditor fees

PricewaterhouseCoopers Oy		
Auditing fees	228	192
Tax consulting	38	29
Other fees	103	64

4 Extraordinary items

EUR 1,000	2010	2009
Group contribution	3,119	−1,696
Merger profit	0	134,610
Total	3,119	132,914

5 Appropriations

EUR 1,000	2010	2009
Difference between planned depreciation and depreciation for taxation	7,170	1,733

6 Direct taxes

EUR 1,000	2010	2009
Direct taxes on actual operations	18,870	8,050
Previous years' taxes	524	619
Change in deferred tax asset	−141	1,802
Direct taxes	19,254	10,472

7 Non-current assets

EUR 1,000	2010	2009
Development costs		
Acquisition cost 1 January	2,035	1,292
Increase from mergers and acquisitions	0	615
Transfers between items	743	128
Decrease	0	0
Acquisition cost 31 December	2,778	2,035
Accumulated amortization 1 January	594	22
Amortization relating to mergers and acquisitions	0	173
Amortization for the financial period	550	400
Accumulated amortization 31 December	1,144	594
Book value 31 December	1,634	1,441
Intangible rights		
Acquisition cost 1 January	149,332	121,282
Increase	0	0
Increase from mergers and acquisitions	0	21,429
Transfers between items	9,767	6,622
Acquisition cost 31 December	159,100	149,332
Accumulated amortization 1 January	34,305	6,074
Amortization relating to mergers and acquisitions	0	13,665
Amortization for the financial period	19,631	14,566
Accumulated amortization 31 December	53,935	34,305
Book value 31 December	105,164	115,028

EUR 1,000	2010	2009
Goodwill		
Acquisition cost 1 January	21,940	0
Increase from mergers and acquisitions	0	21,940
Decrease	0	0
Acquisition cost 31 December	**21,940**	21,940
Accumulated amortization 1 January	19,790	0
Amortization relating to mergers and acquisitions	0	19,374
Amortization for the financial period	814	415
Accumulated amortization 31 December	20,604	19,790
Book value 31 December	**1,336**	2,150
Other non-current intangible assets		
Acquisition cost 1 January	78,733	2,433
Increase	0	136
Increase from mergers and acquisitions	1,074	74,849
Transfers between items	18,060	1,315
Decrease	0	0
Acquisition cost 31 December	**97,867**	78,733
Accumulated amortisation 1 January	67,157	955
Amortization relating to mergers and acquisitions	0	61,582
Amortization for the financial period	7,838	4,621
Accumulated amortization 31 December	74,995	67,157
Book value 31 December	**22,871**	11,576
Land and water		
Acquisition cost 1 January	500	0
Increase from mergers and acquisitions	0	500
Transfers between items	10	0
Decrease	-1	0
Book value 31 December	**509**	500
Buildings and constructions		
Acquisition cost 1 January	11,139	0
Increase from mergers and acquisitions	0	11,139
Transfers between items	709	0
Decrease	0	0
Acquisition cost 31 December	**11,848**	11,139
Accumulated depreciation 1 January	1,610	0
Deprecation relating to mergers and acquisitions	0	1,188
Depreciation for the financial period	857	422
Accumulated depreciation 31 December	2,467	1,610
Book value 31 December	**9,381**	9,529
Machinery and equipment		
Acquisition cost 1 January	389,910	1,136
Increase	0	25
Increase from mergers and acquisitions	34,957	365,275
Transfers between items	71,650	27,193
Decrease	-981	-3,718
Acquisition cost 31 December	**495,536**	389,910

EUR 1,000	2010	2009
Accumulated depreciation 1 January	169,196	298
Deprecation relating to mergers and acquisitions	0	140,359
Depreciation for the financial period	66,600	32,238
Depreciation related to decreases	-943	-3,699
Accumulated depreciation 31 December	234,852	169,196
Book value 31 December	**260,684**	220,715
Other tangible assets		
Acquisition cost 1 January	873	0
Increase from mergers and acquisitions	0	873
Acquisition cost 31 December	**873**	873
Advances paid and construction in progress		
Acquisition cost 1 January	49,350	22
Increase	77,261	43,075
Increase from mergers and acquisitions	0	41,618
Decrease	-128	-107
Transfers between items	-100,939	-35,258
Acquisition cost 31 December	**25,544**	49,350

8 Investments

EUR 1,000	2010	2009
Investments in Group companies		
Book value 1 January	11,482	122,115
Increase	201	1,656
Decrease	-1,005	-112,290
Book value 31 December	**10,678**	11,482
Shares in associated companies		
Book value 1 January	991	180
Increase	0	876
Decrease	0	-65
Book value 31 December	**991**	991
Other shares and holdings		
Book value 1 January	412	4,411
Increase	33	75
Increase from mergers and acquisitions	908	355
Decrease	-11	-4,429
Book value 31 December	**1,343**	412
Subordinated loan receivables		
Book value 1 January	0	6,380
Increase	0	0
Decrease	0	-6,380
Book value 31 December	**0**	0

9 Receivables from Group companies

EUR 1,000	2010	2009
Sales receivables	592	329
Interest receivables	83	43
Loan receivables	0	1,500
Group account receivables	5,000	3,042
Group contribution receivables	3,119	0
Total	**8,793**	4,914

10 Accrued income and deferred expense

EUR 1,000	2010	2009
Trade payables	7,516	4,198
Other receivables	7,003	2,413
Total	**14,519**	6,612

Group and parent company holdings

	2010	2009
Group companies		
DNA Store Ltd	100%	100%
Huuked Labs Oy	100%	4%
ShelCo2 Oy*	0%	100%
ShelCo3 Oy*	0%	100%

All Group companies are included in the parent company consolidated accounts.

	2010	2009
Associated companies		
Suomen Numerot Numpac Oy	25%	25%

The associated company is included in the parent company consolidated accounts.

* ShelCo2 Oy and ShelCo3 Oy merged with DNA Ltd on 30 September 2010.

11 Shareholders' equity

EUR 1,000	2010	2009
Share capital 1 January	72,702	72,375
Transfers	0	328
Share capital 31 December	**72,702**	72,702
Share premium reserve 1 January	0	41,689
Share premium refund	0	-41,618
Transfers	0	-70
Share premium reserve 31 December	**0**	0
Unrestricted equity reserve 1 January	67,710	67,967
Increase	17,893	0
Transfers	0	-257
Unrestricted equity reserve 31 December	**85,603**	67,710
Retained earnings 1 January	127,330	-6,799
Dividends paid	-32,955	-29,934
Treasury shares	-588	-287
Retained earnings 31 December	**93,787**	-37,020
Profit/loss for the financial period	**59,862**	164,350
Total shareholders' equity	**311,954**	267,742

Statement of distributable earnings on 31 December

EUR 1,000	2010	2009
Retained earnings	93,787	-37,020
Unrestricted equity reserve	85,603	67,710
Profit/loss for the financial period	59,862	164,350
Total distributable funds	**239,252**	195,040

12 Appropriations

EUR 1,000	2010	2009
Appropriations comprise accrued depreciation difference	59,246	58,530

13 Obligatory provisions

EUR 1,000	2010	2009
Obligatory provisions include provisions for estimated decommissioning costs of masts and datacenters	1,380	1,734
Provision for onerous contracts	3,165	4,637
Pension provision	715	710
Restructuring provision	5,361	3,000
Total obligatory provisions	**10,621**	10,080

14 Liabilities to Group companies

EUR 1,000	2010	2009
Trade payables	451	2,280
Group contribution payables	0	1,696
Other payables	0	131
Accruals	12,233	5,948
Group account payables	0	0
Total	**12,684**	10,054

15 Accruals

EUR 1,000	2010	2009
Holiday pay and bonuses	12,754	11,539
Interest expenses	1,052	718
Other accruals	20,451	13,428
Total	34,257	25,686

16 Deferred tax liability/asset

EUR 1,000	2010	2009
Deferred tax asset from obligatory provisions	2,761	2,621

17 Pledged assets and contingent liabilities

Contingent liabilities and other liabilities

EUR 1,000	2010	2009
Finance lease payments		
Payments due during the next financial period	2,794	3,405
Payments due at a later date	714	3,441
Total	3,508	6,846

Leasing contracts are made for three-year periods.

Other contractual obligations		
Leasehold commitments	32,190	17,560
Other commitments	2,795	4,093
Other obligations on behalf of Group companies		
Bank guarantees	255	0

18 Related party transactions

EUR 1,000	2010	2009
Management salaries and commissions		
Board members and CEOs	1,013	1,126

No loans have been granted to the members of the Board of Directors or the CEO.

Consolidated key financial indicators

INCOME STATEMENT	31 Dec 2010	31 Dec 2009
Net sales, EUR million	690.5	652.2
EBITDA, EUR million	182.1	167.2
EBITDA, % of net sales	26.4%	25.6%
Operating result (EBIT), EUR million	65.2	-43.8
Operating result (EBIT), % of net sales	9.4%	-6.7%
Profit/loss for the financial period, EUR million	46.0	-56.5
Return on equity (ROE), %	8.7%	-11.6%
Return on investment (ROI), %	9.6%	-6.1%
BALANCE SHEET		
Equity ratio, %	63.6%	55.3%
Net debt/EBITDA	0.56	0.86
Gearing, %	16.1%	34.0%
Balance sheet total, EUR million	1,014.4	771.6
CAPITAL EXPENDITURE		
Gross investment, EUR million	83.4	88.3
Gross investment, % of net sales	12.1%	13.5%
PERSONNEL		
Average number of employees for the financial period	934	918
PER-SHARE KEY INDICATORS		
Earnings per share (EPS), EUR	5.35	-7.46
Equity per share, EUR	66.4	56.0
Dividend per share, EUR	5.20	4.35
Dividend per earnings, %	97.2%	-58.0%
Effective dividend yield, %	–	–
Price/earnings ratio (P/E)	–	–
Share price development	–	–
Market capitalisation	–	–
Trading volume for the financial period	–	–
Trading volume for the financial period, %	–	–
Weighted average adjusted number of shares during the financial period (1,000)	8,604	7,580
Adjusted number of shares at the end of the financial period (1,000)	9,611	7,581

Calculation of key indicators

EBITDA, EUR	=	Profit + depreciation, amortisation and impairments	
Return on equity (ROE), %	=	Profit for the financial period / Total shareholders' equity (annual average)	x 100
Return on investment (ROI), %	=	Profit before taxes + interest and other finance expenses / Balance sheet total - non-interest bearing liabilities (annual average)	x 100
Equity ratio, %	=	Shareholders' equity / Balance sheet total - prepayments received	x 100
Interest-bearing net liabilities, EUR	=	Interest-bearing liabilities - liquid assets	
Gearing, %	=	Interest-bearing liabilities - liquid assets / Total shareholders' equity	x 100

Calculation of per-share key indicators

Earnings per share, EUR	=	Profit for the financial period attributable to equity holders of the parent company / Weighted number of shares during the financial period	
Equity per share, EUR	=	Equity attributable to equity holders of the parent company / Number of shares on balance sheet date	
Dividend per share, EUR	=	Dividend distribution for the financial period / Number of shares on the balance sheet date	
Dividend per earnings, %	=	Dividend per share / Earnings per share	x 100

Signatures of the Board of Directors' report and financial statements

Vantaa, 7 February 2011

Jarmo Leino
Chairman of the Board of Directors

Risto Siivola
Member of the Board of Directors

Hannu Isotalo
Member of the Board of Directors

Jukka Ottela
Member of the Board of Directors

Anssi Soila
Member of the Board of Directors

Anu Nissinen
Member of the Board of Directors

David Nuutinen
Member of the Board of Directors

Riitta Tiuraniemi
President and CEO

Auditors' Note
An auditors' report has been issued today on the performed audit.

Vantaa, 9 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
Authorised Public Accountant

GRI INDICATORS

This appendix describes the GRI indicators DNA has reported for 2010, including possible deviations from or limitations to the scope of each indicator. An extensive GRI indicator table is available at the corporate responsibility section of DNA's web site. In matters related to corporate responsibility, please contact DNA Ltd's Corporate Communications at viestinta@dna.fi or tel. +358 44 044 8000. At the Executive Team level, CFO Ilkka Pitkänen is in charge of corporate responsibility.

status:
- ● reported
- ● partly reported

economic responsibility

STATUS	INDICATOR	DESCRIPTION	NOTES, APPENDIX
●	EC1: Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		See financial statements, pp. 40-87. For donations and other community investments, see p. 29
●	EC3: Coverage of the organisation's defined benefit plan obligations.		See defined benefit plan obligations in the consolidated financial statements, p. 72.
●	EC4: Significant financial assistance received from government.	DNA has not received any significant financial assistance from government or other administrative public bodies in 2010.	

environmental responsibility

STATUS	INDICATOR	DESCRIPTION	NOTES, APPENDIX
●	EN3: Direct energy consumption by primary energy source.		See the table below. The figures represent best possible estimations allocated by the type of fuel. The figures do not include fuel used by the Welho business.
●	EN4: Indirect energy consumption by primary source.		See the table below. The figures represent best possible estimations of DNA's district heat and energy consumption. The figures partly include the Welho business.
●	EN5: Energy saved due to conservation and efficiency improvements.	In 2010, DNA decided to select its mobile network supplier by competitive tendering. This tendering process and the resulting upgrade of DNA's radio network will have a significant positive impact on the environment. DNA participated in the national energy saving week in autumn 2010. As part of it, the company optimised the automatic lighting and heating of its facilities and organised an energy saving awareness campaign for employees.	For further information on the competitive tendering, see p. 26.
●	EN22: Total weight of waste by type and disposal method.		See the table below. Does not include figures from the Welho business. The figures represent best possible estimations.
●	EN26: Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	In 2010, DNA and Google launched a service that offers new telecommunication services to business customers. According to DNA's strategy, environmental sustainability was one of the deciding factors when choosing the partner.	For details on the service provided by DNA and Google, see p. 27.
●	EN28: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	DNA has not been subject to any fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2010.	

EN3 – ENERGY CONSUMPTION TABLE	TERAJOULE
Fuel for own vehicles (petrol, diesel)	approx. 5.07
Other fuel	approx. 1.29

EN4 – ENERGY CONSUMPTION TABLE	TERAJOULE
District heat	14
Electricity	335

EN22 – TOTAL WEIGHT OF WASTE	TONNES
Recycled waste	19.51
Energy waste	25.76
Mixed waste	58.55
Problem waste	38.49
Total	142.31

social responsibility

labor practices and decent work performance

STATUS	INDICATOR	DESCRIPTION	NOTES, APPENDIX
●	LA1: Total workforce by employment type, employment contract, and region.		See the table below.
●	LA2: Total number and rate of employee turnover by age group, gender and region.	DNA Group's employee turnover rate was 8.4% in 2010.	
●	LA3: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	DNA Ltd provides the same benefits to all employees, regardless of the employment type. The benefits and policies of DNA's sales organisation, DNA Store Ltd, apply to all DNA Store employees regardless of the employment type.	
●	LA4: Percentage of employees covered by collective bargaining agreements.	All DNA Group staff are covered by the applicable collective bargaining agreements specific to each employee category. Service and production employees are covered by the collective agreement in the energy-ICT-networks sector and administrative and managerial employees by the collective agreement for salaried and senior salaried employees in the ICT sector.	
●	LA5: Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	At a minimum, DNA has observed the minimum notice periods for the applicable collective agreements in operational changes. The employer and personnel representatives also agreed on additional conditions for 2007–2010 that go beyond those set down in legislation and collective agreements to cater for changes (e.g. additional compensation and protection against redundancies and layoffs during transfer of undertaking).	
●	LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	The Group-level rate of absenteeism due to illness was 3.52% in 2010. There were no work-related fatalities, no work time injuries and no lost working days due to work-related reasons.	The information does not include development programs in the Welho business.
●	LA9: Health and safety topics covered in formal agreements with trade unions.	DNA believes that the statutory labour protection activities in Finland cover the LA9 requirements. DNA's labour protection committee (2010–2012) has one labour protection delegate per office, a labour protection officer as well as representatives of office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, as well as dealing with possible occupational safety issues.	
●	LA10: Average hours of training per year per employee, and by employee category.	The staff at DNA received training an average of 28.1 hours per employee in 2010.	The information does not include development programs in the Welho business.
●	LA11: Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing the end of their employment relationship.	Operating in a constantly changing business environment, DNA implemented a skills development project in 2010. All DNA Ltd unit managers participated in the project. One of the key project objectives was the development of DNA employees' core skills. The project will continue in 2011 in order to further enhance employees' core skills. To ensure the successful operation of DNA Store, a number of employees are working towards a specialist qualification in leadership or in commerce. For more details, see the Personnel section of the annual report.	For personnel development programs, see p. 30. The information does not include development programs in the Welho business.
●	LA12: Percentage of employees receiving regular performance and career development reviews.	DNA Ltd has conducted performance reviews with 94% of employees. Employees who are on an extended leave, such as family leave, study leave or job alternation leave, or who are on extended sick leave have not received reviews. Performance reviews are conducted with all permanently employed persons not on a leave and with temporary employees whose employment continues until the end of the year under review. DNA Store Ltd reviews the performance of its sales employees as required. These reviews focus on the development of the employee's sales performance and skills.	The information does not include development programs in the Welho business.

TYPE OF EMPLOYMENT CONTRACT	2009	2010
Permanent	792	955
Temporary	26	48
Total	818	1,003

TYPE OF EMPLOYMENT	2009	2010
Full-time	800	963
Part-time	18	40
Total	818	1,003

GENDER STRUCTURE OF EMPLOYEES	2009	2010
Female	250	318
Male	568	685
Total	818	1,003

AGE STRUCTURE OF EMPLOYEES	2009	2010
<34	219	342
35–44	290	345
45–54	216	242
55–64	93	74
Total	818	1,003

human rights

STATUS	INDICATOR	DESCRIPTION	NOTES, APPENDIX
●	HR4: Total number of incidents of discrimination and actions taken.	No incidents of discrimination occurred at DNA in 2010 (0 incidents).	
●	HR5: Operations identified, in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	DNA has not identified any business divisions where the right to exercise freedom of association and collective bargaining may be at risk. DNA respects employees' right to freedom of association and union representation in collective agreement negotiations.	

society

STATUS	INDICATOR	DESCRIPTION	NOTES, APPENDIX
●	SO4: Actions taken in response to incidents of corruption.	There were no incidents of corruption at DNA in 2010.	
●	SO5: Public policy positions and participation in public policy development and lobbying.	DNA does not participate in politics but states its opinions on proposed legislation or other important themes with an impact on DNA's operations. The company has prepared instructions for employees on how to interact with administrative public bodies. DNA's legal department maintains a list of the company's representatives in public working groups.	
●	SO6: Total value of financial and in-kind contributions to political parties, politicians and the related institutions by country.	DNA Group does not support any political parties, politicians or similar institutions. According to this policy, DNA did not provide any financial and in-kind contributions to such parties in 2010.	
●	SO7: Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	DNA Ltd operates according to competitive regulations. During the reporting period, neither the Group nor any of its wholly-owned subsidiaries were subject to legal actions for anti-competitive behaviour, anti-trust and monopoly practices.	
●	SO8: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	DNA has not been subject to any such fines or non-monetary sanctions.	

product responsibility

STATUS	INDICATOR	DESCRIPTION	NOTES, APPENDIX
●	PR5: Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		See p. 25 and the table below.
●	PR6: Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	As part of its operating principles, DNA Ltd adheres to laws related to marketing communications. When designing marketing communications, DNA Ltd takes account of the Consolidated ICC Code of Advertising and Marketing Communication Practice as well as the "fair play" rules of the Finnish Direct Marketing Association. DNA Ltd marketing and legal departments work in cooperation to ensure the accuracy of marketing communications.	
●	PR7: Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	The Finnish Market Court issued one ruling against DNA's marketing. DNA has since updated the relevant guidelines, and the Market Court did not order the payment of the conditional fine in 2010.	
●	PR9: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	DNA has not been ordered to pay any major fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2010.	

PR5 – CUSTOMER SATISFACTION: RESULTS OF EPSI RATING	2010
mobile communication services to consumers	73.62
broadband services to consumers	65.4
mobile communication services to corporations	66.74
broadband services to corporations	64.3

(Scale is from 0 to 100)

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Graphic design and layout: Kreab Gavin Anderson
Photographs: Risto Vauras
Paper: Galerie Art Matt 300 g/m² and 150 g/m²
Printing: Esa Print Oy, 2011

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