Review 2009 of the year

Year 2009

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Financial statements 2009

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Towards reaching new heights
year 2009

We at DNA are at the beginning of our journey. **We still have a lot to achieve.** Our roots go deep and the experiences we have gathered during our journey guide us on our way. **Sharing a common goal is important for us** because it leads us in the right direction. ***

market shares

25 mobile communication

20 cable TV

14 fixed-line network voice

12 broadband

our key figures

MEUR	09	08
Net sales	652	647
EBITDA*	179	166
EBIT*	63	69
Profit before taxes*	62	67
Capital expenditure	88	97
Personnel at end of period	818	982

* excluding non-recurring items

Together *with our customers*

We know our customers and how much they appreciate good customer service and value for money. This is why our private and corporate customers are the most satisfied mobile communication customers in Finland. ***

Every second Finn is a DNA customer

Although our brand is distinguished by a bright pink colour, DNA is very much a Finnish company. Our roots lie in local Finnish phone companies, which decided to establish their own mobile phone business ten years ago – thus creating DNA. Initially, DNA was purely a mobile phone company until it acquired the customers of the six local phone companies in 2007.

Today, every second Finn is a DNA customer, either through a phone, internet or cable TV subscription. Thanks to the quickness, boldness and genuineness of both our shareholders and organisation, DNA has grown into the strong and reliable provider of telecommunication services that we know today.

OUR NET SALES GREW AND WE REVAMPED OUR ORGANISATION AMID FINANCIAL CRISIS

DNA successfully weathered the economic storm that started at the end of 2008 and continued into 2009. Our net sales grew and our result remained very good. While our focus remained very much on the market and our customers, we introduced significant changes in our operations.

We shifted our business model from a technology-oriented to a customer-oriented one. Today, DNA's main business areas consist of its consumer business and corporate business. In both of those areas, we aim at achieving notable growth and of course, good profitability.

We launched a company-wide change initiative in 2009. After several company integrations, it was time to turn DNA into a company with clear and lucid processes and a strong, unified culture. While creating this culture, we have crystallised our group and brand values into three words: quickness, boldness and genuiness. Our values reflect the fact that we focus on what is important and listen to our customers, which in turn ensures good customer service. Value for money is also among our brand promises.

The international EPSI Rating customer satisfaction survey results published towards the end of 2009 prove that we are on the right track: DNA mobile customers, both private and corporate, are the most satisfied in Finland.* Our image is also better than that of our competitors. We are moving in the right direction.

GROWTH FROM TV OPERATIONS

DNA expanded the scope of its business during spring 2009 by acquiring two network licenses for terrestrial HDTV antenna networks. We aim to start high-definition TV broadcasts towards the end of 2010 and to provide both network and pay-TV operator services.

TV is not a new field for us, as DNA is the second-largest cable TV operator in Finland. Our aim is to become a leading national TV operator. While growing, we can utilise the strong synergies between our current mobile networks, cable TV operations and our distribution channels. We believe that a vivid and strong DNA brand will give our new TV operations a head start.

DNA A MAJOR OPERATOR ALSO IN THE B-TO-B MARKET

One of our major goals for 2010 is to achieve intense growth in our b-to-b business, targeting SMEs and the public sector in particular. We are confident that we are well prepared to provide services to these select target groups through our clear and comprehensive product portfolio, excellent customer service and affordable prices.

ONE THIRD OF MOBILE BROADBAND MARKETS

Our proudest achievement in 2009 was gaining one third of the rapidly-growing mobile broadband market. Unlike with 2G/GSM, we were able to start building our 3G networks and services at the same time with our competitors. Therefore, we aimed at achieving a market share appropriate to us: one third of the new and growing market.

Since 2006, we have focused on building the 3G network, first in urban and then in rural areas. Our 3G network is remarkably vast, covering already 90 per cent of Finns. Thanks to our good, high-quality network, visible marketing and an effective distribution channel via the DNA Stores, we have gained the targeted market share.

CHALLENGES AND CHANGES ARE THE NORM IN THE OPERATOR FIELD

Although mobile broadband will promote new growth, the telecommunications market in general will no longer expand much in the developed world. The share of fixed-line network telephone traffic is declining more and more rapidly, and fierce competition over mobile broadband customers also poses challenges in the fixed broadband market. On the other hand, the increasingly diverse content available on the internet together with TV broadcasting in broadband networks requires major network investments, without imposing much higher monthly fees on customers.

DNA is well prepared for this change. We are systematically removing structures that slow down our ability to adapt to these changes, and do business in a flexible manner with an operating model based on a strong partner network.

A strong cash flow from operations makes us well equipped to invest in networks, services and business innovations. We believe that the DNA way of doing things is the key to our future growth, and it will therefore remain our strong focus area in the future.

I would like to thank our customers, employees, shareholders and stakeholders for a rewarding year. Let's make 2010 another year of successful conquests.

Riitta Tiuraniemi
President and CEO

moments

RIITTA TIURANIEMI
Riitta has been at the helm of DNA for a little over a year now. She considers DNA's strong, bold and distinctive culture to be one of DNA's main strengths.

*) More information www.dna.fi -> DNA Group ->Press -> Research activities

Bold and distinctive

Operating persistently and consistently according to our chosen DNA strategy has taken us towards our goals: our customers are more satisfied, we operate as a single, uniform company and are experiencing strong growth.

Our operations are based on deep knowledge of our customers and markets, efficiency and our own way of doing things. Our marketing is bold and our cost/quality ratio is excellent. We offer our customers an inexpensive and easy way to buy and use telecommunication services.

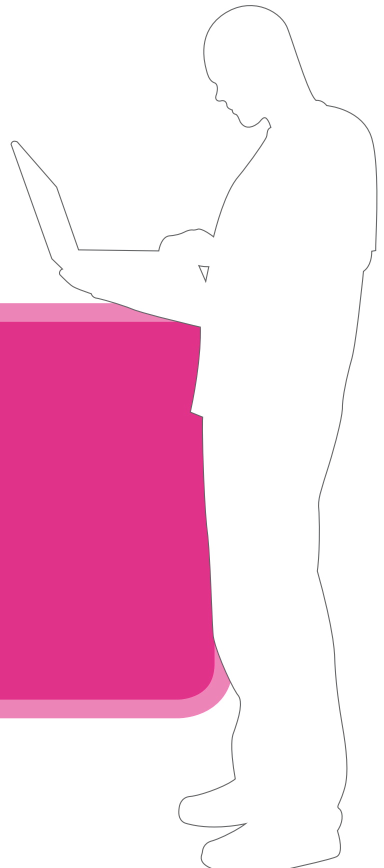
WISE CHOICES SUPPORT ONE OTHER

In our industry, growth and success require effective operations, because the markets have limited growth potential. DNA's effectiveness arises from focusing on the selected operations based on our strategy and getting them right first time, which makes our overall operations efficient. Our choices support one another and have a shared goal: the success of DNA.

DNA's way of doing things is based on our strategy, culture and brand. We react quickly, work boldly and in an uncomplicated and distinctive way.

GENUINELY UNIFIED DNA

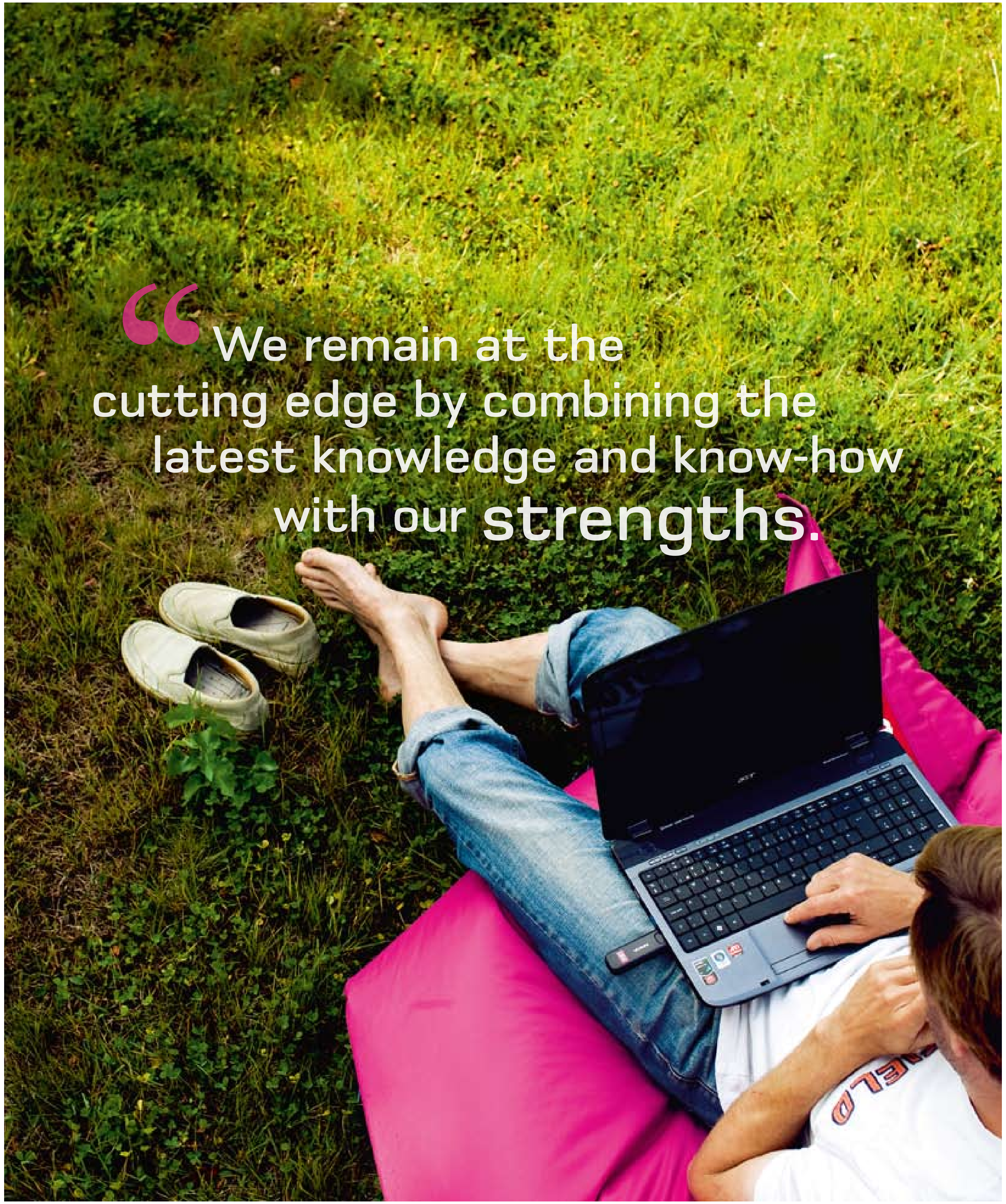
Over the last two years, we have combined and developed our business, operations and services. The mobile and fixed-line network businesses were merged in the spring 2009 and the main internal focus has been on the adaptation of a unified DNA culture. Change management has focused on unifying and streamlining processes and working methods, as well as crystallising our brand values. >>



DNA is...

- Finland's fastest growing operator
- lean and efficient organisation
- great customer service

- net sales of EUR 652 million in 2009
- approximately 2.6 million customers



Corporate culture plays an important role in DNA becoming genuinely unified. The development of our culture is a continuous process and remains a strong focus area in 2010, with workshops and personnel events being organised throughout the year. We want each and every DNA employee to know what the DNA way of doing things means in his or her daily work. This is why it is important that there is a strong managerial focus on the DNA corporate culture.

WE VALUE CUSTOMER LOYALTY
In the consumer business, positive growth in net sales and profitability is possible by further developing mobile communication subscriptions and the related services. In addition to acquiring new customers, we are focusing on improved customer loyalty through even better customer service and customer satisfaction.

We seek to benefit from the rapid growth of the broadband market and aim at retaining one third of the market at a minimum.

TV BUSINESS GOES NATIONAL
DNA is a network and service operator seeking further growth from the pay-TV market. We want to be a leading HDTV service provider. We aim at increasing competition and offering DNA services at national level.

SELECTED SERVICES FOR CORPORATIONS
DNA's corporate sales were strengthened further during 2009 as we expanded our sales offering. During 2010, new services due for launch will strengthen the portfolio of our corporate sales representatives. We render our service more efficient by developing our account management and sales systems.

Corporate business continues investing in network-based services and the related efficient sales. Network-based services refer to the services customers acquire from DNA, implemented in DNA's server centres. Customers get the service they need, without hardware investments.

Demand for mobile switch services in particular is expected to be high, as in 2009. These services provide the main functions of traditional switches without additional investments in the fixed phone system, and the service is not tied to a specific office.

INTERNATIONAL GROWTH
Our growth will be created through new markets and new operations. Since the markets in Finland are small and competition is intense, we are seeking new and profitable business opportunities in international markets. International operations are possible via partners and services.

***

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

Bold
means that our customers are confronted with daring and surprising DNA advertising. Internally, this means that we are direct, unprejudiced and ready for change.

Tools for growth

distinctive marketing • perceived value for money • effective and comprehensive sales • user-friendly, high-quality products • active account management

Focus areas in 2010

CONSUMER BUSINESS

- One third of the total mobile broadband market
- Making TV business national
- Retaining existing fixed-line network customers and improving profitability
- Improving the quality of sales and customer loyalty

CORPORATE BUSINESS

- Network-based services and their effective sales
- Sales powered by mobile and broadband products
- Targeting sales and marketing and selecting suitable account management models for the selected customer segments

DNA has a total of 1,947,000 mobile communication customers. The importance of mobile broadband continues to increase. Cable TV distribution networks have 270,000 households as customers, while the number of traditional telephone subscriptions is 197,000. There are 180,000 broadband subscriptions in the fixed-line network. Services will become part of the subscription. Mobile TV network reaches over 2 million Finns.

Consumer Business

Successful customer relationships also in the future

DNA's consumer business provides diverse telecommunication services, such as voice and broadband services for communication and information retrieval, and services for security and entertainment.

During 2009, consumer business was affected by the merger of the businesses and the organisational revamp. There was also a lot going on as regards the service offering: a top-speed broadband connection opened in the cable TV network, the popularity of mobile broadband increased rapidly, DNA acquired an HDTV licence for the antenna network and the first HDTV test broadcast took place in Lahti in December.

AIMING FOR THE FASTEST GROWTH ON THE MARKET

During 2010, consumer business aims to develop both its net sales and profitability as well as increase market shares. Compared with the last few years, the most important change is the focus on improving customer loyalty and the introduction of new pricing models. New subscription types, increased customer satisfaction and new services will help us achieve our targets.

Apparent growth areas include the growing market of mobile broadband and the expanding TV business. The "Mokkula" mobile broadband modems are a success, and we expect strong demand for them to continue. Pay-TV is the focus area in TV business. DNA is Finland's second-largest cable TV television operator in the cable television market, offering several basic channels and over 80 pay channels.

The strengths of DNA consumer business include quickness, reasonable prices and customer satisfaction.

DNA'S ADVERTISING GETS NOTICED

DNA is well-known for bold, attention-grabbing advertising. In 2009, DNA's campaigns received two Pronssikontakti ("Bronze contact") awards from the Finnish Direct Marketing Association. In addition, DNA received silver Effie awards in "other customer services" categories.

Distinctive marketing is very DNA, and this is how The Virtanen Band came about. In addition to advertising in magazines and on TV, the story of the band spread in social media via services such as MySpace, Facebook and YouTube. According to campaign follow-up, the campaign reached at its best 93 per cent of the target group.

DNA RENEWS THE TV MARKET

The Ministry of Transport and Communications granted DNA a network operating licence for high-definition (HD) broadcasting in the aerial network. Our goal is to create new services for aerial households and challenge the established businesses in the sector. By expanding on the aerial network, DNA will strengthen its position on the national television services market.

DNA will make aerial HDTV services commercially available at the end of 2010. This coverage will extend to 60 per cent of aerial households by 2011.

***

hey, one more

* thing

IN-HOUSE TELESALES THE BEST

In 2009, DNA Store Ltd established its own call centres in Oulu, Kuopio, Tampere and Jyväskylä. These call centres focus on selling DNA's mobile and fixed-line network products and services. In-house telesales agents and their continuous training form the basis of consistent and professional service.

Corporate Business

Best customer service for most satisfied customers

Close to the customer

Genuine and quick customer service

Selected and user-friendly services

DNA's corporate business offers competitive, nationwide, standardised and easy-to-use telecommunication, communication and networking solutions. Our operator services are part of our corporate business. By utilising the latest technology, it produces high quality services for national and international teleoperators cost-effectively.

In 2009, corporate sales were marked by intense competition. Mobile subscription sales developed positively, but customer turnover also increased due to greater competition. Mobile services became the clear focus area of corporate sales. Use of fixed network voice services fell as companies switched to mobile phone services.

The strengths of corporate business include competitive national services, a superb operating model and customer-oriented product development. Mounting trends in telecommuting and the mobility of the workforce were taken into account in productisation and we launched a new service called "DNA Päätelaitehallinta", which supports safe use of data terminals.

DNA HAS THE MOST SATISFIED CORPORATE CUSTOMERS

An international study published last autumn indicates that DNA's private and corporate customers are the most satisfied mobile communication customers in Finland. According to the European Performance Satisfaction Index study (EPSI), which measures customer satisfaction and loyalty among operators' customers, it is the quality of DNA's customer service that is especially valued by customers.

The study analysed the customer satisfaction and loyalty of mobile and broadband operators. The EPSI Rating Customer Satisfaction 2009 study interviewed 4,000 persons in Finland.

According to Aara Finland 2009 study of competitive situation, DNA's market share in corporate communication services rose to 8 per cent (7.2). The study reveals that the score given by corporate customers on their general satisfaction with DNA as a partner rose to 3.8 (3.6), meaning that DNA topped both TeliaSonera (3.5) and Elisa (3.4).

BROAD AND SKILLED NETWORK

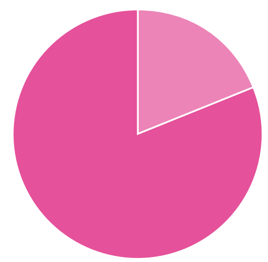
DNA has over 100 professional corporate sales agents, 13 corporate sales offices, 76 stores and proven high-quality customer service. We develop online customer facilities and offer products that meet the needs of our customers. We genuinely care about our customers and seek to offer them services that best fit their individual needs.

With an increased number of sales offices, further developed online customer facilities and customer service, high-quality account management and product portfolio, we can also guarantee customer satisfaction in the future.

Over 30,000 companies have chosen DNA.

81%

of them are willing to recommend us.



By the end of 2009 DNA's 3G network coverage reached 90 per cent of Finns, i.e. approximately 4.7 million people. One in five holiday home owners has installed a broadband connection, and over 70 per cent have mobile broadband. DNA's mobile broadband modem reaches new top speeds. DNA subscriptions work in over 270 operator networks globally, and GPRS roaming works in over 150 networks abroad.

DNA in figures

EUR million	2009	2008
Net sales	652	647
EBITDA *)	179	166
EBITDA, % *)	27.5	25.6
EBIT *)	63	69
EBIT, % *)	9.7	10.6
Profit/loss before taxes *)	62	67
Capital expenditure	88	97
Cash flow from operations	126	148
Gearing, %	34.5	29.5
Return on equity (ROE), %	-11.6	8.0
Personnel at end of period	818	982

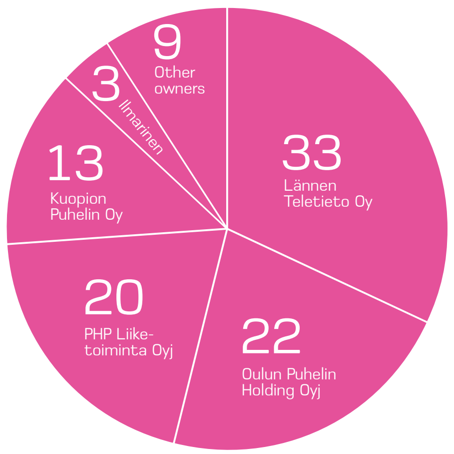
*) excluding non-recurring items

2.6 million
customers

90%
3G network coverage

76
stores

FULLY FINNISH OWNERSHIP



CONSUMER BUSINESS

EUR million	2009	2008
Net sales	471	451
EBITDA *)	119	104
EBIT *)	40	42

*) excluding non-recurring items

CORPORATE BUSINESS

EUR 1,000	2009	2008
Net sales	181	196
EBITDA *)	61	61
EBIT *)	23	27

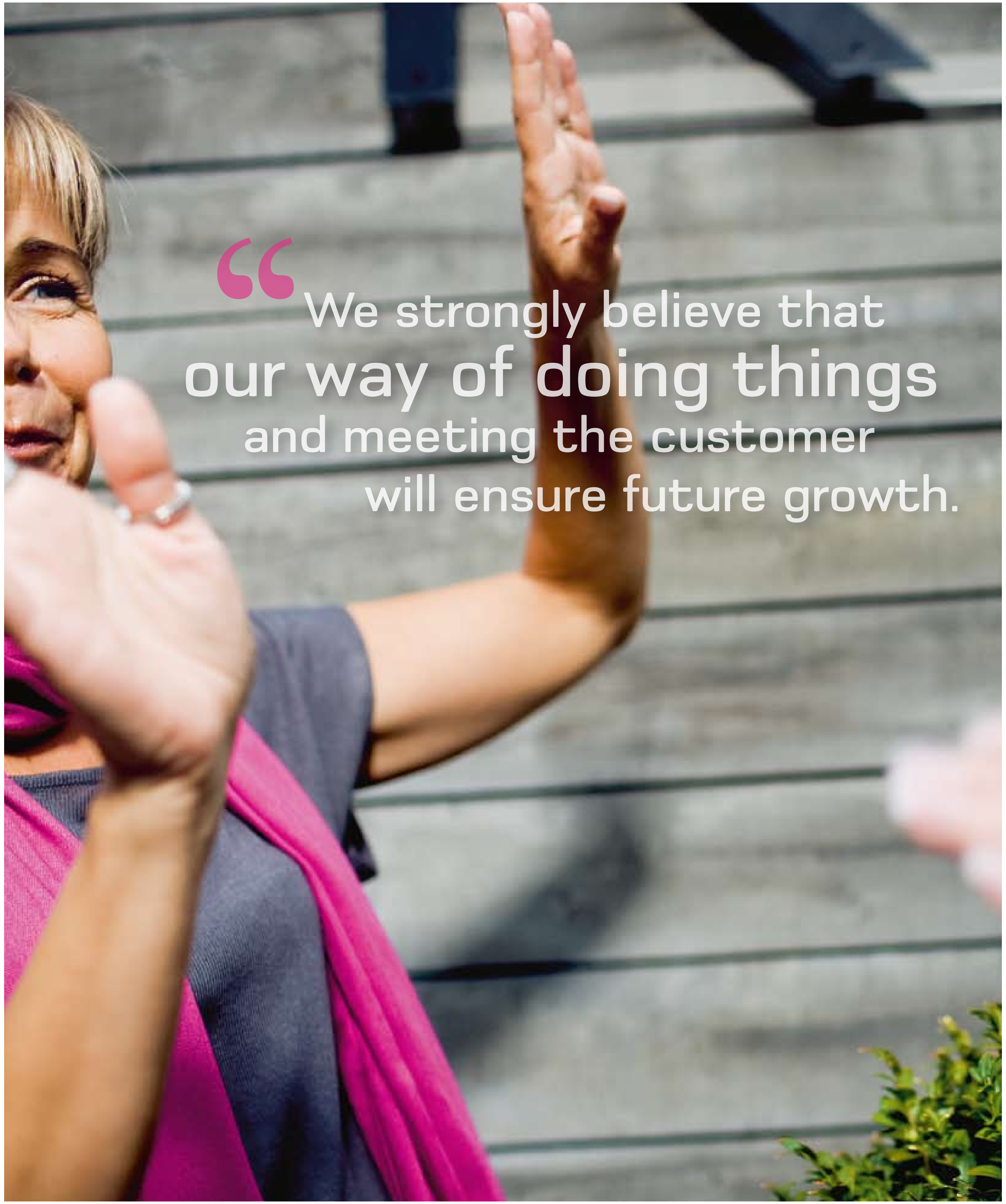
*) excluding non-recurring items

OPERATIVE KEY FIGURES

	2009	2008	2007
Number of subscriptions (incl. mobile broadband)	1,947,000	1,663,000	1,318,000
DNA's own customers	1,846,000	1,565,000	1,245,000
Average Revenue Per User (ARPU), €	22.4	24.5	27.7
Customer turnover (CHURN), %	16.2	13.7	12.6
Broadband	180,000	190,000	195,000
Fixed-line	197,000	229,000	253,000
Cable TV	270,000	263,000	258,000

mobile communication subscribers

07 1,318,000
08 1,663,000
09 1,947,000



Year of change

There are **818** *of us*

During 2009, we focused on creating new practices and operating models, developing our strategy and strengthening the skills of our personnel. DNA Group's mobile and fixed-line network merged into a single operational entity in early 2009. As a result of this restructuring, the number of personnel in the DNA Group decreased by 103. The reduction of 30 people was conducted through pension arrangements.

We now have a strong unit that operates in a clear and uniform manner. At the end of 2009, there were 818 employees at DNA.

STRONG SKILLS

DNA continued preparing for future skill requirements in 2009. Personnel skills development is supported by a training system which contains comprehensive internal and external training for various needs. The training portfolio was expanded on the basis of feedback from the annual performance reviews and skills survey.

DNA employees actively participated in internal coaching and relevant training aiming to help develop their individual skills further. Educational offering and the content of the trainings are tailored to meet the personnel's needs and wishes.

The most important focus areas in 2010 include the development of personnel skills and supervision, as well as defining the core DNA skills in more detail for future needs.

Orientation of new employees is one of our focus areas and we will renew the orientation programme so that it reflects the new DNA way of doing things – which in turn is based on our strategy, values and brand.

LEADERSHIP IS THE KEY

To ensure a coherent leadership and management culture within the company, DNA launched a two-year leadership training programme in 2009. This programme coaches supervisors and supports them in their daily work. As part of the programme, supervisors have the opportunity to gain a specialist qualification. In 2009, two groups started working towards the qualification. New training groups start every year.

DNA's two-year leadership training programme continues with internal supervisor training sessions, which will be organised four times a year. We will also assess the work of supervisors and create personal development plans for each supervisor.

DNA uses result and target-based payment systems. Payments are based on reaching specified targets at company, team and personal level, which are in turn based on DNA's strategic and financial business goals.

WELLBEING AT WORK AMID CHANGES

During the restructuring of the group's business, employees were supported by measures such as providing supervisors with training in change management and giving personnel the chance to discuss the situation with representatives from occupational health care.

We chose a single occupational healthcare service partner at the beginning of 2009, in order to be better equipped in developing our preventive healthcare services. Our comprehensive healthcare agreement covers basic health services as well as those of specialists and occupational physiotherapists and psychologists. Occupational healthcare participates actively in organising the annual wellbeing at work theme day.

DNA encourages its personnel to be active by offering exercise vouchers and supporting the operations of personnel clubs. Together with DNA Peers, DNA HR organised various recreational events for personnel. Peers are DNA employees who work towards improving the atmosphere and team spirit at DNA.

DNA also supports working parents. If a child falls ill, the employee can get a nurse to look after the child for up to three days and DNA pays for this service. We also organised Christmas parties for children at our offices.

We will continue with our current occupational health and working capability models and will develop them further in close cooperation with our partners.

In 2010, employees can exercise during working hours by participating in our employee clubs.

CLOSE COOPERATION

Cooperation between the employee and personnel representatives has been constructive and close. Our common goal is to develop the operations of the company further while motivating our personnel. To cater for changes, the employer and personnel representatives have agreed on additional conditions that go beyond those set down in legislation and collective labour agreements, and have signed a separate personnel agreement. This agreement improves the position of employees who face restructuring-related measures, through means such as additional compensation and protection against redundancies and layoffs. These conditions were honoured during the restructuring that took place in 2009. The fixed-term agreement expired at the end of 2009.

Employer and personnel representatives have signed a new personnel agreement for 2010, with a greater focus on personnel development. It also contains protective elements similar to those mentioned above.

***

568 men | average age 42

250 women

on the agenda

Events in 2009

Personnel from DNA Finland Ltd and DNA Services Ltd became DNA Ltd employees • DNA Store Ltd remains an independent subsidiary • DNA group-level labour protection committee nominated and began its term of office on 1 January 2010 • Launch of the two-year leadership training programme • Internal network training to improve data security • One group-level recreational day for the entire personnel, office Christmas parties and children's Christmas parties • Personnel clubs organised various activities, such as badminton, fishing and art exhibitions

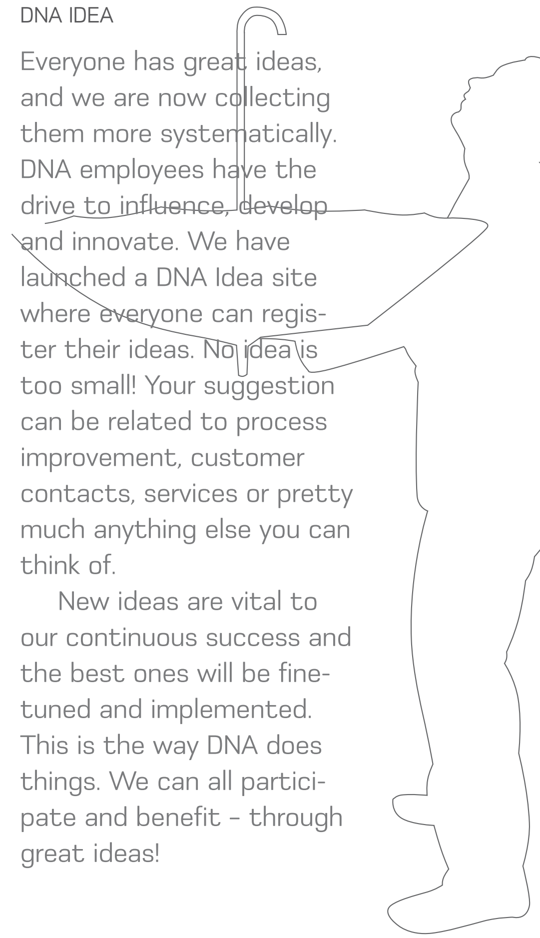
Focus areas in 2010

Skills development • Continued leadership training • Developing wellbeing at work with selected partners • Strengthening the DNA way of doing things • Atmosphere survey and supervisor assessments

hey, one more

thing

DNA IDEA



Everyone has great ideas, and we are now collecting them more systematically. DNA employees have the drive to influence, develop and innovate. We have launched a DNA Idea site where everyone can register their ideas. No idea is too small! Your suggestion can be related to process improvement, customer contacts, services or pretty much anything else you can think of.

New ideas are vital to our continuous success and the best ones will be fine-tuned and implemented. This is the way DNA does things. We can all participate and benefit – through great ideas!

Developing a culture of responsibility

A responsible way of operating and a sustainable strategy create a solid foundation for DNA's business. They guide us in developing our competitiveness and profitability, creating innovative service solutions and identifying new business opportunities.

DNA's principles of corporate responsibility are based on our values, business development and the DNA way of doing things. Responsible DNA provides customers with reasonably priced and high-quality connections, communication solutions and services by means that take account of the needs of personnel, society and the environment. DNA is also adding to competition in the Finnish telecommunication market, which in turn supports continuous industry development and reasonable pricing.

During the spring of 2009, DNA reorganised its business operations by merging the mobile communication service provider DNA Finland Ltd, the fixed-network service supplier DNA Services Ltd, and the Group parent company DNA Ltd into one operational entity. This change will help us develop our culture of responsibility further and integrate it into our business.

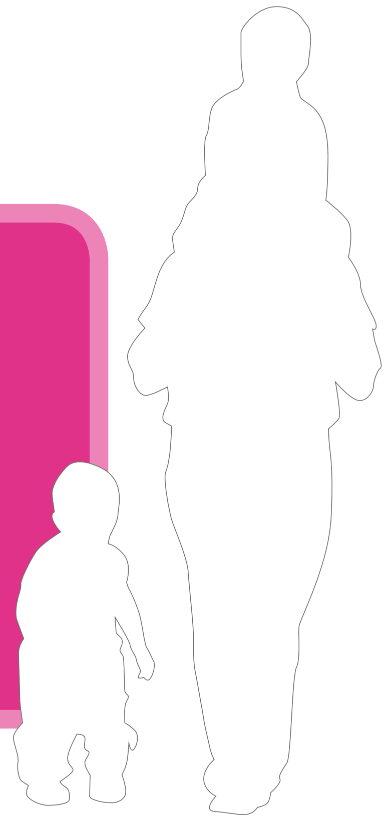
FOCUS ON REPORTING

In the autumn of 2009, DNA launched a corporate responsibility development project which is based on the Global Reporting Initiative (GRI) reporting model. We will implement the reporting model in stages, selecting those GRI metrics that are appropriate to our business. At a minimum, we aim to achieve GRI level C in 2010. By reporting on our corporate responsibility, we can give our customers and stakeholders an open, clear and comprehensive picture of our operations as a responsible telecommunications operator.

The main focus area in the development of corporate responsibility is creating metrics for environmental responsibility, and in particular the calculation of our energy consumption and carbon footprint. >>

principles

- DNA values: quick, genuine and bold
- DNA's Strategy
- DNA's Code of Conduct (to be published in 2010)
- DNA's Code of Suppliers (to be published in 2010)
- DNA's Purchase Policy
- DNA expects its partners and suppliers to operate in accordance with the principles of general corporate responsibility



"We take responsibility for all things, big and small.

In addition to reporting, our aim is to integrate a culture of responsibility into our business, develop it further and find sustainable solutions in every area of corporate responsibility: financial, social and environmental.

DNA'S WAY OF DOING THINGS

The general objective of DNA's corporate responsibility is to ensure that we operate according to our values and universal ethical and environmental principles. By creating a consistent corporate responsibility process we aim to establish clear and uniform practices. The DNA Code of Conduct and Code of Suppliers are the cornerstones of our corporate responsibility. Corporate responsibility is incorporated into DNA's leadership model and duly executed via the corporate responsibility process.

DNA's active renewal of the corporate responsibility process supports developing reporting.

BOLDLY DIFFERENT

Profitable growth and competitiveness will create opportunities for the continuous development of DNA's operations and brand. Comprehensive and high-quality customer service, high-quality products and services, and customer-oriented and uncomplicated ways of doing things are based on a clear guiding strategy. As the fastest growing telecommunications operator in Finland, DNA recognises its financial responsibility towards customers, shareholders and DNA personnel. Financial responsibility also means promoting wellbeing in society.

DNA issues quarterly financial reports and operates within the limits set by legislation, as well as industry and general agreements.

In 2009, DNA Ltd had 774 employees and DNA Store 44. DNA's social responsibility is embodied in DNA's consideration for its employees. Some examples of this consideration include an additional local personnel agreement, continuous development of working conditions, occupational health services and training personnel to meet the challenges of the future.

RESPECT FOR NATURE

DNA's environmental responsibility is related to the construction of communication networks, the power consumption of networks and devices and the maintenance of sites. DNA operates in a sustainable manner and aims to prevent the negative impact of constructing communications networks by utilising the latest, more environmentally friendly technologies.

- 3G consumes less electricity than older technologies. Due to lower power consumption, devices warm up less and do not require additional cooling. DNA tries to use outside air to help cool systems down and to utilise the created thermal load in heating up other premises.
- 3G and LTE technologies have a reduced carbon footprint: making one phone call or transferring 1 MB of data consumes fewer natural resources with new technologies.
- DNA is adopting 3G data transfer (HSPA) in GSM data transfer (GPRS/EDGE). With equal power consumption, we can increase the speed from 0.2 Mbps to approximately 10 Mbps.
- Our access network will utilise fibre optics which allow for added capacity without further construction.
- The design and construction of the entire 3G network is based on an existing base station network. It does not require any new masts or equipment rooms. This helps us minimise the impact on the landscape.

LESS TRAVEL

We have introduced alternative communication solutions, such as video and phone meetings, which reduce the need to travel. We also encourage telecommuting. The emission limit of company cars was lowered to 200 g/km in 2009. The old limit was 220 g/km. The new limit applies when current cars are replaced with new ones.

DNA has reduced its environmental load, i.e. its consumption of energy, electricity, heat and refrigeration, by enhancing its use of space among other measures. In 2009, enhanced operational efficiency and more compact working environments have resulted in our vacating a total of almost 35,000 m^2 of office and warehouse facilities on a national scale.

SUSTAINABLE MATERIAL DEVELOPMENT

DNA emphasises the durability, life cycle and recovery of materials throughout the supply chain. DNA minimises the power consumption and environmental impacts of our network. We also provide environmentally friendly choices for our customers. DNA has donated servers it no longer uses to educational institutions for classroom use.

In summer 2009, DNA participated in a study conducted by FinnWatch and makeITfair on telecommunications operators achieving their corporate responsibility objectives. DNA's rate of mobile phone reuse was the best in Europe. DNA also sells consumers second-hand mobile phones that are in good condition for a lower price.

DNA's own purchase function is guided by our purchase policy, which takes consideration of environmental responsibility. >>

* *hey, one more* thing

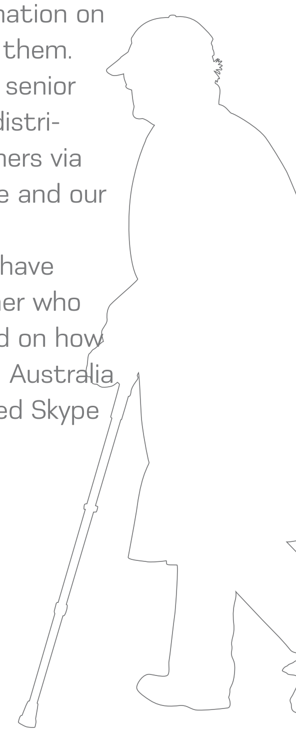
OWN CUSTOMER SERVICE NUMBER FOR SENIOR CUSTOMERS

Our new telephone service takes our senior customers' special needs and wishes into consideration. The service offers unhurried customer service and guidance in all issues relating to mobile phones and mobile broadband.

DNA Seniorilinja is directed at people over 65 years of age, a group that comprises nearly one fourth of all customers calling DNA's customer service.

In addition to their subscriptions' basic services and invoicing, DNA's senior customers are typically interested in affordable international calls and internet connections. Our employees in the senior customer service also provide our customers with good tips on how to find additional information on issues that interest them. DNA has published a senior guide, which will be distributed to our customers via our telephone service and our shops.

"For example, we have instructed a customer who was over 80 years old on how to reach a relative in Australia via the internet-based Skype telephone service."



We know our customers and have a comprehensive presence in Finland. We value customer satisfaction and are committed to taking care of customer relationships and developing them further. In 2010, we are focusing on the further development of the DNA customer panel surveys and interaction. DNA Nettikauppa – a webshop for online services.

WE SUCCEED TOGETHER

DNA's social responsibility includes considering the needs of consumers and the wellbeing of our employees, cooperating with authorities and stakeholders and supporting non-profit causes.

DNA works together with politicians and the authorities to develop Finnish society by appropriate means: statements in hearings organised by authorities, participation in trade organisation work and continuous interaction with the mentioned parties.

DNA and the "No Excuse" campaign focus on preventing internet and mobile phone bullying among school children. Teacher-parent meetings are organised in schools and we also create various campaign materials together.

Social responsibility also has a strong impact on the products and services we offer to customers, as well as on customer service practices in call centres, retail outlets and electronic communications.

DNA'S CUSTOMER PANEL

DNA's customer panel will be renewed during 2010. We will invite a total of 10,000 DNA customers to join the panel, which is one of the main channels through which private customers can voice their opinions. The customer panel provides us with quick feedback and information on our customers' opinions, expectations and values.

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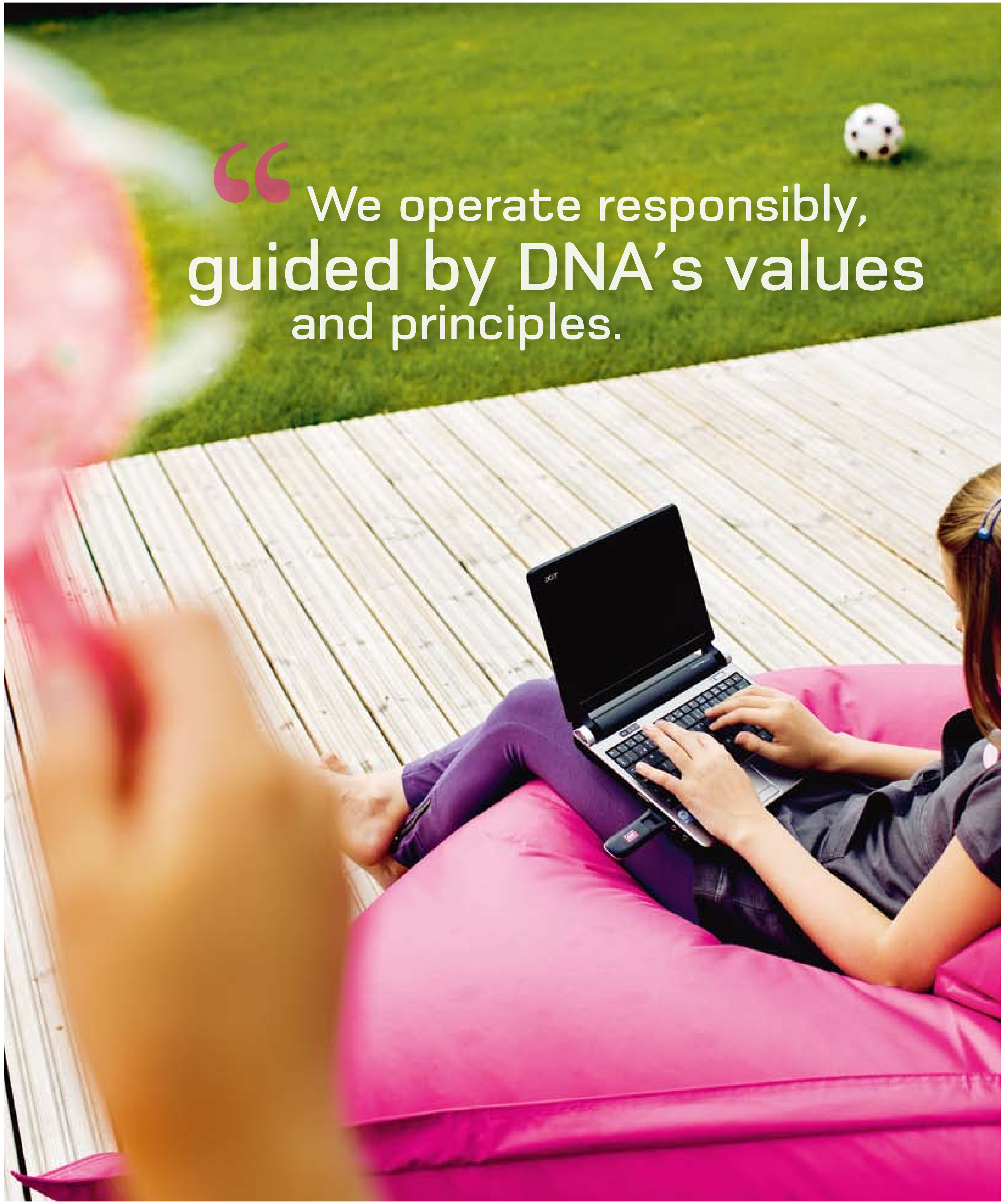
achievements

Achievements in 2009:

- Corporate responsibility development project launched in support of the adoption of GRI reporting
- Emission limit of company cars lowered to 200 g/km
- More effective recycling
- Competitive procurement of electricity and partial adoption of green electricity
- Adopting new, more ecological 3G technology
- Developing online services (DNA Nettikauppa)
- Established guidelines on reducing travel and using communication solutions, such as phone and video meetings

Focus areas in 2010:

- Renewing the code for corporate responsibility
- Educating personnel on and making them to commit to the principles of corporate responsibility
- Integrating corporate responsibility into product innovations
- Considering corporate responsibility in product and service purchases
- Developing GRI reporting and measurements
- Active participation in further development of corporate responsibility with various partners
- Defining the corporate responsibility value chain



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 listed companies. We also adhere to the relevant parts of the Corporate Governance Code of Finnish listed companies.

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 group income statement and the balance sheet. The General Meeting elects the Board of Directors and auditor. It will also decide whether the Board of Directors' proposal on dividends will be approved. 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. A share entitles to one vote at General Meetings. The company Articles of Association include a redemption provision. The right to vote at the General Meetings and the redemption of company shares are restricted by shareholder agreements.

BOARD OF DIRECTORS

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

The Board of Directors has confirmed a written standing order on the tasks of the Board of Directors, matters to be dealt with, meeting practices and the decision-making process. According to the standing order, without exception 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 members. In 2009, the participation rate of meetings of the Board of Directors was 89 per cent. The Board of Directors must carry out an internal self-evaluation of its operations once per year. The Board of Directors does not have any sub-committees.

CEO AND THE EXECUTIVE TEAM

The CEO is responsible for managing the work of the company in line with the Finnish Limited Liability Companies Act and the guidelines and rules issued by the Board of Directors and 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 ensures that the company's asset management has been organised in a reliable way. The CEO is nominated by the Board of Directors. Riitta Tiuraniemi is the CEO of the company.

The executive team, which comprises ten members and the CEO, supports the CEO in decision-making and preparing for decision-making. The executive team of Directors meets as and when deemed necessary, and regularly approximately once per month. Personnel representatives are invited to the meetings of the extended Group Executive Team. The executive team convenes at least once per quarter.

PRINCIPLES OF INTERNAL CONTROL

The Board of Directors has confirmed the principles of internal control, which are based on the widely 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. An internal audit 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 auditing.

The objective of auditing is to ensure that the company's targets are met in several 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, and regularly report 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.

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For a description of corporate governance in 2009, see page 32 of the Annual Report.
Corporate Governance Statement: www.dna.fi > DNA Group

Board of Directors

28 January 2010

JARMO LEINO
Member of DNA's Board of Directors since 2006, b. 1951, Master of Laws, Master of Laws with court training
Advocate, Asianajotoimisto Jarmo Leino Ltd
Main previous experience
Advocate since 1980
Main positions of trust
Lännen Teletieto Oy, Chairman of the Board of Directors
Kontaktia Oy, member of the Board of Directors
Oy Omnitele Ab, member of the Board of Directors
Sesca Group Oy, Chairman of the Board of Directors

RISTO SIIVOLA
Chairman of DNA's Board of Directors since 2003, b. 1947, M.Sc.(Techn)
CEO of Oulun Puhelin Holding Oyj
Main previous experience
Turun Telelaitos, CEO
Oulun Puhelin Oyj, CEO
Telepohja Oy, CEO
Main positions of trust
Oy Omnitele Ab, member of the Board,
Kontaktia Oy, member of the Board

ANSSI SOILA
Member of DNA's Board of Directors since 2008, b. 1949, M.Sc.(Techn) and M.Sc.(Econ)
board professional
Main previous experience
over 20 years of management experience at Kone Plc in Finland and abroad
Kone Plc, CEO
Main positions of trust
Outokumpu Plc, deputy chairman of the Board of Directors
Normet Oyj, deputy chairman of the Board of Directors,
Attendo Oy, member of the Board of Directors
Aspocomp Group Oyj, member of the Board of Directors
Lindström Oy, member of the Board of Directors
Outotec Plc, member of the Board of Directors

HANNU ISOTALO
Member of DNA's Board of Directors 2004–2006 and again from 2007
b. 1947, M.Sc.(Techn)
Chairman of the Board of Directors of Lujatalo Oy
Main previous experience
Lujatalo Oy, CEO
Lujabetoni Oy, CEO
Main positions of trust
Enfo Oyj, member of the Board of Directors
Etera Oy, deputy member of the Board of Directors

ESA HAAVISTO
Member of DNA's Board of Directors since 2003, b. 1949, M.Sc.(Econ)
Main previous experience
Chairman of the Board of Directors of Hacklin Oy
extensive board experience
Main positions of trust
Chairman or member in numerous Boards of Directors

JUHA-PEKKA KESKIAHO
Member of DNA's Board of Directors since 2003, b. 1944, Vocational Qualification in Business and Administration
Main previous experience
teollisuusneuvos (honorary Finnish title)
entrepreneur
industry management positions
Main positions of trust
PHP Holding Oyj, Chairman of the Board of Directors
PHP-Liiketoiminta Oy, Chairman of the Board of Directors

Executive Management

moments






EXECUTIVE TEAM photo was taken in a meeting in January. Two new members started in the team as of 1 January 2010. From left to right: Riitta, Tommy, Petteri, Pekka, Erik, Jukka, Asta, Timo, Marko, Ilkka and Hannu.

RIITTA TIURANIEMI
President and CEO
b. 1962, M.Sc.(Techn), with DNA since 2001
Main previous experience
DNA Networks Ltd, CEO
DNA Finland Ltd, CEO

ILKKA PITKÄNEN
CFO
b. 1966, M.Sc.Econ, with DNA since 2010
Main previous experience
Metsäliitto Group, CFO
Kone Group, CFO, VP Alliances & Acquisitions

JUKKA LEINONEN
Vice President, Corporate Business
b. 1962, M.Sc.(Techn), with DNA since 2010
Main previous experience
TeliaSonera Ltd, various management positions in corporate business marketing and product management
Sonera Solutions, CEO

PEKKA VÄISÄNEN
Vice President, Consumer Business
b. 1966, M.Sc.Econ, with DNA since 2003
Main previous experience
Oulun Puhelin Oyj, Director, Business Development,
DNA Services Ltd, Director, Sales and Marketing

PETTERI NIEMI
Chief Operating Officer (COO)
b. 1970, M.Sc.(Techn), with DNA since 2000
Main previous experience
Päijät-Hämeen Puhelin Oy, Development Engineer
Finnet Com Ltd, Product Group Manager

TOMMY OLENIUS
Vice President, Technology
b. 1962, B.Sc.Techn, with DNA since 2003
Main previous experience
Finnet Networks Ltd, Technical Director
Telia Mobile Finland, Technical Director

ERIK SYLVESTERSSON
Vice President, Sales & Marketing
b. 1969, with DNA since 2006
Main previous experience
Sonit Oy, CEO
DNA Store Ltd, CEO

TIMO VARSILA
Vice President, Products & Content
b. 1964, M.Sc.(Techn, with DNA since 2003
Main previous experience
Telia Mobile Finland, managerial positions in product management and business development
Ericsson Oy Ab, Regional Product Manager

HANNU TURUNEN
Vice President, New Business
b. 1963, M.Sc.Techn, MBA, with DNA since 2007
Main previous experience
Elisa Corporation, Director
Vaisala Plc, Manager, New Business Deveplomemt

ASTA RANTANEN
Vice President, Legal Affairs
b. 1962, Master of Laws
With DNA since 2003
Main previous experience
Finnet Ltd, Vice president, Legal Affairs
DNA Finland Ltd, Vice president, Legal Affairs

MARKO RISSANEN
Vice President, Human Resources
b. 1974, Vocational Qualification in Business and Administration
With DNA since 2003
Main previous experience
Finnet Networks Ltd, HR Manager
Telia Product Oy, HR Manager

Arto Kaikkonen, Vice President, Corporate Business, resigned on 30 June 2009.
Simo Mustila, Vice President, Corporate Finance & Administration, resigned on 31 December 2009.

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"Speed, agility, efficiency – the keys to our successful operating model.

Board of Directors' report 2009

1 IMPORTANT ISSUES REGARDING THE DEVELOPMENT OF OPERATIONS IN 2009

The Group's mobile and fixed network businesses were merged into a single operational entity effective as of 1 January 2009. As part of this business restructuring, cooperative negotiations were launched, and these negotiations were concluded on 27 February 2009. As a result, 103 people were made redundant, 30 of them through pension arrangements. The workforce reductions were implemented in stages by the end of 2009.

On 9 April 2009, Finnish mobile communications operators agreed on termination charges for the period from 1 December 2009 to 30 November 2011.This price agreement was based on the agreement between mobile communications operators signed on 19 February 2007, entailing a gradual reduction in the operators' termination charges in 2007–2010.

DNA fulfilled its obligation to ensure personnel representation in the company administration by setting up an extended Group Executive Team comprising members of the management team, representatives from each personnel group, Vice President, Corporate Communications, and Chief Security Officer. Operations began in June 2009.

On 1 June 2009, the switchboard and availability businesses were transferred to Oy L M Ericsson Ab following an agreement on the remote operation and maintenance of these services.

Charges for using DNA's mobile communication subscriptions in the EU and EEA countries, which include Norway, Iceland and Liechtenstein, were reduced at the beginning of July. This price revision follows the EU's decision to set new maximum limits for roaming charges.

On 25 June 2009, the Ministry of Transport and Communications granted DNA a network operating licence for high-definition (HD) trial broadcasting in the aerial network. The licence will be valid until the year-end 2016.

DNA's Group structure changed significantly following the merger of DNA Finland Ltd and DNA Services Ltd with DNA Ltd on 30 June 2009. This business merger was part of the reorganisation launched by DNA in the spring. DNA Shop Ltd, a Group company responsible for distributing DNA's products and services, will continue to operate as a separate limited company.

At the beginning of the year, DNA set up sales-focused call centres in Oulu and Kuopio. One call centre was opened in Tampere in September, and another in Jyväskylä in November.

DNA Ltd sold all its shares in Elisa Corporation on 28 September 2009. DNA Ltd (directly and indirectly), Lännen Teletieto Oy, Oulun Puhelin Holding Oyj, Kuopion Puhelin Sijoitus Oy, Kuopion Puhelin Oy and PHP Liiketoiminta Oyj now have a combined holding of less than one twentieth (5 per cent) of Elisa Corporation's share capital and votes.

DNA harmonised its technical subcontracting, installation and maintenance operations in the autumn by signing new partner agreements with Empower Oy and Voimatel Oy. The arrangement affected 62 employees who transferred to new the employers on 1 October 2009.

As part of the company's TV business strategy, DNA applied for the government's network operating licences to provide network services in the digital terrestrial mass media network in channel packages F and HD3. The decision regarding the licences will be made in early 2010.

DNA identified three shared values to be respected across the company: quick, genuine and bold.

DNA divested all its shares in Anvia Corporation in December.

On 10 December 2009, the Union of Salaried Employees initiated illegal industrial action thereby breaching the provisions of the collective agreement on good industrial relations. The industrial action did not cause any material disruptions in DNA's operations. The Labour Court imposed fines on the Union of Salaried Employees for illegal industrial action 11 times, totalling EUR 200,000. The industrial action ended on 31 January 2010.

2 MARKET SITUATION

Competition in the consumer communications markets remained fierce. In the mobile communications business, service providers launched airtime-inclusive and package offers as well as mobile broadband offers at an accelerating pace during the year. Strong demand for mobile broadband service continued, particularly for the fastest broadband connections. Although the number of fixed-line broadband subscriptions continued to fall slightly, customers switched to faster connections. This trend is expected to continue.

In the business customer markets, the general conditions remained rigid. The economic recession causes considerable savings pressures, which was particularly evident in major customers' and public sector biddings where price competition was very tough. The overall market value in 2009 remained unchanged.

3 REVIEW OF THE FINANCIAL POSITION AND FINANCIAL RESULTS

The general economic recession has not had a major effect on the DNA Group's sales development or its financial performance. The Group's net sales amounted to EUR 652 million (647), fuelled by the growing number of mobile subscriptions and growing sales of mobile broadband connections. Meanwhile the use of traditional telephone network services decreased. Net sales growth was taxed by the reductions in termination charges.

The gross margin (EBITDA) totalled EUR 167 million (166) and operating losses were EUR 44 million (operating profit 69). Operating loss included a negative non-recurring item of EUR 94.9 million for the write-down of fixed network goodwill as well as business reorganisation costs, and on the positive side a sales gain from the divestment of long-term share investments. The decrease in goodwill could be attributed to the faster than expected reduction in fixed network call minutes, the migration from fixed broadband to mobile broadband, and the decreasing sales of operator services.

EBITDA before non-recurring items totalled EUR 179 million (166), or 28 per cent of net sales (26), and operating profit excluding non-recurring items amounted to EUR 63 million (69), or 10 per cent of net sales (11).

The loss for the financial year was EUR 57 million (profit 47). Profit before non-recurring items came to EUR 46 million (49), accounting for 7 per cent of net sales (8).

Key financial indicators reflecting the Group's financial position and results

EUR million	2009	2008	2007
Net sales	652	647	538
EBITDA excluding non-recurring items	179	166	140
EBITDA % excluding non-recurring items	28%	26%	26%
EBITDA	167	166	136
EBITDA, %	26%	26%	25%
EBIT excluding non-recurring items	63	69	67
EBIT % excluding non-recurring items	10%	11%	13%
EBIT	-44	69	63
EBIT, %	-7%	11%	12%
Return on equity (ROE)	-11.6%	8.0%	17.5%
Equity ratio	55.3%	60.8%	67.0%
The average number of employees for the period	918	1,095	841
Salaries and remunerations for the period (EUR million)	50.2	48.7	34.8

Shareholders' equity amounted to EUR 425 million (553) at the year end. The Group's liquidity has remained good. As part of its refinancing arrangements for the financial period, the company negotiated a new EUR 50 million loan agreement, launched a EUR 150 million commercial paper programme and negotiated a EUR 30 million credit with the European Investment Bank, which it intends to withdraw during spring 2010. The company's interest-bearing liabilities at the end of the year totalled EUR 173 million (170) and its unwithdrawn credit lines EUR 240 million (43).

The parent company's net sales were EUR 326 million (12) and it recorded an operating profit of EUR 164 million (57), which included a merger profit of EUR 135 million.

4 CONSUMER BUSINESS

Consumer business generated net sales of EUR 471 million in 2009, showing a year-on-year increase of EUR 20 million. EBITDA was EUR 113 million (104), an improvement of EUR 9 million from the previous year. EBIT totalled EUR 21 million (42). The decrease could be primarily attributed to the write-down of the fixed network goodwill. EBIT excluding non-recurring items came to EUR 40 million (42).

DNA enjoyed continued growth despite the harsh market conditions. The number of mobile subscriptions continued to grow throughout the year, and DNA's market share rose to 25 per cent (24). In addition to voice subscriptions, mobile broadband services saw continued strong growth. DNA's ARPU fell, mainly due to a significant drop in termination and roaming charges, with an average monthly ARPU of EUR 22.4 (24.5) in 2009. The customer churn rate was 16.2 per cent (13.7).

The fixed-line broadband market continued to shrink in 2009 owing to declining mobile broadband prices and an expansion of the 3G mobile communication network coverage and capacity. In the fixed network business, the volume of broadband subscriptions decreased slightly during the year. DNA's market share of the fixed broadband markets was 12 per cent (12).

DNA continued to upgrade its fixed broadband networks, which significantly improved the availability of high-speed broadband subscription. Depending on the area, the network will be upgraded to either cable television or a fibre optic network. Once the upgrading project is completed in 2010, DNA will be able to offer 100 MB connections across its entire fixed network.

The number of fixed network voice subscriptions continued to fall in 2009 and the market share was 14 per cent (15). The slight upward trend in the volume of cable TV subscriptions continued. While the rapid growth in pay TV services seen in the previous year levelled out, the customer churn rate for channel packages, typical of this sector, remained high. DNA's share of the cable TV markets was 20 per cent (19).

At the year-end, DNA's retail outlet network featured 76 outlets. Locations where new outlets were opened included Kokkola, Jyväskylä and Turku. DNA Store and DNA Market outlets

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were combined to form a single DNA Store chain to build a more efficient distribution system.

5 CORPORATE BUSINESS

Corporate business recorded net sales of EUR 181 million in 2009 (196), showing a year-on-year decrease of EUR 15 million. EBITDA was EUR 54 million (62); a decrease of EUR 7 million from the previous year. Operating loss (EBIT) was EUR 65 million (profit 27), mainly due to the write-down of the fixed network goodwill. EBIT excluding non-recurring items came to EUR 23 million (27).

In the corporate business, mobile voice subscriptions grew by about 14 per cent from 2008. Mobile data services also saw strong growth, particularly in the DNA Matkanetti data services sold as an add-on service. Mobile broadband is becoming increasingly popular for a number of reasons: Intelligent phones are becoming more common, and mobile phones are increasingly used for e-mail and calendar services and for accessing other data systems or electronic services.

Due to increasingly tight competition particularly in the public administration sector and to a relatively large customer loss, the mobile voice subscription development in the corporate business was negative compared to 2008.

The number of fixed network corporate data subscriptions remained at the previous year's level while the number of fixed network voice subscriptions continued to decrease as customers increasingly switched to mobile broadband and mobile voice and switchboard services.

The most significant customers DNA won in competitive bidding rounds in the public sector in 2009 included the City of Lahti and the Lahti Region Educational Consortium.

According to the competition study conducted by Aara Finland in 2009, DNA's market share in corporate data communication services rose to 8 per cent (7.2). The study showed that the corporate customers' satisfaction with DNA as their data communication partner rose to 3.8 (3.6) and that DNA outperformed TeliaSonera (3.5) and Elisa (3.4).

6 KEY OPERATIVE INDICATORS

The number of DNA's mobile subscriptions grew by 284,000 to 1,947,000 subscriptions (1,663,000).

The number of fixed broadband subscriptions fell to 180,000 (190,000). At the end of December, the number of traditional telephone subscriptions was 197,000 (229,000). The number of customers in DNA's cable TV distribution networks was approximately 270,000 (263,000).

Mobile communication network subscription volumes:

Number of	2009	2008
Subscriptions (incl. mobile broadband)	1,947,000	1,663,000
DNA's own customers	1,846,000	1,565,000
Revenue per subscription (ARPU), EUR	22.4	24.5
Customer churn rate (CHURN), %	16.2	13.7

Fixed network subscription volumes:

Number of	2009	2008
Broadband subscriptions	180,000	190,000
Cable TV subscriptions	270,000	263,000
Telephone subscriptions	197,000	229,000

7 CHANGES IN THE GROUP STRUCTURE

Päijät-Visio Oy merged with DNA Services Ltd on 31 March 2009. DNA Finland Ltd and DNA Services Ltd merged with their parent company DNA Ltd on 30 June 2009. On 29 April 2009, DNA Ltd acquired the entire capital stock of ShelCo 2 Oy and Shelco 3 Oy. The entire capital stock of KRO Trading Oy was divested on 21 December 2009. RSL Com Turku Oy merged with DNA Ltd on 31 December 2009.

8 PRODUCT DEVELOPMENT AND RESEARCH OPERATIONS

During the review period, the Group invested EUR 2.5 million (4.0) in product development and research operations, of which EUR 0.8 million (1,7) was recognised in the balance sheet.

9 INVESTMENTS

The Group's capital expenditure amounted to EUR 88 million (97), with major individual items including the 3G network investments as well as investments in the fibre and transfer system.

Construction of the 3G network continued in 2009 and at the year-end, DNA's 3G service covered approximately 90 per cent (80) of the Finnish population.

10 CORPORATE GOVERNANCE

General meetings

The Annual General Meeting was held on 27 March 2009. In addition, an Extraordinary General meeting was held on 4 August 2009.

Board of Directors

During the period under review, the Board of Directors convened 22 times. Members of the Board of Directors were Risto Siivola (Chairman), Esa Haavisto, Hannu Isotalo, Juha-Pekka Keskiaho, Jarmo Leino and Anssi Soila. The participation rate at meetings of the Board of Directors' was 89 per cent.

CEO

The Group CEO was Riitta Tiuraniemi.

Executive Management

The management team consisted of Riitta Tiuraniemi (President and CEO), Arto Kaikkonen (Vice President, Corporate Business), Simo Mustila (Vice President, Corporate Finance & Administration; Deputy CEO), Petteri Niemi (Vice President, Customer Processes), Tommy Olenius (Vice President, Technology), Asta Rantanen (Vice President, Legal Affairs; Secretary of the management team), 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). Following the resignation of Arto Kaikkonen on 30 June 2009, Corporate Business Development Director Jukka Usmi substituted as Vice President, Corporate Business, in addition to his own duties, until 1 January. Jukka Leinonen assumed the position of Vice President, Corporate Business on 1 January 2010. Simo Mustila resigned at the beginning of the year. Ilkka Pitkänen has served as the company's Vice President, Corporate Finance & Administration as of 1 January 2010. He is also the deputy CEO.

Auditing of the accounts

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

Decrease in the premium reserve

In accordance with the decision taken by the Extraordinary General Meeting on 10 September 2008, the company's share premium reserve value was reduced. Shareholders were refunded a sum of EUR 5.49 per share, totalling EUR 41,618,377.89. Since the share premium reserve of EUR 41,688,628.79 was not divided equally between the number of shares, the remaining portion of EUR 70,250.90 was transferred to the un-restricted capital reserve set up when the premium reserve was reduced. The funds were returned on 31 March 2009.

Increases in share capital, shares owned by the management and the members of the Board of Directors, option rights

At the beginning of the financial period, the number of company shares totalled 7,580,761 and the share capital registered in the company's trade register amounted to EUR 72,184,558.98.

LP Sijoitus Oy, Oulun Puhelin Holding Oyj, PHP Liiketoiminta Oyj and KPY Sijoitus Oy surrendered their business to DNA Ltd on 1 July 2007, and one third of the capital investments made by these companies after the surrender, totalling EUR 517,666.67, was recorded in the company's share capital during the financial year. The capital investment method was in line with the share subscription price recording conducted in connection with the business transfer on 1 July 2007.

The Annual General Meeting held on 27 March 2009 authorised the Board of Directors to decide on a share issue of a maximum of 2,500 shares and 125,000 option rights in a share issue in one or several lots as part of the company's management and key personnel incentive programme. This authorisation included the right to derogate from the pre-emptive right of the shareholders laid down in Section 9(3) of the Limited Liability Companies Act, due to the existence of a weighty financial reason under Section 9(4)(1) of the Limited Liability Companies Act.

During the financial period, the company purchased 2,500 treasury shares pursuant to the decision taken by the Extraordinary General Meeting on 4 August 2009 at a redemption price of EUR 287,208.75. The shares redeemed during the financial period account for 0.03 per cent of shares and votes. The redemption of treasury shares did not have any significant effect on the ownership and the distribution of votes in the company.

At the end of the financial year, the company's shares totalled 7,580,761 and the share capital registered in the company's trade register amounted to EUR 72,702,225.65. The company held 2,500 treasury shares.

Significant litigation matters

In its ruling issued on 24 August 2009, the Helsinki district court suspended the action filed by Deutsche Telecom AG against DNA Ltd in 2008 regarding European Community Trademark Registration no. 212787 and the counterclaim filed by DNA Ltd on the same issue because complaints about the validity of the trademark are simultaneously being handled in three processes outside Finland. Deutsche Telecom AG is required under the ruling to notify the district court of when the matters impeding the continuation of the process have been resolved.

The Finnish Competition Authority has, based on requests for action, investigated the pricing of the broadband business conducted by Kuopion Puhelin Oy, Päijät-Hämeen Puhelin Oyj and Oulun Puhelin Oyj, and the suspected abuse of dominant position in the broadband markets. Kuopion Puhelin Oyj was acquitted in December.

11 PERSONNEL

At the beginning of the financial year, Group companies employed a total of 982 staff (1,214), and 818 staff (982) at the year-end.

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Key indicators reflecting the company's personnel:

	2009	2008	2007
The average number of employees for the period	918	1,095	841
Salaries and remunerations for the period (EUR million)	50.2	48.7	34.8

12 ENVIRONMENTAL ISSUES

Environmental issues have been described in detail on page 16 of the Annual Report.

13 SIGNIFICANT RISKS AND UNCERTAINTIES

General

Risk management is part of DNA's strategy process and corporate governance. Risk management is guided by the risk management policy approved by the Board of Directors. This 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 and its in-depth understanding of customers and markets.

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.

Risk refers to events or circumstances that, if materialised, could affect DNA's ability to achieve its targets.

Key risks related to DNA's business environment

DNA operates in the Finnish telecommunications market, which has a limited number of users and is characterised by tough competition and a high degree of penetration.

Net sales in the telecommunications market are not growing; instead, they may decline to some extent, which would have a negative impact on DNA's business. Growth, especially profitable growth, will be increasingly challenging in the Finnish market.

If prolonged, the general economic recession can have a negative impact on consumer confidence in the development of their personal financial situation, and this way could affect the demand for DNA's products and services. At the same time, however, customers have become increasingly price-conscious, which could offer new opportunities for an operator with competitive prices. If customer liquidity weakens due to the recession, this could result in credit losses.

Technological development can create new communications methods in addition to the traditional ones offered by telecom operators. Customer behaviour can change rapidly if the new communications methods are sufficiently reliable and easy to use. If such services gain widespread popularity, it could have an overall negative impact on the traditional business of operators. On the other hand, new communications methods also provide operators with a number of opportunities – the current business environment requires the ability to respond to any changes quickly enough.

Regulatory risks

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

Any decline in fixed-network voice traffic may trigger new regulation and new obligations aimed to ensure service availability and standards.

Meanwhile the national broadband project will have an effect on regulation regarding universal services and licensing. As of 1 July 2010, the universal service obligation also includes the obligation to offer a broadband connection enabling data transfer speed of 1 MB.

The grounds on which frequencies that are essential for DNA's business are distributed and the distribution methods can change from the current practice. The first frequency auction conducted on a pilot basis was held in Finland in November 2009.

Key strategic and operative risks

There are clear indications of the telecommunications market reduction, particularly in fixed-line voice traffic. Moreover, the steady decline in fixed-line network voice subscriptions and the slowdown in the growth of the broadband market may limit the growth opportunities of the fixed-line network business. Fixed-line network customers can be offered services in the mobile networks and thereby retain customers with DNA.

Meanwhile the mobile communications markets still show considerable growth opportunities, especially in mobile broadband solutions. DNA is well equipped to continue doing business cost-efficiently and to match competition.

Rapid technological development of the industry may have an effect on DNA's operations.

In a challenging business environment, maintaining continued growth requires courage in decision-making and fast reactions. Too narrow focus in current business without any efforts to seek new business opportunities can be considered a strategic risk. DNA is therefore making special efforts to also identify new business opportunities. Starting up new business always involves higher risks than conventional and established business operations.

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. The Group's foreign interest risk is insignificant, as the majority of its cash flow is euro denominated. In order to manage liquidity risk, the company uses credit limits in addition to liquid assets.

Damage risk

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

14 SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

In January 2010, DNA applied for the licence made available for application by the Finnish government for a digital UMTS network in the province of Aland. The decision regarding the licences will be made by 30 April 2010.

The industrial action initiated by the Union of Salaried Employees ended on 31 January when the parties reached a mutually satisfactory outcome. In addition to individual contract items, focus in the negotiations was on maintaining good industrial relations in the future, and on improving cooperation.

In early 2010, DNA introduced a long-term incentive scheme for key personnel.

15 EVALUATION OF LIKELY PROSPECTS

The general economic uncertainty is expected to persist in Finland, and unemployment figures are expected to show slight growth in 2010. In previous recessions, the economic cycles affected the telecommunications sector with a clear delay. Due to this general market development, DNA's total net sales are not expected to show significant growth; instead, they are expected to remain on the 2009 level. DNA's total net sales growth is also hampered by the reduction in mobile network termination charges in December 2009 and reduction in the number of fixed-line voice subscriptions. In 2010, DNA will start up new TV business in the nationwide digital terrestrial network, but this business is not expected to generate net sales before 2011. However, thanks to the efficiency improvement measures taken in 2009, EBITDA and financial result are expected to remain on the 2009 level.

Consumer business

DNA's consumer business will continue to pursue growth in 2010. Continued strong growth is expected in mobile broadband business, thanks to the increase in network coverage, high-speed connections and capacity. Similarly, the growing number of intelligent phones will boost mobile data use. Meanwhile the number of broadband subscriptions in the fixed-line network is estimated to fall slightly. The ARPU of the fixed-line network broadband subscriptions is anticipated to increase slightly, owing to faster connection speeds.

In the saturated voice markets, DNA's market share is expected to continue growing. The decline in fixed-line network voice subscriptions will continue. The customer churn for voice subscriptions in the mobile communication network is expected to take a small upward turn while a decline in the average revenue per user (ARPU) is expected to continue due to the lower termination charges.

Competition in the consumer markets is expected to remain fierce, which will translate into strong marketing investments and price offers.

Corporate business

DNA's net sales from the corporate business are expected to show moderate growth, following the positive sales developments in mobile subscriptions and mobile data services. However, the tightened competition will reflect on customer churn and customer prices. DNA aims to increase the number of network-focused service subscribers in the course of 2010. Use of fixed network voice services is likely to continue falling as companies switch to using more mobile phone services. The demand for fast fixed-line network data connections is expected to remain on the previous year's level as companies increasingly use online services. DNA will continue to take measures to make services available nationwide, and will invest in the development of external distribution. In the operator markets, the migration towards IP- and mobile-based solutions has a slightly negative impact on net sales, but at the same time there are signs of moderate growth particularly in the emerging wireless M2M (machine-to-machine) service markets.

16 BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF PROFITS

DNA Ltd's distributable funds in the financial statement amounted to EUR 195,040,099.42, of which profit for the financial year came to EUR 164,350,297.29. No essential changes have taken place in the company's financial situation after the end of the financial year, and the solvency testing carried out under Section 13(2) of the Limited Liability Companies Act will not affect the amount of distributable funds. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 4.35 per share be paid, a total of EUR 32,965,435.35.

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Consolidated income statement, IFRS

EUR 1,000	Note	1 Jan-31 Dec 2009	1 Jan-31 Dec 2008
Net sales	5	652,162	647,137
Other operating income	6	4,963	5,030
Materials and services		-324,109	-326,035
Employee benefit expenses	9	-63,482	-61,200
Depreciation, amortisation and impairments	8	-116,051	-96,766
Goodwill impairment	8, 16	-94,900	0
Other operating expenses	7, 10	-102,379	-99,006
Operating result		-43,796	69,159
Financial income	11	3,822	3,840
Loss/Gain on financial assets recognised at fair value against profit or loss		2,463	-3,376
Financial expense	12	-5,270	-5,310
Share of associated companies' results	17	9	9
Net profit/loss before tax		-42,772	64,322
Income tax	13	-13,778	-17,487
Net profit/loss for the period		-56,550	46,834
Attributable to:			
Equity holders of the parent		-56,550	46,836
Non-controlling interest			-1
Earnings per share attributable to the equity holders of the parent:			
Earnings per share, basic, EUR	14	-7.5	6.2

Consolidated statement of comprehensive income

EUR 1,000	Note	1 Jan-31 Dec 2009	1 Jan-31 Dec 2008
Net profit for the period		-56,550	46,834
Other comprehensive income:			
Cash flow hedges	12	-270	-978
Available-for-sale financial assets	12	-47	-127
Other comprehensive income, net of tax:		-317	-1,106
Total comprehensive income		-56,867	45,728
Attributable to:			
Equity holders of the parent		-56,867	45,729
Non-controlling interest			-1

Notes on pages 40-65 are an integral part of the consolidated financial statements.

Consolidated balance sheet, IFRS

EUR 1,000	Note	31 Dec 2009	31 Dec 2008
ASSETS			
Non-current assets			
Goodwill	16	96,700	191,600
Other intangible assets	16	59,056	61,489
Property, plant and equipment	15	397,640	415,731
Investments in associates	17	1,133	1,191
Available-for-sale financial assets	18	243	12,374
Other receivables	19	10,919	5,976
Deferred tax assets	20	31,677	32,735
Total non-current assets		597,368	721,096
CURRENT ASSETS			
Inventories	21	7,856	10,675
Trade receivables and other receivables	19	140,115	136,659
Financial assets at fair value through profit and loss	18	0	36,311
Cash and cash equivalents	22	26,304	7,339
Total current assets		174,275	190,984
Total assets		771,643	912,080
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	23, 24	72,702	72,375
Share premium reserve	23	0	41,689
Fair value reserve	23	0	48
Hedge fund	23	-1,248	-978
Unrestricted equity reserve	23	406,956	407,213
Retained earnings		2,757	-13,856
Profit/loss of the period		-56,550	46,834
Total equity		424,617	553,324
NON-CURRENT LIABILITIES			
Interest-bearing non-current liabilities	27	121,438	118,570
Retirement benefit obligations	25	253	334
Provisions	26	9,236	5,186
Derivative instruments	30	1,686	1,322
Deferred tax liabilities	20	55,246	61,347
Other non-current liabilities		1,443	1,731
Total non-current liabilities		189,302	188,489
Current liabilities			
Interest-bearing current liabilities	27	49,391	50,550
Provisions	26	3,777	1,699
Derivative instruments	30	453	0
Prepayments received	28	2,693	2,551
Trade payables	28	69,910	77,959
Accrued expenses	28	27,198	28,045
Other current liabilities	28	4,301	9,463
Total current liabilities		157,723	170,267
Total liabilities		347,025	358,756
TOTAL EQUITY AND LIABILITIES		771,643	912,080

Notes on pages 40-65 are an integral part of the consolidated financial statements.

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Consolidated cash flow statement, IFRS

EUR 1,000	2009	2008
Cash flow from operating activities		
Profit/Loss for the period	-56,550	46,834
Adjustments *)	221,587	118,652
Change in working capital	-17,187	-127
Interest paid	-5,932	-15,472
Interest received	753	2,210
Taxes	-16,935	-3,919
Net cash generated from operating activities (A)	**125,737**	**148,178**
Cash flow from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	-88,329	-95,168
Proceeds from sale of PPE	2,284	617
Proceeds from sale of shares	14,371	20
Investments in shares	0	-7,877
Acquisition of subsidiaries and business transfers	-3	-328
Change in other shares	-1,875	-82
Proceeds from sale of subsidiary, net of cash disposed	312	0
Change in other investments	-13	0
Net cash used in investing activities (B)	**-73,253**	**-102,817**
Cash flow from financing activities		
Proceeds from share issue	0	2,774
Dividends paid	-10,003	-8,704
Share premium reduction	-41,618	-100,000
Borrowing and repayment of current interest-bearing liabilities, net	-61,543	-26,660
Borrowing and repayment of non-current interest-bearing liabilities, net	66,009	95,412
Non-current receivables, increase (+) /decrease (-)	-5,118	1,008
Other financial items	18,756	-33,623
Net cash used in financing activities (C)	**-33,518**	**-69,792**
Change in cash and cash equivalents (A+B+C)	18,966	-24,432
Cash and cash equivalents at beginning of period	7,339	31,771
Cash and cash equivalents at end of period	26,304	7,339
*) Adjustments		
Depreciation	210,951	96,767
Other non-cash income and expense	-6,455	2,929
Financial expenses	6,397	5,310
Interest income	-3,084	-3,840
Taxes	13,778	17,487
Total adjusments	**221,587**	**118,652**
Change in working capital		
Assets, non-interest bearing increase (-) / decrease (+)	-2,626	10,256
Inventories, increase (-) / decrease (+)	2,819	-815
Liabilities, non-interest bearing increase (-) / decrease (+)	-17,381	-9,568
Total	**-17,187**	**-127**

Notes on pages 40-65 are an integral part of the consolidated financial statements

Consolidated statement of changes in shareholders' equity

EUR 1,000	Share capital	Share premium reserve	Fair value reserve	Hedge fund	Unrestricted equity reserve	Retained earnings	Non-controlling interest	Total
SHAREHOLDERS' EQUITY AT JANUARY 1, 2008	72,218	141,689	175	0	404,604	-6,158	0	612,528
Net profit/loss for the period						46,836	-1	46,834
Other comprehensive income, net of tax			-127	-978				-1,105
Total comprehensive income	0	0	-127	-978	0	46,836	-1	45,729
Dividends paid		-100,000				-8,704		-108,704
Other changes					-8	1,006		998
Share issue					2,617			2,617
Unregistered share issue	157							157
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2008	72,375	41,689	48	-978	407,213	32,980	-1	553,324
SHAREHOLDERS' EQUITY AT JANUARY 1, 2009	**72,375**	**41,689**	**48**	**-978**	**407,213**	**32,979**	**-1**	**553,324**
Net profit/loss for the period						-56,550		-56,550
Other comprehensive income, net of tax			-48	-270				-318
Total comprehensive income	**0**	**0**	**-48**	**-270**	**0**	**-56,550**	**0**	**-56,868**
Dividends paid						-29,934		-29,934
Other changes		-41,618						-41,618
Treasury shares						-287		-287
Share issue	327				-327			
Transfers in equity		-71			71			
Unregistered share issue								
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2009	**72,702**	**0**	**0**	**-1,248**	**406,957**	**-53,792**	**-1**	**424,617**

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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 place of business 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 March 10, 2010. 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 2009. 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 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 euro.

The Group has adopted the following new and amended IFRS standards and interpretations as of 1 January 2009:

- IAS 1 (revised). **Presentation of financial statements.** The amendment mainly changed the presentation method of the income statement and statement of changes in equity.
- IFRS 7 **Financial instruments – Disclosure** (amendment). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment required disclosure of fair value measurements by level of fair value measurement hierarchy.
- IAS 23 (amendment) **Borrowing Costs.** The amendment requires that the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the asset's cost. The Group has previously recorded borrowing costs as costs during the financial year in which they have accumulated. The Group does not have any investments fulfilling the recognition criteria and the amendment had no effect on the consolidated financial statements.
- IFRS 2 (amendment), **Share-based payment** The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment did not have any effect on the consolidated financial statements.
- Amendments to IAS 1 **Presentation of Financial Statements** and IAS 32 **Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation.** The amendments require classification of certain types of financial instruments as equity, provided they have particular features and meet specific conditions. The amendments did not have any effect on the consolidated financial statements.
- IFRIC 9 (revised) **Reassessment of Embedded Derivatives** and IAS 39 **Financial Instruments: Recognition and Measurement.** The amendments clarify that on reclassification of a financial asset out of the 'fair value through profit or loss' category, all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The amendment did not have any effect on the consolidated financial statements.

EARLY ADOPTION OF STANDARDS

- IFRS 8 **Operating segments** (effective for financial periods beginning on or after 1 Janyary 2009). The standard requires that a management approach should be used in presenting segment information in order to harmonise the presentation of segment information and internal reporting. The adoption of IFRS 8 did not significantly affect the presentation of segment information as the group already presented segment information based on the group's internal reporting structure.
- IFRIC 13 **Customer Loyalty Programmes** (effective for annual periods beginning on or after 1 July 2008).

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. Intragroup shareholdings are eliminated using the cost method. 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 is presented in the income statement, and non-controlling interest in equity is presented in the balance sheet as a separate component of shareholder's equity. Accrued losses attributable to non-controlling interest are recognised in the consolidated financial statements only up to the amount of the investment.

ASSOCIATED COMPANIES

Associated companies are companies in which the Group has a significant influence. A significant influence is realised if the Group holds more than 20 per cent of the voting rights or otherwise has a significance 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 (EBIT).

ACQUISITIONS

There were no significant acquisitions during 2008 and 2009.

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.

Foreign currency denominated non-monetary items that are measured at fair value are translated into functional currency applying the exchange rates of the measurement date. Other non-monetary items are measured at the transaction-date rate.

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 (EBIT).

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are carried at their historical cost less accrued 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. Useful lives of plant, property and equipment of the fixed-line business, acquired by DNA Ltd on 1 July 2007, have been adjusted to reflect the depreciation periods applied by the Group.

The depreciation periods are as follows:

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

Residual values and depreciation periods are reviewed each interim report and, if appropriate, adjusted to reflect any changes that may have occurred in the expectation of financial benefit.

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

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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 after 1 January 2006 and measured at the acquisition date. All direct costs arising from the acquisition, such as consulting fees, are included in the acquisition cost. Goodwill arising from business combinations carried out prior to 2006 corresponds to the book value of the previously applied accounting standards, which has been used as the deemed cost in accordance with IFRS. Goodwill is not amortised but tested for impairment annually.

For this purpose, goodwill is allocated to cash generating units (CGUs), or in case of associated companies, goodwill is included in the acquisition cost of the company. Goodwill is recognised at historical cost less impairment.

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 R&D 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 R&D expenditure is carried at cost less accrued amortisation and impairment. The useful life of capitalised R&D expenditure is three years, over which period capitalised expenses are recognised as expenses on a straight-line basis.

Other intangible assets

Intangible assets are recorded at historical cost in the balance sheet only when it is probable that the future economic benefits 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.

Intangible assets with indefinite useful life are not amortised but tested annually for impairment.

The useful lives of other intangible assets are as follows:

Customer contracts and the related customer base	1–20 years
IT software	3–5 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 they transfer risks and rewards incidental to ownership substantially 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 amortised 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 a 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 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 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 TEL 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.

In addition to the recognition of national expenses, the IFRS financial statements will recognise the adjustment of pension expenses in accordance with IAS 19, while the change in pension liability/receivable indicated in the calculation will be recognised in the balance sheet, taking into consideration deferred tax.

On the IFRS transfer date of 1 January 2006, all accrued actuarial gains and losses were recognised in the IFRS opening balance in accordance with the exemption under IFRS 1. Any subsequent actuarial gains and losses will be recognised against income statement over the average remaining service lives of employees, to the extent that they exceed the higher of the following: 10% of pension obligations or 10% 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 payment

DNA Ltd adopted a share-based incentive programme for the key employees as of 28 May 2008. The key employees have been given the opportunity to subscribe to the company shares. The fair value of service given in return of shares is recognised as an expense. The total amount of expenses is based on the fair value of the granted shares. The amount recognised as an expense is accrued over the period of time during which all vesting conditions should be met. Any effect of the adjustments made to the original estimates is recognised in the income statement and correspondingly in the shareholders' equity. Any payments received for exercising the subscription right less the related direct transaction costs are recognised in the free equity fund.

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 the present value of the expenditure required to settle the obligation. The discount rate used to determine the 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, the corresponding tax effect is also recognised as part of shareholders' equity. Tax based on taxable profit for the financial period is calculated using taxable income and applying the effective tax rate, adjusted to any taxes from previous periods.

Deferred tax is calculated on temporary differences between the carrying amount and tax base of assets. However, deferred tax is not recognised when it arises from initially recognised assets or liabilities other than in a business combination, which does not affect either the accounting or the taxable profit at the time of the transaction. Deferred tax is not recognised for undistributed profits of subsidiaries where it is probable that the difference will not be reversed in the foreseeable future.

The most significant temporary differences arise from the depreciation of property, plant and equipment, unused tax losses and fair value measurement on acquisition.

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 the 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 excluded from 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 the 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 telephone, mobile telephone, data communication and other customised services. Revenue from functionality services is recognised as income over the contract period.

Revenue from long-term 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 of 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 of 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 the 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 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. Transaction costs are included in the historical cost, excluding financial assets recognised at fair value against profit or loss. Financial assets are derecognised when the right to receive cash flows has expired or has been transferred to another party so that the derecognition conditions under IAS 39 are met.

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 the sales receivables and other receivables in the balance sheet and in the current assets group 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. 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 share investments 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 current 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 current interest-bearing liabilities and are presented as net amounts, as the Group has a legal contractual right of set-off to make payment or otherwise eliminate the amount owed to creditors either in whole or in part.

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 has impaired, the impairment loss is recognised against profit or loss. Fair value of share investments, which is significantly lower than the acquisition cost, indicates impairment of the share held for sale. If the amount of impairment loss subsequently reduces, the impairment loss recorded for an interest-bearing instrument will be reversed in the income statement. 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. 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. If, in a subsequent period, the amount of the

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impairment loss decreases, the reversal of the previously recognised impairment loss is recognised by reducing other operating expenses.

Financial liabilities

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.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Derivatives are recognised at cost that corresponds to their fair value at the time of acquisition. After acquisition, derivative contracts are measured at fair value. Gains and losses arising from fair value measurement are recognised based on the use of derivative contract. The Group's derivatives are either cash flow hedges or derivatives not fulfilling the hedge accounting criteria.

At the closing date the Group was using floating-for-fixed interest rate swaps to hedge against loan interest rate risk. Hedge accounting under IAS 39 is applied to the interest rate swaps, and at the closing date they met the criteria for being actually effective. Changes in fair value of effective derivatives qualifying for 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 occur any longer, 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. The fair value of publicly traded derivatives is based on the quoted market price on the closing date.

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. The 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. Trading derivatives as well as realised and non-realised changes in fair value are recognised as finance income or expense in the income statement. Derivatives of this kind are few.

According to the Group's electricity forward contract, the Group can commit to a certain price level of electricity. The electricity forward is separated from the main contract and valued at fair value through the income statement. The fair value of the forward is included in current assets or liabilities. The fair value of the forward is based on market prices.

SHARE CAPITAL

Outstanding ordinary shares are included in share capital.

OPERATING PROFIT

IAS Standard 1 **Presentation of Financial Statements** does not define operating profit.The Group has defined the concept as follows: operating profit 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 profit line. Exchange differences are included in operating profit, if they arise from business-related items; otherwise they are recognised in financial items.

ACCOUNTING PRINCIPLES REQUIRING MANAGEMENT JUDGEMENT AND UNCERTAINTY FACTORS RELATED TO ESTIMATES

The estimates made during the preparation of the financial statements are based on the 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 corporate mergers the Group has employed the services of an outside advisor in assessing the fair value of tangible and intangible assets. 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. The management considers the assumptions and estimates to be sufficiently accurate to provide a basis for estimating the fair value. The Group also reviews any indication of impairment loss of tangible and intangible assets at each closing day of the financial statements. For further information about measuring the value of intangible assets in business combinations, see section 17 of the notes.

Impairment testing

The Group tests goodwill, unfinished intangible assets and intangible assets with indefinite useful life 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.

Revenue recognition

In accordance with the principles of revenue recognition, the income and expenses of long-term projects are recognised on the basis of the stage of completion when the end result of the project can be reliably assessed. Revenue recognition according to the percentage of completion method is based on the estimates of expected income and costs and reliable determination of the project's progress. If estimates of a project's end result are changed, the cumulative effect of adjusted estimates is recognised in the period in which the change becomes probable and it can be estimated. Forecast losses of the project are immediately recognised as an expense.

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.

In 2010, the Group will adopt the following standards and interpretations:

- IFRS 3 (revised), **Business combinations** (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. Goodwill can be calculated based on the parent company's relative share of net assets and it can contain goodwill allocated to the share owners with no control in the company. All acquisition-related costs should be expensed. The revised standard effects goodwill amounts on business combinations and on sales profits. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
- IAS 27 (revised), '**Consolidated and separate financial statements**', (effective from 1 July 2009). The revised standard 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 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. A similar approach will in the future also be applied to shares in associated companies (IAS 28) and joint ventures (IAS 31). As a result, subsidiary losses can be allocated to the non-controlling interest even when it exceeds the amount of investments made by the non-controlling interest.
- IAS 39 (amendment) **Financial Instruments: Recognition and Measurement** (effective from 1 July 2009). The amendment refers to hedge accounting. The amendments clarify, for instance, the classification of derivatives when changes are made to hedge accounting and the definition of instruments held for trading. They also require the use of a revised effective interest rate for the re-measurement of the carrying amount of debt financial instruments on cessation of fair value hedge accounting. The Group management expects the interpretation not to have substantial impact on the consolidated financial statements.
- IFRIC 17, **Distribution of non-cash assets to owners** (effective on or after 1 July 2009). This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. It is not expected to have a material impact on the group's financial statements.
- IFRS 2 (amendments), **Group cash-settled and share-based payment transactions** (effective on or after 1 July 2009). The amendments clarify the scope of IFRS 2. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter whether the transaction is settled in shares or cash.*
- Amendment to IAS 32 **Financial Instruments: Presentation – Classification of Rights Issues** (effective on or after 1 February, 2010). The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in another currency than the functional currency of the issuer. The amendment will not have a significant effect on the consolidated financial statements.

* The standard/interpretation has yet to be approved for application in the European Union.

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3 MANAGEMENT OF FINANCIAL RISK

The main objectives of the Group's financing operations are funding, optimising capital expenditure and managing financing risk. Principles of risk management are defined in the Group financing policy, approved by the parent company Board of Directors. The policy includes guidelines for raising capital, investing cash surplus and managing finance risk.The Group financing activities are centralised to the parent company financing 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 financing risks in the Group are liquidity, credit and interest rate risk. The objective of the Group financing risk management is to identify and gauge 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 only.

LIQUIDY 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 2009, the Group had a good liquidity position. In addition to cash and cash equivalents, the Group had unused creditlimits and other committed credit limits of EUR 90 million, including EUR 50 million unused credits out of a EUR 150 million loan contract (until 31.5.2010), a EUR 30 million non-current credit agreement as well as other credits of EUR 10 million. A EUR 150 million commercial paper program was unused. The unused credit limits total EUR 240 million. The 2010 repayments total EUR 45 million.

Debt maturity analysis

EUR 1,000	Under 1 year Interest payment	Under 1 year Re-payment	1-5 years Interest payment	1-5 years Re-payment	Over 5 years Interest payment	Over 5 years Re-payment	Total Interest payment	Total Re-payment	Total Cash flow
2009									
Loans from financial institutions	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
2008									
Loans from financial institutions	3,854	18,007	5,393	105,775	0	0	9,247	123,782	413,286
Telephone company loans	1,335	24,543	0	0	0	0	1,335	24,543	25,878
Loan commitments	17	100	30	249	0	0	47	349	396
Finance lease liabilities	508	7,470	1,293	8,820	509	1,783	2,310	18,073	20,383
Trade payables	0	77,959	0	0	0	0	0	77,959	77,959

The 2010 repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 1.75 per cent (4.5 per cent), variable rate loans constituting 83 per cent (90 per cent) of the Group's borrowing. TyEL repayment loans and the majority of finance lease arrangements have fixed rates. Derivative instruments are specified in note 30.

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 2009, bad debts totalled EUR 8.6 million (EUR 5.7 million). The bad debt provision recognised in the financial statements is considered to correspond to the future bad debt loss from sales receivables. Customers with weaker solvency are required to pay the basic charges in advance as a deposit. Financing credit risk refers to a situation where the other party fails to meets its obligations under the financing agreement. To minimise and monitor the opposing party risk, investments and derivative instruments are managed within the framework adopted by the Board of Directors for opposing party, financial instrument and maturity limits.

The age distribution of outstanding trade receivables at the end of 2009 is shown in the following table. The distribution includes intercompany trade receivables.

EUR 1,000	2009	2008
Undue trade receivables	103,350	120,683
Trade receivables 1-45 days overdue	9,626	11,716
Trade receivables 46-90 days overdue	1,841	1,920
Trade receivables 91-180 days overdue	2,328	1,807
Trade receivables more than 180 days overdue	5,148	5,166
Total	**122,293**	**141,292**

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 interest rate swaps fulfil the criteria set by hedge accounting. The Group's borrowings have been spread between fixed- and variable-rate instruments. 49 per cent (25 per cent) of the variable-rate loans are hedged.

At the end of 2009, the Group had interest rate derivatives at a nominal value of EUR 65 million (EUR 35 million), of which EUR 35 million filled the hedge accounting criteria. EUR 30 million 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 17 per cent (7 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 1.1 million) and a corresponding drop in the interest rate would improve the Group's financial performance by EUR 0.5 million (EUR 1.1 million). The sensitivity analysis covers the Group's variable-interest loans and cash and cash equivalents.

A one percentage point increase/decrease in interest rates, all other factors remaining unchanged, would result in a positive impact of EUR 0.4 million (0.6 million) / negative impact of EUR 0.4 million (EUR 0.7 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. An optimal capital structure will help capital expenditure remain at an optimal level.

DNA defines capital as shareholders' equity and borrowed capital, including loans, advances received, accounts payable, accruals, deferred tax liabilities and other non-current and current liabilities. The capital structure can be influenced through dividend distribution, refund 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 loan facility of EUR 150 million includes key indicator covenants for finance institutions, requiring a solvency ratio of at least 35 per cent. This condition has been met during the financial period. The solvency ratio on the balance sheet date was 55.3 per cent (60.8 per cent).

4 SEGMENT INFORMATION UNDER IFRS 8

The adoption of IFRS 8 Operating Segments has changed DNAs reportable segments in 2009. The change in reporting involves the presentation of the financial statements and has not had an affect on the Group's result or financial position. The standard requires that segment information presented is based on the internal reporting provided to the management. The former operating segments were Mobile, Fixed and Retail segments. The new internal organisational and management structure is customer-oriented where the reportable operating segments are Consumer Business and Corporate Business. Comparative figures are presented according to the new segments and the reallocation of goodwill.

DNA's Consumer Business segment offers consumers diverse telecommuication services, such as voice- and broadband services for communication and retrieving information.

DNA's Corporate Business segment offers companies and communities nation-wide, standardized and easy-to-use telecommunications, communications and networking solutions. The Corporate Business segment includes Operator services.

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

The Group concluded during the yearly goodwill impairment testing that indications of an impairment loss to goodwill in the former segment Fixed, 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 included in the depreciation for 2009 is allocated to the current segments as follows: Consumer Business segment EUR 13.0 million and Corporate Business segment EUR 81.9 million.

The remaining goodwill of EUR 96.7 million was allocated according to the new segments' discounted future cashflows: Consumer Business EUR 57.8 million and Corporate Business EUR 38.9 million.

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2009, foreign operations accounted for EUR 18.4 million (EUR 17.5 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.

EUR 1,000 Business segments	Consumer Business	Corporate Business	Unallocated	Group total
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	**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
Employees at end of year	511	307		818
1 Jan–31 Dec 2008				
Net sales	450,607	196,267	261	647,136
EBITDA	104,080	61,772	73	165,925
Depreciation	62,163	34,703	-100	96,767
Operating result	41,917	27,069	174	69,159
Net financial items				-4,837
Profit/loss before tax				64,322
Profit/loss for the period				46,834
31 Dec 2008				
Assets	441,206	378,946	91,928	912,080
Total assets	441,206	378,946	91,928	912,080
Liabilities	83,343	32,093	243,320	358,756
Shareholders' equity			553,324	553,324
Total equity and liabilities	83,343	32,093	796,644	912,080
Investments	66,564	29,997	164	96,725
Employees at end of year	554	428		982

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5 NET SALES

EUR 1,000	2009	2008
Sale of goods	19,412	30,696
Sale of services	632,750	616,440
Total	**652,162**	647,137

6 OTHER OPERATING INCOME

EUR 1,000	2009	2008
Gains on sale of property, plant and equipment	77	464
Gains on sale of available-for-sale financial assets (share investments)	2,152	0
Rental income	1,066	623
Other income		
- other income	1,630	2,660
- supplier refunds	38	1,042
- compensatory damages	0	241
Total	**4,963**	5,030

7 OTHER OPERATING EXPENSES

EUR 1,000	2009	2008
Loss on sale of property, plant and equipment	0	2,323
Maintenance expenses	12,452	15,225
Rental expenses	47,357	32,692
External services	2,553	3,720
Other expenses	40,017	45,045
Total	**102,379**	99,006

Fees and services of auditors	2009	2008
PricewaterhouseCoopers Oy		
Audit fees	237	315
Tax services	29	57
Other services	88	307
Total	**354**	679
KPMG Oy		
Other services	5	164

8 DEPRECIATIONS, AMORTISATION AND IMPAIRMENTS

EUR 1,000	2009	2008
Depreciations		
Intangible assets		
Customer base	3,711	3,711
Other intangible assets	20,018	13,518
Total	**23,729**	17,229
Property, plant and equipment		
Buildings and constructions	2,173	1,745
Machinery and equipment	90,149	77,792
Total	**92,322**	79,536
Impairments		
Goodwill	94,900	0
Total	**94,900**	0

9 EMPLOYEE BENEFITS AND NUMBER OF PERSONNEL

EUR 1,000	2009	2008
Wages and salaries	50,227	48,717
Pension expenses - defined contribution plan	8,389	7,730
Pension expenses - defined benefit plan	99	97
Other personnel expenses	4,767	4,657
Total	**63,482**	61,200
Personnel, average		
Consumer Business	569	613
Corporate Business	349	482
Total	**918**	1,095

Management employee benefits and loans are presented in note 33 Related party transactions.

10 RESEARCH AND DEVELOPMENT

EUR 1,000	2009	2008
Research and development costs recognised as expense	1,700	2,333
Capitalised development costs	829	1,681

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11 FINANCIAL INCOME

EUR 1,000	2009	2008
Interest income from loans and other receivables	1,476	3,232
Interest income on financial assets/liabilities at fair value throuth the income statement	0	310
Dividend income on available-for-sale investments	574	286
Changes in fair values of financial assets/liabilities through the income statement	1,772	13
Total	**3,822**	3,840

12 FINANCIAL EXPENSE

EUR 1,000	2009	2008
Interest expense on financial liabilities	5,270	5,310

OTHER COMPREHENSIVE INCOME

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

	2009				2008			
	Transferred to comprehensive income before tax	Change in fair value	Tax	Other comprehensive income, net of tax	Transferred to comprehensive income before tax	Change in fair value	Tax	Other comprehensive income, net of tax
Cash flow hedges	610	-975	95	-270	-42	-1,280	343	-978
Available-for-sale financial assets	-65	1	17	-47	0	-172	45	-127
Total	**545**	**-974**	**112**	**-317**	-42	-1,452	388	-1,106

13 INCOME TAX

EUR 1,000	2009	2008
Income tax, current year	-18,089	-9,446
Income tax, previous years	-620	-101
Change in deferred tax	4,931	-7,941
Total	**-13,778**	-17,487

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	2009	2008
Profit/loss before tax	-42,772	64,322
Income tax at Finnish tax rate, 26%	11,121	-16,724
Differences:		
Tax exempt profits	876	810
Non-deductible expenses	-481	-624
Goodwill impairment (non-deductable)	-24,674	0
Taxes from prior years	-620	-101
Other items	0	-849
Tax in the income statement	**-13,778**	-17,487

Notes to the consolidated financial statements

14 EARNINGS PER SHARE

EUR 1,000	2009	2008
Profit/loss attributable to the parent company equity holders, continuing operations	-56,550	46,836
Weighted average number of shares	7,580	7,568
Basic earnings per share (euros/share), continuing operations	-7,5	6,2

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 finanacial period. The company does not hold any instruments, which cause dilution effect.

15 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
2009						
Acquisition cost at beginning of year	**1,373**	**27,968**	**588,314**	**0**	**36,152**	**653,806**
Additions and transfers		408	60,813	873	14,172	76,266
Decreases	-873		-6,259		-676	-7,808
Acquisition cost at end of year	**500**	**28,376**	**642,868**	**873**	**49,648**	**722,264**
Accumulated depreciation at beginning of year	**0**	**2,496**	**235,579**	**0**	**0**	**238,075**
Accumulated depreciation relating to decreases			-6,058			-6,058
Other changes		285				285
Depreciation during the financial year		2,173	90,149			92,322
Accumulated depreciation at end of year	**0**	**4,954**	**319,670**	**0**	**0**	**324,624**
Net carrying amount at end of year	**500**	**23,422**	**323,198**	**873**	**49,648**	**397,640**
2008						
Acquisition cost at beginning of year	534	25,163	537,769	5	12,262	575,733
Additions and transfers	841	2,834	53,584		67,898	125,156
Decreases	-2	-29	-3,039	-5	-44,008	-47,084
Acquisition cost at end of year	1,373	27,968	588,314	0	36,152	653,806
Accumulated depreciation at beginning of year	0	752	156,944	2	0	157,698
Accumulated depreciation relating to decreases			-133	-2		-135
Other changes			977			977
Depreciation during the financial year		1,745	77,792			79,536
Accumulated depreciation at end of year	0	2,496	235,579	0	0	238,075
Net carrying amount at end of year	1,373	25,472	352,735	0	36,152	415,731

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

EUR 1,000 Property, plant and equipment	2009	2008
Acquisition cost	87,207	86,754
Accumulated depreciation	79,900	75,101
Carrying amount	7,307	11,653

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16 INTANGIBLE ASSETS

EUR 1,000	Goodwill	Customer base	Other intangible assets	Total
2009				
Acquisition cost at beginning of year	**201,179**	**38,484**	**128,482**	**368,144**
Additions and transfers			21,297	21,297
Decreases			-1	-1
Acquisition cost at end of year	**201,179**	**38,484**	**149,778**	**389,440**
Accumulated amortisation at beginning of year	**9,579**	**5,725**	**99,751**	**115,055**
Amortization related to decreases				
Amortization during the financial year		3,711	20,018	23,729
Impairments	94,900			94,900
Accumulated amortisation at end of year	**104,479**	**9,436**	**119,769**	**233,684**
Net carrying amount at end of year	**96,700**	**29,048**	**30,009**	**155,756**
2008				
Acquisition cost at beginning of year	201,179	38,484	108,169	347,832
Additions and transfers			20,638	20,638
Decreases			-325	-325
Acquisition cost at end of year	201,179	38,484	128,482	368,144
Accumulated amortisation at beginning of year	9,579	2,014	86,386	97,979
Amortization related to decreases			-153	-153
Amortization during the financial year		3,711	13,518	17,229
Accumulated amortisation at end of year	9,579	5,725	99,751	115,055
Net carrying amount at end of year	191,600	32,758	28,731	253,089

GOODWILL ALLOCATION

During 2009, goodwill has been reallocated to new CGUs, Consumer Business and Corporate Business, reflecting the change in Group management structure. Additionnally, impairment testing of goodwill was performed on the CGUs previously in use with a result of a EUR 94,9 million impairment of the Fixed segment's goodwill. The remaining goodwill of EUR 96.7 million was allocated according to the new segments' discounted future cashflows: Consumer Business EUR 57.8 million and Corporate Business EUR 38.9 million.

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

EUR 1,000	2009	2008
Mobile	46,447	46,447
Fixed	47,036	141,936
Retail	3,217	3,217
Total	**96,700**	191,600

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

EUR 1,000	2009
Consumer Business	57,833
Corporate Business	38,867
Total	**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.

The Group does not have any other intangible assets with an unlimited useful life. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of CGU is defined as the value in use according to the projected discounted cash flows (the DSC method). Cash flow projections are based on plans approved by management, covering a five-year period. Management considers the projections to reflect 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 9.7–12.1 per cent depending on the segment. The growth rate forecasted after five years was assumed to be 0–2.0 per cent.

The Group concluded during the yearly 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 is recognised in the Fixed segment.

The impairment test indicated that the recoverable amounts of the current segments, Consumer Business and Corporate Business exceeded their balance sheet values and their goodwill would not have been impaired. 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 forecasted revenues and levels of profitability.

SENSITIVITY ANALYSIS

Applied parameters in testing of current CGUs 2009

2009 Applied forecast parameters	Consumer Business	Corporate Business
Amount by which the book value is exceeded, MEUR	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 following table 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 Business	Corporate Business
Average EBITDA, % of net sales	-7.4	-10.5
WACC -%	10.7	8.5

Applied parameters in testing of former CGUs 2009

The Retail segment is 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, MEUR	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 below table 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

Parameters applied 2008

2008 Applied forecast parameters	Mobile	Fixed	Retail
Amount by which the book value is exceeded, MEUR	576	114	3
Average growth in net sales, %	7.4	-1.3	2.8
Average operating margin, % *	24.7	30.6	3.9
Average investment, % of net sales *	11.9	10.8	0.9
Growth after the forecast period, %	2.0	2.0	2.0
WACC, %	10.9	9.3	10.9

* Five-year forecast period average

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

2008 Sensitivity analysis of forecast parameters	Mobile	Fixed	Retail
Average EBITDA, % of net sales	-9.1	-4.4	-0.5
WACC -%	18.3	1.9	2.3

17 INVESTMENTS IN ASSOCIATED COMPANIES

EUR 1,000	2009	2008
At the beginning of the year	1,191	1,193
Share of profit or loss for the financial period	9	9
Decreases	-68	-10
At the end of the year	**1,133**	1,191

There was no goodwill related to associated companies in 2009 and 2008.

Financial information about the Group's associated companies

EUR 1,000		Assets	Liabilities	Goodwill	Share of profit/loss	Group holding
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	37.60%
2008						
Suomen Numerot Numpac Oy	Helsinki	483	276	1,124	35	25%
Kiinteistö Oy Otavankatu 3	Pori	2,517	893	193	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	333	5	45	-3	37.60%

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

18 OTHER FINANCIAL ASSETS

EUR 1,000	2009	2008
Financial assets at fair value through profit and loss		
Financial assets at fair value through profit and loss	0	36,311

Financial assets at fair value through profit and loss on December 31, 2008 included shares in listed companies. The shares were sold during the period. The net gain from the shares during the period were EUR 4,2 million (net loss EUR 3,4 million).

EUR 1,000	2009	2008
Available-for-sale financial assets		
Shares in listed companies	0	105
Shares in non-listed companies	243	12,269
Total	**243**	12,374
Reconciliation of available-for-sale financial assets		
At the beginning of the year	12,374	3,828
Increase	8,458	8,782
Decrease	-20,590	64
Change in fair value	1	-172
At the end of the year	**243**	12,374

19 RECEIVABLES

EUR 1,000	2009	2008
Non-current receivables		
Loans and other receivables:		
Trade receivables	10,189	99
Finance lease receivables	9	5,271
Other non-current receivables	721	606
Total non-current receivables	**10,919**	5,976
Current receivables		
Loans and other receivables:		
Trade receivables	122,293	120,691
Finance lease receivables	39	130
Accruals	7,777	5,131
Other current receivables	10,007	10,707
Total current receivables	**140,115**	136,659

The Group has recognised bad debts of EUR 8.6 million (EUR 5.7 million) during the period.

Accounts receivables older than 180 days have been recorded as bad debt. 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	2009	2008
Finance lease receivable maturities - total value of minimum lease payments:		
Within one year	45	155
After one year but for a maximum of five years	19	135
Total	**64**	290
Finance lease receivables - present value of minimum lease payments		
Within one year	39	130
After one year but for a maximum of five years	9	99
Total	**48**	229
Receivables accrued in the future	16	62
Total finance lease receivables	**64**	290

Movements on the group provision for impairment of trade receivables:

EUR 1,000	2009	2008
At beginning of year	7,050	5,222
Provision for impairment of receivables	13,664	8,907
Receivables written off during the year as uncollectible	11,821	6,327
Unused amounts reversed	431	752
At the end of the year	**8,462**	7,050

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20 DEFERRED TAX LIABILITIES AND ASSETS

EUR 1,000	1 Jan	Recognised in the income statement	Other comprehensive income	Recognised in equity	31 Dec
Deferred tax assets 2009					
Financial assets	344		95		439
Provisions	571	2,089			2,660
Finance lease agreements	322	848			1,170
Group eliminations	29,887	-3,146			26,741
Other temporary differences	1,611	-945			666
Total	**32,735**	**-1,154**	**95**	**0**	**31,677**
Deferred tax liabilities 2008					
Fair value of merged subsidiaries' assets	40,175	-5,151			35,024
Accumulated depreciation differences	16,693	-1471			15,222
Other temporary differences	4,478	539	-17		5,000
Total	**61,347**	**-6,083**	**-17**	**0**	**55,246**
Deferred tax assets 2008					
Financial assets	1,048	-1,048	344		344
Negative depreciation difference	384	-384			
Provisions	459	112			571
Financial lease agreements	257	65			322
Unused tax losses	41,838	-41,838			
Group eliminations		29,887			29,887
Other temporary differences	607	1,004			1,611
Total	44,593	-12,202	344	0	32,735
Deferred tax liabilities 2008					
Fair value of merged subsidiaries' assets	45,327	-5,151			40,175
Accumulated depreciation differences	17,213	-115		-405	16,693
Financial lease agreements	120	-120			
Other temporary differences	3,398	1,125	-45		4,478
Total	66,058	-4,261	-45	-405	61,347

The Group did not have unused confirmed tax losses on 31 December 2009.

21 INVENTORIES

EUR 1,000	2009	2008
Materials and supplies	7,856	10,675
Total	7,856	10,675

22 CASH AND CASH EQUIVALENTS

EUR 1,000	2009	2008
Cash and bank deposits	26,304	7,339
Total	26,304	7,339

Notes to the consolidated financial statements

23 SHAREHOLDERS' EQUITY

EUR 1,000	Number of shares	Share capital	Share premium reserve	Unrestricted equity reserve
31 Dec 2007	7,568	72,218	141,689	404,604
Share issue	13			
Share premium reduction			-100,000	
Unregistered share issue		157		2,617
Other change				-8
31 Dec 2008	7,581	72,375	41,689	407,213
Share issue		327		-327
Share premium reduction			-41,618	
Unregistered share issue				
Other change			-71	71
31 Dec 2009	**7,581**	**72,702**	**0**	**406,956**

DNA Ltd has one type of share. The number of shares are 7,580,761 (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 RESERVE

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 captial and the share premium reserve.

FAIR VALUE RESERVE AND HEDGE FUND

Changes in fair value of financial assets available-for-sale are recognised in the fair value reserve, and changes in fair value of derivative instruments, used as cash flow hedges, are recognised in the hedge fund.

EUR 1,000	2009	2008
Fair value reserve	0	48
Hedge fund	-1,248	-978
Total	**-1,248**	**-931**

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 32,965,435.35 (EUR 29,944,005.95).

TREASURY SHARES

During the financial year, the company has acquired 2,500 treasure shares following the decision made at the extraordinary general meeting on 4 August 2009. The cost of acquisition totalled EUR 287 208,75.

The acquisition of treasury share is detucted from retained earnings.

Date	Number of shares	Acquisition cost
4 Aug 2009	2,500,00	287,208,75
Total	**2,500,00**	**287,208,75**

Treasury shares aquired during the financial period represent 0.03 per cent of the votes. The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

24 SHARE-BASED PAYMENTS

The Group did not have any new share-based incentive plans in 2009.

CONDITIONS OF SHARE-BASED INCENTIVE PLAN

DNA Ltd (Company) has adopted a share-based incentive programme for key employees as of 28 May 2008. Key employees have been given the opportunity to subscribe to a total of 13,750 shares in the company. The subscription price is EUR 105.64 per share. The shares shall be subscribed no later than 19 September 2008 and the subscription price paid no later than 26 September 2008. The Board of Directors agreed on the programme on 28 May 2008 and issued a clarification

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for its decision on 28 August 2008. 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 subscritpion and the second prohibition period ("Transfer prohibition 2") will be valid for two years from the end of the Transfer Prohibition 1. Key employees may not transfer shares without advance written consent by the DNA's Board of Directors during the Transfer prohibition 1. During the Transfer Prohibition 2, key employees may not transfer more than 30 per cent of their shares without 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. Key employees may also have to sell part or all of their shares in the 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
Date of granting	28 May 2008
Number of granted instruments	12,500
Subscription price	1,320,500,00
Share price at the time of granting	105.64
Valid for	19 Sep 2008
Implementation	As shares

25 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. Following the business acquisition of 1 July 2007, the company acquired additional pension insurances. The liability recognised in the balance sheet for the defined benefit plans is determined as follows: in addition to the recognition of national expenses, the IFRS financial statements will recognise the adjustment of pension expenses in accordance with IAS 19, while the change in pension liability/receivable indicated in the calculation will be recognised in the balance sheet, taking into consideration deferred tax.

EUR 1,000	2009	2008
Funded defined benefit obligation	4,864	4,613
Fair value of plan assets	-4,434	-4,152
Surplus/deficit	430	461
Unrecognised actuarial gains (+) / losses (-)	-177	-127
Net liability	253	334
Recognised in the balance sheet		
Liability	253	334
Expense recognised in profit or loss:		
Current service cost	44	78
Interest cost	258	145
Expected return on plan assests	-203	-126
Expence recognised in profit or loss	**99**	97

See Note 9

Movements in present value of defined benefit obligation:		
Defined benefit obligation at beginning of year	4,613	2,851
Current service cost	44	78
Interest costs	258	145
Benefits paid	-359	-316
Settlements	-25	0
Actuarial gains (-) / losses (+) on obligation	333	1,855
Defined benefit obligation at the end of the year	**4,864**	4,613
Fair value of plan assets:		
Fair value of plan assets at beginning of year	4,152	2,508
Expected return on plan assets	203	126
Actuarial gains (+) / losses (-) on plan assets	282	1,702
Contributions	180	132
Benefits paid	-359	-316
Settlements	-24	0
Fair value of plan assets at end of year	**4,434**	4,152
Principal actuarial assumptions 31 Dec:		
Discount rate	5%	6%
Expected rate of return on plan assets	5%	5%
Rate of salary increase	4%	4%
Rate of benefit increase	2%	2%

THE AMOUNTS FOR THE CURRENT FINANCIAL YEAR AND THE TWO PREVIOUS FINANCIAL YEARS ARE AS FOLLOWS:

EUR 1,000	2009	2008	2007
Present value of obligation	4,864	4,613	2,851
Fair value of plan assets	-4,434	-4,152	-2,508
Surplus/deficit	430	461	343

Expected contributions to the defined benefit plan in 2010 total EUR 0.2 million.

26 PROVISIONS

EUR 1,000	1 Jan 2009	Increase	Provisions used	Provisions released	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**
	6,885	14,083	-5,484	-3,149	678	**13,013**

EUR 1,000	2008	2009
Non-current provisions	5 186	**9 236**
Current provisions	1 699	**3 777**
Total	6 885	**13 013**

EUR 1,000	1 Jan 2008	Increase	Provisions used	Provisions released	Discount effect	31 Dec 2008
Decommissioning provision	4,789		39		-268	4,482
Restructuring provisions	3,754	443	2,499			1,699
Onerous contracts		1,089	51	342	8	704
	8,543	1,532	2,589	342	-260	6,885

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 restructuring provision has been largely realised during 2009, and the remaining provision will be realised in 2010.

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 2010 and 2020.

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27 FINANCIAL LIABILITIES

EUR 1,000	2009	2008
Non-current interest-bearing liabilities		
Loans from financial institutions	114,297	105,607
Other loan commitments	0	249
Finance lease liability	7,141	10,602
Other non-current liabilities	0	2,111
Total	**121,438**	118,570
Current interest-bearing liabilities		
Loans from financial institutions	44,897	18,007
Telephone company loans	0	24,543
Other loan commitments	0	100
Finance lease liabilities	4,493	7,470
Other current liabilities	0	430
Total	**49,391**	50,550

FINANCE LEASE LIABILITIES – MATURITY

EUR 1,000	2009	2008
Finance lease liabilities – minimum lease payments		
Within one year	4,606	7,978
After one year but no longer than five years	6,701	10,113
Over five years	1,603	2,291
Total	**12,910**	20,382

EUR 1,000	2009	2008
Finance lease liabilities – present value of minimum lease payments		
Within one year	4,493	7,470
After one year but no longer than five years	5,976	8,820
Over five years	1,165	1,783
Total	**11,634**	18,072
Future finance charges	**1,276**	2,310
Total finance lease liabilities	**12,910**	20,382

28 TRADE PAYABLES AND OTHER LIABILITIES

EUR 1,000	2009	2008
Current financial liabilities carried at amortised acquisition cost		
Trade payables	69,910	77,959
Accrued expenses [1]	27,198	28,045
Prepayments received	2,693	2,551
Other current liabilities	4,301	9,463
Total current liabiliites	**104,102**	118,018

[1] Accrued expenses consist of: Holiday pay and bonuses including social expenses totalling EUR 11.3 million (EUR 6.9 million), interest expenses EUR 1.3 million (EUR 0.9 million), as well as other accrued operative expenses EUR 14.6 million (EUR 20.2 million).

29 FAIR VALUE OF FINANCIAL LIABILITIES

	2009		2008	
EUR 1,000	Carrying amount	Fair value	Carrying amount	Fair value
Non-current financial liabilities				
Loans from financial institutions	114,297	115,204	105,607	109,212
Other loan commitments	0	0	249	249
Financial lease agreements	7,141	7,141	10,602	10,602
Other non-current liabilities	0	0	5,498	5,498
Total	**121,438**	**122,345**	121,957	125,562
Current financial liabilities				
Loans from financial institutions	44,897	44,974	18,007	18,104
Telephone company loans	0	0	24,543	24,908
Other loan commitments	0	0	100	100
Financial lease agreements	4,493	4,493	7,470	7,470
Other non-current liabilities	0	0	115,897	115,897
Total	**49,391**	**49,467**	166,017	166,479

Fair value of liabilities has been calculated by discounting the expected cash flow of liabilities using the market interest rate at balance sheet date plus the company's risk premium.

30 DERIVATIVE INSTRUMENTS

2009

EUR million			< 1 year	1-5 years	> 5 years
Derivatives, outside hedge accounting:					
Interest rate options		Nominal value	–	30	–
	Positive	Fair value	–	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	–	–

In 2009, all interest rate swaps fulfilled the criteria for hedge accounting according to IAS 39 and were used in cash flow hedging. During the year, interest rates were hedged with an interest rate option at a nominal value of EUR 30 million which is fixed at the 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.

2008

EUR million			< 1 year	1-5 years	> 5 years
Derivatives, hedge accounting:					
Interest rate swaps		Nominal value	–	35.0	–
	Positive	Fair value	–	–	–
	Negative	Fair value	–	1.3	–

In 2008, all derivatives fulfilled the criteria for hedge accounting according to IAS 39 and were used in cash flow hedging.

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, this requires 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

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

Comparative figures for 2008 are not presented as permitted by IFRS 7.

All interest rate swaps fulfil the criteria for hedge accounting. Testing for hedge effectivenesss showed the hedges to be effective.

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31 OPERATING LEASE AGREEMENTS

GROUP AS LESSEE

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

EUR 1,000	2009	2008
Within one year	21,153	21,884
Longer than one year but not more than five years	12,225	6,892
After five years	5,525	1,885
Total	**38,903**	30,662

The Group leases premises, telecommunications permises, 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 2009 income statement includes operating lease expenses of EUR 39.0 million (EUR 24.4 million). Relating to operating leases, the Group has made a provision of EUR 4.6 million (EUR 0.7 million). For more information see note 26 Provisions.

32 GUARANTEES AND CONTINGENT LIABILITIES

EUR 1,000	2009	2008
Liabilities for which mortgages on companies are given as security		
Loans from financial institutions	0	8,571
Mortgages on company assets held by the Group	0	99,550

Lease commitments relating to other lease agreements are presented in note 31.

PURCHASE COMMITMENTS

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

33 RELATED PARTY TRANSACTIONS

The related parties of the Group comprise the parent company, subsidiaries and the associated companies. The related parties also include members of the Board of Directors, Supervisory Board and the management teams, including the CEO and the senior vice-president.

GROUP STRUCTURE 2009:

Company	Country	Share of ownership	Share of votes
DNA Finland Ltd*	Finland	100%	100%
DNA Palvelut Ltd*	Finland	100%	100%
RSL COM Turku Oy**	Finland	100%	100%
DNA Kauppa Ltd	Finland	100%	100%
Päijät-Visio Oy***	Finland	100%	100%
Huuked Labs Oy	Finland	4%	50%
ShelCo2 Oy	Finland	100%	100%
ShelCo3 Oy	Finland	100%	100%

* DNA Finland Ltd and DNA Services Ltd merged with DNA Ltd on 30 June 2009
** RSL Com Turku Oy merged with DNA Ltd on 31 December 2009
*** Päijät-Visio Oy merged with DNA Services Ltd on 31 March 2009

Listing of associated companies is presented in note 17.

Notes to the consolidated financial statements

THE FOLLOWING RELATED PARTY TRANSACTIONS WERE CARRIED OUT:

EUR 1,000	Sales	Purchases	Receivables	Liabilities
2009				
Organisations exercising significant influence	53	3,671	0	0
Associated companies	0	290	0	9
Other related parties	0	42	0	0
2008				
Organisations exercising significant influence	821	3,176	28	1,822
Associated companies	1	214	0	0
Other related parties	380	86	0	6

MANAGEMENT EMPLOYEE BENEFITS

EUR 1,000	2009	2008
Salaries and other short-term employee benefits	2,058	2,955
Termination benefits	0	109
Total	**2,058**	3,065

SALARIES AND COMMISSIONS:

EUR 1,000	2009	2008
CEOs	999	1,269
Members and deputy members of the Board of Directors	526	402

34 EVENTS AFTER THE BALANCE SHEET DATE

On 31 January 2010, DNA, the Employers' Association TIKLI and the Union of Salaried Employees reached a settlement which was satisfactory to all parties, following negotiations concerning the labour dispute. Strikes and sympathy strikes were immediately terminated.

In January 2010, DNA applied for an operating licence for a digital UMTS network in the province of Åland, declared for application by the State Council. Decisions regarding the granting of operating licences will be made by 30 April 2010.

Petteri Niemi (M.Sc.Techn), 39, has been appointed DNA's Chief Operating Officer (COO) as of the 9th of February 2010. His area of responsibility covers DNA's sales & marketing, customer services, technology and product development operations, and he reports to Riitta Tiuraniemi, CEO. Petteri Niemi has been employed at DNA since 2000, and a member of the Executive Team since 2009. In addition to the duties of COO, he will continue as Vice President, Customer Processes.

35 SHARES AND SHAREHOLDERS

Shareholders December 31, 2009	%
Private companies	51.3
Public companies	48.7

Shareholder information	Number of shares	% of shares and votes
Lännen Teletieto Oy	2,495,490	32.92
Oulun Puhelin Holding Oyj	1,698,997	22.41
PHP Liiketoiminta Oyj	1,513,856	19.97
Kuopion Puhelin Oy	993,864	13.11
Other	878,554	11.59

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Parent company income statement, FAS

EUR 1,000	Note	1 Jan-31 Dec 2009		1 Jan-31 Dec 2008	
NET SALES	1		326,226		12,299
Other operating income			22,352		30,202
Materials and services					
Purchases		9,751		11,932	
Change in inventory		-90		0	
External services		156,955	166,616	648	12,580
Employee expenses					
Salaries and commissions		22,410		3,585	
Social expenses					
Pensions		3,613		644	
Other social expenses		2,000	28,023	313	4,542
Depreciation and impairments	2				
Depreciation according to plan			52,662		7,062
Other operating expenses	3		60,670		20,835
PROFIT/LOSS			40,608		-2,520
Financial income and expenses					
Income from other investments		2,007		30,214	
Other interest and financial income		1,358		15,075	
Reversal of impairment		2,463		3,376	
Interest and other financial expenses		6,260	-433	8,726	33,188
PROFIT/LOSS BEFORE EXTRAORDINARY ITEMS			40,175		30,668
Extraordinary income	4		132,914		35,383
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAX			173,089		66,051
Appropriations	5		1,733		-461
Income taxes	6		10,472		8,568
PROFIT/LOSS FOR THE FINANCIAL PERIOD			164,350		57,022

Parent company balance sheet, FAS

EUR 1,000	Note	31 Dec 2009		31 Dec 2008	
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	7				
Development costs		1,441		1,271	
Goodwill		2,150		0	
Intangible rights		115,028		115,208	
Other intangible assets		11,575	130,194	1,477	117,956
Tangible assets	7				
Land and water		500		0	
Buildings and constructions		9,529		0	
Machinery and equipment		220,715		838	
Other tangible assets		873		0	
Advances paid and construction in process		49,350	280,967	22	860
Investments	8				
Holdings in Group companies		11,482		122,115	
Shares in associated companies		991		180	
Other shares and holdings		412		4,411	
Subordinated loans receivable		0	12,885	6,380	133,087
TOTAL NON-CURRENT ASSETS			424,046		251,902
CURRENT ASSETS					
Inventory					
Materials and supplies			3,003		0
Receivables					
Non-current receivables					
Loan receivable from Group companies		5,400		26,855	
Trade receivables		9,097		0	
Other receivables		721		0	
Deferred tax asset	17	2,621	17,839	878	27,733
Current receivables					
Trade receivables		122,284		3,018	
Receivables from Group companies	9	4,914		40,836	
Other receivables		8,268		766	
Accrued income and deferred expense	10	6,612	142,078	266	44,886
Financial securities					
Other securities	11		0		36,311
Cash and cash equivalents			18,745		2,135
TOTAL CURRENT ASSETS			181,665		111,064
TOTAL ASSETS			605,710		362,966
LIABILITIES					
SHAREHOLDERS' EQUITY	12				
Share capital			72,702		72,375
Share premium reserve			0		41,689
Other reserves					
Unrestricted equity reserve			67,710		67,967
Retained earnings			-37,020		-63,821
Profit for the financial period			164,350		57,022
TOTAL SHAREHOLDERS' EQUITY			267,742		175,232
APPROPRIATIONS	13		58,530		0
PROVISIONS	14		10,080		0
LIABILITIES					
Non-current					
Loans from financial institutions		114,297		98,933	
Advances received		684		0	
Liabilities to Group companies		0		45,400	
Other long-term liabilities		759	115,740	6,842	151,175
Current					
Loans from financial institutions		44,898		18,007	
Advances		2,693		0	
Trade payables		66,672		3,101	
Liabilities to Group companies	15	10,054		6,841	
Other short-term liabilities		3,617		5,979	
Accruals	16	25,686	153,619	2,633	36,560
TOTAL LIABILITIES			269,359		187,735
TOTAL EQUITY AND LIABILITIES			605,710		362,966

Parent company cash flow statement, FAS

EUR 1,000	1 Jan–31 Dec 2009	1 Jan–31 Dec 2008
Cash flow from operations		
Operating result	40,608	–2,520
Adjustments to profit	47,518	7,685
Change in working capital	–830	–39,114
Interest	–4,162	6,349
Dividends	2,007	30,214
Extraordinary items in operations	–1,696	33,085
Tax	–12,074	–9,446
Cash flow from operations	71,371	26,255
Cash flow from investments		
Investments in tangible and intangible assets	–43,129	–123,966
Tangible and intangible assets capital gains	65	0
Increase in other non-current investments	–8	0
Decrease in other non-current investments	0	79,251
Acquired subsidiaries	–1,005	–353
Purchase of shares	0	–1,038
Sale of shares	5,679	20
Sale of subsidiaries	312	383
Total cash flow from investments	–38,087	–45,702
Cash flow before financing	33,285	–19,447
Cash flow from financing		
Rights issue	0	1,791
Dividend distribution	–10,003	–8,704
Premium refund	–41,618	–100,000
Repayment of current loans	–61,543	–8,571
Withdrawal of non-current loans	105,000	307,210
Repayments of non-current loans	–27,486	–159,571
Increase/decrease in non-current receivables	–5,600	3,145
Other	18,562	–39,687
Total cash flow from financing	–22,690	–4,388
Cash flow after financing	10,595	–23,835
Change in liquid assets	**10,595**	–23,835
Liquid assets on 1 January	2,135	27,990
Liquid assets transferred in mergers and acquisitions	–6,016	2,020
Liquid assets on 31 December	18,745	2,135

Liquid assets include balance sheet cash and bank balances.

Parent company accounting principles, FAS

DEFERRED TAX

Deferred tax asset has been determined for temporary differeces between tax bases of assets and their amounts in financial reporting using the tax rates effective for future years confimed on the balance sheet date. The balance sheet includes the deferred tax asset at its estimated realisable amount. The deferred tax asset EUR 2,620,775.80 comprises obligatory provisions in the financial statements.

VALUATION PRINCIPLES

Fixed assets

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

The depreciation/amortisation periods are:

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 in the income statement.

Research and development

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 amortised 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 2009.

Comparability of data from previous financial periods

When comparing financial data to previous periods it should be noted that DNA Services Ltd and DNA Finland Ltd merged with DNA Ltd on 30 June 2009, resulting in a significant increase of net sales, the related expenditure and figures on the balance sheet.

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Notes to the parent company financial statements, FAS

1 NET SALES

EUR 1,000	2009	2008
Domestic	316,051	12,299
Foreign	10,175	0
Total	**326,226**	12,299

During the financial period, the Group and parent company employed on average		
Total	**436**	55

2 DEPRECIATION AND IMPAIRMENTS

EUR 1,000	2009	2008
Depreciation of intangible and tangible assets	52,662	7,062

Balance-sheet item-specific depreciation breakdown is included in fixed assets.

3 OTHER OPERATING EXPENSES

EUR 1,000	2009	2008
Property, plant and equipment decommissioning	0	547
Operating and maintenance costs	11,127	8,608
Rental costs	25,510	7,375
External services	2,268	2,630
Other cost items	21,765	1,676
Total	**60,670**	20,835

Auditor fees		
PricewaterhouseCoopers Oy		
Auditing fees	192	165
Tax consulting	29	46
Other fees	64	296
KPMG Oy		
Other fees	5	162

4 EXTRAORDINARY ITEMS

EUR 1,000	2009	2008
Group contribution	-1,696	33,085
Merger profit	134,610	2,299
Total	**132,914**	35,383

5 APPROPRIATIONS

EUR 1,000	2009	2008
Difference between planned depreciation and depreciation for taxation	1,733	-461

6 INCOME TAXES

EUR 1,000	2009	2008
Direct taxes on actual operations	8,050	-9,446
Change in deferred tax asset	619	0
Change in deferred tax liability	1,802	878
Direct taxes	10,472	-8,568

7 NON-CURRENT ASSETS

EUR 1,000	2009	2008
Development costs		
Acquisition cost 1 January	1,292	0
Increase from mergers and acquisitions	615	0
Transfers between items	128	1,292
Decrease		
Acquisition cost 31 December	**2,035**	1,292
Accumulated amortisation 1 January	22	0
Amortisation relating to mergers and acquisitions	173	0
Amortisation for the financial period	400	22
Accumulated amortisation 31 December	594	22
Book value 31 December	**1,441**	1,271

EUR 1,000	2009	2008
Intangible rights		
Acquisition cost 1 January	121,282	0
Increase	0	121,282
Increase from mergers and acquisitions	21,429	0
Transfers	6,622	0
Acquisition cost 31 December	**149,332**	121,282
Accumulated amortisation 1 January	6,074	0
Amortisation relating to mergers and acquisitions	13,665	0
Amortisation for the financial period	14,566	6,073
Accumulated amortisation 31 December	34,305	6,073
Book value 31 December	**115,028**	115,208
Goodwill		
Acquisition cost 1 January	0	4,731
Increase from mergers and acquisitions	21,940	0
Decrease	0	-4,731
Acquisition cost 31 December	**21,940**	0
Accumulated amortisation 1 January		4,432
Amortisation relating to mergers and acquisitions	19,374	-4,432
Amortisation for the financial period	415	0
Accumulated amortisation 31 December	19,790	0
Book value 31 December	**2,150**	0
Other non-current intangible assets		
Acquisition cost 1 January	2,433	3,654
Increase	136	946
Increase from mergers and acquisitions	74,849	0
Transfers	1,315	345
Decrease	0	-2,512
Acquisition cost 31 December	**78,733**	2,433
Accumulated amortisation 1 January	955	1,188
Amortisation relating to mergers and acquisitions	61,582	-678
Amortisation for the financial period	4,621	446
Accumulated amortisation 31 December	67,157	955
Book value 31 December	**11,575**	1,477
Land and water		
Acquisition cost 1 January	0	507
Increase from mergers and acquisitions	500	0
Decrease	0	-507
Book value 31 December	**500**	0

EUR 1,000	2009	2008
Buildings and constructions		
Acquisition cost 1 January	0	7,811
Increase from mergers and acquisitions	11,139	0
Decrease	0	-7,811
Acquisition cost 31 December	**11,139**	0
Accumulated depreciation 1 January	0	349
Deprecation relating to mergers and acquisitions	1,188	-349
Depreciation for the financial period	422	0
Accumulated depreciation 31 December	1,610	0
Book value 31 December	**9,529**	0
Machinery and equipment		
Acquisition cost 1 January	1,136	137,259
Increase	25	458
Increase from mergers and acquisitions	365,275	0
Transfers	27,193	249
Decrease	-3,718	-136,830
Acquisition cost 31 December	**389,910**	1,136
Accumulated depreciation 1 January	298	10,259
Deprecation relating to mergers and acquisitions	140,359	-10,483
Depreciation for the financial period	32,238	522
Depreciation related to decreases	-3,699	0
Accumulated depreciation 31 December	169,196	298
Book value 31 December	**220,715**	838
Other tangible assets		
Acquisition cost 1 January		
Increase from mergers and acquisitions	873	0
Acquisition cost 31 December	**873**	0
Advances paid and construction in progress		
Acquisition cost 1 January	22	1,130
Increase	43,075	1,272
Increase from mergers and acquisitions	41,618	0
Decrease	-107	-495
Transfers between items	-35,258	-1,886
Acquisition cost 31 December	**49,350**	22

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8 INVESTMENTS

EUR 1,000	2009	2008
Investments in Group companies		
Book value 1 January	122,115	75,647
Increase	1,656	76,190
Decrease	-112,290	29,722
Book value 31 December	**11,482**	122,115
Shares in associated companies		
Book value 1 January	180	1,062
Increase	876	0
Decrease	-65	881
Book value 31 December	**991**	180
Other shares and holdings		
Book value 1 January	4,411	3,470
Increase	75	1,121
Increase from mergers and acquisitions	355	0
Decrease	-4,429	-180
Book value 31 December	**412**	4,411
Subordinated loans receivable		
Book value 1 January	6,380	63,880
Increase	0	500
Decrease	-6,380	58,000
Book value 31 December	**0**	6,380

GROUP AND PARENT COMPANY HOLDINGS

EUR 1,000	2009	2008
Konserniyritykset		
DNA Finland Ltd*	0%	100%
DNA Services Ltd*	0%	100%
DNA Store Ltd	100%	100%
RSL Com Turku Oy**	0%	100%
KRO Trading Oy	0%	100%
ShelCo2 Oy	100%	
ShelCo3 Oy	100%	
Huuked Labs Oy	4%	

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

Associated companies		
Suomen Numerot Numpac Oy	25%	25%

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

* DNA Finland Ltd and DNA Services Ltd merged with DNA Ltd on 30 June 2009.
**RSL Com Turku Oy merged with DNA Ltd on 31 December 2009.

9 RECEIVABLES FROM GROUP COMPANIES

EUR 1,000	2009	2008
Sales receivable	329	2,809
Interest receivable	43	2,272
Loan receivable	1,500	2,000
Group account receivable	3,042	670
Group contribution receivable	0	33,085
Total	**4,914**	40,836

10 ACCRUED INCOME AND DEFERRED EXPENSE

EUR 1,000	2009	2008
Trade payable	4,198	162
Other receivables	2,413	104
Total	**6,612**	266

11 SECURITIES

EUR 1,000	2009	2008
The financial securities include shares	0	36 311

12 SHAREHOLDERS' EQUITY

EUR 1,000	2009	2008
Share capital 1 January	72,375	72,218
Share issue	0	157
Transfers	328	0
Share capital 31 December	**72,702**	72,375
Share premium reserve 1 January	41,689	141,689
Share premium reduction	-41,618	-100,000
Transfers	-70	0
Share premium reserve 31 December	**0**	41,689
Unrestricted equity reserve 1 January	67,967	65,350
Increase	0	2,617
Transfers	-257	0
Unrestricted equity reserve 31 December	**67,710**	67,967
Retained earnings 1 January	-6,799	-56,335
Dividends paid	-29,934	-8,704
Adjustments to previous financial period	0	1,218
Treasury shares	-287	0
Retained earnings 31 December	**-37,020**	-63,821

EUR 1,000	2009	2008
Profit/loss for the financial period	**164,350**	57,022
Total shareholders' equity	**267,742**	175,232
Statement of distributable earnings 31 December		
Retained earnings	-37,020	-63,821
Unrestricted equity reserve	67,710	67,967
Profit/loss for the financial period	164,350	57,022
Total shareholders' equity	**195,040**	61,169

13 APPROPRIATIONS

EUR 1,000	2009	2008
Appropriations comprise accrued depreciation difference	58,530	0

14 PROVISIONS

EUR 1,000	2009	2008
Obligatory provisions include provisions for vacant premises and estimated decommissioning costs of masts.	1,734	0
Provision for onerous contracts	4,637	0
Pension provision	710	0
Restructuring provision	3,000	0
Total obligatory provisions	**10,080**	0

15 LIABILITIES TO GROUP COMPANIES

EUR 1,000	2009	2008
Trade payable	2,280	136
Group contribution payable	1,696	0
Other payables	131	260
Accruals	5,948	39
Group account payable	0	6,406
Total	**10,054**	6,841

16 ACCRUALS

EUR 1,000	2009	2008
Holiday pay and bonuses	11,539	501
Interest expense	1,282	598
Other accruals	12,864	1,534
Total	**25,686**	2,633

17 DEFERRED TAX LIABILITY/ASSET

EUR 1,000	2009	2008
Deferred tax asset from depreciation of securities	2,621	878

18 PLEDGED ASSETS AND CONTINGENT LIABILITIES

EUR 1,000	2009	2008
Pledged assets		
Debts for which mortgages on companies are given as securities		
Loans from financial institutions	0	8,571
Mortgages on company assets held by the company	0	50,050
Contingent liabilities and other liabilities		
Finance lease payments		
Payments due during the next financial period	4,606	682
Payments due at a later date	8,304	578
Total	**12,910**	1,260

Leasing contracts are made for three-year periods.

Other contractual obligations		
Leasehold commitments	17,560	10,600
Guarantees	0	1,722
Other commitments	4,093	512

19 RELATED PARTY TRANSACTIONS

EUR 1,000	2009	2008
Management salaries and commissions		
Board members and managing directors	1,126	909

No money loans have been granted to the members of the Board of Directors or the managing director.

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Key figures

FINANCIAL INDICATORS DEPICTING THE FINANCIAL DEVELOPMENT OF DNA GROUP

	31 Dec 2009	31 Dec 2008
INCOME STATEMENT		
Net sales (MEUR)	652	647
EBITDA (MEUR)	167	166
EBITDA, % of net sales	25.6	25.6
Profit (MEUR)	-44	69
Profit, % of net sales	-6.7	10.7
Profit for the financial period (MEUR)	-57	47
Return on equity (ROE), %	-11.6	8.0
Return on investment (ROI), %	-6.1	9.9
BALANCE SHEET		
Equity ratio, %	55.3	60.8
Net liabilities/EBITDA	0.88	0.97
Gearing, %	34.5	29.2
Balance sheet total (MEUR)	772	912
INVESTMENTS IN FIXED ASSETS		
Gross investment (MEUR)	88	97
Gross investment, % of net sales	13.5	15.0
EMPLOYEES		
Average number of employees for the financial period	918	1 095
Per-share key indicators		
Earnings per share (EPS) (EUR)	-7.5	6.2
Capital and reserves per share (EUR)	56.0	73.0
Dividend per share (EUR)	4.35	3.95
Dividend per earnings, %	-58.0	63.8
Effective divident yield, %	-	-
Price/earnings ratio (P/E)	-	-
Share price trend	-	-
Market capitalisation	-	-
Trading volume for the financial period	-	-
Trading volume for the financial period, %	-	-
Weighted adjusted number of shares during the financial period (1,000)	7,580	7,568
Adjusted number of shares at the end of the financial period (1,000)	7,581	7,568

Calculation of key figures

EBITDA (EUR) = Profit + depreciation, amortisation and impairments

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

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

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

Interest-bearing net liabilities (EUR) = Interest-bearing liabilities – liquid assets

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

Calculation of per-share key figures

$$\text{Earnings per share (EUR)} = \frac{\text{Profit for the financial period attributable to equity holders of the parent company}}{\text{Weighted number of shares during the financial period}}$$

$$\text{Capital and reserves per share (EUR =)} \frac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of shares on balance sheet date}}$$

$$\text{Dividend per share (EUR)} = \frac{\text{Dividend distribution for the financial period}}{\text{Number of shares on the balance sheet date}}$$

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Signatures of the Board of Directors' report and Financial statements

Vantaa, on 10 March 2010

Risto Siivola
Chairman of the Board of Directors

Esa Haavisto
Member of the Board of Directors

Hannu Isotalo
Member of the Board of Directors

Juha-Pekka Keskiaho
Member of the Board of Directors

Jarmo Leino
Member of the Board of Directors

Anssi Soila
Member of the Board of Directors

Riitta Tiuraniemi
President and CEO

AUDITORS' NOTE
The above Financial Statements and Annual Report have been prepared according to sound accounting procedures.
We issued today an auditors' report.

Vantaa, on 10 March 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
Authorised Public Accountant

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