ANNUAL REPORT 2013

DNA invests in TV services and fast networks

DNA kept net sales and EBITDA steady in 2013 despite the challenging overall economic situation. Investments focused on strengthening the TV business and expanding the 4G LTE networks. Competition remained intense, placing high demands on cost-efficiency and the quality of network infrastructure in particular.

The industry change continued in 2013. Continued technological development, demand for more extensive service packages, new usage habits, faster connections as well as the growing importance of mobile services provide DNA opportunities for future growth.

STABLE YEAR

- Net sales EUR 766.4 million: decrease of 0.4 per cent
- EBITDA practically unchanged: EUR 190.7 million
- Fixed-network subscription base decreased by 1.1 per cent and came to 1,016,000 subscriptions
- DNA Ltd agreed on the issuance of an unlisted unsecured bond of EUR 100 million

NEW SERVICES AND PARTNERSHIPS

- PlusTV acquisition: more versatile services in the terrestrial network; DNA a market leader in pay-TV services
- DNA Stores the first to sell Jolla phones worldwide, close cooperation throughout 2013
- Demand for services related to network data security and management as well as mobility-related data solutions also continued to increase
- Corporate service offering was expanded with the DNA Virtuaalineuvottelu video-conferencing service and Microsoft office communication products

NETWORK INVESTMENTS

- Significant investments to expand network coverage, totalling EUR 128.4 million (16.8 per cent of net sales)
- Winning bid in the 800 MHz auction: 4G network developed further
- DNA's 4G LTE network is available in more than 40 cities and reaches over two million Finns
- The nationwide mobile communication network was expanded by adding more than 1,700 new base stations: about 1,100 to the 4G LTE network and some 600 to the 3G network
- DNA's 3G network reaches 97 per cent of the population

SUPERB CUSTOMER EXPERIENCES

- According to the 2013 EPSI Rating results, DNA has the most satisfied mobile broadband customers (consumers and corporate customers), DNA WELHO had the best customer satisfaction among TV service providers
- New channel packages and HD content
- Focusing on the encounter and customer experience has improved customer satisfaction and reduced customer service costs

Net sales and EBITDA remained steady

In my new role as the CEO, I have been delighted by the determined and goal-oriented approach of everyone at DNA. This hard work is providing great results, and I was particularly glad to see that customer satisfaction continued to improve in our growth segments, such as mobile broadband and pay-TV services. This lays an excellent foundation for our future growth.

Added value from new services

We can and should be satisfied with the year 2013. Our net sales remained steady despite falling demand due to the overall challenging economic situation and the reduction in interconnection prices. EBITDA exclusive of non-recurring items grew thanks to improved operational efficiency, but operating profit fell due to increased depreciations.

DNA aspires to be a bold industry pioneer. In 2013, we launched several new services on the market, creating added value to our customers. We were the first operator to launch new unlimited subscriptions, dubbed DNA Rajaton 4G, for mobile power users – combining ease of use, predictability in invoicing and the highest speeds. DNA MatkaTV in turn brings TV content to tablets, enabling a completely new kind of viewing experience. DNA Täpäkkä turns a mobile phone into a wallet, making it easy and convenient to make small purchases.

For corporate customers, we launched DNA's office communications services, which boost communication and networked working. PlusTV acquisition enforced DNA's position as a leading pay-TV and entertainment service provider. We now have a total 300,000 subscribers in cable and terrestrial networks.

Satisfied customers and employees

Our customer satisfaction improved further in 2013. According to the annual EPSI Rating results, DNA has the most satisfied mobile broadband customers, both among consumers and corporate customers. We also have the most satisfied pay-TV customers. Customer satisfaction improved also in other service categories.

As a service provider, DNA's success depends on employee satisfaction. Our employee satisfaction improved for the fourth consecutive year, which signals that our way of working is built around the needs of our personnel. Job satisfaction was boosted by DNA's genuine method of working and investments into modern office facilities. Finnish Facility Management Association FIFMA ry recognised DNA House as facility implementation of the year in 2013.

Telecom operators at the core of the industry change

The volume of mobile data traffic in DNA's networks doubled again in 2013. At the end of 2013, the volume in DNA's 4G LTE network was ten times higher than in early 2013. Companies are ever increasingly taking to smart phones and tablets. All this signals a significant market change and the increase of networked and mobile work. The market is generating new services at an accelerating pace, and consumers want to be able to use them anytime, anywhere and with modern terminal devices. Telecom operators are at the core of this change, which provides DNA with interesting long-term growth opportunities.

At the same time, DNA participates in the construction of information society infrastructure, promoting the nation's competitiveness. DNA's winning bid in the 800 MHz auction for 4G LTE is an important step for the Finnish information society. It will bring fast network connections to most areas in Finland in the coming years. DNA's 4G LTE network coverage will double by the end of 2014, reaching 80 per cent of the population.

> At the same time, DNA participates in the construction of information society infrastructure, promoting the nation’s competitiveness.

2014 will be a year of growth

DNA’s net sales and profitability remained steady in 2013, and we cemented our position further on the market. This would not have been possible without our customers, personnel and partners. I believe that 2014 will be another year of growth for DNA, and an opportunity for our customers to enjoy new services, terminal devices and enhanced networks and experiences.

Jukka Leinonen

President and CEO

DNA enables continuously developing communications services

Determined and systematic implementation of the chosen DNA strategy is taking the company towards its goals. DNA has achieved improved customer satisfaction and strong growth by means of organic growth and business acquisitions. According to the company strategy, DNA aims to continue to expand faster than its competitors.

The market situation remained challenging in the telecommunications industry in 2013. The overall economic situation curbed the demand for ICT services somewhat, causing businesses in particular to be more cautious with their investment decisions. However, the Board of Directors is satisfied with the development of DNA's business under the challenging market conditions in 2013. DNA's net sales and EBITDA remained steady in 2013 despite the economic situation and the reduction in interconnection prices.

In the past years, DNA has made significant investments in the 3G and 4G networks in particular, as well as in fibre and transfer systems. These investments increased depreciations, which burdened our operating profit. In 2013, DNA's investments totalled EUR 128.4 million. Continuous investments are necessary to achieve DNA's long-term goals.

In 2013, DNA placed special emphasis on the development of its entertainment business. The PlusTV acquisition in April 2013 supports DNA's aim of establishing the number one entertainment service package in Finland. DNA's terrestrial network business significantly increases the coverage of the TV network, making DNA a genuine nationwide TV operator. DNA is now the market leader in pay-TV services.

In the first half of 2013, the Board of Directors focused on investigating the possibility of broadening the ownership base of the company. Even though the Board decided against broadening the ownership base after the investigation, the project was well executed and beneficial for the future development of the company.

The Finnish telecommunications market is undergoing a change, which will continue. Significant changes are taking place in DNA's operating environment, which is reflected particularly in the increasingly important role of content and value added services as well as in the expansion of the operator market to new areas. It is important to remember that the pressure for change that the entire industry is facing at the moment is not a threat. Instead, it provides DNA with new opportunities to improve competitiveness and find new business opportunities. Identifying new growth opportunities is something we at DNA have always done and will continue to do in this fast-changing environment.

The implementation of our strategy and everything we do at DNA is driven by the great attitude and expertise of our personnel who are proud of the distinctive and bold DNA brand. DNA's style, culture and method of working are unique. They are also the key to DNA's future growth.

The industry change will continue in 2014. The Board of Directors sees the pressure for change as a new opportunity for DNA to grow and develop according to the needs of the Finnish society. In 2014, DNA continues to operate as a strong industry player with extensive high-speed networks and the strength and ability to invest into network capacity. As a leading TV operator, DNA will continue to offer interesting content through innovative services – nationwide. We are proud to be driving and facilitating the development of Finnish information and communication society. We want to help people to get more out of their communication, learning and entertainment.

DNA's management and the entire personnel have worked with great spirit and determination amidst the changes in 2013. On behalf of the Board of Directors, I would like to thank Jukka Leinonen, the company management and each and every employee for their great attitude and expertise which lay the foundation for our success in 2014. I would also like to thank the shareholders for their support and encouragement to DNA's Board of Directors and management as we continue to innovate and grow.

Jarmo Leino

Chairman of the Board

Year 2013 at DNA

JANUARY

DNA expanded its corporate product offering with the addition of Microsoft office communications products.

APRIL

The DNA WELHO broadband service concept was clarified and enhanced by introducing higher broadband speeds. The new offering contains three high-speed connections: 50 Mbit/s, 100 Mbit/s and 350 Mbit/s. At the same time, DNA WELHO broadband was rebranded as DNA WELHO Überkaista.

SEPTEMBER

DNA acquired Digi TV Plus Oy, or PlusTV. As a result, the services available through DNA's terrestrial TV network will diversify further, reaching most households in Finland.

OCTOBER

DNA and an Irish payment technology company 3V Transaction Services (3V) launched the DNA Täpäkkä payment service in Finland. DNA Täpäkkä – a virtual Visa debit card – works in smart phones and on the Internet.

DNA won 2 x 10 MHz frequency band pairs in the 800 MHz auction organised by the Finnish Communications Regulatory Authority. With these new bands, DNA can develop the speed and coverage of its 4G LTE network, particularly in sparsely populated areas.

According to the 2013 EPSI Rating results, DNA has the most satisfied mobile broadband customers, both among consumers and corporate customers. As in previous years, DNA WELHO had the best customer satisfaction among TV service providers.

NOVEMBER

DNA Ltd agreed on the issuance and terms of an unlisted unsecured bond of EUR 100 million. The bond was issued on 28 November 2013.

KPY Sijoitus Oy sold its DNA shares to Finda Oy, PHP Holding Oy and Oulun ICT Oy. Later, on 30 December, Oulu ICT Oy announced that it was selling its DNA Ltd shares to Finda Oy and PHP Holding Oy. Finda Oy is DNA's largest shareholder, and after the arrangement, its ownership increases to 49.90 per cent of DNA's shares. PHP Holding Oy's ownership increased to 37.56 per cent of DNA's shares.

Vice President, Corporate Business, Jukka Leinonen, 51, was appointed CEO of DNA Ltd.

DNA was the first operator in the world and the only operator in Finland to launch the sales of Jolla phones.

DECEMBER

According to the results of DNA's employee satisfaction survey, employee satisfaction continued to improve in almost all of the areas measured in 2013. An increasingly mobile working method, which supports remote working, not only increased employee motivation but also boosted efficiency.

DNA in figures

The Group's key figures

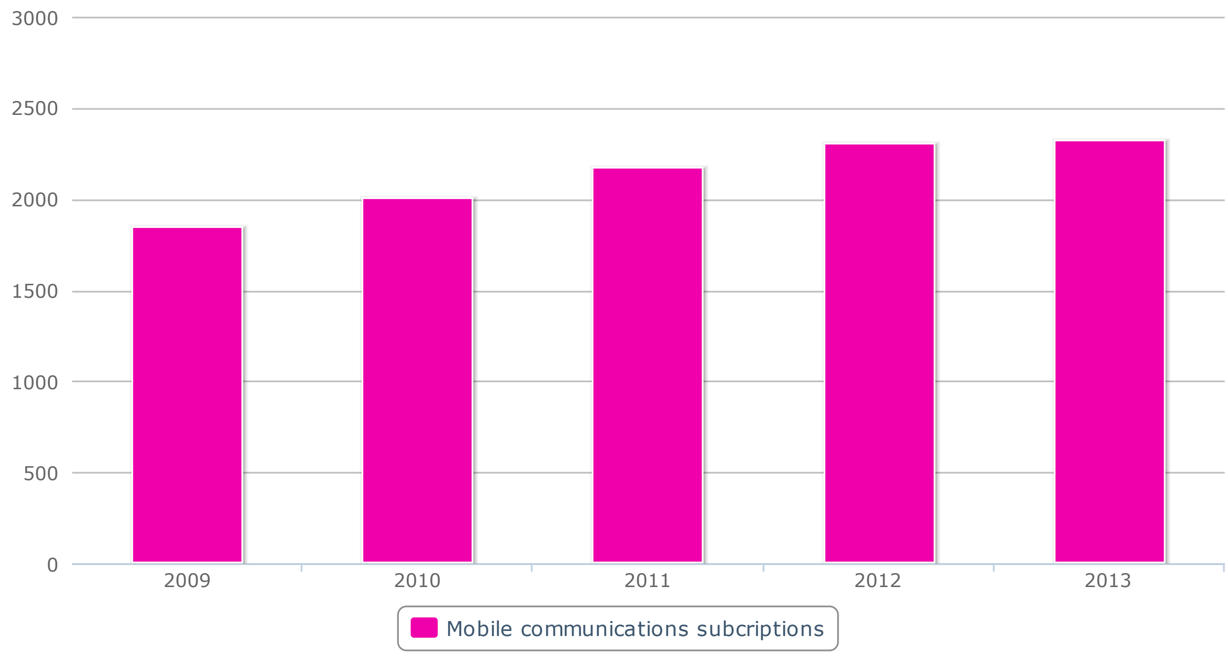
EUR million	1-12/2013	1-12/2012	1-12/2011
Net sales	766.4	769.2	727.5
EBITDA	190.7	190.8	188.4
- % of net sales	24.9	24.8	25.9
Depreciation	147.1	134.6	137.6
Operating profit	43.7	56.2	50.8
- % of net sales	5.7	7.3	7.0
Profit for the financial period	28.9	36.1	35.8
Return on investment (ROI), %*	5.4	7.2	6.6
Return on equity (ROE), %*	5.5	6.3	5.7
Mobile communication revenue per user (ARPU), EUR**	18.2	19.9	20.4
Mobile communication subscription turnover rate (CHURN), %***	17.1	15.7	16.4
Investments	128.4	136.3	119.5
- % of net sales	16.8	17.7	16.4
Cash flow after investments**	-33.6	28.9	9.0

* rolling 12 months
** includes business combinations
*** includes postpaid voice subscriptions

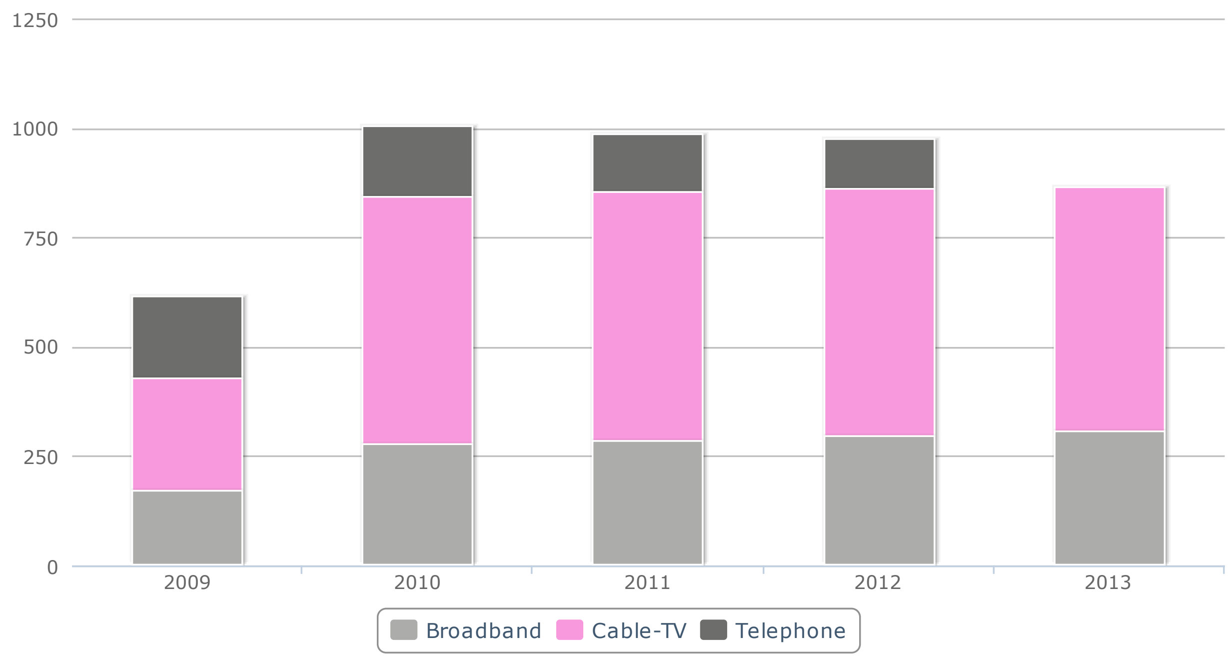
	31 Dec 2013	31 Dec 2012	31 Dec 2011
Net debt, EUR million	326.7	257.7	153.2
Net debt/EBITDA	1.71	1.35	0.81
Gearing, %	62.6	48.8	24.5
Equity ratio, %	49.4	54	62.2
Personnel at the end of period	1,563	1,427	1,035

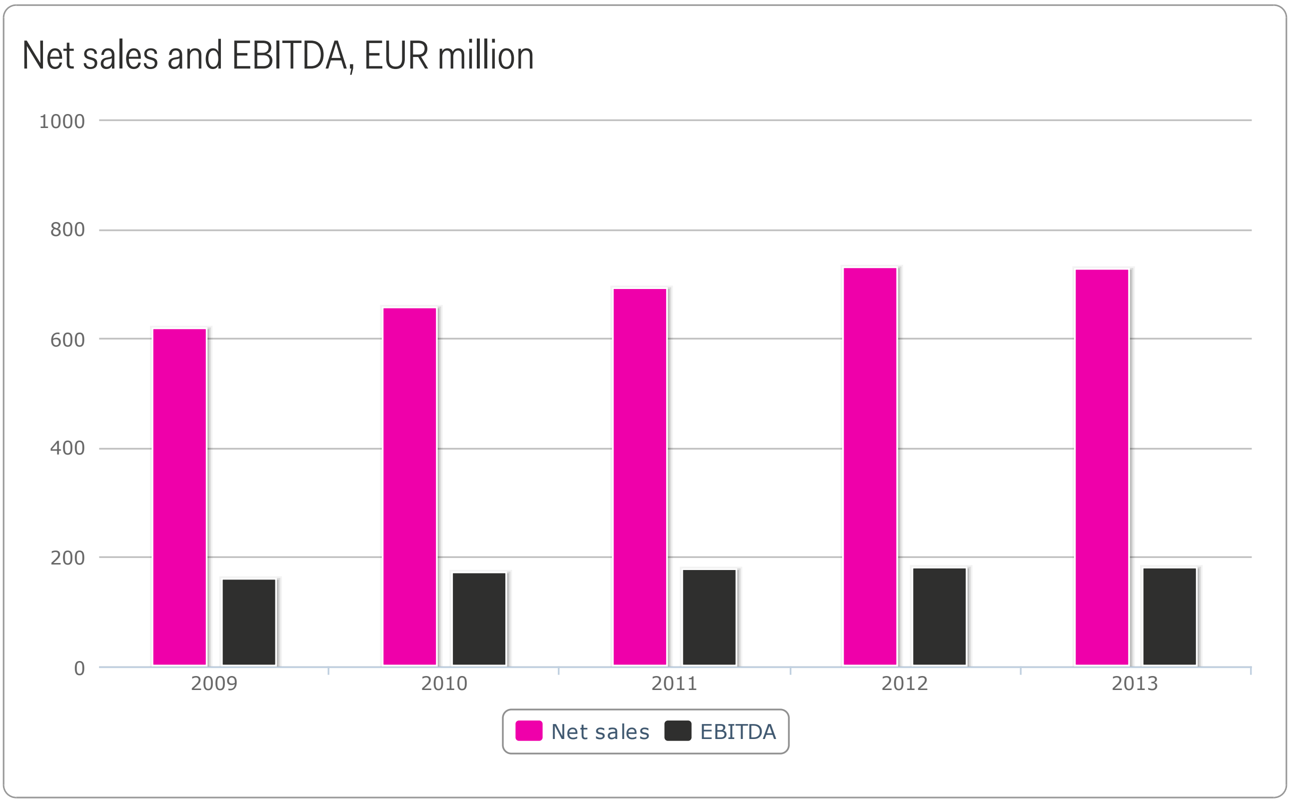
Mobile communications subcriptions* in thousands

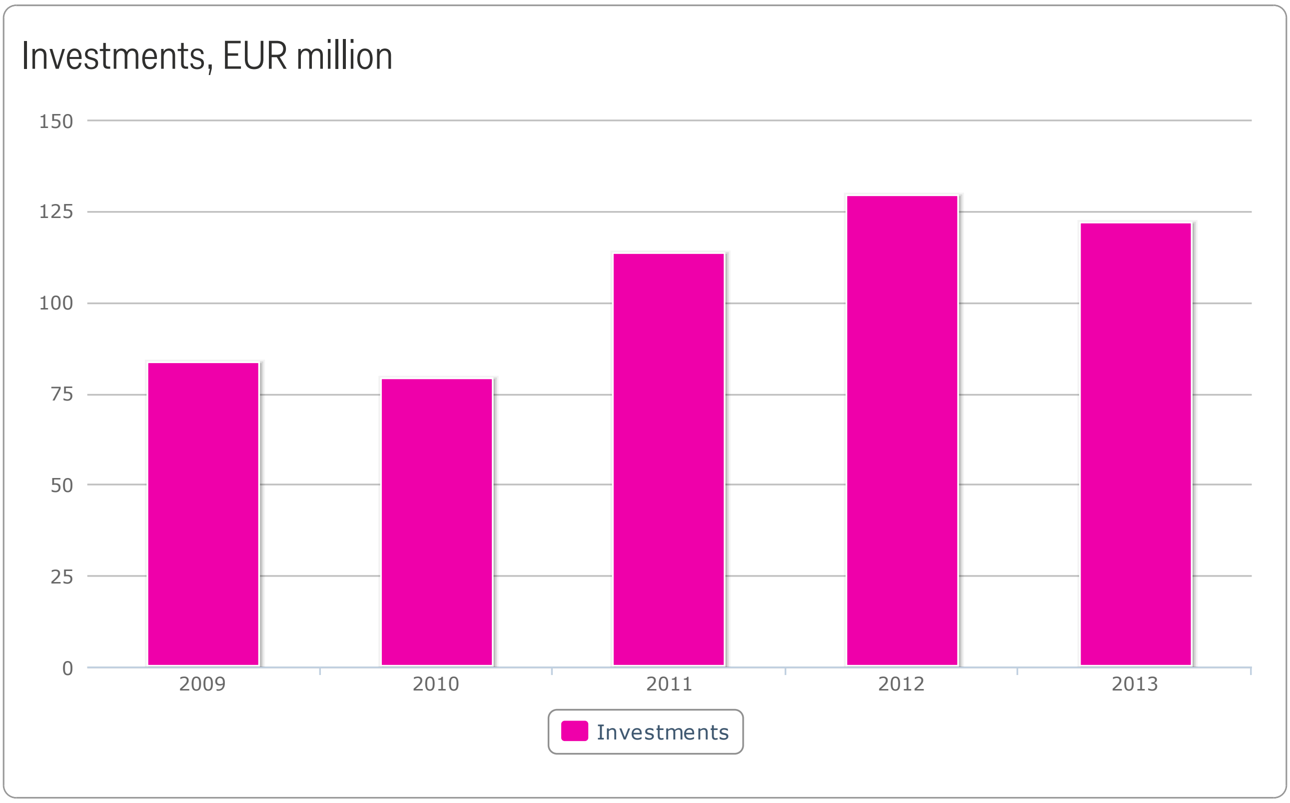
*voice and mobile broadband



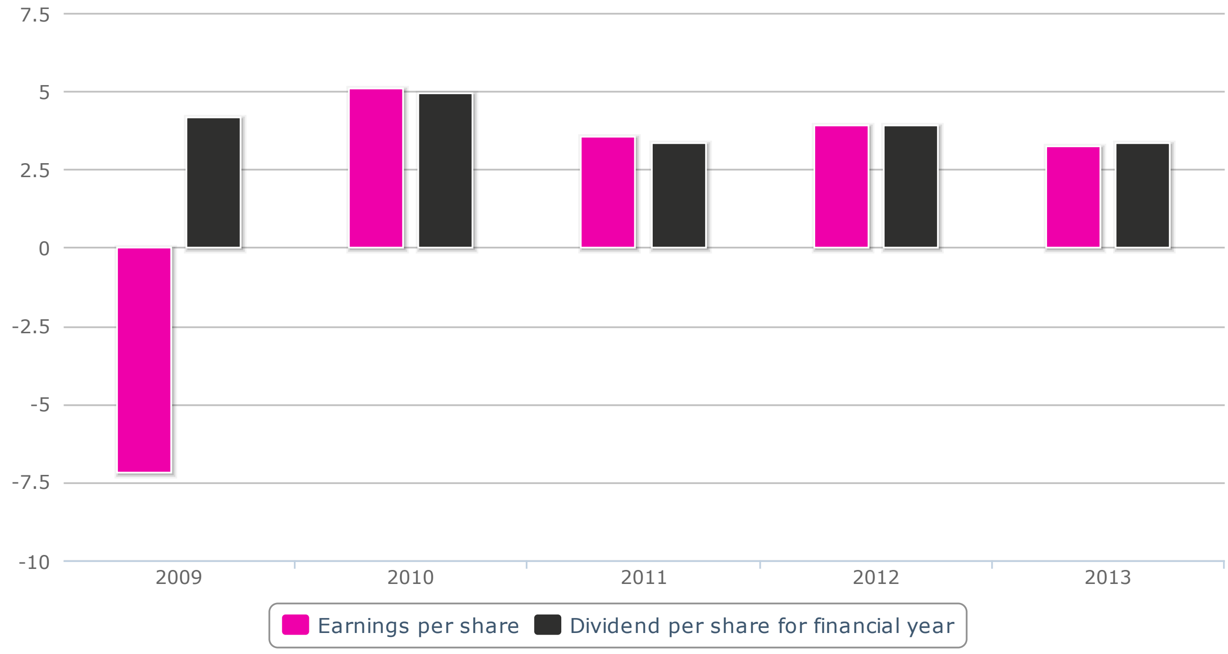
Fixed-network subscriptions, in thousands



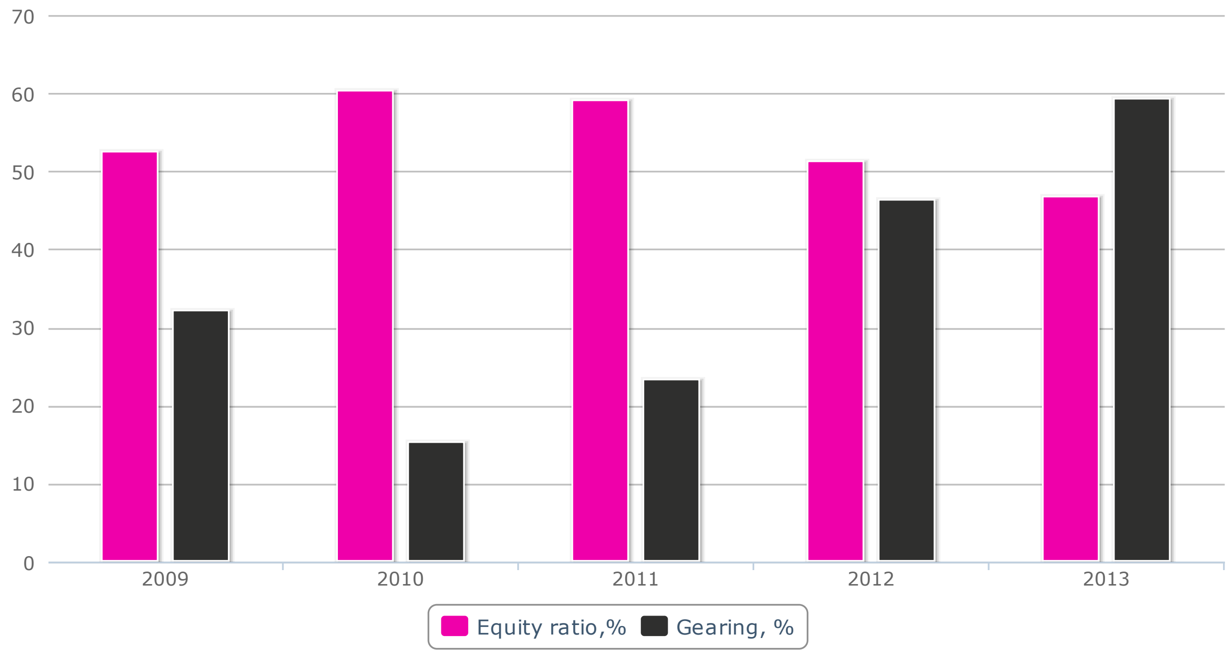

Net sales and EBITDA, EUR million
1000
800
600
400
200
0
2009
2010
2011
2012
2013
Net sales
EBITDA


Investments, EUR million
150
125
100
75
50
25
0
2009
2010
2011
2012
2013
Investments

Per-share indicators, EUR

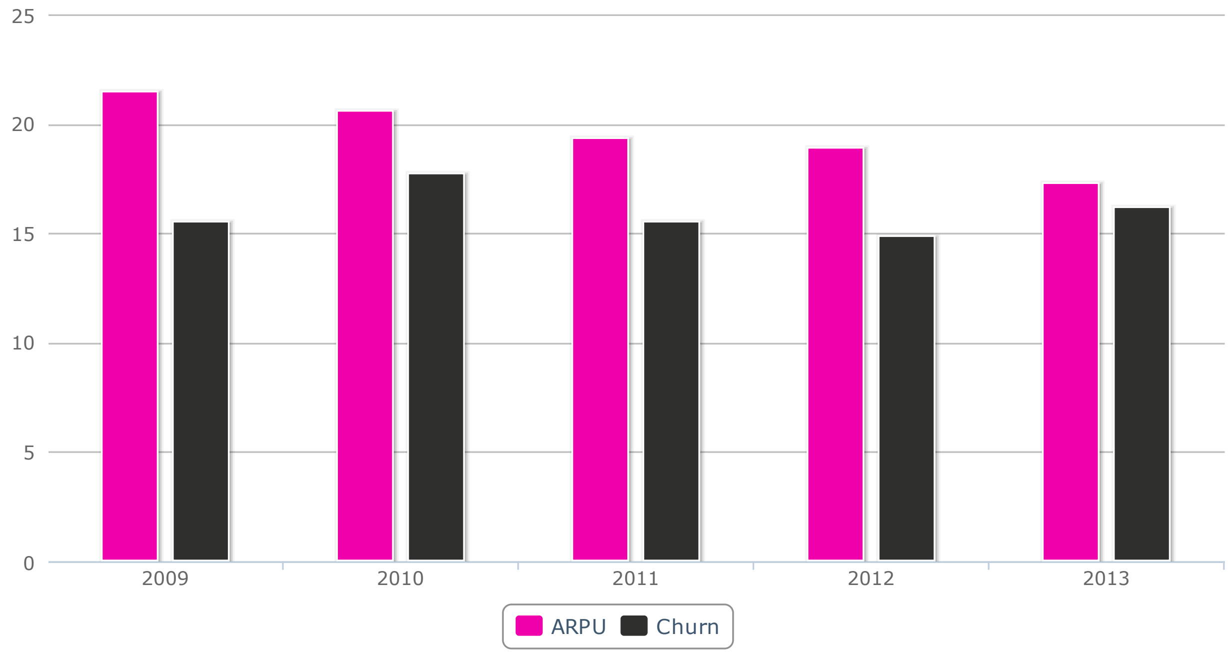


Equity ratio and Gearing, %



ARPU and Churn

ARPU = Revenue per user
Churn = Mobile communication subscription turnover rate



Read more

- > Consolidated key financial indicator
- > Operating environment

Other website

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Smart phones, tablets and 4G connections boost rapid growth of data transfer volumes

The long-running change in the telecommunications market continues. Network and terminal device technologies are developing at an increasingly fast pace: growing traffic volumes and new applications increase the use of telecommunications services. Customer behaviour is changing quickly with the growing number of smart phones and changes in TV viewing habits. Content and value added services are gaining in importance.

Competition remained intense in the Finnish telecommunications market in 2013 and the challenging overall economic situation curbed demand. Intense competition places high demands on the quality and availability of operators' systems and network infrastructure as well as their cost competitiveness. Data transfer volumes are growing rapidly, driven by the increasing number of smart phones and tablets and faster 4G speeds.

The operating environment in the telecommunications market is changing rapidly, requiring agility, new business innovations and continuous investments in network speeds and coverage. DNA plays an important role in the Finnish society by providing important communication connections and maintaining critical infrastructure.

Traffic volumes in DNA's networks doubled

The volume of mobile data traffic in DNA's mobile communications networks doubled in 2013. At the end of 2013, the volume in DNA's 4G LTE network was more than ten times higher than in early 2013. Web services especially benefit from the faster speeds, and their use increased significantly in 2013.

The single most important content that attributes to the growth of traffic in the 4G network is video content watched on mobile phones. The use of cloud-based storage services also gained ground, and 4G LTE speeds were of benefit to web meeting services, remote workers and action game players. The demand for LTE-compatible terminal devices increased quickly in 2013.

Smart phones and tablets continued to enjoy strong demand. In 2013, smart phones accounted for about 80% of all phones sold. The use of portable terminal devices is evolving quickly. Smart phones are being used for viewing high-quality video and TV content and accessing various other types of content, much more so than before. There was a significant jump in the sales of tablets in 2013 as the demand grew. Tablet buyers typically have entertainment in mind, and increasingly use TV services on their new devices. Companies are also taking to tablets.

In the consumer market, demand for mobile and fixed-network broadband remained strong in 2013. Mobile broadband in particular enjoyed significant growth in the consumer segment. The popularity of housing company broadband services remained steady, as a growing number of housing companies offers fixed-line broadband connections and TV services to their residents.

In the corporate segment, clients postponed some of their investment decisions due to the challenging economic situation. Unified communications services enjoyed growing demand. Sales of services related to network data security and management as well as mobility-related data solutions also continued to increase.

> At the end of 2013, the volume in DNA's 4G LTE network was more than ten times higher than in early 2013.

Regulation and new technology applications drive the change

DNA's operating environment was subject to higher cost of operations and increasingly strict regulation. In addition to the overall economic situation, net sales and profitability of the industry were affected by the reduction in mobile interconnection prices and tight competition in mobile communications and fixed-network broadband markets in particular.

Quickly evolving terminal devices, fast networks and new viewing habits modified the TV market. Demand for pay-TV services followed normal seasonal fluctuation in 2013.

Over the next few years, we are expecting significant technology-enabled advances in sectors such as health care, e-learning and other public services, TV offering and terminal devices. The new communication methods that are gaining widespread popularity will have an impact on the traditional business of operators.

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Operating environment in 2013

CONSUMER MARKET

- Intense competition throughout 2013
- Strong demand for mobile and fixed-network broadband
- Sales of smart phones and tablets jumped in 2013
- Growing demand for pay-TV and video services
- Quickly evolving terminal devices and new viewing habits modified the TV market

CORPORATE MARKET

- Market remained cautious and competition intense
- Companies postponed some investment decisions
- Interest towards office communications services and value added network services and data security services increased
- Companies took to smart phones and, in particular, tablets
- Mobile data gained importance hand in hand with mobile work
- The need for industrial Internet solutions boosted demand in the corporate market

REGULATION

- DNA won 2 x 10 MHz frequency band pairs in the 800 MHz auction
- The European Commission proposed new legislation to promote the European single market for electronic communications
- The comprehensive reform of the legislation on electronic communications, or the Information Society Code, was proposed to the parliament in January and is scheduled to enter into force in early 2015

Changing habits transform the consumer market

Consumers used their mobile devices to access web services significantly more in 2013 than before, greatly boosting the demand for mobile broadband. Versatile use of entertainment content on mobile terminals increased, and the consumers quickly changed their TV viewing habits.

The number of mobile device users among consumers continued to increase. Tablet sales in particular jumped in 2013. Voice, data, TV and other communication and entertainment services are converging and increasingly used over the mobile communications network via smart mobile devices. Consumers expect high-quality and high-speed connections also while on the move.

Competition remained intense in 2013. In the consumer market, demand for mobile and fixed-network broadband remained strong in 2013. The demand for entertainment services remained good. As expected, the demand for fixed-network voice services continued to fall.

Pay-TV increasingly popular, consumer viewing habits more versatile

Mobile broadband and TV services in particular provide DNA new opportunities for business growth. Demand for pay-TV services remained steady in 2013. Quickly evolving terminal devices and new viewing habits modify the TV market. Consumers are spending more time watching TV, and households have several devices for viewing TV content. As regards TV and movie content, competition was more intense in 2013 due to global players operating in the Finnish market.

At the moment, most households buy high-definition television sets (HDTVs) and want to watch high-quality HD content. HDTV sales have doubled annually over three consecutive years, increasing the number of consumers watching TV in HD. New high-definition content is added constantly, and the capacity and efficiency of DNA's cable network enable DNA to offer broadcasts in next-generation 4K high definition in the future. DNA believes that the role of HD will become increasingly important and plans to expand its HD content offering considerably. DNA has, for example, launched the sales of the Nelonen Pro Extra service in its cable network, providing all Finnish hockey league, or SM-liiga, matches in HD. At the end of 2013, DNA's cable network had 40 HD channels and its terrestrial network offered the largest selection of HD channels in Finland with 7 HD channels. DNA's HD-ready terrestrial VHF network already reaches approximately 85 per cent of all Finnish households.

Viewing habits are changing rapidly, and DNA has responded by, for example, launching the DNA WELHO MatkaTV service and bringing MTV's broadcasts to mobile devices. Finnish media company MTV and DNA signed their cooperation agreement towards the end of 2013 with the purpose of improving the Finnish TV viewing experience.

Entire terrestrial network TV offering with one TV card

Now that PlusTV is part of DNA, customers have a new, more simple way of watching TV: they need only one card for viewing the entire offering in the terrestrial network. Previously, households needed several TV cards if they wanted to watch content from more than one pay-TV service provider. Now that viewers only need one card, the only thing housing companies need to see to is that the building is equipped with the right type of antenna so that residents can utilise the new technologies.

Consumers will also find it easier to purchase equipment: all cards work in HD Antenna Ready TVs and receivers.

DNA study in 2013:

Smart phones rule the roost

The way smart phones are used is evolving rapidly at the moment. DNA conducted a study in early 2013 to find out which devices consumers use to view digital content. The results speak for themselves: pioneering smart phone users have quickly incorporated digital content into their everyday lives. The study also confirms that social media and online videos in particular are popular among users. Due to this, consumers want to be able to use high-speed Internet connections, both at home and while on the move.

According to the study published by DNA in February 2013, the number of smart phone application users doubled in Finland in 2012. Today, as much as 60 per cent of smart phone users use applications on their phone. They mostly download applications that they perceive useful, such as navigation applications or applications that enable interaction in social media.

Growing data volumes and critical role of data security topical in the corporate market

Companies operate in increasingly versatile environments. Corporate customers acquire ICT products and services from multiple vendors, and the ability to reliably manage their business systems is increasingly critical for their operations. DNA meets this need by providing solutions for the management and monitoring of multi-vendor environments.

The corporate market is characterised by consumerisation and exponential growth of data volumes. The new increasingly mobile and versatile ways of working also place demands on corporate network solutions and communication services.

Overall, the corporate market remained cautious and stagnant in 2013. Competition remained intense. Corporate clients were less keen to switch subscriptions and postponed some of their investment decisions due to the challenging economic situation. The demand for value added services related to network data security and management continued at a good level.

Companies took to next-generation devices, smart phones and, in particular, tablets. Smart devices do not replace each other, but are used in different ways. Demand for corporate fixed-network broadband services remained at a similar level, and demand for mobile broadband services increased. The need for industrial Internet solutions also boosted demand in the corporate segment. Clients are interested in wireless corporate networks and unified communications solutions. Companies migrated increasingly from mobile to unified communications services, which is reflected in the growing importance of mobile data in comparison with other communications services.

Workers are increasingly networked and mobile, and work more flexible. Corporate clients are also increasing the use of video solutions in communication and other applications. Global operations require versatile and mobile communication and meeting solutions. Cloud services and virtual meetings significantly increase corporate data traffic volumes. Organisations want to provide their employees easy and safe access to data – also remotely.

Corporate customers acquire ICT products and services from multiple vendors, and the ability to reliably manage their business systems is increasingly critical for their operations.

Case Würth Oy – Reliable and flexible service

In March 2013, DNA signed an agreement with Würth Oy on the delivery of fixed data connections, mobile phone subscriptions, wireless data connections and the DNA Mobiilivaihde mobile exchange service to all 150 Würth premises in Finland.

The service is provided as a comprehensive solution by DNA. As a growing market leader, Würth expects smooth cooperation and flexible services. In addition to cost-efficiency, corporate clients place special emphasis on the reliability and flexibility of services when making purchase decisions. DNA focuses on these areas and offers services that provide savings for the client, in terms of both time and money.

Frequency auction and the Information Society Code in focus in 2013

DNA operates on the telecommunications market, which is characterised by stringent regulation. Regulation can influence the cost and price structure of products and services as well as the grounds on which frequencies and licences are distributed. DNA actively monitors the regulatory trends in Finland and the EU, and promotes viable operating conditions for the industry.

Winning bid in the 800 MHz auction

DNA won 2 x 10 MHz frequency band pairs in the 800 MHz auction organised by the Finnish Communications Regulatory Authority. The utilisation of the 800 MHz frequency band provides DNA with the opportunity of developing the speed and coverage of its LTE-based 4G network, particularly in sparsely populated areas.

The auction was completed on 30 October 2013. The winning operators in the auction were DNA, Sonera and Elisa. The 800 MHz licences awarded to DNA are valid for 20 years from 2014. In total, DNA will pay EUR 33.57 million for the licences.

> DNA actively monitors the regulatory trends in Finland and the EU, and promotes viable operating conditions for the industry.

New information society legislation

The Ministry of Transport and Communications has launched an initiative which initially strived to bring together and clarify legislation pertaining to electronic communication and the provision of information services and to revoke some of the existing legislation. Approximately ten acts have been consolidated to form an Information Society Code. It now seems that the project has failed to meet its initial targets.

The Information Society Code was submitted to the Parliament in early 2014. The main changes that will affect DNA's operations are related to frequency policy and the method of frequency distribution, market-based frequency compensation, consumer protection and the pricing responsibilities of the Finnish Communications Regulatory Authority. Even though many issues developed favourably for DNA during the preparatory stage, it seems that the new obligations introduced by the Code will burden DNA with relatively high additional costs. The Information Society Code is scheduled to enter into force on 1 January 2015.

Legislation proposal to promote the European single market for electronic communications

In the summer of 2013, the European Commission proposed new legislation to promote the European single market for electronic communications. The proposal will most likely not be processed until after the elections to the European Parliament in the spring of 2014. If implemented, the legislation could have a significant impact on DNA's operations.

Decisions about the future of TV

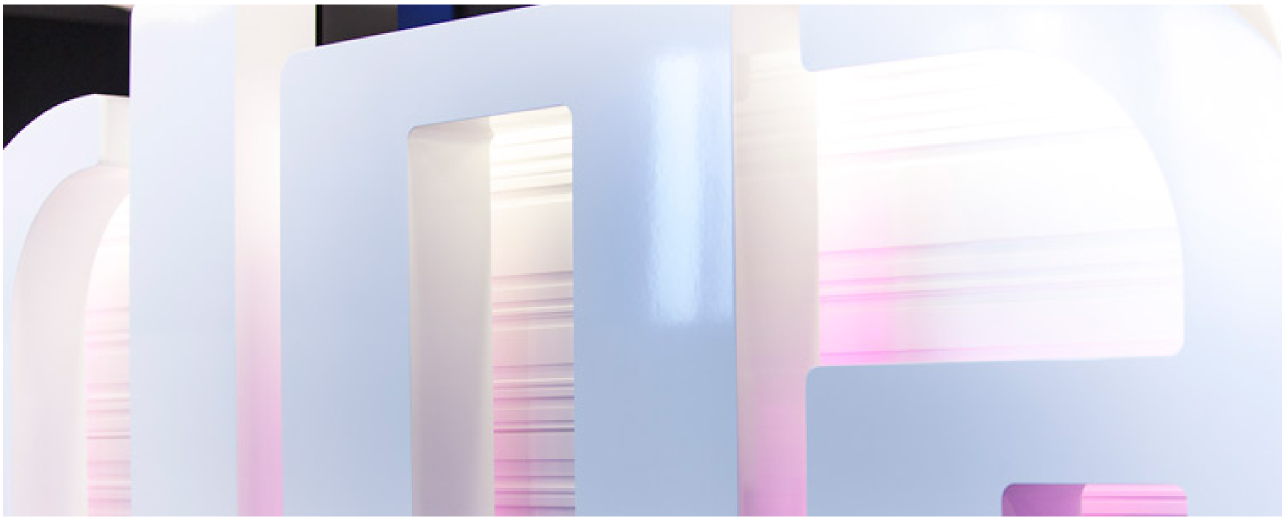
HD viewing is rapidly increasing in pace with the growth in HDTV sales. This trend is also supported by the government policy on the future of electronic media submitted to the Parliament as a report, according to which the terrestrial TV network will adopt the new DVB-T2 digital video broadcasting technology that supports HD as of 2017. DNA has been broadcasting in HD in its VHF network with the DVB-T2 technology since 2010.

Prices for roaming services decrease in the EU and EEA countries

The prices for roaming (phone calls, SMS and data roaming) in the EU member states as well as Norway, Iceland and Liechtenstein decreased on 1 July 2013. Making calls is 17 per cent cheaper, receiving calls 13 per cent cheaper and sending text messages 11 per cent cheaper. The cost of data roaming fell by 36 per cent. Lower charges will apply equally to post- and prepaid subscriptions.

The price revision follows a change in the EU roaming regulation, which, among other things, sets upper price limits for roaming services within the European Union.

Due to the regulation, prices will decrease further on 1 July 2014, both in retail and wholesale services. In retail, the upper price limit for calls made will decrease by 21 per cent, for calls received by 29 per cent, for sent text messages by 25 per cent and for data roaming by 56 per cent.



Strong position on the mobile broadband market and as a leading TV operator

DNA's objective is to continue its systematic and steady growth in both the consumer and corporate market. DNA aims to maintain its strong foothold on the mobile broadband market and cement its position as a leading player on the TV market.

Determined and systematic implementation of the chosen DNA strategy has served the company well, taking it towards its goals. In 2013, the strategic focus was on strengthening the pay-TV business, further development of high-speed and high-quality networks, providing cutting-edge terminal devices and content as well as an excellent customer experience with energetic and service-minded experts. DNA's customer satisfaction has improved further*, signalling successful strategy implementation in 2013.

The cornerstones of DNA's operations are cost-effectiveness, leanness, agility and innovation. These elements in DNA's operating model support the achievement of strategic goals. In practice, leanness is achieved by well-timed decisions on decommissioning old operating models, systems and products and replacing them with new ones. Agility is achieved through the straightforward and agile leadership model and clear operational structure. The spirit of innovation is especially evident in the continuous development of DNA's basic operations as well as in the bold establishment of new business models and partnerships.

Strengthening the pay-TV business

DNA's strategic aim is to have the best entertainment service package on the market. DNA has focused on the TV business systematically and has established its next-generation entertainment concept utilising its fast broadband networks. The PlusTV acquisition in April 2013 supports DNA's aim of establishing the number one entertainment service package in Finland. PlusTV acquisition makes DNA's terrestrial network TV services more versatile, and DNA is now the market leader in pay-TV services.

New channel packages and HD content have expanded DNA's pay-TV offering considerably. DNA is the largest cable operator in Finland with more than 170 channels in the cable network and the largest number of high-definition channels. DNA's terrestrial network reaches approximately 85 per cent of all Finnish households.

> DNA has focused on the TV business systematically and has established its next-generation entertainment concept utilising its fast broadband networks.

Investing in a fast and comprehensive network

DNA is investing heavily to expand its network coverage. In 2013, the network was expanded with 3G and 4G technologies. Network expansion and adoption of higher speeds was one of the main investments in 2013. DNA's investments in 2013 came to EUR 128.4 million, or 16.8 per cent of net sales. Major individual items included investments in the 3G and 4G networks and in fibre and transfer systems. By adopting the latest network technologies, DNA improved its competitiveness and prepared for the continuing strong growth in mobile traffic volumes.

In 2013, DNA added more than 1,700 new base stations across Finland: about 1,100 to the 4G LTE network and some 600 to the 3G network. DNA's 4G LTE network is available in more than 40 cities and reaches over two million Finns.

With the frequencies won in the 800 MHz auction, DNA can continue to expand the 4G network also in sparsely populated areas. DNA's 4G network coverage will double by the end of 2014, when it is anticipated to reach 80 per cent of the population.

Cutting-edge terminal devices and content

DNA wants to support innovations in device-centric ecosystems and forms bold partnerships with start-ups and well-established companies and organisations. DNA works together with these partners to create unique user experiences for consumers and corporate customers, leading the way in the commercialisation of new innovations.

In 2013, DNA worked with partners such as Jolla, Sanoma News, 3V Transaction Services and Praecom, launching interesting new products and services.

DNA places special emphasis on the continuous introduction of new customer-centric products and services. In 2013, DNA launched entertainment services such as WELHO Viihdytyskaista and DNA WELHO MatkaTV to meet the changing needs of consumer customers. The company also launched a completely new type of subscription type, called DNA Rajaton 4G, providing unlimited 4G data use. DNA's private radio network M2M mobile subscriptions are an integral part of the industrial Internet solution provided. Projects in 2013 include a private 3G network delivered to Yara Suomi.

Excellent customer experience and service-minded experts

Excellent customer experience is an important cornerstone of DNA's strategy. To increase customer satisfaction, DNA continuously enhances its customer service processes and high-speed, high-quality networks. DNA utilises feedback from the customer interface, surveys and its customer panel of thousands of consumer customers to improve customer service. DNA aims to get things right the first time. This approach provides comprehensive service, and the customers receive the answers and help they need during their first contact with customer service.

DNA's success is built by service-minded experts whose well-being is important to the company. DNA's genuine method of working, which allows more flexible work, and facility renewals have boosted employee satisfaction. According to the results of DNA's employee satisfaction survey in 2013, employee satisfaction reached record highs. Satisfaction in areas such as motivation and perceived productivity has improved.

We get it right the first time!

Customer service functions have adopted new and bold solutions to provide an even better service experience. Large customer service centres no longer enforce commonly used maximum durations for phonecalls but provide alternative contact methods. DNA's website, invoices and internal processes have been modified according to customer feedback.

The aim is to provide excellent customer service and focus on the customer during every encounter. The customer sets the pace and customer service representatives take the time to discuss other service-related issues even if the customer does not specifically ask about them.

Focusing on the encounter and the customer experience has already improved customer satisfaction and reduced customer service costs. Since 2011, these measures have saved DNA several million euros. The number of calls has decreased although DNA's customer base and product portfolio are growing. The International EPSI Rating study 2013 signals that the work has provided results: DNA has the most satisfied pay-TV and mobile broadband customers, among both consumers and corporate customers.

Growth drivers

FAST AND COMPREHENSIVE NETWORKS	• About 1,100 new base stations to the 4G LTE network and some 600 to the 3G network	• Frequencies won in the 800 MHz auction
STRENGTHENING THE PAY-TV BUSINESS	• PlusTV acquisition: more versatile services in terrestrial network, market leadership in pay-TV	• New channel packages and HD content
CUTTING-EDGE TERMINAL DEVICES AND CONTENT	• Competitive edge from partnerships	• Simple and flexible products that meet customer needs
EXCELLENT CUSTOMER EXPERIENCE AND SERVICE-MINDED EXPERTS	• Expanding DNA's genuine method of working • Investing in employee satisfaction	• Getting in right for the first time as a customer service method

Determined and systematic implementation of the chosen DNA strategy has added to customer satisfaction: According to the 2013 international EPSI Rating study, DNA has the most satisfied pay-TV and mobile broadband customers.

Keys to success: customer service, packaging and partnerships

In consumer business, DNA's vision is to be a modern operator and the preferred brand among consumers. In 2013, the strategic focus areas in consumer business included standing out in the market by means of innovative partnerships and product packaging, cutting-edge terminal devices and contents and creating the best entertainment package in Finland.

DNA monitors the changes in consumer habits closely and develops new types of services and products accordingly. For example, DNA's new DNA Rajaton 4G subscription is DNA's answer to a shift in smart phone use while the DNA WELHO MatkaTV service matches consumers' new TV viewing habits.

The market has become increasingly terminal-driven, further emphasising the importance of distribution through DNA Stores and the online store. DNA has the most extensive operator store network in Finland: close to 80 stores in more than 40 locations. DNA Stores are the backbone of DNA's sales.

> The strategic focus areas in consumer business included standing out in the market by means of innovative partnerships and product packaging, cutting-edge terminal devices and contents and creating the best entertainment package in Finland.

High-quality entertainment service package

Pay-TV is an important business for DNA, and DNA is the clear market leader in the segment. DNA's strategic aim is to have the best entertainment service package on the market. The PlusTV acquisition in April 2013 supports this aim.

The package is complemented by the new services introduced in 2013, such as DNA WELHO Viihdytyskaista. It is a top-grade broadband service that serves modern entertainment content to consumers – and is also ready for new types of content. Also included in the package is the DNA WELHO MatkaTV service which enables remote recoding of TV programmes and viewing with a mobile device.

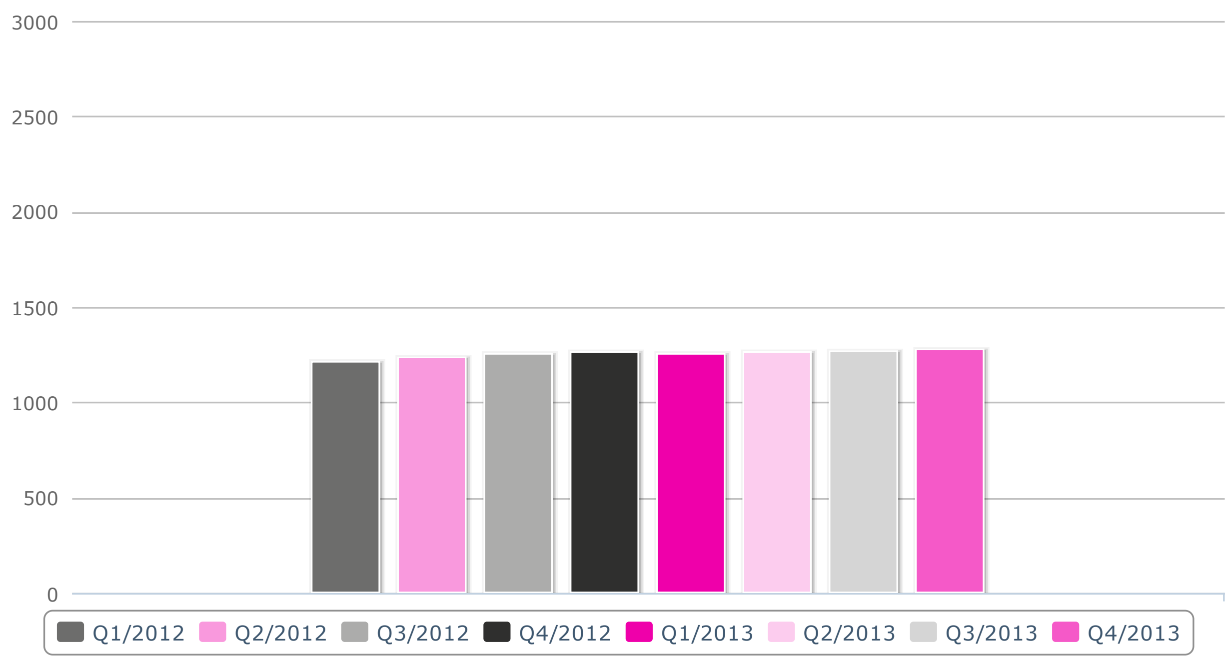
Bold partnerships

DNA builds new types of modern telecommunications services with selected innovation partners. Bold partnerships with start-ups and well-established brands is one of DNA's success drivers that provides innovative and convenient services to consumers.

In 2013, DNA worked in cooperation with partners such as Jolla, Sanoma News and OP-Pohjola. In November 2013, DNA became the first operator in the world and the only operator in Finland to launch the sales of the Jolla smart phone which uses the Sailfish operating system. With Sanoma News, DNA bundled the Helsingin Sanomat newspaper with iPads, and with OP-Pohjola, DNA launched the Täpäkkä Credit which is paving the way toward the future of mobile shopping, where traditional payment services are available directly from a mobile phone. In December 2013, Finnish media company MTV and DNA announced their cooperation agreement with the purpose of improving the Finnish TV viewing experience. DNA brings MTV's broadcasts to mobile devices and in the future, MTV channels will be available in HD.

Mobile communications* in thousands

* voice and mobile broadband subscribptions



In consumer business, DNA's vision is to be a modern operator and the preferred brand among consumers.

Competitive edge from clear operating model and the best customer experience

DNA's corporate segment is in the business to provide the best customer experience on the market. Corporate business focuses on cementing the image of DNA as a reliable expert. As a result, DNA has signed several new consumer agreements in 2013 and has the most satisfied mobile broadband customers, both among consumers and corporate customers, according to the 2013 EPSI Rating study.

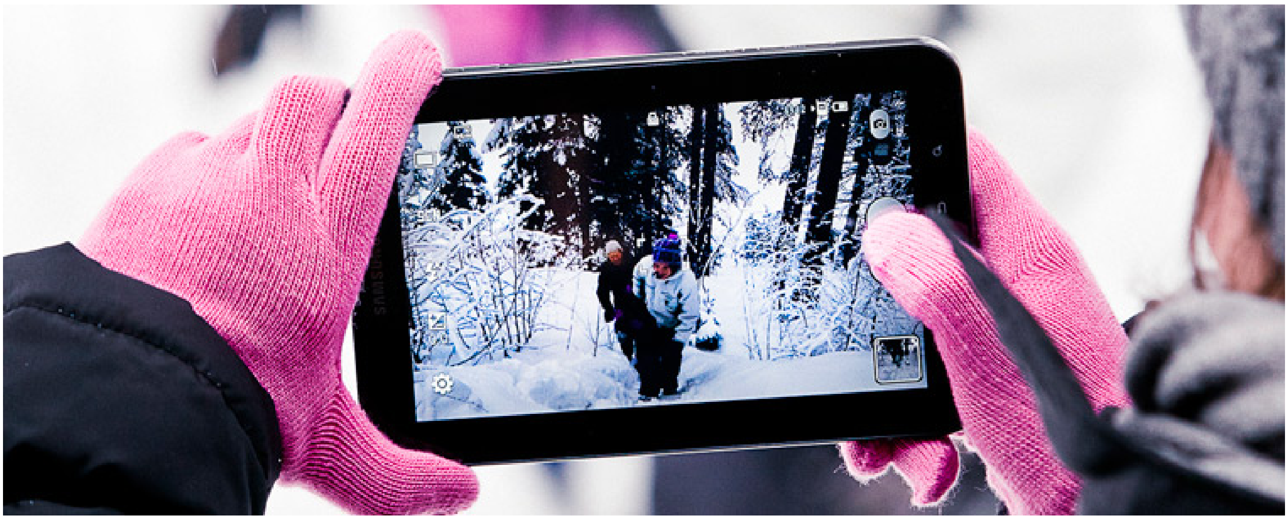
DNA aims to provide a clear service offering that meets the business requirements of corporate customers, complemented by a partner-based operating model. To this end, DNA needs a service-minded sales organisation that lives and breaths quality. In 2013, corporate business revamped the management model for product documentation, and implemented a new electronic self service channel and a new sales operating model.

The strategic focus areas in corporate business include competitive services, clear and flexible operating model and customer-oriented product development. In 2013, DNA had some 80 professional corporate sales agents, 13 corporate sales offices and close to 80 stores. Corporate business also strengthened its image as a solutions provider for the new ways of working. Corporate customers were especially interested in office communications solutions, wireless corporate networks as well as data security and network management and monitoring solutions.

DNA's corporate solutions comprise standardised products and component-based solutions. The offering includes versatile communications and network services which are spearheaded by advanced data security, monitoring and management solutions. Communications and telecommunications services have a key role in the offering. DNA sees the new way of working as an important growth area in corporate business. With DNA's versatile offering, corporate customers can work in new and more flexible ways using smart terminal devices, cloud-based office communications services and high-speed connections.

In early 2013, DNA expanded its corporate product offering with the addition of Microsoft office communication products. DNA also launched the DNA Virtuaalineuvottelu video-conference service in cooperation with Praecom to support the networked and mobile workforce of its corporate customers.

> DNA aims to provide a clear service offering that meets the business requirements of corporate customers, complemented by a partner-based operating model.



High-quality communication services

DNA Ltd is a Finnish telecommunications company providing high-quality voice, data and TV services for work and play. In 2013, DNA's net sales were EUR 766 million and the operating profit was EUR 44 million. DNA has more than three million mobile communications and fixed-network customers and provides TV services to more than 900,000 households.
DNA Group's DNA Store has the most extensive operator store network in Finland.

From a mobile operator to an all-round telecom service provider

In 2007, DNA evolved from a mobile communication operator into a major telecommunications player, when DNA's business operations merged with those of six telephone companies. Through various business transactions, DNA has more than hundred years of experience in fixed-network business and solid regional market leadership throughout Finland.

DNA is Finland's largest cable operator and a leading pay-TV service provider in both cable and terrestrial networks. Data traffic volumes continue to grow in the mobile communications network, and DNA is continuously expanding the speed, capacity and base station coverage of its 3G and 4G networks.

DNA's customers are served by Finland's largest operator store network: close to 80 DNA Stores in more than 40 cities. The network is complemented by hundreds of representatives, a phone-in service and an evolving online store. Corporate customers can rely on the nationwide sales and support organisation with 150 experts in 19 locations.
Partnership operations are of high importance to DNA. DNA works together with partners to create unique user experiences and lead the way in the commercialisation of new innovations.

At the end of 2013, DNA customers had some 2.5 million mobile communications subscriptions. The figure was up 0.9 per cent from 2012, due to the increase in the number of mobile broadband subscriptions. DNA customers had 591,000 cable TV subscriptions, 322,000 fixed-network broadband subscriptions and 103,000 fixed-network voice subscriptions.

Consumer business

DNA offers diverse telecommunication services and terminal devices to consumers for communication, sharing of information and entertainment.

DNA's mobile and fixed phone subscriptions are complemented by a wide selection of terminal devices. Broadband and data security services are available in both the mobile and the fixed network. DNA's TV services, in turn, comprise products from subscriptions to channel packages, including the largest selection of HDTV channels in the cable and terrestrial network.

Corporate business

DNA's corporate business offers nationwide, standardised and user-friendly communication and customer network services to companies and communities. The strengths of DNA's corporate business include competitive nationwide services, strong local presence, an excellent price-quality ratio and customer-oriented product development. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses.

More than one in three DNA employees work in customer service.

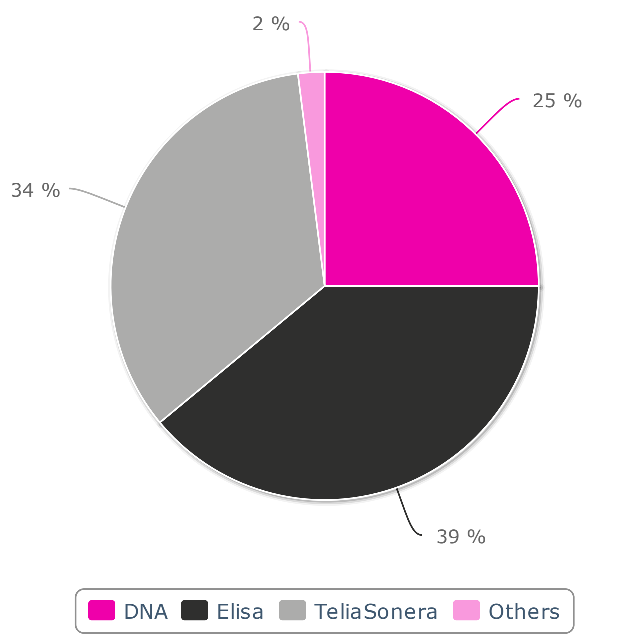
DNA has the most satisfied broadband and pay-TV customers

The annual EPSI Rating study analyses customer satisfaction and loyalty of the different sectors of telecommunications. According to the 2013 EPSI Rating results, DNA has the most satisfied mobile broadband customers, both among consumers and corporate customers. This result is due to DNA's focus and commitment: over the past years, DNA has made significant investments to developing and modernising its mobile communications networks. As in previous years, DNA WELHO had the best customer satisfaction among TV service providers. DNA WELHO was rated the top provider in all areas measured.

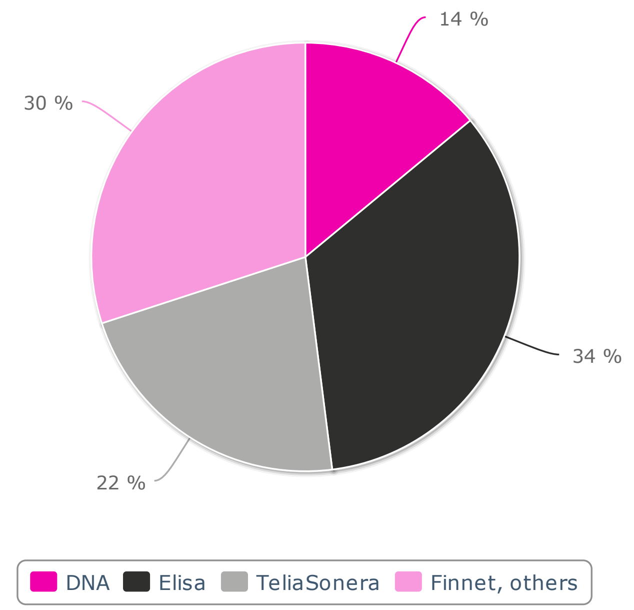
DNA received top marks among mobile broadband consumer customers for the second consecutive year, whereas this was the first year the study measured the satisfaction of corporate customers. DNA continues to develop its mobile communications networks to be able to provide consistently high-quality customer experience in years to come.

Market share: Mobile communication

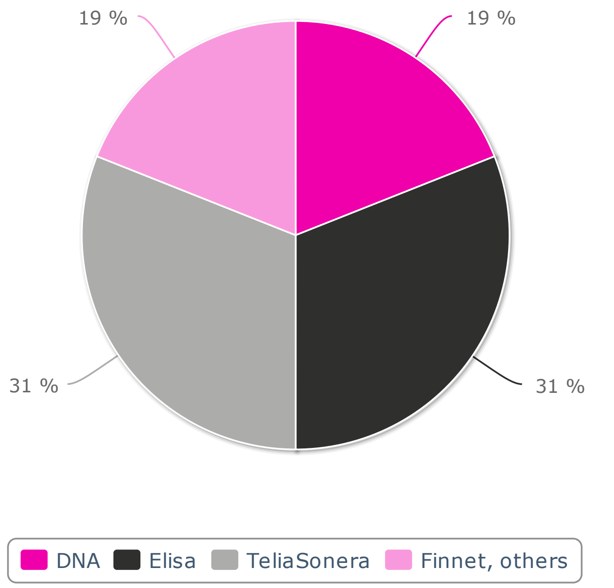
voice and broadband subscribptions



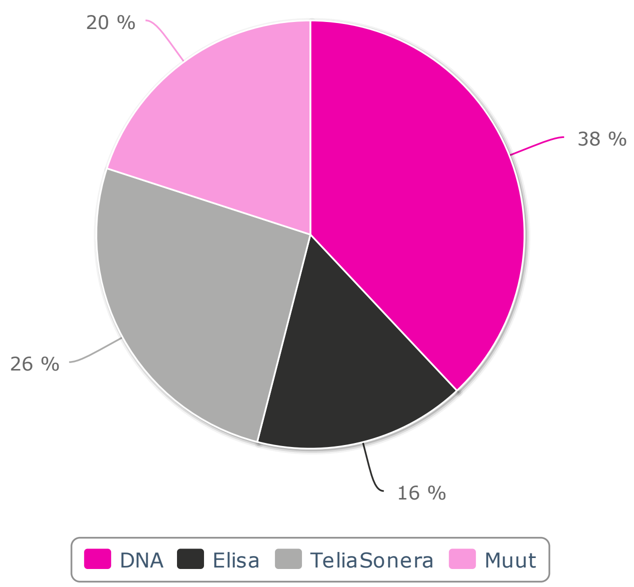
Market share: Fixed-line voice



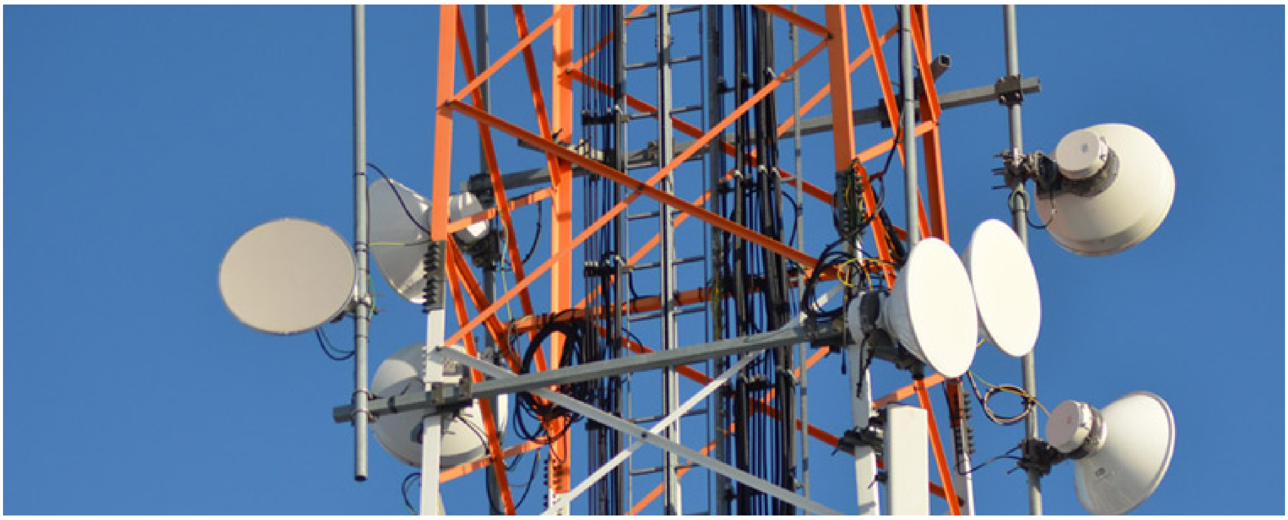
Market share: Fixed-line broadband



Market share: Cable TV



Sources: FICORA (market shares updated on September 2013), FiCom (cable-tv market share from 2012, will be updated), DNA's estimates



DNA's advanced and comprehensive networks

In 2013, DNA focused on the expansion of its network with 3G and 4G technologies. By adopting the latest network technologies, DNA improves its competitiveness and prepares for the continuing growth in mobile traffic volumes. The volume of mobile data traffic in DNA's networks doubled in 2013.

As a telecom operator, DNA plays an important role in the society by providing important communication connections and maintaining critical infrastructure. DNA supports the development of the Finnish information society with high-quality and high-speed networks and connections. High-quality networks drive economic growth by promoting latest technologies, job creation and innovations.

> In 2013, DNA continued investments in the 3G and 4G networks and in fibre and transfer systems. These investments totalled EUR 128.4 million.

In 2013, DNA added more than 1,700 new base stations across Finland: about 1,100 to the 4G LTE network and some 600 to the 3G network. DNA's 4G LTE network is available in more than 40 cities and reaches over two million Finns. DNA's 3G network was also enhanced in 2013, and it now reaches 97 per cent of the population.

Alongside 3G, also 4G speeds are gaining ground, providing customers with even faster connections and better signal coverage, indoors and out. Strong growth in the number of smart phones and tablets boosted mobile broadband use in 2013. At the end of 2013, the volume in DNA's 4G LTE network was ten times higher than in early 2013. The volume was boosted in particular by the increased adoption of services such as the DNA MatkaTV service, which allows users to watch on-demand videos or TV broadcasts on their mobile devices.

> DNA supports the development of the Finnish information society with high-quality and high-speed networks and connections.

Winning bid in the 800 MHz auction

The 800 MHz auction was completed on 30 October 2013. DNA won 2 x 10 MHz frequency band pairs in the auction organised by the Finnish Communications Regulatory Authority. The utilisation of the 800 MHz frequency band provides operators with the opportunity to develop the speed and coverage of their LTE-based 4G networks particularly in sparsely populated areas.

DNA is now very well equipped to strengthen its mobile broadband business and seek further growth in the segment. DNA will build thousands of new base stations in 2014, mostly in the 4G LTE network. DNA's 4G LTE network population coverage will be doubled by the end of 2014 and geographical coverage will grow tenfold: it is anticipated to reach 80 per cent of the population by the end of 2014. DNA's 3G network will reach approximately 99 per cent of the population by the end of 2014, almost equalling DNA's current GSM coverage.

Reliable cable network

DNA's content offering is extensive: more than 170 channels in the cable network and the largest number of high-definition channels – more than 30. DNA held 42 per cent of the Finnish cable TV market in 2013 and had some 600,000 customers in the cable network and a total of 300,000 pay-TV subscribers in cable and terrestrial networks. New high-definition content is added constantly, and the capacity and efficiency of DNA's cable network enable DNA to offer broadcasts in next-generation 4K high definition in the future.

Increasingly versatile services in the terrestrial network

At the end of 2013, DNA's terrestrial TV network covered some 85 per cent of households in Finland, providing the versatile DNA WELHO pay-TV channel offering. The terrestrial network had close to 20 channels, seven of which were HD channels. DNA was the only operator offering high-definition content in the terrestrial network in 2013. As a result of the PlusTV acquisition, the services available through DNA's terrestrial TV network were diversified further.

Mobile phone coverage on trains

In addition to the expansion of its 3G and 4G networks, DNA also helped improve mobile phone coverage on trains in 2013. Long-distance trains were fitted with 3G repeaters to amplify operators' signals on the train. Local trains are currently being fitted with similar multi-operator repeaters.

Background noise eliminated from DNA's 3G network

DNA now delivers HD voice, which reduces background noise, as standard. The commercial launch was preceded by a two-month network pilot which provided great results. In January 2013, DNA was the first operator in Finland to launch HD voice commercially.

> DNA's main investments remained the same in 2013: network expansion and adoption of higher speeds.

Customer needs drive the consumer business

In 2013, consumer business focused on business development as well as new products and services. Mobile communication subscriptions and terminals were enhanced, TV service and channel package offering expanded and cooperation with partners remained active. Net sales increased by 0.4 per cent to EUR 593.4 million (591.2 million). This increase was fuelled in particular by the growth in pay-TV business after the acquisition of PlusTV, and the positive development of mobile broadband sales.

DNA is the leading TV service provider

DNA aims to establish the best entertainment service package in Finland, with the most satisfied customers. The acquisition of PlusTV in September 2013 provides DNA with the opportunity to offer, market and sell entertainment services nationwide.

DNA's terrestrial network business significantly increases the coverage of the TV network, making DNA a nationwide TV operator. PlusTV serves some 220,000 households, recording net sales of approximately EUR 65 million in 2012. The acquisition made DNA a TV service market leader with in excess of 300,000 pay-TV subscriptions.

DNA is placing special emphasis on HDTV service offering. The Ministry of Transport and Communications announced in November 2013 that the terrestrial TV network will implement a wide-scale adoption of HD as of 2017. In 2013, DNA was the only operator in Finland to offer HD channels in the terrestrial network.

> The acquisition made DNA a TV service market leader with in excess of 300,000 pay-TV subscriptions.

Several new products and services

In 2013, DNA launched several new products and services, renewed existing product packages and enhanced the speeds of its subscription products.

Consumers are increasingly taking to new data-based services and watching different contents, such as videos. To meet this need, DNA launched a new subscription called DNA Rajaton 4G. It is the first mobile subscription in Finland to allow unlimited use of the phone for a fixed monthly fee.

DNA also launched new DNA Äly and DNA Älypaketti subscriptions for smart phones. In April, DNA renewed its mobile broadband products. The new DNA Veppi and DNA Veppi 4G products were well received on the market. In April, the DNA Welho broadband services were revamped to clarify the service concept. The new offering contains three high-speed connections: 50 Mbit/s, 100 Mbit/s and 350 Mbit/s. DNA also introduced a new broadband-based DNA Welho Viihdytyskaista service, which enables recording and access to TV content anywhere and any time through various terminal devices. At the end of the summer, DNA launched the sales of the Nelonen Pro Extra service in its cable and terrestrial network, providing all Finnish hockey league, or SM-liiga, matches in HD. The service has been very popular.

Partnerships

In 2013, DNA worked in cooperation with innovative partners. DNA works with partners to introduce new, cutting-edge products and services. DNA supports innovations in device-centric ecosystems and forms bold partnerships with start-ups or well-established companies and organisations.

In cooperation with OP-Pohjola, DNA announced the new DNA Täpäkkä Credit solution that can be used for normal shopping, whether on the high street or online, and for withdrawing money from cash dispensers both in Finland and abroad. It includes brand new features which enable fully contactless payment as a routine element in mobile shopping. As payment and consumer behaviour transform, DNA aims to use new technologies to create solutions that make everyday life easier.

In August 2013, Samsung and DNA launched a new concept store in Helsinki city centre. Dubbed Samsung Experience Store, it showcases the latest Samsung mobile products and innovations to consumers. DNA provides subscription services for all the products available at the store.

DNA and Jolla cooperate in the sales and marketing of smart phones using a Sailfish-based operating system. In December 2013, DNA became the first operator in the world and the only operator in Finland to launch the sales of the Jolla smart phone.

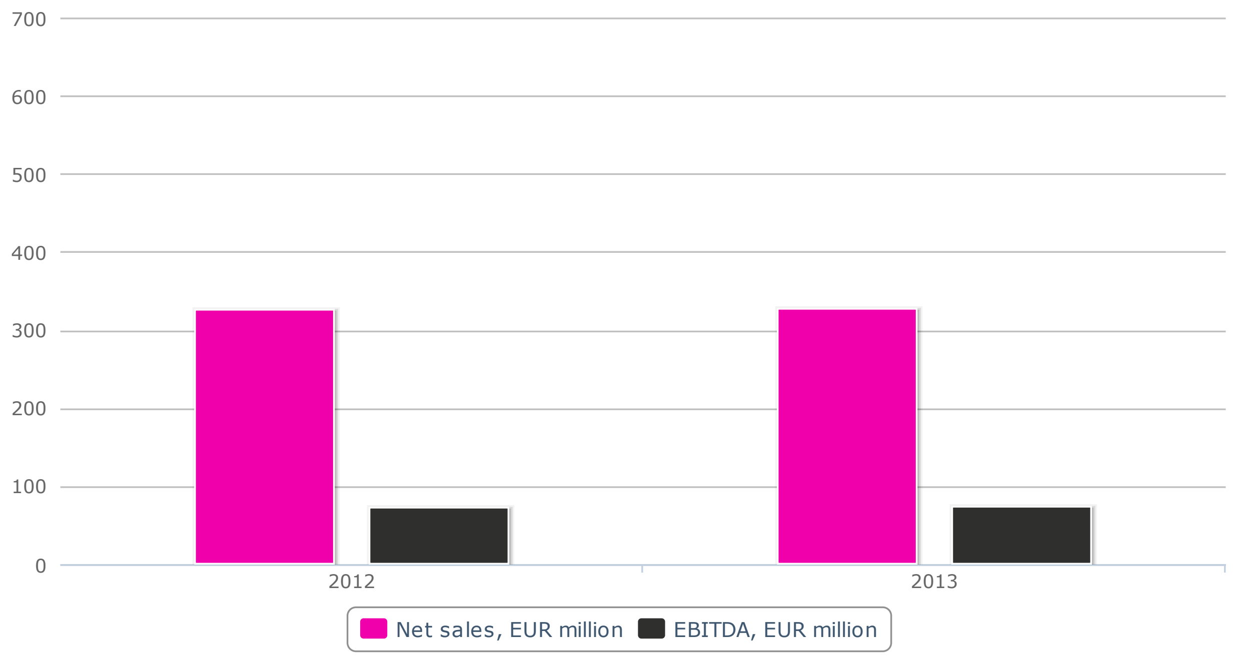
Finnish media company MTV and DNA signed their cooperation agreement towards the end of 2013 with the purpose of improving the Finnish TV viewing experience. DNA is bringing MTV's broadcasts to mobile devices. Moreover, the terrestrial-network customers of DNA and PlusTV will be able to view MTV channels in HD quality.

> DNA became the first operator in the world and the only operator in Finland to launch the sales of the Jolla smart phone.

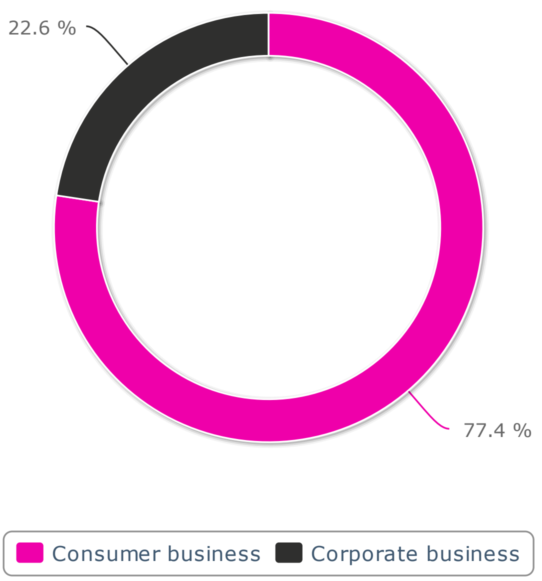
Broadband and TV services for residents

The popularity of housing company broadband services continued to increase in 2013. A growing number of housing companies offers fixed-line broadband connections and TV services to their residents. Housing company broadband connection is a service that provides broadband connections to all apartments in the housing estate. The monthly service fee is included in the monthly housing company fee. The service provides an apartment-specific connection speed, which each household can adjust if necessary. The residents also get an opportunity to view the most extensive HD and TV channel offering in Finland.

Consumer business



% of net sales



Secure, high-quality services for corporate customers

DNA provides easily deployable and secure high-quality communications and network services for companies. Important focus areas include service availability, user experience, data security and manageability.

The challenging global and European economic situation kept corporate purchase behaviour cautious in 2013. Corporate business net sales decreased by 2.8 per cent to EUR 173.0 million. Net sales were affected by the reduction in interconnection earnings and the falling net sales of fixed-network voice services. Net sales were positively impacted by the value added services in corporate networks and corporate mobile broadband services.

In 2013, DNA also provided services to important enterprise accounts. In business development, corporate services tapped into the customer and service experience of DNA's subsidiary Forte Netservices Oy. Forte provides advanced and versatile value added services, such as data security services and network management and monitoring services.

The increase in mobile and remote working along with the growing use of smart phones, tablets and social media applications was evident in corporate network solutions in 2013.

In 2013, DNA placed special emphasis on the further development of Service Desk operations and provision of electronic services. Partnerships were strengthened in particular in services related to terminal devices as well as life-cycle services. Interest towards DNA's office communications services, and network data security and management services increased further in 2013.

New way of working gains more ground

Next-generation smart phones continued to gain ground in corporate use in 2013. Demand for tablets also increased significantly during 2013. The increased use of smart phones and tablets alongside the fast 4G networks is boosting data transfer volumes. The most important growth drivers include mobile use of office applications, Internet and videos. More versatile use of mobile devices and large terminal device selection place new demands for corporate data security and networks.

Cloud and video-conferencing services

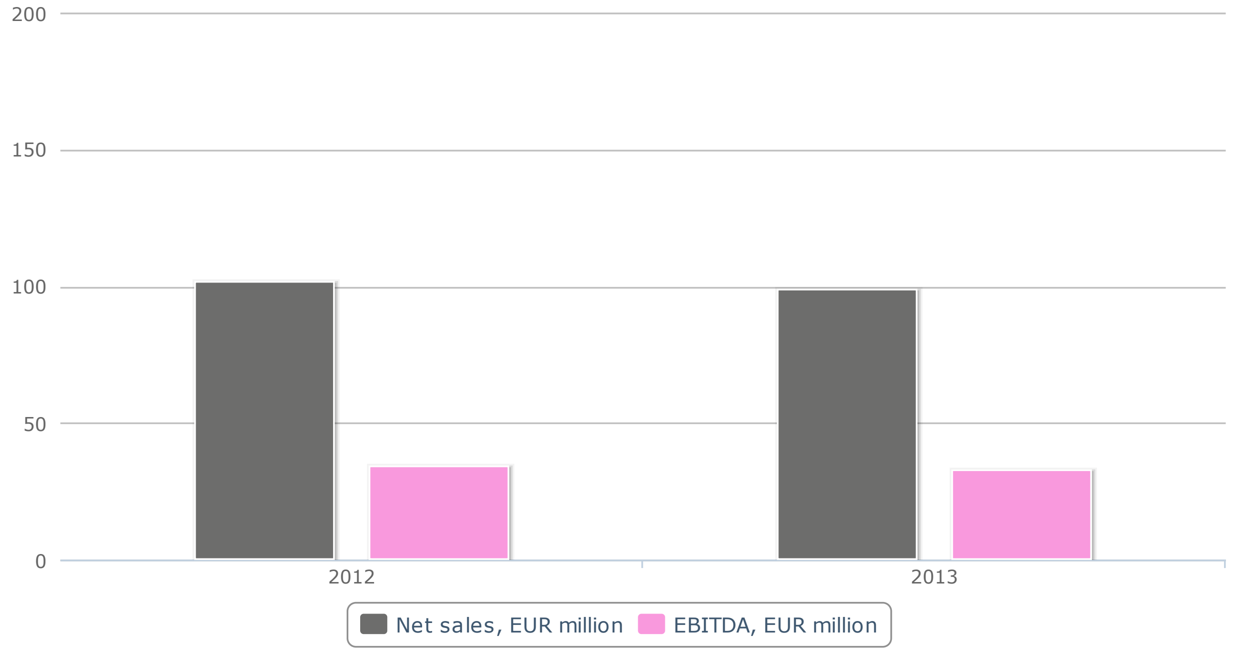
In early 2013, DNA expanded its corporate product offering with the addition of Microsoft office communications products. Increasingly networked and mobile workforce means that corporate customers need effective email, collaboration and net conferencing services. DNA also provides a comprehensive service portfolio for corporate customers in the Google ecosystem.

DNA offers companies different cloud-based services. The cloud is a means to manage IT maintenance costs and ensure that the organisation utilises the best available tools. The Microsoft tools that were added to the offering in 2013 are important modern office communication services.

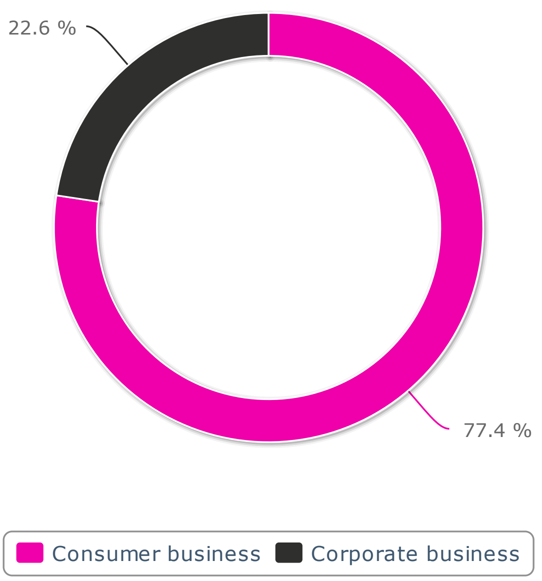
Video solutions are also used increasingly in communications. In September 2013, DNA launched the DNA Virtuaalineuvottelu video conferencing service produced by Praecom. It stands out on the market thanks to its device-independence and simple pricing structure. The high-definition video-conferencing service is provided as a cloud service in Finland, and users can join meetings via fixed line video-conferencing equipment, tablets, workstations and smart phones.

> The 2013 EPSI Rating study was the first to measure the satisfaction of corporate customers with their mobile broadband services: according to the results, DNA has the most satisfied mobile broadband customers.

Corporate business



% of net sales



Corporate Governance Statement

DNA Ltd ("DNA" or "company") is a Finnish limited company. Parent company DNA Ltd and its subsidiaries form the DNA Group. The company is domiciled in Helsinki, Finland.

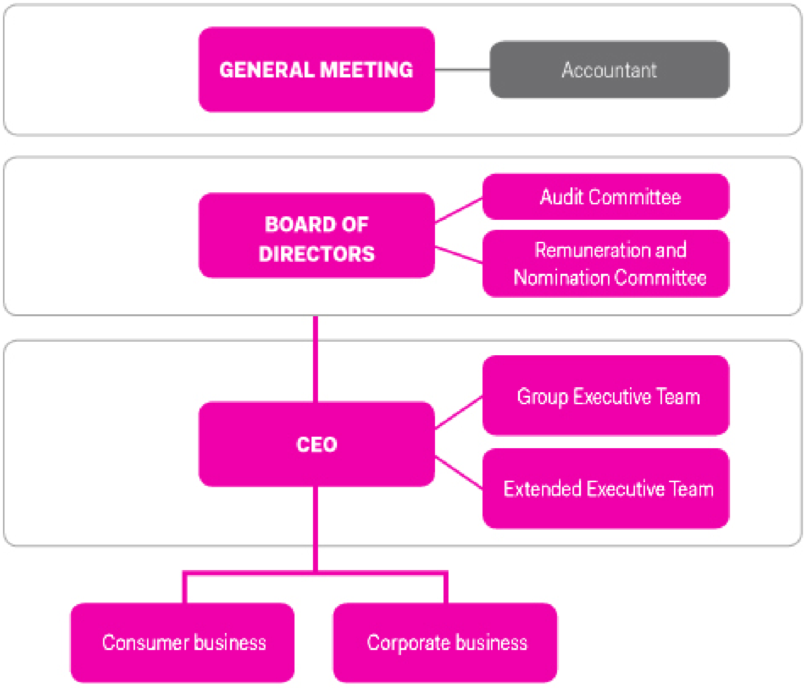
The obligations and responsibilities of DNA's governing bodies are determined by Finnish legislation. In decision-making, DNA adheres to the Finnish Limited Liability Companies Act and the Articles of Association.

DNA follows the Finnish Corporate Governance Code issued by the Securities Market Association, except for Recommendation 51 on the company's insider administration. The company's insider administration is based on the guideline for insiders adopted by the Board of Directors. DNA complies with the Guidelines for Insiders issued by the Helsinki Stock Exchange, but does not have a public insider register because the company does not have any listed instruments. The Finnish Corporate Governance Code is available online at www.cgfinland.fi/en/.

DNA's governing bodies comprise the General Meeting, the Board of Directors and the Chief Executive Officer. The Executive Team assists the CEO in the management of the Group.

Corporate Governance Statement >>

DNA's Governing Bodies



General Meeting

The General Meeting is the highest decision-making body of DNA. General Meetings are convened by the Board of Directors. The Annual General Meeting (AGM) is held within six months of the end of the financial year, at the time specified by the Board of Directors. According to the Articles of Association, the meeting discusses matters that fall within the scope of its responsibility, and any proposals to the AGM.

Extraordinary General Meetings can be organised by the Board of Directors as required. The Board must call an Extraordinary General Meeting if an auditor or shareholders with a total of 10 per cent of all DNA shares so demand.

Notice and agenda of the General Meeting

Unless otherwise stipulated in the Finnish Limited Liability Companies Act, the notice of the Annual General Meeting is sent to shareholders no earlier than two months and no later than nine days before the record date of the General Meeting. Notices are posted to the addresses listed in the shareholder list, or published as an announcement in at least one nationwide newspaper designated by the Board of Directors. The record date of the meeting is eight business days before the meeting.*) The meeting notice will inform the shareholders of the date by which they must register to the meeting. The notice includes the agenda for the meeting.

*) The Board of Directors' Proposal for the Annual General Meeting 2014 (meeting notice for companies whose shares are incorporated in the book-entry system)

Duties of the General Meeting

According to the company Articles of Association, the responsibilities of the General Meeting include adopting the company's income statement, deciding on the distribution of profits on the balance sheet, discharging the members of the Board of Directors and the CEO from liability for the financial period, deciding the number of members in the Board of Directors and their remuneration, electing the Board of Directors and, when necessary, the auditor, and deciding the auditor's remuneration.

The General Meeting may also make decisions on other matters falling within its competence according to the Limited Liability Companies Act, such as amendments to the Articles of Association, issue of new shares and option rights as well as repurchase of company's own shares.

According to the Limited Liability Companies Act, a shareholder may have a matter falling within the competence of the General Meeting dealt with by the next General Meeting. The shareholder must send this request to the company, along with the related grounds and proposal, well in advance of the meeting.

Registration

Registration for the General Meeting takes place no later than on the due date specified in the notice of the General Meeting. Each shareholder may attend the General Meeting in person or by means of a representative. A shareholder or representative may have an assistant present at the General Meeting.

Presence of the Board of Directors, committee members and the CEO

The CEO and a sufficient number of members of the Board of Directors and its committees shall attend the General Meeting. The auditor must attend the Annual General Meeting. A person standing for election as a member of the Board of Directors for the first time shall be present at the General Meeting deciding on the nomination, unless there are weighty reasons for said person's absence.

Voting

The company has one share series. A share entitles to one vote at General Meetings. As stipulated in the Finnish Limited Liability Companies Act, a proposal supported by more than half of the votes shall constitute a decision of the Annual General Meeting. However, the Limited Liability Companies Act stipulates that several matters, including the amendment of the Articles of

Association and a directed share issue, require a decision by a qualified majority, i.e. at least two thirds of the votes cast and the shares represented at the meeting.

The company Articles of Association include a redemption provision and acceptance clause. The right to vote at General Meetings and the redemption of company shares are restricted by shareholder agreements. DNA Ltd is aware of two shareholder agreements to which it is a party.

General Meetings in 2013

DNA Ltd's Annual General Meeting was held on 21 March 2013. The AGM decided to pay a dividend of EUR 4.13 per share, at a total of EUR 35,016,337.16.

The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2013.

The Annual General Meeting decided not to change the remunerations paid to the members of the Board of Directors and its Committees. Re-elected members of the Board included Juha Ala-Mursula, Hannu Isotalo, Jarmo Leino, Jukka Ottela, Tuija Soanjärvi and Anssi Soila.

At the constitutive meeting of the Board of Directors held subsequent to the Annual General Meeting, Jarmo Leino was re-elected Chairman.

The Board's share repurchase authorisation

The Board of Directors was authorised to decide on the repurchase of DNA shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 950,000 DNA shares. This is equal to about 9.9 per cent of all company shares (the number of all shares at period end was 9,610,676 shares). The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots. The authorisation is valid until 30 June 2014. This authorisation cancels the previous authorisation.

Incorporation of DNA shares in the book-entry system

The AGM decided on the incorporation of DNA shares in the book-entry system. At the same time, the Board of Directors was authorised to determine the date by which the incorporation of the shares in the book-entry system will take place.*)

*) According to the Board of Directors' decision on 21 March 2013, the shares of DNA were transferred to the book-entry system on 27 June 2013.

Amending the Articles of Association

As proposed by the Board of Directors, the AGM decided to add a new section to the company Articles of Association, which specifies that company shares are incorporated into the book-entry system.

After the amendment, Section 5 of the Articles of Association reads as follows:

Section 5 Incorporation into the book-entry system

Company shares are incorporated into the book-entry system after a registration period specified by the company Board of Directors.

As proposed by the Board of Directors, the AGM also decided to amend Section 2 (Line of Business) of the Articles of Association by adding a mention of payment services to it.

After the amendment, Section 2 of the Articles of Association reads as follows:

Section 2 Line of Business

The line of business of the company is general telecommunications and ICT operations, provision of data communications and ICT services and devices as well as related consulting and research and development operations. The company also imports equipment, devices, accessories and software and acts as a trader and an intermediary.

Moreover, the company provides consulting and services related to the above-mentioned operations as well as voice and other types of communications. The company has the right to offer payment services. The payment services provided by the company are listed in the register of payment service providers maintained by the Financial Supervisor Authority. The company conducts its business directly or through its subsidiaries and joint ventures.

The company may own real estate and securities, conduct investment and finance operations that support its operations as well as provide finance facilities for its customers.

Board of Directors

According to the company Articles of Association, the DNA Board of Directors comprises five to seven ordinary members elected by the General Meeting. 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 shall be considered. Both genders shall be represented on the Board.

The term of office of a member of the Board of Directors begins immediately at the end of the Annual General Meeting and expires at the end of the Annual General Meeting following the election. If a membership becomes available in the middle of the term of office, a new member is elected for the remainder of the term.

The Board of Directors meets regularly around once per month, and as and when deemed necessary. A memo is written for each meeting.

A quorum is constituted by the presence of more than half of the members of the Board of Directors. In the event of a tie, the vote shall be decided by the casting vote of the Chairman of the Board. If there is a tie at an election of a person, the election shall be decided by drawing lots. As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter that involves a conflict of interest.

Duties of the Board

The Board of Directors is responsible for properly organising the company's administration, operations, accounting and asset management. The Board of Directors has confirmed a written charter on the duties of the Board, matters on the agenda, meeting practices and the decision-making process. According to the charter, the Board of Directors handles and decides on matters that are significant to the Group's finances, business or principles.

According to its charter and the Limited Liability Companies Act, the Board has the following duties:

- Seeing to the administration of the company and the appropriate organisation of its operations (general competence);
- Arranging the control of the company accounts and asset management in an appropriate manner;
- Electing the chairman from among the members for each term of office;
- Appointing and dismissing the Group CEO;
- Appointing the deputy CEO and Members of the Group Executive Team based on the CEO's proposal;
- Deciding on the salaries and remunerations of the above-mentioned persons and their incentive scheme;
- Deciding on the strategy of the Group and its business units;
- Controlling the implementation of the strategic objectives and business plans of the Group and its business units;
- Deciding on strategically or financially significant investments as part of the annual company budget, business acquisitions and divestments, business transactions and contingent liabilities; any significant investments outside the annual budget are to be confirmed separately;
- Confirming the Group values and other general Group principles by means of operating instructions; and
- Confirming the Group's personnel strategy and annual personnel and training plans and deciding on the personnel incentive and reward scheme.

The Board of Directors conducts a regular self-evaluation of its operations and working methods.

Board of Directors in 2013

The Board convened 19 times in 2013. The participation rate of the Board of Directors in the meetings was 100 per cent. In addition to its regular duties, the Board investigated possibilities of broadening the ownership base of the company. Towards the end of the year, the Board focused on improving the internal and external operating conditions of the company.

Members of the Board of Directors

Jarmo Leino

Chairman of the Board
born 1951

Master of Laws, Master of Laws with court training
Finda Oy, CEO since 2010

Main previous experience
Advocate, Asianajotoimisto Jarmo Leino Oy 1980–2010

Main positions of trust
Kontaktia Oy, Chairman of the Board since 2011
Oy Omnitele Ab, Chairman of the Board since 2011

No. of DNA shares: 0
Member of DNA's Board of Directors since 2006, Chairman since 2010. Chairman of the Remuneration and Nomination Committee (RNC) since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

Hannu Isotalo

Member of DNA's Board of Directors
born 1947

M.Sc. (Tech), Vuorineuvos (Finnish honorary title)
Lujatalo Oy, Lujabetoni Oy and Fescon Oy, Chairman of the Board since 2003

Main previous experience

Lujatalo Oy and Lujabetoni Oy, CEO 1974–2003

Main positions of trust

Enfo Oy, Vice Chairman of the Board 1998–1999 and 2007-, Chairman 1999–2007
Etera Oy, deputy member of the Board 2007–2011

No. of DNA shares: 0

Member of DNA's Board of Directors 2004–2006 and again from 2007. Member of the Remuneration and Nomination Committee (RNC) since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

Jukka Ottela

Member of DNA's Board of Directors
born 1953

M.Sc. (Econ), Master of Laws
Esan Kirjapaino Oy, CEO since 1994

Main previous experience
Onninen Oy, Director Wholesale Division 1990-1994, Member of the Board of Directors since 2010

Main positions of trust
PHP Holding Oy, Chairman of the Board since 2009
Member of the Ilmarinen Mutual Pension Insurance Company Supervisory Board since 2013
Sanomalehtien Liitto, Member of the Board since 2010
PHP Liiketoiminta Oyj, Chairman of the Board since 2009

No. of DNA shares: 0
Member of DNA's Board of Directors since 2010. Member of DNA's Audit Committee (AC) since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

Juha Ala-Mursula

Member of DNA's Board of Directors
born 1962

M.Sc. (Tech), eMBA
Director of Economic Development at City of Oulu since 2010

Main previous experience
Nokia Siemens Networks Oyj (NSN), Head of WCDMA HSP R&D 2009–2010
Nokia Siemens Networks Oyj (NSN), Head of Base Station (BTS) R&D 2007–2009

Main positions of trust
Oulu ICT, member of the Board of Directors since 2011
Pohto Foundation, Chairman of the Supervisory Board since 2011
Oulun Matkailu Oy, Vice Chairman of the Board since 2010

No. of DNA shares: 0
Member of DNA's Board of Directors since 2012. Member of the Remuneration and Nomination Committee (RNC) since 2012. Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

Anssi Soila

Member of DNA's Board of Directors
born 1949

M.Sc. (Tech), M.Sc. (Econ), Board professional

Main previous experience

Kone Corporation, management positions in Finland and abroad 1973–1999
Kone Corporation, CEO 1995–1999

Main positions of trust

Normet Oyj, Vice Chairman of the Board since 1999
Attendo Ab, Member of the Board since 2007
Celerant Consulting, Senior Advisor since 2004

No. of DNA shares: 3,813 (through a company controlled by Mr. Soila)
Member of DNA's Board of Directors since 2008. Independent of the company and major shareholders.

Tuija Soanjärvi

Member of DNA's Board of Directors
born 1955

M.Sc. (Econ)

Main previous experience

Itella Corporation, Chief Financial Officer 2005–2011
Elisa Corporation, Chief Financial Officer 2003–2005
TietoEnator Corporation, Internal Auditor, Financial Manager, Chief Financial Officer 1986–2003

Main positions of trust

Affecto PLC, Member of the Board since 2012, Chairman of the Audit Committee
Basware Ltd , Member of the Board since 2013
Tecnotree Oyj, Member of the Board since 2012, Chairman of the Audit Committee

No. of DNA shares: 0
Member of DNA's Board of Directors since 2011. Chairman of DNA's Audit Committee (AC) since 2011. Independent of the company and major shareholders.

Audit Committee (AC)

The AC comprises a chairman and at least one member elected annually by the Board of Directors from among Board members. The members of the committee must be sufficiently competent and experienced. They must be independent of the company and at least one of them has to be independent of major shareholders. The committee meets at least four times a year.

Duties

The Board specifies the duties of the AC in the AC charter. According to its charter, DNA's Audit Committee assists the Board of Directors in carrying out its financial reporting and control, risk management and internal and external audit responsibilities.

The duties of the AC include the following:

- Monitoring the reporting progress of financial statements;
- Supervising the financial reporting process;
- Monitoring the efficiency of the company's internal control and risk management systems;
- Performing a quarterly review to confirm the accuracy of the company's financial result with financial managers and auditors before approval by the Board of Directors;
- Monitoring of significant financial risks and actions for controlling them;
- Discussing significant financial risks and managerial actions to monitor, control and report on said risks;
- Reviewing significant findings by the auditors and the related management responses;
- Evaluating significant trials and other litigation matters with the Vice President, Legal Affairs, as required;
- Monitoring business transactions by company management and the related parties, and possible related conflicts of interest;
- Reviewing the description of the main features of the internal control and risk management system in relation to the financial reporting process, which is included in the company's Corporate Governance Statement;
- Monitoring the statutory audit of the financial statements and consolidated financial statements;
- Evaluating the independence of the statutory auditor or auditor firm, particularly the provision of related services to the company; and
- Preparing a proposal on the election of the auditor to the AGM.

The Audit Committee may have additional tasks, as deemed appropriate to the fulfilment of its responsibilities.

Audit Committee (AC) in 2013

In 2013, the Audit Committee comprised of Tuija Soanjärvi (Chair) and Jukka Ottela. The AC convened five times in 2013, with the average participation rate of 90 per cent.

In 2013, the AC reviewed reports on the Group's financial position, including the Group's Financial Statements Release and interim reports, and made recommendations on them to the Board of Directors. The committee also reviewed reports issued by external and internal audit as well as risk management.

Remuneration and Nomination Committee (RNC)

The RNC comprises a chairman and at least two members elected annually by the Board of Directors from among Board members. Most of the members must be independent of the company. The committee meets at least twice a year.

Duties

The Board specifies the duties of the RNC in the RNC charter. According to its charter, DNA's Remuneration and Nomination Committee assists the Board of Directors in the preparation of issues related to the remuneration and nomination of Board members, the CEO and other company executives as well as in the preparation of personnel incentive schemes.

The main duties of the RNC include the preparation of the following matters for consideration by the Board of Directors:

- Preparing matters pertaining to the appointment and remuneration of Board members;
- Deciding on salaries, pensions terms and other benefits, other key agreement terms and any exceptional agreement terms of the CEO and Executive Team;
- Establishing short- and long-term incentive schemes for company management and personnel;
- Planning possible successors to the CEO and Executive Team members.

The committee may have additional duties deemed appropriate to its task of assisting the Board of Directors in areas such as the following:

- Matters pertaining to the appointment of the CEO and Executive Team members;
- Principles according to which the management participates in the work of subsidiary and third-party Boards;
- Principles and practices related to personnel incentives;
- Essential organisational changes;
- Review of the remuneration and salary statement included in the annual Corporate Governance Statement.

Remuneration and Nomination Committee (RNC) in 2013

The RNC committee members in 2013 included Jarmo Leino (Chair), Hannu Isotalo and Juha Ala-Mursula. The remuneration and nomination committee convened four times, with a participation rate of 100 per cent.

In 2013, the RNC prepared the calculation principles as well as the related objectives, metrics and weightings of the company's incentive and performance-based payment scheme for the Board of Directors. The committee also prepared the Board's proposals on the number, nomination and remuneration of the Members of the Board to the AGM. The Remuneration and Nomination Committee (RNC) was in charge of the selection process of DNA's new CEO.

The CEO and the Executive Team

CEO

The CEO is nominated by the Board of Directors. The terms of the CEO's employment are specified in a written CEO agreement.

The duties of DNA's CEO are as specified in the Limited Liabilities Company Act. The CEO independently attends to the executive management of the company according to the strategic guidelines, operational plans and general principles approved and confirmed by the Board of Directors.

The CEO has the following duties:

- Ensuring that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner;
- Managing the daily operations of the company according to strategic principles and objectives as well as operational plans and general principles confirmed by the Board of Directors;
- Preparing proposals for resolutions and matters for Board meetings and presenting them to the Board and its Committees;
- Preparing the proposal for Executive Team members to the Board;
- Using the owner's right to speak and vote in subsidiaries (including subsidiary Board members and managing directors);
- Chairing the DNA Executive Team and extended Executive Team.

Group Executive Team

The Group Executive Team comprises the CEO, Vice Presidents of the Group's business segments, the CFO, Vice President, Technology, Vice President, Legal Affairs, Vice President, Human Resources, and Chief Strategy Officer. The CEO is the Chairman of the Group Executive Team. Members of the Executive Team are nominated by the Board of Directors. The team convenes regularly some four times a month. Additional meetings are organised when necessary.

DNA Executive Team helps the CEO in the management of the Group. Its duties include the following:

- Implementing the Group's long-term strategic objectives;
- Coordinating Group management and matters pertaining to the operation of the organisation and its personnel;
- Preparing the Group business plans, budget and investment plan and monitoring the Group's financial development;
- Preparing significant investments as part of budget preparation, making separate decisions on proposals for possible additional investments;
- Managing and developing the Group brands;
- Preparing matters and reports for Board of Directors' meetings;
- Managing activities that drive organic growth;
- Preparing matters pertaining to business and company acquisitions, managing related acquisition processes and making decision proposals for the Board of Directors;
- Preparing matters and decision-making pertaining to internationalisation;
- Deciding on Group-level development initiatives and main supplier selections;
- Approving Group-level principles, procedures and guidelines;
- Specifying risk management strategies, processes and emphasis;
- Internal control according to the principles approved by the Board of Directors.

Extended Executive Team

Personnel representatives attend meetings of the Extended Executive Team, which meets at least once per quarter. The Extended Executive Team decides on important matters pertaining to DNA's business, finances and personnel and reviews business reviews, operative reviews and personnel representatives' reviews.

Extended Executive Team in 2013

In 2013, the personnel was represented by Tarja Koivisto (administrative personnel), Pertti Määttä (managerial personnel) and

Jari Vallinoja (service and production personnel) at the Extended Executive Team meetings. The Extended Group Executive Team convened six times in 2013.

Members of the Executive Team

Jukka Leinonen

born 1962
with DNA since 2010

M.Sc. (Tech)
President and CEO

Main previous experience
Yritysverkot Sonera Solutions, President and CEO
TeliaSonera Ltd, various management positions in corporate business marketing and product management

Christoffer von Schantz

born 1973
with DNA since 2013

M.Sc. (Tech)
Chief Strategy Officer

Main previous experience
Nokia Smart Devices, Director, Strategy and Business Development
Nokia, Head of Strategy & Business Development, SW Sales & Marketing

Timo Karppinen

born 1964
with DNA since 2012

M SSc
CFO

Main previous experience
Ponsse Plc, Director, Corporate Development and Strategy
Nokia North America, CFO

Marko Rissanen

born 1974
with DNA since 2003

Vocational Qualification in Business and Administration
Vice President, Human Resources

Main previous experience
Finnet Networks Ltd, HR Manager
Telia Product Oy, HR Manager

Tommy Olenius

born 1962
with DNA since 2003

B.Sc.Techn
Vice President, Technology

Main previous experience
Telia Finland, Technical Director
Suomen 2G, Technical Director

Pekka Väisänen

born 1966
with DNA since 2003

M.Sc. (Econ)
Vice President
Consumer business

Main previous experience
Oulun Puhelin Oyj, Business Development Director
DNA Services Ltd, Sales and Marketing Director

Asta Rantanen

born 1962
with DNA since 2003

Master of Laws
Vice President, Legal Affairs

Main previous experience
Finnet Ltd, Vice President, Legal Affairs
DNA Finland Ltd, Vice President, Legal Affairs

Control of the financial reporting process

Setting and monitoring of financial targets forms an essential part of the management and governance of the company. Near-term goals are specified during annual planning, and progress is monitored on a monthly basis. Business segments issue monthly financial reports on actual results and forecasts.

Financial reporting process refers to functions that provide financial data used by the management of the company, as well as financial data that is published as stipulated by legislation, standards and other binding regulations.

Internal control of financial reporting aims to ensure that the company management has current, adequate, essential and accurate data at its disposal to perform its duties and that the reports published by the company provide essential and accurate information on the financial position of the company.

Financial management is headed by the Group CFO who is responsible for the accuracy of the Group's financial reporting. Internal control reviews and monitors the operation of the reporting process and assesses the reliability of financial reporting. Management of financing and financial risks is part of the responsibilities of the Group's financial management.

DNA Ltd's business segments are consumer and corporate business. Both business segments have their own financial departments.

Principles of internal control

A process implemented by the company Board of Directors, management and personnel, internal control aims at establishing an adequate and fact-based certainty that the company objectives are fulfilled in the following areas: the effectiveness and efficiency of business operations, the reliability and consistency of financial and operational information and compliance with the relevant legislation, regulations and operating principles.

Internal control comprises the control environment, risk management, control measures, information and communication as well as monitoring (control).

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

Internal control forms an essential part of the management and governance of the company. The Board of Directors and CEO are responsible for organising internal control. The Board of Directors is responsible to shareholders and the CEO to the Board of Directors. The chain of responsibility applies to the entire organisation as follows: persons under the CEO's immediate supervision report to the CEO, whereas every company employee is responsible to his/her immediate supervisor for managing their respective area of responsibility.

Internal audit

The Group's internal audit function supports the CEO, the Board of Directors and the operating management in their duty of control. The functions and principles of the company's internal audit have been defined in the Internal Audit Charter confirmed by the Board of Directors. According to the charter, internal audit is performed independently of the companies, management and Board of Directors. Governance of internal audit is the responsibility of Vice President, Legal Affairs, who is a member of the Executive Team. Internal control has direct and unlimited access to senior management and Board of Directors of the company. Internal audit issues regular reports to the company Audit Committee and, when necessary, to the Board. Internal auditing is carried out in accordance with the annual plan. When required, internal audit performs additional checks as proposed by the function itself or by the CEO or the Board of Directors. Persons carrying out the internal audit and auditing of the accounts communicate with each other in order to further the coordination of auditing activities. Internal audit reports are delivered to the auditors and vice versa.

Internal audit reports on the results of the audit to the management of the audited operation, the CEO and the Audit Committee and issues an annual summary on the audits to the Board of Directors. The person in charge of internal auditing presents the results to the Group Executive Team as required. The Board of Directors confirms decisions on the appointment and dismissal of the person in charge of internal auditing.

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

Internal audit is responsible for the Group's independent assessment and control function, which systematically reviews and verifies the effectiveness of risk management, monitoring, governance and management. Internal audit supports the Group management and organisation in ensuring that the Group objectives and goals are met and the monitoring system is further developed.

To ensure adequate audit coverage and coordination, regular contacts and communication are maintained between security management and auditors. In addition, internal audit can, if deemed necessary, purchase external services to temporarily increase auditing resources or to perform auditing that requires special skills.

Internal audit in 2013

In 2013, the main focus areas of internal auditing included supervision of the authorisation information system project related to internal auditing, audit of the operative system for sales and audit of IT risk management. As part of its normal audit operations, internal audit has audited management challenges and the company's main product development projects. Internal audit has been in regular communication with the auditors and they have exchanged reports. Internal audit has issued regular reports to the Audit Committee.

Auditing of the Accounts

Under the Articles of Association, the company has one auditor, nominated by the Annual General Meeting. The auditor must be a public accountant authorised by the Central Chamber of Commerce. The auditor shall present the company's shareholders with an auditors' report, as part of the financial statements in compliance with the legislation in force. The auditor reports regularly to the Board of Directors and the Audit Committee.

Companies belonging to the same Group or chain as the audit firm as well as companies controlled by the auditor are considered equal to the auditor. Fees paid by all companies belonging to the same Group as the company are reported as fees.

Auditing of the Accounts in 2013

The AGM elected PricewaterhouseCoopers as the company's auditor in March 2013, with Authorised Public Accountant Johan Kronberg as the principal auditor. In 2013, the auditors' audit fees came to EUR 254,183.37 (EUR 248,502.77 in 2012) and other fees to EUR 1,132,343.91 (EUR 359,619.95 in 2012).

Risks and risk management

Risk refers to events or circumstances which, if they materialise, could affect DNA's ability to achieve its strategic targets or the operative targets derived from them. DNA's risk management is based on the risk management policy adopted by the Board of Directors, defining the objectives, process, main duties and responsibilities of risk management.

The risk management process provides reports on risks and their control methods to the executive management and the Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team monitors the implementation of these plans. The risk management process is part of DNA's management process. It provides up-to-date information on risks for publications such as interim reports and the annual report, as well as DNA's strategy process.

The Board of Directors decides on the objectives and principles of the company's risk management and approves the risk management policy. The Board monitors the implementation of risk management. The CEO is responsible for the practical organisation of risk management and maintenance of the risk management policy.

Risk management is an essential part of the planning and control of business operations. The company includes a description of significant risks and uncertainties, of which the Board of Directors is aware, in its financial statements and interim reports.

Significant risks

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators and a high degree of penetration. DNA is increasing its emphasis on new business. Starting up new business operations always involve higher risks than conventional and established business operations.

DNA's business environment is very sensitive to change, and the changes happen fast. Content and value added services, for example, are gaining in importance. These changes not only involve risks but also significant opportunities for an agile operator such as DNA.

Uncertainty related to the overall economic situation may increase, which may affect the demand for smart phone and TV services and the corporate market. General decline in purchasing power may have a post-cyclical effect on the operator market.

Technological development and new types of terminal devices can create new communications methods alongside traditional ones. Customer behaviour can change rapidly if new communications methods are reliable and easy to use.

If such methods gain widespread popularity, they can have an overall impact on the traditional business of operators. On the other hand, new communications methods can provide new opportunities for operators by increasing the use of mobile data, for example. DNA is actively monitoring the development of data volumes and the consumer's user experience. Network capacity is being increased to meet growth in demand.

Systems and networks

The nature of DNA's operations and customer expectations place high demands on DNA's systems and network infrastructure.

To optimise the availability of its communications services, DNA employs a range of methods. These include establishing back-up solutions for critical transfer connections by using at least two different routes. Other methods involve duplicating and decentralising the main data centre and communication service systems in the company's equipment facilities.

Regulatory risks

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

Financing risks

In order to manage the interest rate risk, some of the loans taken by the Group have been hedged. The Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, the company uses credit limits in addition to liquid assets. To manage customer credit risk, the credit history of new customers is checked as part of the ordering process.

The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro denominated. For more details on the management of financing risks, please refer to the note on Financial risk management.

Damage risk

In anticipation of possible unforeseen damage risks, DNA has continuous insurance policies covering aspects of its operations including personnel, property, business interruption, third-party liability and criminal action. Damage risks are prevented and minimised by means such as security guidelines and personnel training. Adequacy of insurance cover is continuously reviewed and maintained according to changing needs.

Salary and remuneration report

Remuneration systems have been designed to support the strategic, financial and operative development of DNA, to motivate the personnel and to reward the personnel for good financial results.

Read more

> Members of the Board
> Executive Team

Remuneration

Board of Directors' meetings and remuneration

The Board of Directors convened 19 times during the year.

The members of the Board of Directors received the following payments decided by the AGM:

- Chairman of the Board, EUR 11,550 per month
- Each member of the Board, EUR 3,675 per month
- Each member of the Board, EUR 1,050/meeting
- Committee Chairman, EUR 1,050/meeting
- Each committee member, EUR 525/meeting

Board of Directors' remuneration

Name	Board of Directors	*AC	**RNC	Total EUR
Jarmo Leino	Chairman		Chairman	162,750.00
Juha Ala-Mursula	Member		Member	66,150.00
Hannu Isotalo	Member		Member	66,150.00
Jukka Ottela	Member	Member		65,625.00
Tuija Soanjärvi	Member	Chairman		69,300.00
Anssi Soila	Member			64,290.00

*AC=Audit Committee

**RNC=Remuneration and Nomination Committee

Remuneration of the CEO

Riitta Tiuraniemi was DNA Ltd's Chief Executive Officer until 29 August 2013. In 2013, Riitta Tiuraniemi received a salary of EUR 702,303.40, which comprises a monthly salary that includes EUR 8,186.33 of taxable benefits and an incentive payment of EUR 135,156.60. In 2013, Jukka Leinonen received a CEO salary of EUR 106,270.48.

The CEO's period of notice is six months, for both the company and the CEO. If the contract is terminated by DNA, the CEO is entitled to severance pay that equals the CEO's annual salary in addition to the salary paid during the notice period.

The CEO has the right to retire at the age of 60. Supplementary pension rights are assessed based on payments. The premium of the supplementary pension insurance was EUR 105,133.60 in 2013. This includes both Riitta Tiuraniemi and Jukka Leinonen. The CEO's pension includes vested rights.

Remuneration of the Executive Team

The members of the Executive Team receive a total salary, which includes a cash payment, taxable phone benefit and in some cases, a car benefit. The members of the Executive Team also receive incentives based on the financial objectives specified by the company's Board of Directors. The members of the Executive Team are included in the company's long-term share option scheme.

In 2013, the total payment to the members of the Executive Team, excluding the CEO, amounted to EUR 1,451,212.08, which comprises a monthly salary that includes taxable benefits and an incentive payment.

Members of the DNA Executive Team, excluding the CEO, have the right to retire at the age of 62. Pensions are payment-based.

The payments for the Executive Team members' supplementary pensions, including both CEOs, amounted to EUR 226,970.12. The Executive Team members' pensions include vested rights.

The Board of Directors decides on the CEO's and Executive Team's salaries, remunerations and long-term incentive schemes.

Personnel incentive scheme

DNA's personnel is included in the company's incentive and performance-based payment scheme that is confirmed annually by the Board of Directors. These incentives are based on the performance targets set at the company level, as well as individual targets set for each employee. Some responsibilities in the company have their own compensation systems whereby commissions or payments are paid.

These systems have been designed to support the strategic, financial and operative development of DNA, to motivate the personnel and to reward the personnel for good financial results.

Systematic corporate responsibility work

A modern Finnish telecommunications Group, DNA is committed to continuous business development, while considering the needs of its environment and stakeholders.
As a responsible operator, we provide high-quality service
to our customers, are a good employer and a reliable and innovative partner.

DNA considers it important to recognise the social and environmental impacts of its business in order to develop the business in a sustainable way. DNA monitors the development and implementation of its corporate responsibility by means of corporate responsibility reporting and communicates about the focus areas of its corporate responsibility with its various stakeholders. DNA specified the following focus areas for its corporate responsibility based on the stakeholder survey conducted in 2011:

Personnel:
- Employee well-being
- Flexible and pleasant working environment
- Remote work opportunities

Shareholders:
- Adhering to competitive regulations
- Profitable business operations

Customers:
- Responsibility for terminal device usability
- Keeping promises, customer service

Partners:
- Payments to service and goods providers
- Working conditions and human rights of partners' and subcontractors' employees.

Special focus areas in 2013 included energy efficiency and environmental responsibility, personnel well-being, improving responsibility in the supply chain and social responsibility. DNA's corporate responsibility work continues along these lines in 2014. The company is also preparing for the adoption of the GRI G4 Sustainability Reporting Guidelines and will update the materiality analysis accordingly. DNA will also update its corporate responsibility policy based on this analysis.

The table below lists the achievements in 2013 and target-setting for 2014.

Corporate responsibility objectives for 2013–2014

Target 2013	Actions	Status	Target 2014
Employee well-being and job satisfaction	Further working environment improvements, continued expansion of the Genuine method of working in different locations, renewed HR system, employee working ability was supported by, for example, new opportunities for personnel to exercise and keep fit	Ongoing	Special focus on improved leadership skills, further expansion of the Genuine method of working
Energy efficiency and the environment	Modernisation of base stations, energy-efficient data centre, utilisation of wind power	Ongoing	Construction of an energy-efficient 4G network, providing energy-efficient data centre services and office communication solutions to customers
Society	Cooperation with SOS Children's Village, Innolukio and the Tabletkoulu e-learning project; Participation in the Diversity Charter Finland to promote equality and employment	Ongoing	Work with children and teenagers will continue; DNA will share good practices and management methods for competence utilisation and change management in corporate responsibility networks
Responsibility in the supply and delivery chain	Ethical Supplier Code included in some 85 per cent of all new technological and logistics contracts signed in 2013	Ongoing	Monitoring and follow-up of the Ethical Supplier Code, preparation for the requirements of the GRI G4 guidelines
Development of reporting	Reporting was enhanced by expanding emission calculation for Scope 3 emissions and climate change	Ongoing	Preparation for the adoption of the GRI G4 Sustainability Reporting Guidelines; updating the materiality analysis and corporate responsibility policy

DNA considers it important to recognise the social and environmental impacts of its business.

Corporate responsibility management

The body which ultimately accounts for DNA's corporate responsibility is the Board of Directors. It is responsible, for example, for approving DNA's corporate responsibility report annually. At Executive Team level, the Chief Financial Officer is mainly in charge of corporate responsibility. The CFO heads DNA's corporate responsibility group. DNA has a full-time Sustainability Manager who is responsible for promoting corporate responsibility at the Group level. She issues quarterly reports to the Executive Team.

DNA builds information society

As a telecommunications operator, DNA plays an important role in society by providing important communication connections and maintaining infrastructure that is critical to the operation of the society.

DNA builds top-grade connections, in terms of quality and speed, and thus promotes development of information society. As a responsible operator, DNA considers the changing service needs of the society and develops smart solutions for data communication between devices. DNA has also been guiding young users on safe use of the Internet for several years.

Click the image below to read more about DNA's impact on society.

1. Modern communications and entertainment services

In a digital society, there is a constant need for receiving and sharing data. Consumers and companies alike depend on reliable connections and communication services. Remote and mobile working with smart devices is increasing, as is sharing content in social media and the use of entertainment services. DNA has the most extensive service network in Finland, comprising 80 DNA Stores, an online store, phone-in service, external representatives and close to 100 corporate sales agents.

2. Fast and comprehensive networks

Data transfer volumes in DNA's mobile networks have almost doubled over two consecutive years due to more versatile mobile communications services and increased use of smart phones. The growing supply of and demand for video services that benefit from the high speeds provided in modern networks also add to the mobile data transfer volumes. For its own part, DNA provides comprehensive high-speed connections by significant investments into the construction, development and maintenance of its network infrastructure.

3. Changing society, changing service needs

Service needs of the society are changing due to the electrification of services and change in the population structure.

DNA has been a frontrunner in the development of the smart M2M (Machine to Machine) technology solutions. With such solutions, a device such as a remote electricity reader can transfer data to and from another machine as part of a more extensive system or service.

DNA's dedicated telephone service takes account of senior customers' special needs. Technical solutions, such as remote monitoring and smart meal services, help the elderly to live at home for longer. The availability of electronic services reduces the need to go out when it is difficult to do so. Providing tailored services and smart solutions for senior customers helps prevent digital exclusion of senior citizens.

4. Children and teenagers

DNA considers it important to guide young users on the safe use of the Internet and mobile phones. DNA has signed a European framework agreement, European Framework for Safer Mobile Use by Younger Teenagers and Children, which aims to improve the safety of mobile phone use by teenagers and children.

In addition to promoting data security awareness, DNA supports work with children and adolescents by participating in the prevention of bullying in schools. DNA has participated in the national Innolukio project since 2012. The project aims to build a learning environment that encourages upper secondary school students towards creative thinking. DNA also participates in the Tabletkoulu project, which promotes e-learning in Finland.

DNA is a long-term partner of SOS Children's Village Association, providing financial support and data communication connections to the organisation.

DNA encourages innovation and sustainable development among the young

DNA remained an active partner in the Innolukio project in 2013. Launched by the National Board of Education, the project aims to build a learning environment that encourages upper secondary school students towards creative thinking. This aim is supported by an idea and product development competition for the students, based on changing tasks issued by the project partners. The annual Innolukio awards were presented in the spring of 2013. DNA's task encouraged responsibility and invited the students to consider the sustainability of their digital footprint.

DNA chose the following entry to the final: "Error status reduction application". It placed ninth in the competition and received a gift certificate of 1,000 euros in addition to the award provided by DNA. Designed for error status reduction, the application encouraged the students to consider what kind of content is suitable for publication on the Internet. The solution was well executed, also in terms of commercial feasibility and marketing.

Stakeholder communication is important to DNA

DNA considers stakeholder communication and feedback to be highly important. High standards of customer service, cooperative networking with other businesses, relationships with partners and support for non-profit causes form part of DNA's broad stakeholder interaction.

The Internet-based customer panel is one of the main interaction channels for consumer customers. This panel provides DNA with quick feedback and information on our customers' opinions, expectations and values. DNA also providers customer service in Facebook and Twitter.

DNA wants to participate in the work of associations and trade organisations to develop the industry and safeguard its interests. DNA is a member of various associations, including the Service Sector Employers PALTA, the Finnish Federation for Communications and Teleinformatics (FiCom), the European Competitive Telecommunications Association ECTA and Groupe Speciale Mobile Association (GSMA). DNA is also a member of FiBS and Diversity Charter Finland. DNA engages in active communication with various authorities and political decision-makers.

DNA participates in the Green ICT working group set up by FiCom, the Finnish Federation for Communications and Teleinformatics. Members of the working group include telecommunications and information technology companies, which assess the impact of their operations according to GRI indicators. The project will map services offered by ICT companies, in order to help other sectors improve their energy efficiency.

In 2013, DNA promoted the sustainable development of its industry by participating in the preparation of the Green ICT action programme of the Ministry of Transport and Communications. The programme aims to promote energy efficiency and the development of an attractive digital environment for sustainable business operations in Finland.

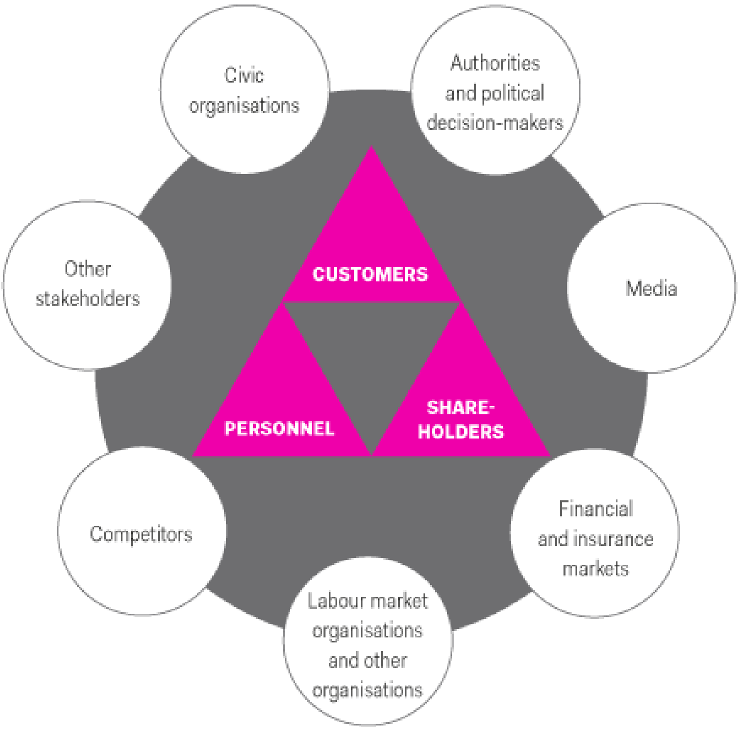
Cooperation with non-governmental organisations

DNA engages in cooperation with the main non-governmental organisations in Finland. In the spring of 2013, Greenpeace published its review of data centre operators in Finland, comparing the energy-efficiency of their data centres and radio networks as well as the proportion in which renewable energy is used. DNA received positive feedback for the innovative solutions that improve energy-efficiency in its radio networks.

The report criticised DNA for the lack of climate policy and objectives. DNA reported on CO2 emissions for the first time in the corporate responsibility report for 2012, which was published in 2013. However, this information was not included in Greenpeace's review, which was based on materials compiled in the summer of 2012.

DNA will work on its climate objectives based on the collection of the CO2 emissions data. DNA conducted a large-scale climate change risk assessment in 2013, which will guide the company's actions in the mitigation of and adjustment to climate change.

DNA's stakeholders are increasingly interested in privacy issues related to networks. In the autumn of 2013, Electronic Frontier Finland (Effi ry) approached DNA by means of an open letter, requesting information on the number of queries for user identification from authorities. DNA responded to the request and Effi published the received information in its event in November.



Third year of cooperation with SOS Children's Village

In October 2011, SOS Children's Village Association Finland, a child protection service provider, and DNA Ltd agreed on three-year cooperation, with DNA offering financial support and data communication connections for the association's offices. DNA is one of the main cooperation partners of SOS Children's Village Association Finland. The mission of the association is to help children who are without parental security or in danger of losing their parents.

In previous years, DNA's financial assistance was directed towards Theraplay therapy activities and preventive family-friendly and family-based care. In 2014, DNA's financial assistance will mainly be directed towards projects that promote independence among adolescents and offer recreational activities for children.

DNA employees also participated in voluntary work, carrying out a collection on the Universal Children's Day for SOS Children's Village. The proceeds of the collection were delivered in full to the association.

Far-reaching responsibility

DNA wants to apply responsibility throughout the value chain from infrastructure investments and purchases to the final product and service delivered to the customer. Over the past years, DNA has enhanced responsibility in the supply and delivery chains and also taken into account the needs of its customers as regards the recycling of terminal devices, for example.

As a responsible company, DNA also expects its partners to take economic, environmental and social responsibility increasingly into consideration in their operations. In 2012, DNA introduced an Supplier Code of Conduct and added it to all new technological and logistics contracts. At the same time, DNA developed a system that monitors the use of the appendix in all supplier contracts.

The code is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors. In 2014, DNA will create a monitoring system for the suppliers' adherence to the Code for the purpose of early detection and intervention in case of any shortcomings.

DNA Group's operational instructions are based on ethical principles and apply to every DNA employee. They align the Group's values, operating methods and communication channels and also specify the action to be taken when questions arise. They form the upper-level guidelines which are specified in more concrete terms in the company's operating policies. DNA's Board of Directors approves the ethical guidelines, which are updated every two years or so. The latest update took place at the end of 2013, and a company-wide practical implementation will take place in 2014.

Terminal device value chain and life-cycle from the consumer point of view

1. Responsibility in the supply chain

The terminal device starts it journey at a factory, from where it is transported overseas to a DNA Store. We emphasise responsibility and ethical operations in the supply chain and calculate logistics emissions.

2. Expert advice

At the DNA Store, our customer service experts help you find the right product for you. In addition to voice and data subscriptions, we also provide entertainment services, such as the Deezer music service or the DNA WELHO MatkaTV service.

3. Energy-efficient networks

DNA's networks provide reliable, extensive and fast connections – both at home and on the move. DNA has systematically improved the energy-efficiency of its network by upgrading base stations, for example.

4. Environmentally friendly data centres

The robust servers that live in DNA's data centres make sure that you can easily access the services you need over DNA's networks. Thanks to district cooling, DNA's new, environmentally friendly data centre will be practically emission-free.

5. Safe disposal

When your old terminal device is no longer of use to you, bring it to your nearest DNA Store, where our experts dispose of it safely and responsibly without burdening the environment.

6. Recycling of materials

Recyclable materials recovered from terminal devices find a new life in products such as musical instruments, garden furniture, traffic safety products and jewellery.

Mobile phone recycling

In 2013, DNA informed its customers about terminal device recycling. Did you know that metals recovered from a mobile phone can be used to construct musical instruments? Recovered plastics, in turn, are used to manufacture garden furniture and traffic safety products. See our website for more information.

Corporate responsibility is based on profitability and competitiveness

DNA's economic responsibility includes meeting the expectations of customers and shareholders, timely
investments and product innovation as well as supporting the economic welfare of the company's employees and society. Profitability of business operations and good competitiveness are the cornerstones of economic responsibility and prerequisites for socially and environmentally sound business operations in the long term.

The company pursues its financial objectives guided by responsibility principles: open and transparent communication, corporate governance and taking environmental and social responsibility into consideration when making financial decisions. In addition, authority regulation has a strong impact on DNA's operating environment.

DNA issues quarterly financial reports and operates within the limits set by legislation and general agreements. DNA's interim reports and consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Domestic investments and employment

DNA's investments in 2013 came to EUR 128.4 million (EUR 136.3 million), or 16.8 per cent of net sales (17.7 per cent). Major individual items included investments in the 3G and 4G networks and in fibre and transfer systems. In the fourth quarter, the first licence payment for the 800 MHz licence was a significant investment.

Close to 100 per cent of DNA's operations take place in Finland. At the end of 2013, the company employed directly 1,563 people and indirectly some 1,000 more. The number of DNA personnel increased by 136 employees in 2013. The Group's business initially grew as a result of a merger of local telephone companies and through establishing telephone service centres and outlet chains. DNA continues to have strong local presence in some 100 locations in Finland.

Over the past years, DNA has gained an increasingly important role as a regional employer. For example, DNA employs close to 50 customer service professionals in the city of Pietarsaari and almost 80 in the municipality of Taivalkoski. The company traditionally employs a young staff in its customer service and DNA Store functions. At the end of 2013, those under 25 accounted for some 40 per cent of customer service personnel. In DNA Stores, the figure was almost 53 per cent.

DNA actively supports innovation in Finland and works in close cooperation with many start-up companies and communities. The unique cooperation between DNA and Jolla is a prime example of this: in December 2012, DNA became the first operator in the world and the only operator in Finland to launch the sales of the Jolla smart phone.

DNA's economic impact on its operating environment

FROM THE CUSTOMERS

Net sales
EUR 766.4 million
(769.2)

DNA

TO THE PERSONNEL

Salaries and remuneration
EUR 85.4 million (77.3)

Pension expenses EUR 12.0 million (11.8)

TO SUBCONTRACTORS

Materials and services
EUR 370.2 million (391.6)

Other operating expenses
EUR 122.4 million (111.9)

TO THE PUBLIC SECTOR

Income tax for 2013
EUR 8.7 million (12.2)

Personnel expenses
EUR 15.9 million (14.9)

TO THE FINANCIAL SECTOR

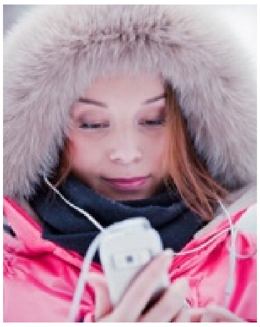
Interest expenses EUR 7.3 million (8.0)

TO THE OWNERS

Dividends for 2013
EUR 30.0 million* (35.0)

* The agenda of DNA's Annual General Meeting of 20 March 2014 includes a proposal to purchase the company's own shares. If the AGM will approve the proposal, it will be proposed to the AGM that the total amount of dividend is EUR 30.0 million, since no dividend will be paid on shares held by the company.

DNA has the most satisfied mobile broadband customers in Finland



According to the 2013 results of the annual international EPSI Rating study, DNA had the most satisfied mobile broadband customers, both among consumers and corporate customers. DNA received top marks among consumers for the second consecutive year, whereas the 2013 study was the first to measure the satisfaction of corporate customers.

As in previous years, DNA WELHO had the best customer satisfaction among TV service providers, receiving top marks in all categories. DNA WELHO had the best customer satisfaction among pay-TV customers also in 2012.

DNA placed third in the satisfaction among mobile communications consumer customers, improving its results in all measured areas. In fixed broadband, WELHO placed second, not far off the top marks.

Satisfaction among corporate customers in DNA's mobile communications services remained at a good level, and DNA was ranked first, sharing the top position with two other operators.

Customer satisfaction

Results of the EPSI Rating study, DNA and DNA WELHO*	2013	2012	2011
Mobile communication services for consumers (DNA)	75,6	72,9	73.8
Fixed broadband services for consumers (DNA WELHO)	72,2	71,9	69.4
Mobile broadband services for consumers (DNA)	71,3	69,3	67,0
Mobile communication services for corporations (DNA)	68,5	65,7	65.3
Fixed broadband services for corporations (DNA)	67,0	65,8	65.8
Mobile broadband services for corporations (DNA)*	70,2	N/A	N/A
Pay-TV (DNA WELHO)	72,8	71,3	67.4

*Information on mobile broadband services for corporations available since 2013.

Competitive advantage from good HR management

DNA's human resources management is based on DNA's strategy and the identification and implementation of actions
in support thereof. HR management is responsible for
ensuring that DNA's HR management is aligned with the company strategy and developed to facilitate the company's business needs. There is a strong commitment to the
HR vision of making DNA a company with future-oriented,
skilled and motivated employees.

The telecommunications market evolves rapidly, requiring DNA as an employer to manage change continuously. Employee satisfaction amidst the changes is one key indicator DNA is committed to. Good leadership and a solid corporate culture create competitive advantage in the constantly evolving industry. DNA's employee satisfaction index improved for the third consecutive year in 2013, signalling successful change management.

In 2013, HR management focused on improving consistency in customer service operations and developing efficiency metrics. The Group's payroll systems were also unified in 2013, and the Group implemented a new HR system, which facilitates HR management from the point of view of both supervisors and employers. The acquisition of Plus-TV, a terrestrial network pay-tv operator, by DNA in September was the biggest change in the organisation in 2013.

Ongoing positive trend in employee satisfaction

The general index of the annual employee satisfaction survey remained high in 2013, at 4.5, the maximum being 6.0. The positive trend has continued for several consecutive years. The general leadership index also improved and came to 4.9. The index for employee working ability and well-being increased to 4.6.

Employee satisfaction development 2011–2013

	2013	2012	2011
General employee satisfaction index (1–6)	4.5	4.4	4.2
General leadership index (1–6)	4.9	4.7	4.6
Employee working ability and well-being index (1–6)	4.6	4.4	4.2

The survey indicates that DNA has skilled and committed employees who build a positive working atmosphere and team spirit. They value the work of their supervisors and the genuine method of working. Comparison with national averages shows that DNA's management is perceived to care more for the well-being of employees than companies on average. Sharing of information, working atmosphere and overall efficiency are perceived to be significantly better at DNA than national averages.

According to the 2013 survey results, improvement of facilities remained a development area, and DNA will continue to develop its facilities according to the working environment concept. At the Group level, the clarity of the company vision, goals and direction was suggested as a development area. In 2014, this will be carried out by improving the practical implementation of the company strategy. Supervisors will increasingly link the company strategy to their subordinates' personal reviews so that each employee has a better understanding of their role in the implementation of the company strategy.

Competence of employees an important driver of success

Skills development is an important part of personal reviews and everyday leadership at DNA. For several years now, both DNA Ltd and DNA Store employees have had the opportunity to enrol in the JET qualification programme in leadership training. By the end of 2013, 75 persons in total had participated in the programme, 37 of which have acquired the qualification and 2 having completed a partial qualification. As of the spring 2014, DNA Store employees also have the opportunity to work towards a specialist qualification in commerce through apprenticeship training. The first group of students consists of 20 people.

Leadership training will be a special focus area in 2014. Supervisor training will be conducted one-on-one with the help of the 360 tool and the new mentoring programme for supervisors.

Ergonomics and exercise support occupational health and well-being

DNA provides employees with a wide selection of healthcare and medical services in excess of the level required by law. DNA personnel can avail themselves of health services provided by, for example, specialists, gynaecologists, occupational physiotherapists and psychologists. The implementation of the early response model continued in 2013 by offering supervisors the opportunity for peer discussions.

DNA encourages its personnel to remember good ergonomics while working, reminding them of the importance of regular breaks and the health benefits of standing vs. sitting down. According to the new working environment concept, each employee has an electronic desk, the height of which is easily adjustable.

The popular well-being at work day was organised in the autumn of 2013. As usual, the event provided the personnel an opportunity for looking after their health by taking blood pressure and body composition measurements.

The DNA Liikkuu ("DNA Moves") card provides exercise opportunities for the personnel, and DNA also organises different activity clubs. In 2013, these included swimming, tennis and badminton, as well as training for a fun company marathon in the spring. Customer service personnel got their own electronic personal trainer for three months. Active participants received bonus training months as a reward.

Type of employment contract

Type of employment contract	2013	2012	2011
Open-ended	1,537	1,403	1,015
Fixed-term	26	24	20
Total	1,563	1,427	1,035

Type of employment

Type of employment	2013	2012	2011
Full-time	1,468	1,336	997
Part-time	95	91	38
Total	1,563	1,427	1,035

Gender structure

By gender	2013	2012	2011
Women	668	611	333
Men	895	816	702
Total	1,563	1,427	1,035

Age structure

By age group	2013	2012	2011
< 25	5%	6%	3%
25–34	32%	31%	27%
35–44	32%	31%	37%
45–54	22%	23%	25%
55–64	8%	9%	8%
Total	100%	100%	100%

Share of women (%) per personnel group

Personnel groups include women as follows:	2013	2012
Of management	21%	25%
Of managerial employees	26%	25%
Of administrative employees	49%	36%
Of service and production employees	6%	15%

Genuine method of working increases flexibility

Renewal of the working environment at DNA continued in several locations in 2013. At the same time, the DNA genuine method of working was expanded to two new locations. It establishes a more flexible and independent way of working: using the mobile workspaces, the employees decide independently where they work without discussing this with their supervisor. The method will continue to be implemented in new locations in 2014. DNA's goal is to implement the new working environment and culture in all applicable locations by 2016.

The genuine method of working was very well received among the personnel in 2013. They especially value the increased flexibility in the management of their work and personal lives. They also reported being more effective and less stressed when using the new method. Most DNA employees take advantage of the flexibility by working at home.

DNA reviews the genuine method of working regularly, including the effectiveness and availability of the tools and quality of the leadership provided. DNA has observed that when implementing the genuine method of working, it is important to measure the results of the work and discuss them and also ensure that employees consider ergonomics. Musculoskeletal disorders are a leading cause for sick leaves among DNA employees.

Employees' opinions on the genuine method of working

"Genuine method of working supports my working ability by giving me the opportunity to plan my work: when I need peace and quiet, I can concentrate on tasks at home or in the library, when I want to brainstorm, I can interact or organise meetings in the open office environment, freezone or meeting rooms."

"Genuine method of working has significantly improved my energy levels as well as given the opportunity to effectively manage my work-life balance."

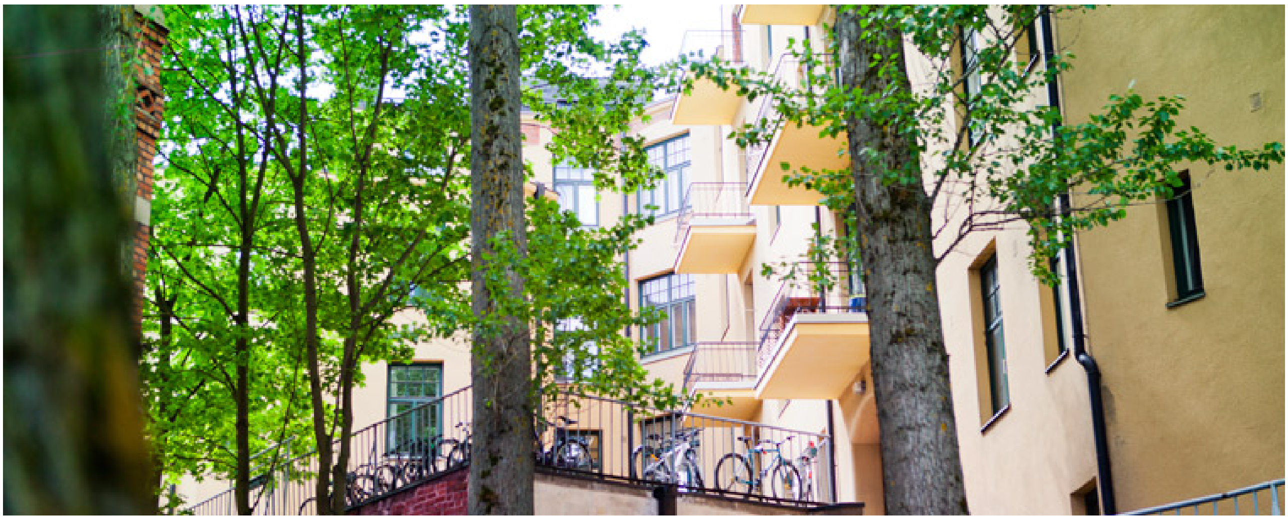
"Genuine method of working is a fantastic signal of trust from of the employer. It has boosted my job satisfaction."

"Genuine method of working makes my life much easier: I save time and money when it comes to driving to work, plus it's much easier to manage my work-life balance."

"Genuine method of working has made the work in my team more dynamic and flexible."

DNA participates in the Working Life 2020 project

DNA participated in the blog campaign of the Government's Working Life 2020 project. The objective of the project is to make Finnish working life number one in Europe by 2020. In the blog, representatives from various organisations reveal what they are doing in terms of improving working life. The blog is a forum for sharing ideas and tips and for encouraging discussion about better working life in Finland. You can read DNA's blog entry here.



Energy efficiency reduces climate impacts

DNA considers it important to recognise the environmental impacts and risks of its business and to adapt operations according to the principles of sustainable development. DNA meets its environmental responsibilities by developing new, environmentally friendly technologies and by offering customers the opportunity to reduce their carbon footprint through flexible Internet and mobile communication services.

Climate change and the ICT sector

According to the GeSI SMARTer 2020 report published in December 2012, ICT solutions can help in cutting global greenhouse gas emissions by 16.5 per cent by 2020.

As a Finnish telecommunications Group, DNA wants to be responsible and work towards reduction of emissions and increased energy efficiency. DNA calculated its greenhouse gas emissions for the first time in 2012 to identify the direct effect of DNA's operations on climate change. According to the results, most of the greenhouse gas emissions originate in production, i.e. the electricity consumption of DNA's radio network and transfer equipment as well as the maintenance of their equipment rooms.

Emission calculation was developed further in 2013. DNA adopted a larger selection of emission sources to cover the entire value chain better (Scope 3 emission factors).

DNA also wants to consider the options available for adjusting to currently prevailing effects of climate change. To this end, DNA assessed its climate change risks in the autumn of 2013, covering effects of phenomena such as rainstorms and floods on DNA's operations as well as the business impact and opportunities of regulation and changes in consumer behaviour.

Green facilities and working methods

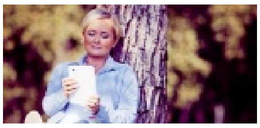
The new DNA House that was completed in the autumn of 2012 was constructed by YIT according to its Energy genious concept. Energy-efficiency of the building was carefully considered already in the design and construction phase. In early 2013, DNA's headquarters earned an international LEED Gold certification as a recognition of the building's ecological energy and water consumption, materials used and emissions.

In early 2013, DNA conducted a study on the effects of the genuine method of working on CO2 emissions from work-related travel. According to the results, emissions from work-related travel can be cut by some 40 per cent annually when employees work remotely at home for example. Over the past years, DNA has encouraged personnel to use web conferencing and other similar tools, which has reduced work-related travel. In three years, DNA's CO2 emissions from air travel have dropped from 278 tonnes to 183 tonnes.

The company achieved many tangible, environmentally responsible milestones in 2013:

- Remote working was supported and work-related travel reduced by using web conferencing.
- DNA opened its new, energy-efficient data centre.
- Durability, life cycle and recovery of materials was emphasised when making purchasing decisions.
- Materials were recycled and waste sorted at the company's sites and retail outlets.
- The possibility of using renewable sources of energy, such as wind power, in power generation for DNA's network was investigated.
- Electronic services were developed further – up to 42 per cent of DNA invoices are issued through electronic billing.
- Energy-efficiency of DNA's radio network was improved by means such as upgrades to the base station equipment and relocating the radio units from the equipment facilities to the masts.
- DNA Stores organised several campaigns, encouraging customers to recycle their old terminal devices in the stores.
- DNA was an active participant in key industry associations, such as FiCom's Green ICT working group and the Green ICT action programme of the Ministry of Transport and Communications.

DNA participates in the National Remote Work Day



In September 2013, DNA was one of the main partners in the National Remote Work Day organised by Microsoft and the Finnish Environment Institute SYKE. The number of participants totalled 24,000 – almost three times higher than least year. DNA personnel participated in the campaign, working at home according to the genuine method of working. DNA wants to encourage other organisations to provide similar remote work opportunities for their personnel. An increasingly mobile working method, which supports remote working, not only increased employee motivation at DNA but also boosted their feeling of efficiency.

EN3 – Direct energy consumption by primary energy source (terajoules)

	2013	2012	2011
Generators (diesel, petrol)	1.7	1.3	0.9
Heating (light fuel oil)	1.5	1.6	1.1

*The calculation principles have been adjusted in 2013. The 2011 and 2012 figures were adjusted retrospectively.

EN4 – Indirect energy consumption by primary energy source (terajoules)*

	2013	2012	2011
District heating	21	19	29
Electricity	355	346	369

* The calculation principles have been adjusted in 2013. The 2011 and 2012 figures were adjusted retrospectively.

EN16 – Total direct and indirect greenhouse gas emissions by weight (tCO2)

	2013	2012	2011
Scope 1*	674	569	546
Scope 2	38,443	36,774	42,734

*The Scope 1 calculation principles have been adjusted in 2013. The 2012 figures were adjusted retrospectively.

EN17 – Other relevant indirect gas emissions by weight (tCO2)

	2013	2012	2011
Scope 3, business travel*	616	721	934
Scope 3, total**	152,026	N/A	N/A

*business travel emissions are also included in the total figure for 2013.

**Scope 3 emission calculation was expanded and made more detailed in 2013. The calculation method is based on the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard published in the spring of 2013.

EN22 – Total weight of waste by type and disposal method (tonnes)

	2013	2012
Total*	516.0	716.7
of which hazardous waste	5.8	14.1
of which WEEE (waste electrical and electronic equipment)	56.4	269.4

Average waste recycling and utilising rate***

*The 2012 figures were generated during significant facility relocation and storage facility clean up processes. The facility renewal project continued in 2013, and as a result, the total amount of waste in 2012–2013 is higher than during a standard year. Responsible recycling of office furniture and other goods was a key consideration during the relocation and cleaning of facilities.
**The average waste recycling and utilising rate for the total weight varies between 40 and 100 per cent. DNA is a member of both the Environmental Register of Packaging PYR Ltd and the Elker/ICT Producer Co-operative and recycles the waste from its facilities and production in a responsible manner with reliable partners.

Improved energy efficiency in production

DNA continued to develop its operational energy efficiency during 2013 by means such as upgrading the radio network technologies and assessing the possibility of using renewable sources of energy in power generation for DNA's network.

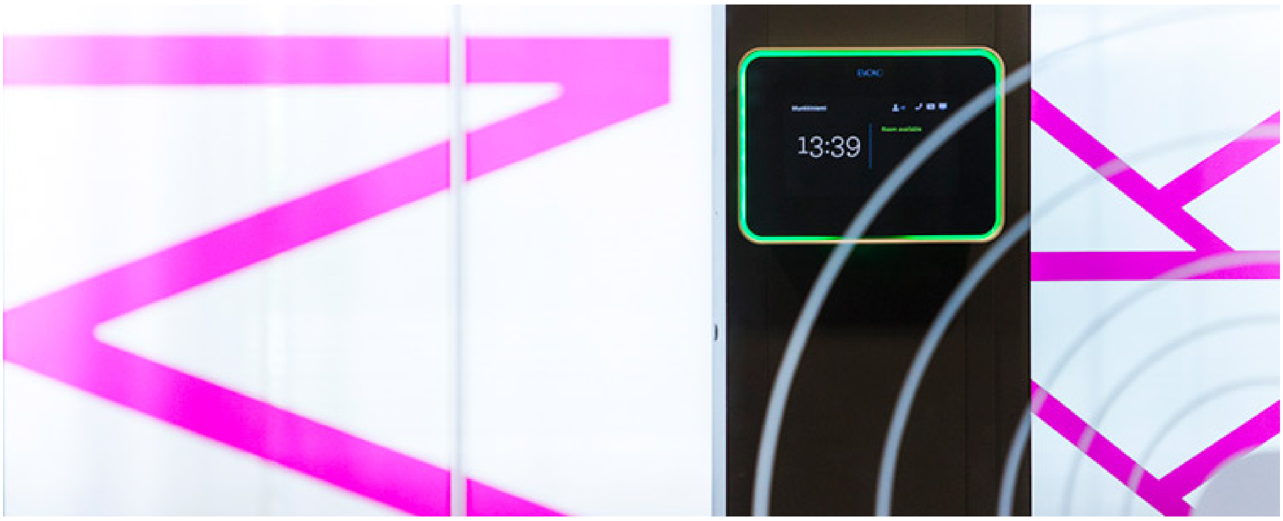
DNA continued the modernisation of its radio network, implementing next-generation base stations. In 2013, more than 1,700 3G and 4G base stations were upgraded. The new system requires fewer devices, thereby reducing relative energy consumption. At an annual level, the new base station technologies transfer 3G data with 40 per cent less energy than base stations that use the old technology. Hundreds of radio units have also been relocated from inside the equipment facilities to the masts, omitting the need for mechanical cooling, which saves energy significantly.

The volume of mobile data traffic in DNA's networks doubled in 2013. Data volumes have grown especially rapidly in DNA's 4G LTE network, where traffic volumes grew tenfold during 2013. The explosive growth of mobile data was due to the expansion of LTE networks in particular and the increase in the number of smart phones. The increased supply of and demand for video services that benefit from the high speeds provided in modern networks also increase the mobile data transfer volumes.

Increased mobile data volumes challenge the energy efficiency of the radio network, because the continuously growing volumes require more equipment, which in turn increases energy consumption. On the other hand, the 4G network reduces the relative per-data energy consumption through the improved technical performance of LTE.

DNA invests into an energy-efficient data centre

In May 2013, DNA announced the construction of a new, energy-efficient data centre in Helsinki. The centre was completed on schedule, and server deployment commenced in October. Thanks to district cooling, the cooling of the 2,000 square metre centre will be practically emission-free. Waste heat from the data centre will be collected and utilised by the district heating system.



Reporting according to GRI guidelines

In 2013, DNA continued to report on corporate responsibility according to the Global Reporting Initiative reporting model. This is DNA's fourth GRI report. With a reporting period of one calendar year, DNA publishes this GRI-compliant corporate responsibility report annually. The previous report was published on 7 March 2013. All DNA's reports follow the Global Reporting Initiative's Sustainability Reporting Guidelines G3.

DNA's corporate reporting is based on the guidelines, principles and calculation methods specified by GRI. The reporting includes the data for DNA Ltd, including DNA Store Ltd and Forte Netservices Oy. Any deviations from or changes to the calculation limits are mentioned with each key figure. Similarly, any changes in measurement methods are mentioned with each figure.

The GRI reporting model relies on the principle of materiality: the company reports on those figures and indicators relevant to its business model. DNA conducted its materiality analysis towards the end of 2011. In 2014, DNA will update its materiality analysis as part of the implementation of the GRI G4 reporting guidelines.

In 2013, the reporting was developed by expanding the emissions calculation in corporate responsibility reporting for other emissions (so-called Scope 3 emissions). Economic effects and other risks and opportunities related to climate change will be included in economic and environmental responsibility reporting for 2013.

These indicators have been reviewed by the Board of Director's Audit Committee. DNA's Sustainability Manager is responsible for developing reporting with a horizontal corporate responsibility group.

Contact information

DNA's Sustainability Manager Noomi Jägerhorn is responsible for compiling the DNA Ltd corporate responsibility report, tel. +358 44 044 2345, .

At the Executive Team level, CFO Timo Karppinen is in charge of corporate responsibility, .

GRI Content Index

- ● Fully reported
- ◐ Partly reported
- ○ Not reported

GRI	Indicator	Reference	Status of reporting
1. Strategy and Analysis			
1.1	Statement from the most senior decision maker in the organisation	CEO's review	●
1.2	Description of key impacts, risks and opportunities	CEO's review; Operating environment; Strategy; Board of Director's report	●
2. Organisational Profile			
2.1	Name of the reporting organisation	DNA Ltd	●
2.2	Primary brands, products and services	Primary brands are DNA and WELHO. For products and services, see Year 2013 and Business	●
2.3	Operational structure of the organisation	Business; Events in 2013. See also Development per business segment and the following notes to the consolidated financial statements: notes 17 Investments in associates and 33 Related party transactions	●
2.4	Location of organisation's headquarters	Consolidated financial statements: note 1 The Group in brief	●
2.5	Countries where the organisation operates	Almost 100 per cent of DNA's operations occur in Finland. In July 2011, DNA acquired Forte Netservices Oy. Forte mostly operates in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in notes to the consolidated financial statements, 33 Related party transactions	●
2.6	Nature of ownership and legal form	DNA in figures. See Shares and shareholders in the financial statements	●
2.7	Markets served	Almost 100 per cent of DNA's operations occur in Finland. In July 2011, DNA acquired Forte Netservices Oy. Forte mostly operates in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in note 33 Related party transactions	●
2.8	Scale of the organisation	Business, DNA in figures	●
2.9	Significant changes during the reporting period regarding size, structure or ownership	Events in 2013, Board of Directors' report	●
2.10	Awards received in the reporting period	DNA did not receive any awards in the reporting period.	◐

3. Report Parameters			
REPORT PROFILE			
3.1	Reporting period	The GRI report is published annually with the Annual Report.	●
3.2	Date of the most recent previous report	The previous report was published on 7 March 2013.	●
3.3	Reporting cycle	Annually	●
3.4	Contact point for questions regarding the report	Reporting	●
REPORT SCOPE AND BOUNDARY			
3.5	Process for defining report content (determining materiality, prioritising topics, identifying stakeholders expected to use the report)	Reporting	●
3.6	Boundary of the report	Reporting	●
3.7	Specific limitations on the scope or boundary of the report	Reporting	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities and outsourced entities	Reporting	●
3.9	Data measurement techniques and calculation principles	Reporting	◐
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Any deviations from or changes to the calculation limits are mentioned with each key figure. See Reporting	●
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Any deviations from or changes to the calculation limits are mentioned with each key figure. See Reporting	●
GRI INDEX			
3.12	Table identifying the location of the Standard Disclosures in the report (identifying links to relevant pages).	GRI Content index	●
ASSURANCE			
3.13	Policy and current practice with regard to seeking external assurance for the report	The energy consumption calculations in DNA's corporate responsibility report have been subject to external assurance.	◐
4. Governance, Commitments and Engagement			
GOVERNANCE			
4.1	Governance structure of the organisation	Governance	●
4.2	The Chairman of the Board's role in the organisation	The Chairman of DNA Ltd's Board of Directors is not an executive officer. See Board of Directors and Members of the Board of Directors	●
4.3	Independent and/or non-executive board members	Members of the Board of Directors	●

4.4	Mechanisms for shareholders and employees to provide recommendations to the board	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives are invited to the meetings of the extended Group Executive Team. See Corporate governance and internal control	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	DNA's remuneration principles do not specify a linkage between the organisation's corporate responsibility performance and compensation for members of the highest governance body, senior managers and executives. For more details on salaries and commissions, see the following notes to the consolidated financial statements: notes 14 Earnings per share and 10 Employement benefits and number of personnel	◐
4.6	Processes in place for the highest governance body, to ensure conflicts of interest are avoided	As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter that involves a conflict of interest. For more information, see Board of Directors	●
4.7	Processes for determining the qualifications and expertise of the highest governance body, for guiding the organisation's strategy on economic, environmental and social topics	DNA's Board of Directors has not assigned corporate responsibility to any members of the Board, nor does the company have a separate process for determining the qualifications and expertise of members regarding corporate responsibility. See Members of the Board of Directors	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance	Corporate responsibility and Sustainable supply chain management	◐
4.9	Procedures of the Board for overseeing the organisation's sustainability work	The same principles apply to overseeing sustainability work as to overseeing the rest of the company's operations. See Board of Directors	◐
4.10	Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	The Board of Directors carries out an internal self-evaluation of its operations once per year. See Board of Directors	◐
COMMITMENTS TO EXTERNAL INITIATIVES			
4.11	Explanation of whether and how the precautionary principle is applied	Risks and risk management	◐
4.12	Endorsement of externally developed economic, environmental and social charters, principles or other initiatives	In autumn 2012, DNA signed the Finnish Code of Conduct for Safer Mobile Use by Younger Teenagers and Children as well as the European framework for safer mobile use by younger teenagers and children (SMF). In the autumn of 2013, GSMA Europe conducted an implementation review of SMF as requested by the European Commission. DNA participated in the review, the results of which will be available here during the first quarter of 2014. DNA has also signed the Finnish Diversity Charter and joined the Diversity Charter Finland.	◐
4.13	Memberships in associations and advocacy organisations	DNA's main memberships: Service Sector Employers PALTA, GSM Association, European Competitive Telecommunications Association (ECTA), FIBS ry and Diversity Charter Finland. For more details on DNA's memberships, see Cooperation and value chains	●

STAKEHOLDER ENGAGEMENT			
4.14	List of stakeholder groups engaged by the organisation	Specified by the CR steering group as part of the materiality assessment. For more information, see Cooperation and value chains	●
4.15	Basis for identification and selection of stakeholders with whom to engage	Specified by the CR steering group as part of the materiality assessment. For more information, see Cooperation and value chains	●
4.16	Approaches to stakeholder engagement	Cooperation and value chains	●
4.17	Key topics and concerns that have been raised through stakeholder engagement	Cooperation and value chains	●
5. Management Approach and Performance Indicators			
Economic			
Disclosure of Management Approach		Profitability and competitiveness	◐
Economic Performance Indicators			
ASPECT: ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed	DNA's economic impact on its operating environment. For more information, see consolidated income statement.	●
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	DNA conducted a large-scale climate change risk assessment in the autumn of 2013. The principal results are reported under Environment	◐
EC3	Coverage of the organisation's defined benefit plan obligations	Notes to the consolidated financial statements: notes 2 Accounting principles and 25 Defined benefit plan	●
EC4	Significant financial assistance received from government	The assistance DNA received from government in 2013 amounted to EUR 0.22 million.	●
ASPECT: MARKET PRESENCE			
EC5	Range of ratios of standard entry level wage to local minimum wage at significant locations	Not reported in 2013.	○
EC6	Proportion of spending on locally based suppliers	Not reported in 2013.	○
EC7	Local hiring	Not reported in 2013.	○
ASPECT: INDIRECT ECONOMIC IMPACTS			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	Profitability and competitiveness, Network infrastructure	◐
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Not reported in 2013.	○
Environmental			
Disclosure of Management Approach		Environment	◐
Environmental Performance Indicators			

ASPECT: MATERIALS			
EN1	Materials used by weight or volume	Not reported in 2013.	○
EN2	Percentage of materials used that are recycled input materials	Not reported in 2013.	○
ASPECT: ENERGY			
EN3	Direct energy consumption by primary energy source	Environment	◐
EN4	Indirect energy consumption by primary energy source	Environment	◐
EN5	Energy saved due to conservation and efficiency improvements	DNA participated in the annual Energy Saving Week in the autumn of 2013, distributing information and energy saving tips for office and home use. See also Environment	◐
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Environment and Energy efficiency in production	◐
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Towards the end of the summer 2012, DNA's headquarters relocated to DNA's new premises in Käpylä, Helsinki. The facilities were constructed by YIT according to its Energy genius concept, which cuts energy consumption. For more, see Environment	◐
ASPECT: WATER			
EN8	Total water withdrawal by source	Not reported in 2013.	○
EN9	Water sources significantly affected by withdrawal of water	Not reported in 2013.	○
EN10	Percentage and total volume of water recycled and reused	Not reported in 2013.	○
ASPECT: BIODIVERSITY			
EN11	Location and size of land owned, leased managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Operation and ownership of the mobile communication network is an essential part of DNA's business. Some base stations are located in areas of high biodiversity value or nearby such areas (e.g. areas included in the Natura network). DNA pays special attention to biodiversity when operating in these areas, and adheres to current legislation.	◐
EN12	Description of significant impacts of activities on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not reported in 2013.	○
EN13	Habitats protected or restored	Not reported in 2013.	○
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	Not reported in 2013.	○
EN15	Number of IUCN Red List species and national conversation list species with habitats in areas affected by operations, by level of extinction risk	Not reported in 2013.	○

ASPECT: EMISISONS, EFFLUENTS AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions	Environment	●
EN17	Other relevant indirect greenhouse gas emissions	Environment	◐
EN18	Initiatives to reduce greenhouse gas emissions	DNA expanded the genuine method of working further in 2013. According to calculations commissioned by DNA, the genuine method of working can cut the CO2 emissions from work-related travel by some 40 per cent annually. For more information about the genuine method of working, see Genuine method of working and Environment.	◐
EN19	Emissions of ozone-depleting substances	Not reported in 2013.	○
EN20	NO, SO, and other significant air emissions by type	Not reported in 2013.	○
EN21	Total water discharge	Not reported in 2013.	○
EN22	Total weight of waste by type and disposal method	Environment	◐
EN23	Total number and volume of significant spills	Not reported in 2013.	○
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	Not reported in 2013.	○
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	Not reported in 2013.	○
ASPECT: PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environment and Energy efficiency in production. See also Sustainable supply chain management	◐
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported in 2013.	○
ASPECT: COMPLIANCE			
EN28	Monetary value of significant fines for non-compliance with environmental laws	DNA has not been subject to any fines or non-monetary sanctions for non-compliance with environmental laws during the reporting period.	●
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce	Not reported in 2013.	○
ASPECT: SUMMARY			
EN30	Total environmental protection expenditures and investments by type	Not reported in 2013.	○
Social Performance Indicators			
HR Management Approach		Good employer	◐
Social Performance Indicators			

ASPECT: EMPLOYMENT			
LA1	Total workforce by employment type, employment contract, and region	On 31 December 2013, DNA Group employed 1,563 people, 1,537 of which had open-ended contracts and 26 had fixed-term contracts. 1,468 worked full time and 95 part time.	●
LA2	Rate of employee turnover by age group, gender and region	DNA Group's rate of employee turnover was 8.7 per cent in 2013 (9.9 per cent in 2012). The figure does not include fixed-term employment contracts or internal transfers.	◐
LA3	Benefits provided to employees by employment type	DNA Ltd provides the same benefits to all employees, regardless of employment type. The benefits and policies of DNA Store Ltd and Forte Netservices Oy apply to all employees regardless of employment type.	●
ASPECT: LABOUR/MANAGEMENT RELATIONS			
LA4	Percentage of employees covered by collective bargaining agreements	All DNA Group staff are covered by the applicable collective bargaining agreements specific to each employee category. Service and production employees are covered by the collective agreement in the energy-ICT-networks sector, and administrative and managerial employees by the collective agreement for salaried and senior salaried employees in the ICT sector. Forte Netservices staff are covered by the collective agreement for the Federation of Special Service and Clerical Employees ERTO.	●
LA5	Minimum notice period(s) regarding operational changes	At a minimum, DNA has observed the minimum notice periods for the applicable collective agreements during operational changes.	●
ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes	DNA Ltd has a statutory labour protection committee that consists of regional labour protection delegates. The committee members include ten labour protection delegates, including DNA Store delegate, and the labour protection officer. The committee has quarterly meetings. Forte Netservices Oy has its own labour protection committee, the members of which include the labour protection delegate, two deputy delegates and the labour protection officer. The committee meets twice a year.	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	The Group-level relative rate of absenteeism was 3.9 per cent in 2013 (3.9 per cent in 2012). There were no work-related fatalities. There were 11 work time injuries (28 in 2012) and 4 working days were lost due to work-related reasons (113 in 2012). 80 per cent of the work time injuries occurred on the way to or from work.	●

LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members regarding serious diseases	DNA Ltd has a comprehensive occupational healthcare service agreement with Mehiläinen. In addition to statutory healthcare services, the agreement covers services provided by, for example, specialists as well as occupational physiotherapists and psychologists. DNA employees can visit any Mehiläinen branch. DNA organises an annual well-being at work theme day with occupational healthcare, and also organised a quit smoking campaign and provided guidance on office ergonomics. Age group based health checks are organised for those over 30. When necessary, Mehiläinen's "Työkuntoon" model is used to help maintain employees' working capacity.	
LA9	Programmes for skills management and lifelong learning that support employees' career development	DNA believes that statutory labour protection activities in Finland cover LA9 requirements. DNA's labour protection committee 2013 has one labour protection delegate per office, a labour protection officer as well as representatives from office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, as well as dealing with possible occupational safety issues. Forte's labour protection committee 2013 has one labour protection delegate, two deputy delegates and the labour protection officer. The committee meets twice a year. A typical agenda includes reviewing change items such as employee benefits and operating models, as well as reviewing any employee feedback to the labour protection delegate.	
ASPECT: TRAINING			
LA10	Average hours of training per year per employee	Average hours of training/employee in 2013 at DNA Ltd (not reported for DNA Store): Senior salaried employees: 39 Salaried employees: 16 Workers: 40 Average/person: 22. Forte Netservices Oy: 29 (all employees are salaried employees).	
LA11	Programmes for skills management and lifelong learning that support employees' career development	In 2013, some 30 DNA Ltd employees (including DNA Store) completed the JET qualification programmes in leadership training. A new group of 21 employees from DNA Ltd (including DNA Store) will start the JET qualification programme in the spring of 2014. By the end of 2013, there have been five JET groups in total, with some 75 participants. Two groups from DNA Store Ltd have completed the qualification programme in store supervision (some 20 participants) and a group of DNA customer service employees have completed the qualification programme in sales (10 participants). DNA also organises a lot of training for supervisors. See Good employer	
LA12	Percentage of employees receiving regular performance and career development reviews	DNA Ltd and Forte Netservices Oy conducted performance reviews with all permanently employed persons not on a leave and temporary employees whose employment continues until the end of the year under review. DNA Store Ltd arranges sales-related performance reviews with employees, as required. These reviews focus on the development of sales skills and competence.	

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
LA13	Composition of governance bodies and employees according to diversity indicators	One of the six members of DNA's Board of Directors was a woman. As of 1 January, two of the seven members of the Executive Team were women; as of 1 May, two of the eight members were women; and as of 30 August, one of the seven members was a woman. For personnel, see Good employer	◐
LA14	Ratio of basic salary of men to women by employee category	Not reported in 2013.	○
Human Rights			
Human rights Management Approach		Not reported in 2013.	○
Human Rights Performance Indicators			
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Investment agreements that include human rights clauses	Not reported in 2013.	○
HR2	Suppliers and contractors that have undergone screening on human rights, and actions taken	In 2013, DNA continued to include the Supplier Code of Conduct to all new technological and logistics contracts. See Corporate responsibility and Sustainable supply chain management	◐
HR3	Total hours of employees training on policies and procedures concerning aspects of human rights that are relevant to operations	DNA's Group-level ethical principles build on DNA's standard operating practices, including the consideration of equality and non-discrimination at all times. In 2013, DNA updated its ethical principles and business gift guidelines. Personnel receives regular training on ethical principles. The updated principles will be implemented in practice during the first half of 2014. See also Sustainable supply chain management	◐
ASPECT: NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken	No incidents of discrimination occurred at DNA in 2013.	●
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	DNA has not identified any business divisions where the right to exercise freedom of association and collective bargaining may be at risk. DNA respects employees' right to freedom of association and union representation in collective agreement negotiations.	●
ASPECT: CHILD LABOUR			
HR6	Operations identified as bearing a significant risk of use of child labour, and actions taken	Not reported in 2013.	○
ASPECT: FORCED AND COMPULSORY LABOUR			
HR7	Operations identified as bearing a significant risk of use of forced or compulsory labour, and actions taken	Not reported in 2013.	○

ASPECT: SECURITY PRACTICES			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	Not reported in 2013.	○
ASPECT: INDIGENOUS RIGHTS			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not reported in 2013.	○
Society			
Social Management Approach		Changing society	◐
Society Performance Indicators			
ASPECT: COMMUNITY			
SO1	Programmes that assess and manage the impacts of operations on communities	Not reported in 2013.	○
ASPECT: CORRUPTION			
SO2	Percentage and total number of business units analysed for risks related to corruption	Not reported in 2013.	○
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	DNA's corporate responsibility specialist has trained DNA personnel in DNA Group's anti-corruption policies and procedures. The Group's ethical principles have been implemented in practice throughout the organisation, including guidelines related to corruption. See Sustainable supply chain management	●
SO4	Actions taken in response to incidents of corruption	There were no incidents of corruption at DNA in 2013.	●
ASPECT: PUBLIC POLICY			
SO5	Participation in public policy development and lobbying	DNA is an active participant in the development of the Finnish information society by stating its opinions on proposed legislation with an impact on DNA's operations. The company has prepared instructions for employees on how to interact with administrative public bodies. DNA's legal department maintains a list of the company's representatives on public working groups.	●
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	DNA Group does not support any political parties, politicians or similar institutions. According to this policy, DNA did not provide any financial and in-kind contributions to such parties in 2013.	●
ASPECT: ANTI-COMPETITIVE BEHAVIOUR			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices	DNA Ltd operates according to competitive regulations. During the reporting period, neither the Group nor any of its wholly-owned subsidiaries were subject to legal actions for anti-competitive behaviour, anti-trust or monopoly practices.	●
ASPECT: COMPLIANCE			

SO8	Monetary value of fines and total number of non-monetary sanctions for non-compliance with laws and regulations	DNA has not been subject to any such fines or non-monetary sanctions.	●
Product Responsibility			
Product responsibility Management Approach		Not reported in 2013.	○
Product Responsibility Performance Indicators			
ASPECT: CUSTOMER HEALTH AND SAFETY			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	Not reported in 2013.	○
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	Not reported in 2013.	○
ASPECT: PRODUCT AND SERVICE LABELLING			
PR3	Type of products and service information required by procedures, and percentage of products subject to such information requirements	Not reported in 2013.	○
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome	Not reported in 2013.	○
PR5	Practices related to customer satisfaction and results of surveys measuring customer satisfaction	EPSI Rating results, see Profitability and competitiveness	●
ASPECT: MARKETING COMMUNICATIONS			
PR6	Programmes for adherence to laws, standards and voluntary codes for marketing communications (including advertising and sponsorship)	As part of its operating principles, DNA Ltd adheres to laws related to marketing communications. When designing marketing communications, DNA Ltd takes account of the Consolidated ICC Code of Advertising and Marketing Communication Practice as well as other instructions applied on the Finnish market, such as the 'fair play' rules of the Finnish Direct Marketing Association. DNA Ltd marketing and legal departments work in cooperation to ensure the accuracy of marketing communications.	●
PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	The Finnish Market Court issued two ruling against DNA's marketing in 2013, but did not order the payment of the conditional fines.	●
ASPECT: CUSTOMER PRIVACY			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not reported in 2013.	○
ASPECT: COMPLIANCE			
PR9	Monetary value of significant fines for non-compliance with regulations concerning the provision and use of products and services	DNA has not been ordered to pay any major fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2013.	●

Introduction

DNA Ltd is a Finnish telecommunications company providing high-quality, state-of-the-art voice, data, and TV services to private customers and corporations. DNA is Finland's largest cable operator and a leading pay-TV provider in both cable and terrestrial networks. The company also utilises advanced technologies to provide fast fixed-network broadband connections. DNA caters for the rapidly growing need for fast data transfer connections by continuously increasing the speed, capacity and base stations of its 3G and 4G networks. DNA has more than 3 million mobile communications and fixed network customers.

The comparison figures in brackets refer to 2012.

Operating environment

The telecommunications market continues to undergo a change, requiring agility, new business innovations and continuous investments in network speeds and coverage. Network and terminal device technologies are developing at an increasingly fast pace, fuelling future growth in the use of telecommunications services with increasing traffic volumes and new types of use.

The overall economic situation remained challenging during the entire review period, increasing uncertainty in the markets. Competition remained intense in the Finnish telecommunications market in 2013. The competitive situation places high demands on the quality and availability of operators' systems and network infrastructure as well as their cost competitiveness.

Smart phone sales were brisk throughout the year. The demand for tablets enjoyed strong growth, and not just in the consumer market as companies are increasingly taking to tablets. The use of smart phones is evolving quickly. They are used for viewing high-quality video and TV content and accessing various other types of content, much more so than in 2012.

In addition to the overall economic situation, net sales and profitability of the industry were affected negatively by the steady reduction in mobile interconnection prices and increased competition in the mobile communication and fixed line broadband markets in particular.

In the consumer market, demand for mobile and fixed line broadband remained strong in 2013. Mobile broadband in particular enjoyed significant growth in the consumer segment. Quickly evolving terminal devices and new viewing habits modify the TV market. The rapid development of the pay-TV market is driven by the demand for pay-TV and video services. Consumers are spending more time watching TV, and households have several devices for viewing TV content. As regards TV and movie content, competition is more intense due to global players operating in the Finnish market.

The overall situation in the corporate market remained cautious while competition remained tight. However, the demand for value added services related to network data security and management as well as mobility-related data solutions continued at a good level. The need for industrial Internet solutions boosts demand in the corporate segment, in particular for services related to unified and mobile communications. Companies migrated increasingly from mobile to unified communications services, which is reflected in the growing importance of mobile data in comparison with other communications services.

The Finnish telecommunications market is strictly regulated. Regulation can influence the cost and price structure of products and services as well as the grounds on which frequencies and licences are distributed. On 30 October 2013, DNA won 2 x 10 MHz frequency band pairs in the 800 MHz auction organised by the Finnish Communications Regulatory Authority, and will pay a total of EUR 33.57 million for them. The utilisation of the 800 MHz frequency band provides DNA with the opportunity to develop the speed and coverage of its LTE-based 4G network, particularly in sparsely populated areas.

The comprehensive reform of the legislation on electronic communications is making headway. The government submitted its proposal for the Information Society Code to the parliament on 30 January 2014. In accordance with the Government Programme, the key provisions that apply to electronic communications have been integrated in the Information Society Code. The Information Society Code is scheduled to enter into force on 1 January 2015.

The European Commission has proposed new legislation to promote the European single market for electronic communications, which will most likely not be processed until after the elections to the European Parliament in the spring of 2014. Should the new legislation enter into force, it would have a major impact on DNA's business.

Net sales and profit

Net sales

DNA's net sales decreased by 0.4 per cent to EUR 766.4 million (769.2 million).

The net sales development was affected in particular by the reduction in interconnection prices, but boosted by the integration of PlusTV into DNA's consumer business on 6 September 2013, as well as the positive development of mobile broadband sales. Net sales growth was restrained by the continuously falling demand for fixed-network services.

In 2013, 77.4 per cent (76.9 per cent) of net sales was generated by consumer business and 22.6 per cent (23.1 per cent) by corporate business.

Profit

EBITDA remained at the level of the reference period and amounted to EUR 190.7 million (190.8 million). EBITDA accounted for 24.9 per cent of net sales (24.8 per cent). Operating profit decreased notably by 22.3 per cent to EUR 43.7 million (56.2 million), or 5.7 per cent of net sales (7.3 per cent). Deprecations increased to EUR 147.1 million, decreasing operating profit.

EBITDA remained almost unchanged despite non-recurring items, which totalled EUR 5.1 million. Increased operational efficiency had a positive effect on EBITDA.

Profit before tax came to EUR 37.7 million (EUR 48.3 million).

Financial income and expenses amounted to EUR -6.0 million (-7.9 million). Income tax for the period was EUR -8.7 million (-12.2 million). Profit for the financial period decreased and came to EUR 28.9 million (36.1 million). Earnings per share came to EUR 3.4 (4.1).

Consolidated key figures

EUR million	2013	2012	2011
Net sales	766.4	769.2	727.5
EBITDA	190.7	190.8	188.4
- % of net sales	24.9%	24.8%	25.9%
Depreciation	147.1	134.6	137.6
Operating profit	43.7	56.2	50.8
- % of net sales	5.7%	7.3%	7.0%
Profit before tax	37.7	48.3	46.2
Profit for the financial period	28.9	36.1	35.8
Return on investment (ROI), %*	5.4	7.2	6.6
Return on equity (ROE), %*	5.5	6.3	5.7
Investments	128.4	136.3	119.5
Cash flow after investments**	33.6	28.9	9.0
Personnel at the end of period	1,563	1,427	1,035

* rolling 12 months
** includes business combinations

Key operative indicators

	31 Dec 2013	31 Dec 2012	31 Dec 2011
Number of mobile communication network subscriptions*	2,450,000	2,428,000	2,285,000
- Revenue per user (ARPU), EUR**	18.2	19.9	20.4
- Customer CHURN rate, %**	17.1	15.7	16.4
Number of fixed-network subscriptions	1,016,000	1,027,000	1 039 000

*includes voice and mobile broadband
**includes postpaid subscriptions

Cash flow and financial position

Cash flow after investments decreased to EUR -33.6 million (28.9 million). This is particularly due to the PlusTV acquisition, the first 800 MHz licence fee and an increase in working capital.

DNA has a EUR 200 million revolving credit facility, EUR 200 million (200 million) of which remain undrawn, and a EUR 15.0 million (15.0 million) credit facility. In addition, the company has a commercial paper programme worth EUR 150.0 million (150.0 million), under which EUR 75 million (50.0 million) was drawn by the end of the review period.

DNA's financial position remained good, and net gearing came to 62.6 per cent (48.8 per cent) at the end of the review period. The Group's liquid assets and undrawn committed credit limits amounted to EUR 242.1 million (223.2 million).

The interest-bearing net debt/EBITDA ratio increased and was 1.71 (1.35) at the end of the review period.

The balance sheet remained strong, with the end-of-period equity ratio totalling 49.4 per cent (54.0 per cent).

In the review period, DNA Ltd agreed on the issuance and terms of an unlisted unsecured bond of EUR 100 million. The bond was issued on 28 November 2013. The proceeds will be used for general corporate purposes. The bond will mature in 2018 and carries a coupon rate of 2.625 per cent.

Cash flow and financial key figures

	1–12/2013	1–12/2012	1–12/2011
Cash flow after investments, EUR million	-33.6	28.9	9.0

	31/12/2012	31/12/2012	31/12/2011
Net debt, EUR million	326.7	257.7	153.2
Net debt/EBITDA	1.71	1.35	0.81
Gearing, %	62.6	48.8	24.5
Equity ratio, %	49.4	54.0	62.2

Development per business segment

Consumer business

Net sales increased by 0.4 per cent to EUR 593.4 million (591.2 million). The net sales development was affected in particular by the reduction in interconnection prices, but boosted by the PlusTV acquisition as well as the positive development of fixed and mobile broadband sales.

EBITDA increased to EUR 133.3 million (130.9 million), or 22.4 per cent of net sales (22.1 per cent). Operating profit decreased to EUR 35.7 million (42.1 million), accounting for 6.0 per cent of net sales (7.1 per cent). The EBITDA increase was fuelled by the increased operational efficiency and positive development of mobile broadband sales. Operating profit decreased due to an increase in depreciations.

DNA and YIT Construction Ltd agreed on the provision of DNA WELHO TV and broadband services to YIT's residential buildings in the Helsinki Metropolitan Area and the cities of Lahti, Oulu, Kuopio, Turku and Pori. The new agreement was signed in March and covers some 3,000 apartments. DNA provided the YIT-constructed new homes with DNA WELHO TV and housing company broadband services. Some locations will also use DNA's facility management monitoring solutions. DNA and YIT will also expand their cooperation by connecting YIT's office facilities to DNA's fibre optic network, providing corporate customers with new opportunities to use DNA's services.

DNA launched new DNA Äly and DNA Älypaketti subscriptions for smart phones. In April, DNA renewed its mobile broadband products. The new DNA Veppi and DNA Veppi 4G products were well received on the market.

DNA also renewed the fixed-network broadband product portfolio in April 2013. The new offering contains three high-speed connections: 50 Mbit/s, 100 Mbit/s and 350 Mbit/s. The market welcomed these new broadband products.

DNA introduced a new broadband-based DNA WELHO Viihdytyskaista service in April, which enables recording and access to TV content anywhere and anytime through various terminal devices. Also included in the package is the DNA WELHO MatkaTV service which enables remote recoding of TV programmes with a mobile device.

In September, the terrestrial network pay-TV operator Digi TV Plus Oy, or PlusTV, became a DNA subsidiary. DNA will offer both PlusTV and DNA customers better and more extensive network services by combining the TV offerings of both companies.

In July, DNA launched the first mobile subscription in Finland to allow unlimited use of the phone for a fixed monthly fee. The DNA Rajaton 4G subscription provides unlimited 4G data use and an unlimited number of calls, text messages and multimedia messages to any normal-priced domestic subscription.

In early August, DNA and Samsung launched the first Nordic Samsung Experience Store in Helsinki city centre. The store showcases the latest Samsung mobile products and innovations to consumers. DNA provides subscription services for all the products available at the store.

The annual international EPSI Rating study analyses customer satisfaction and loyalty of the different sectors of telecommunications. According to the 2013 EPSI Rating results, DNA has the most satisfied mobile broadband customers, both among consumers and corporate customers. As in previous years, DNA WELHO had the best customer satisfaction among TV service providers.

On 1 October 2013, DNA announced the new DNA Täpäkkä Credit solution that can be used for normal shopping, whether on the high street or online, and for withdrawing money from cash dispensers both in Finland and abroad. DNA Täpäkkä Credit comes in the form of a sticker for phones, or a separate MasterCard. It allows making payments by holding the card or NFC sticker against the payment terminal reader. OP-Pohjola is the banking operation behind DNA Täpäkkä Credit.

DNA supports innovation in Finland and works in close cooperation with many start-up companies and communities. In December, DNA became the first operator in the world and the only operator in Finland to launch the sales of the Jolla smart phone. DNA and Jolla cooperate in the sales and marketing of the smart phone that uses the Sailfish operating system. Jolla phones went on general sale in DNA Stores on 11 December 2013. In December 2013, Jolla phones were the fifth most popular phone sold at DNA Stores.

In December, Finnish media company MTV and DNA announced their cooperation agreement with the purpose of improving the Finnish TV viewing experience. Viewing habits are changing rapidly, and DNA is responding by bringing MTV's broadcasts to mobile devices. Moreover, the terrestrial-network customers of DNA and PlusTV will be able to view MTV channels in HD quality.

Corporate business

Corporate business net sales decreased to EUR 173.0 million (178.0 million). Net sales were affected in particular by the reduction in interconnection earnings, intense price competition and the falling net sales of fixed line voice services. Net sales were positively impacted by the value-added services in customer networks and the corporate mobile broadband services.

EBITDA decreased slightly and came to EUR 57.5 million (59.9 million), accounting for 33.2 per cent of net sales (33.7 per cent). Operating profit decreased to EUR 7.9 million (14.1 million), or 4.6 per cent of net sales (8.0 per cent).

Operating profit was burdened in particular by the increase in depreciations, of which EUR 49.6 million was allocated to corporate business (45.8 million).

Nelonen Media switched its Ruutu.fi service to DNA's data centre services and 20 GB Internet connections. The 20 GB Internet capacity is among the highest provided for corporate use in Finland, enabling future technical innovations in the Ruutu.fi service and a top-of-the-range connection for Ruutu.fi viewers, even during exceptionally popular programming.

In January, DNA expanded its corporate product offering with the addition of Microsoft Office communications products. The DNA Toimistoviestintä office communication package includes Microsoft's services for email, web conferencing and Intranet, as well as related applications such as calendars and document management. DNA can now provide services to companies in Microsoft and Google environments.

DNA launched cooperation with software company Zervant in the first quarter of 2013. DNA offers Zervant's online invoicing, time-keeping and accounting service to businesses. With the solution, entrepreneurs can store working hours into the system easily while still at the customer site.

DNA also signed an agreement with Würth Oy in the first quarter of 2013 on the delivery of fixed data connections, mobile phone subscriptions, wireless data connections and the DNA Mobiilivaihde mobile exchange service to all 150 Würth premises in Finland. DNA and Lahti Energia signed an agreement on corporate services. The contract includes the provision of DNA Yritysverkko corporate network service, service number services, DNA Yrityskaista corporate broadband as well as mobile communication subscriptions and related add-on services.

In September, DNA and Praecom launched a cost-efficient and user-friendly video-conferencing service called DNA Virtuaalineuvottelu. It stands out on the market thanks to its device-independence and simple pricing structure. The high-definition video-conferencing service is provided as a cloud service in Finland, and users can join meetings via fixed-line video-conferencing equipment, tablets, workstations and practically any smart phone.

The 2013 EPSI Rating study was the first to measure the satisfaction of corporate customers with their mobile broadband services. According to the results, DNA has the most satisfied corporate mobile broadband customers.

In the fourth quarter, Yara, which delivers solutions for sustainable agriculture and the environment, bought a private 3G network from DNA, which was constructed in Yara's Siilinjärvi mine. This 3G network is the first in the world to help control and calculate ore concentration at this scale. DNA's private radio network M2M mobile subscriptions are an integral part of the industrial Internet solution provided.

Overall, interest towards office communications services continued to increase in 2013. The need for industrial Internet solutions boosts demand in the corporate segment, in particular for services related to unified and mobile communications. Companies migrated increasingly from mobile to unified communications services, which is reflected in the growing importance of mobile data in comparison with other communications services. Demand for services related to network data security and management also continued to increase. The sales of mobility-related data solutions also grew.

Key indicators per business segment

	Consumer business		
EUR million	1–12/2013	1–12/2012	Change, %
Net sales	593.4	591.2	0.4%
EBITDA	133.3	130.9	1.9%
- % of net sales	22.4%	22.1%	
Operating profit	35.7	42.1	-15.0%
- % of net sales	6.0%	7.1%	

	Corporate business		
EUR million	1–12/2013	1–12/2012	Change, %
Net sales	173.0	178.0	-2.8%
EBITDA	57.5	59.9	-4.1%
- % of net sales	33.2%	33.7%	
Operating profit	7.9	14.1	-44.1%
- % of net sales	4.6%	8.0%	

Investments

Investments amounted to EUR 128.4 million (136.3 million), or 16.8 per cent of net sales (17.7 per cent) in 2013.

Major individual items included investments in the 3G and 4G networks and in fibre and transfer systems. In the fourth quarter, the first licence payment for the 800 MHz licence of EUR 6.7 million was a significant investment.

Investments

EUR million	1-12/2013	1-12/2012	Change, %
Consumer business	91.2	96.6	-5.7%
Corporate business	35	36.8	-4.8%
Non-allocated	2.2	2.9	-21.5%
Total investments	128.4	136.3	-5.8%

Research and development

In 2013, the Group invested EUR 0.2 million (1.6 million) in research and development, representing 0.0 per cent (0.1) of net sales. The majority of research and development costs in 2013 have been capitalised in the balance sheet.

Network infrastructure

The volume of mobile data traffic in DNA's networks doubled again in 2013. At the end of 2013, the volume in DNA's 4G LTE network was ten times higher than in early 2013. The traffic volume was boosted by the increased adoption of services such as the DNA MatkaTV service, which enables the viewing of on-demand videos or TV programmes with a mobile device.

In 2013, DNA expanded its mobile communication networks by adding more than 1,700 new base stations across Finland: about 1,100 to the 4G LTE network and some 600 to the 3G network. DNA's 4G-grade speeds are currently available in more than 220 Finnish municipalities. On 31 December 2013, DNA's 4G LTE network was available in more than 40 cities and reached over two million Finns.

The 800 MHz auction was completed on 30 October 2013. DNA won 2 x 10 MHz frequency band pairs in the 800 MHz auction organised by the Finnish Communications Regulatory Authority. The utilisation of the new 800 MHz frequency band provides DNA with a better opportunity of developing the speed and coverage of its LTE-based 4G network, particularly in sparsely populated areas.

DNA will build thousands of new base stations in 2014, mostly in the 4G LTE network. DNA's 4G LTE network coverage will double by the end of 2014 and is anticipated to reach 80 per cent of the population. DNA's 3G network will reach approximately 99 per cent of the population by the end of 2014, almost equalling DNA's current GSM coverage.

At the end of 2013, DNA had more than 170 channels in the cable network and the largest number of high-definition channels. New high-definition content is added constantly, and the capacity and efficiency of DNA's cable network enable DNA to offer broadcasts in next-generation 4K high definition in the future.

At the end of the review period, DNA's terrestrial TV network covered some 85 per cent of households in Finland. DNA is the only operator offering high-definition content in the terrestrial network. As a result of the PlusTV acquisition, the services available through DNA's terrestrial TV network were diversified further.

Personnel

At the end of December 2013, DNA Group had 1,563 employees (1,427 employees), of which 667 were women (611) and 896 men (816). Year-on-year, the figure grew by 136 employees. The average number of DNA employees in 2013 was 1,506 (1,285).

Salaries and employee benefit expenses paid during the year amounted to EUR 85.4 million (77.3 million). The increase is due to the transfer of GoExcellent customer service personnel to the employ of DNA on 1 July 2012.

On 6 September 2013, PlusTV became a DNA subsidiary and the 33 employees of the company transferred to the employ of DNA as existing employees.

According to the results of DNA's employee satisfaction survey, employee satisfaction improved further in almost all areas in 2013. Improved results were recorded, for example, for atmosphere and cooperation in teams, motivation, working ability and leadership activities. DNA's increasingly mobile working method, which supports remote working, not only increased employee motivation but also boosted efficiency.

More detailed information on DNA's personnel is included in the 2013 Annual Report at www.dna.fi.

Personnel by business segment

	31/12/2013	31/12/2012	31/12/2011
Consumer business	1104	979	654
Corporate business	459	448	381
Total personnel	1,563	1,427	1,035

Personnel by age group

	31/12/2013	31/12/2012	31/12/2011
–25 years	84	86	31
25–34 years	502	437	284
35–44 years	506	447	382
45–54 years	341	327	257
55–64 years	130	130	81
Total personnel	1,563	1,427	1,035

Key personnel indicators

	2013	2012	2011
Average number of personnel	1,506	1,285	1,008
Salaries and remunerations, EUR million	85.4	77.3	58.6

Changes in the Group and capital structure

In 2013, DNA's Board of Directors investigated possibilities of broadening the ownership base of the company. However, the owners decided not to continue with the ownership broadening process.

On 29 April 2013, DNA signed an agreement with Teracom Group on the acquisition of PlusTV. The Finnish Competition and Consumer Authority approved the acquisition on 29 August 2013, and PlusTV became a DNA subsidiary in September.

Significant litigation matters

The hearing on the trademark dispute between Deutsche Telekom AG and DNA Ltd continued at Helsinki District Court. Pleading the European Community Trademark Registration 212787, Deutsche Telekom AG filed an action in Helsinki District Court on 4 January 2008, requesting that DNA Ltd be denied the use of the colour pink in its operations. In its counterclaim of 29 October 2008, DNA Ltd demanded that the European Community Trademark Registration 212787 be repealed.

In its ruling issued on 24 August 2009, the Helsinki District Court suspended the action and the counterclaim because complaints about the validity of the European Community Trademark Registration 212787 were simultaneously being handled in three processes outside Finland. Deutsche Telecom AG notified the district court in the spring of 2013 that the matters impeding the continuation of the process have been resolved. The action and counterclaim are processed separately, and DNA's counterclaim will be heard first. Deutsche Telekom AG has provided its defence to DNA Ltd's counterclaim on 27 June 2013. DNA provided its response to Deutsche Telekom's defence on 30 September 2013. The Helsinki District Court will continue to process the hearing at a time that will be announced later.

Management and governance

DNA's corporate governance principles are described in more detail in the company's Annual Report at www.dna.fi.

Annual General Meeting 2013

DNA Ltd's Annual General Meeting was held on 21 March 2013. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2012. The AGM decided to pay a dividend of EUR 4.13 per share, at a total of EUR 35,016,337.16.

Board members and remuneration

Re-elected members of the board include Juha Ala-Mursula, Hannu Isotalo, Jarmo Leino, Jukka Ottela, Tuija Soanjärvi and Anssi Soila. The Annual General Meeting decided not to change the remunerations paid to the members of the Board of Directors and its Committees.

At the constitutive meeting of the Board of Directors held subsequent to the Annual General Meeting, Jarmo Leino was re-elected Chairman. The Board elected Tuija Soanjärvi as the chair and Jukka Ottela as member of the Audit Committee. The Board elected Jarmo Leino as the chair and Hannu Isotalo and Juha Ala-Mursula as members of the Remuneration and Nomination Committee.

The Board's share repurchase authorisation

The Board of Directors was authorised to decide on the repurchase of DNA shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 950,000 DNA shares. This is equal to about 9.9 per cent of all company shares (the number of all shares at period end was 9,610,676 shares). The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots. The authorisation is valid until 30 June 2014. This authorisation cancels the previous authorisation.

Incorporation of DNA shares in the book-entry system

The AGM decided on the incorporation of DNA shares in the book-entry system. At the same time, the Board of Directors was authorised to determine the date by which the incorporation of the shares in the book-entry system will take place.

Amending the Articles of Association

As proposed by the Board of Directors, the AGM decided to add a new section to the company Articles of Association, which specifies that company shares are incorporated into the book-entry system.

As proposed by the Board of Directors, the AGM also decided to amend Section 2 (Line of Business) of the Articles of Association by adding a mention of payment services to it.

The AGM elected PricewaterhouseCoopers as the company's auditor, with Authorised Public Accountant Johan Kronberg as the principal auditor.

Board of Directors

DNA Ltd's Board of Directors had the following members in 2013:

- From 1 January to 31 December 2013: Jarmo Leino (Chairman), Hannu Isotalo, Jukka Ottela, Tuija Soanjärvi, Anssi Soila and Juha Ala-Mursula

The Board convened 19 times in 2013. The participation rate of the Board of Directors in the meetings was 100 per cent.

The audit committee convened five times, with a participation rate of 90 per cent. The remuneration and nomination committee convened four times, with a participation rate of 100 per cent.

Executive Team

Riitta Tiuraniemi was DNA Ltd's Chief Executive Officer until 30 August 2013. On 30 August 2013, DNA announced that the Board of Directors of DNA and CEO Riitta Tiuraniemi had agreed that Tiuraniemi will leave the company and resign from the position of CEO. Vice President, Corporate Business, Jukka Leinonen, 51, was appointed as the acting CEO.

On 19 November 2013, DNA Ltd appointed Jukka Leinonen as the company CEO. Director, Product Management Hannu Rokka was appointed as the acting VP, Corporate Business.

On 31 December 2013, DNA's Executive Team comprised CEO Jukka Leinonen, Chief Financial Officer Timo Karppinen, Vice President, Consumer Business Pekka Väisänen, Vice President, Technology Tommy Olenius, Vice President, Human Resources Marko Rissanen, Vice President, Legal Affairs Asta Rantanen and Chief Strategy Officer Christoffer von Schantz.

Shares and shareholders

DNA Ltd's major shareholders 31 December 2013

	No. of shares	No. of votes	Share, %
Finda Oy	4,230,787	4,230,787	49.90%
PHP Liiketoiminta Oyj	3,184,425	3,184,425	37.56%
Ilmarinen Mutual Pension Insurance Company	424,689	424,689	5.01%
Anvia Oyj	294,312	294,312	3.47%
Lohjan Puhelin Oy	220,877	220,877	2.61%
Others	123,442	123,442	1.45%

Shares

On 31 December 2013, the ten largest shareholders of DNA Ltd were Finda Oy (49.90 per cent), PHP Holding Oy (37.56 per cent), Ilmarinen Mutual Pension Insurance Company (5.01 per cent), Anvia Oyj (3.47 per cent) and Lohjan Puhelin Oy (2.61 per cent). At the end of the review period, they held a total of 98.55 per cent of DNA's shares and voting rights. DNA's treasury shares have not been included in the calculation of the shareholders' holdings.

There were changes in the shares owned by the ten largest shareholders during the review period. On 10 October 2013, KPY Sijoitus Oy announced that it was selling its DNA shares to Finda Oy and PHP Holding Oy. Oulu ICT Oy also joined the arrangement as a purchaser, according to an agreement between the parties. The arrangement was carried out on 26 November 2013, and the 1,099,596 shares held by KPY Sijoitus Oy were allocated between the parties as follows: Finda Oy and PHP Holding Oy both acquired 386,159 shares and Oulu ICT Oy acquired 327,278 shares.

On 10 October 2013, Oulu ICT Oy announced that it had sold its DNA shares to Finda Oy and PHP Holding Oy. Finda Oy's ownership increased to 4,230,787 shares, or 49.90 per cent of DNA's shares. PHP Holding Oy's ownership increased to 3,184,425 shares, or 37.56 per cent of DNA's shares. Oulu ICT Oy sold 1,083,659 shares to Finda Oy and 1,123,361 to PHP Holding Oy. Prior to the transaction, Oulu ICT Oy owned 2,207,020 DNA shares, amounting to 26.03 per cent of DNA's shares.

At the end of the review period, the company held 1,132,144 treasury shares. The holdings were calculated based on the number of outstanding shares. The shares of DNA were transferred to the book-entry system on 27 June 2013. The Finnish book-entry system is maintained by Euroclear Finland Oy. Each share carries one vote and is entitled to participate equally in dividends.

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

Corporate responsibility

DNA continued to develop its corporate responsibility practices according to its corporate responsibility programme in 2013. GRI reporting was enhanced by, for example, expanding emission calculation for Scope 3 emissions. As regards social responsibility, DNA continued to expand its genuine method of working as well as improve responsibility in its supply chain.

In January 2013, DNA announced that its base station located in Harju, Lohja, will become partly powered by wind energy.

In March 2013, DNA's headquarters received an international LEED Gold certification. The award was handed to the YIT-built Triotto office complex in Käpylä, which houses DNA's headquarters.

In May, DNA announced the construction of a new, energy-efficient data centre in Helsinki. The centre was competed on schedule, and server deployment commenced in October. Thanks to district cooling, the cooling of the 2,000 square metre centre will be practically emission-free. Waste heat from the data centre will be collected and utilised by the district heating system.

In September, DNA participated in the National Remote Work Day as one of the main business partners. The number of participants totalled 24,000 – almost three times higher than least year.

According to the results of DNA's employee satisfaction survey, employee satisfaction improved in almost all areas in 2013. An increasingly mobile working method, which supports remote working, not only increased employee motivation but also boosted efficiency.

DNA continued to modernise its base station equipment. In 2013, more than 1,700 3G and 4G base stations were upgraded. Upgraded base stations can reach the same data transfer efficiency as before, but require only 60 per cent of the energy to do so.

DNA's Corporate Responsibility reporting for 2012 is included in the company Annual Report which was published on 7 March 2013. DNA's Corporate Responsibility reporting for 2013 is included in the company Annual Report which will be published on 6 March 2014.

Significant risks and uncertainties

Risk management is part of DNA's strategy process and corporate governance. It is guided by the risk management policy approved by the Board of Directors. There have been no significant changes in near-term risks and uncertainties in 2013 except for the completion of the auction of the 800 MHz frequency band for mobile communications.

DNA operates in the Finnish telecommunications market which is characterised by tough competition between established operators and a high degree of penetration of telecommunications solutions. DNA is increasing its emphasis on new business. Starting up new business operations always involves higher risks than conventional and established business operations. Intense market competition places high demands on the quality and availability of operators' systems and network infrastructure. In addition, new services must be productised quickly and cost-efficiently.

The Finnish telecommunications market is characterised by stringent regulation. Regulation and particularly the authorities' ability to influence the price level of DNA's products and services, cost structure and the grounds on which frequencies are distributed, may also have an impact on DNA's business. The auction of the 800 MHz frequency band for mobile communications began on 24 January 2013 and was completed on 30 October 2013.

DNA's business environment is very sensitive to change, and the pace of change is increasing. Uncertainty related to the overall economic situation may increase, which may affect the demand for smart phone services and, in particular, the demand for TV services and overall demand in the corporate market.

Events after the review period

The Expert home electronics chain started selling DNA's services in early January 2014. Expert will focus on DNA's offering of entertainment and telecommunications services. In addition to television and broadband services, the offering will also include mobile telephone and data subscriptions.

As part of the development of the TV services provided by the Group, DNA will combine the previously acquired PlusTV (DigiTV Plus Oy) and the TV and fixed-network broadband business of DNA WELHO. At the same time, Digi TV Plus Oy will be renamed as DNA Welho Oy. This does not have an effect on the consolidated financial accounts.

DNA appointed Hannu Rokka, 49, Vice President, Corporate Business and a member of the Executive Team as of 4 March 2014. Earlier, he was managing the position in addition to his own duties as CEO of Forte Netservices Oy and Director, Product Management at DNA.

Outlook for 2014

Market outlook

The telecommunications market continues to undergo a change. Network and terminal device technologies are developing at an increasingly fast pace, fuelling growth in the use of telecommunications services with increasing traffic volumes and new types of use. DNA's operating environment is undergoing significant changes, which is reflected in particular in the increasingly important role of content and value-added services as well as in the operator market expanding to new areas.

Market competition remains intense, placing high demands on the quality and availability of operators' systems and network infrastructure.

In addition to the overall economic situation, net sales and the profitability of the industry are affected by the increased popularity of IP-based communication services driven by the growing number of smart phones and tablets. They are also affected by other market developments and pricing pressures, as well as the reduction in mobile network interconnection prices and competition in the mobile communication and fixed-network markets in particular.

It is anticipated that consumer demand for broadband services will increase. Fixed-network broadband customers are expected to continue to switch to housing company subscriptions and higher-speed connections. Competition in the housing company subscriptions market is anticipated to remain intense, and increased competition should lead to decreasing ARPU.

Mobile broadband traffic volumes will reflect the growth and increased versatility in the use of smart phones and other smart terminal devices. Service development and new business models will create new device applications.

New devices are used, for example, for viewing HD-grade videos and accessing social media services. The use of cloud-based storage services is already widespread, and it is recognised that 4G LTE speeds will be of benefit to web meeting services, remote workers and action game players.

The market for fixed-network voice services is expected to continue declining. DNA anticipates that business operations in the terrestrial TV network and terrestrial network pay-TV will grow slowly. Consumers are spending more time watching TV, and households have several devices for viewing TV content. However, as regards TV and movie content, competition is more intense now that global players have entered the Finnish market.

More mobile and versatile ways of working along the need for industrial Internet solutions will boost demand in the corporate segment, in particular for services related to unified and mobile communications. Companies will migrate increasingly from mobile to unified communications services, which is reflected in the growing importance of mobile data in comparison with other communications services.

The demand for company network services, such as fast Internet connections and security solutions, is anticipated to continue to increase. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses.

Outlook for 2014

The Group's net sales and operating profit are expected to increase somewhat in 2014. The Group's financial position is expected to remain at the same healthy level.

Read more

> Key events in 2013

Board of Directors' proposal on the distribution of profits

DNA Ltd's distributable funds in the financial statements amounted to EUR 166,442,949.12, of which profit for the financial year came to EUR 33,787,247.40. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 3.54 per share be paid. Based on the number of shares at the end of 2013, the total dividend to be paid comes to EUR 30,014,003.28.

DNA Ltd
Board of Directors

Consolidated income statement, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012 (restated)
Net sales	6	766,431	769,200
Other operating income	7	2,404	2,383
Materials and services		-370,218	-391,599
Employee benefit expenses	10	-85,427	-77,272
Depreciation	9	-147,094	-134,600
Other operating expenses	8	-122,445	-111,902
Operating result, EBIT		43,651	56,210
Financial income	11	1,210	1,509
Financial expense	12	-7,175	-9,368
Share of associated companies' results	17	33	-14
Net profit before tax		37,653	48,336
Income tax	13	-8,729	-12,197
Net profit for the period		28,924	36,140
Attributable to:			
Owners of the parent		28,924	36,140
Earnings per share attributable to owners of the parent:			
Earnings per share, basic (EUR)	14	3.4	4.1
Average number of shares			
Basic		8,479	8,714

Consolidated statement of comprehensive income

Net profit for the period		28,924	36,140
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		67	-632
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	12	647	-658

Other comprehensive income, net of tax:	714	-1,290
Total comprehensive income	29,638	34,850
Attributable to:		
Owners of the parent	29,638	34,850

Notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position, IFRS

EUR 1,000	Note	31 Dec 2013	31 Dec 2012 (restated)	31 Dec 2011 (restated)
Assets				
Non-current assets				
Goodwill	16	232,318	221,080	220,404
Other intangible assets	16	173,925	132,118	129,658
Property, plant and equipment	15	392,299	405,526	415,362
Investments in associates	17	2,142	1,784	1,147
Available-for-sale financial assets	18	215	215	157
Trade and other receivables	19	38,735	21,233	16,582
Deferred tax assets	20	31,847	19,941	21,993
Total non-current assets		871,481	801,897	805,303
Current assets				
Inventories	21	20,806	17,741	13,998
Trade and other receivables	19	159,181	167,709	171,018
Current income tax receivables		820	442	0
Cash and cash equivalents	22	27,055	8,224	28,448
Total current assets		207,861	194,116	213,464
Total assets		1,079,342	996,013	1,018,767
Shareholders' equity				
Equity attributable to owners of the parent				
Share capital	23, 24	72,702	72,702	72,702
Hedge fund	23	-292	-939	-280
Unrestricted equity reserve	23	606,779	606,779	605,927
Treasury shares		-103,546	-103,546	-876
Retained earnings		-82,314	-83,340	-88,641
Profit for the year		28,924	36,140	35,796
Total equity		522,253	527,797	624,627
Liabilities				
Non-current liabilities				
Interest-bearing non-current liabilities	27	225,845	180,937	135,099
Retirement benefit obligations	25	1,496	1,733	972
Provisions for other liabilities	26	7,579	8,053	5,740
Derivative financial instruments	30	476	2,896	724
Deferred income tax liabilities	20	38,961	50,435	58,161
Other non-current liabilities		21,725	2,730	1,397

Total non-current liabilities		296,083	246,785	202,093
Current liabilities				
Interest-bearing current liabilities	27	127,879	84,965	46,502
Provisions for other liabilities	26	203	987	116
Trade and other payables	28	132,825	135,461	144,546
Current income tax liabilities		100	18	884
Total current liabilities		261,007	221,432	192,048
Total liabilities		557,090	468,217	394,141
Total equity and liabilities		1,079,342	996,013	1,018,767

Notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows, IFRS

EUR 1,000	2013	2012 (restated)
Cash flows from operating activities		
Profit for the period	28,924	36,140
Adjustments *)	159,948	157,610
Change in working capital **)	-32,868	-3,052
Dividends received	6	8
Interest paid	-6,440	-6,264
Interest received	461	633
Other financial items	-1,600	-932
Taxes	-14,867	-18,760
Net cash generated from operating activities	133,565	165,383
Cash flows from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	-127,101	-134,814
Proceeds from sale of PPE	460	281
Acquisition of subsidiaries and business transfers	-40,496	-1,200
Change in other investments	0	-710
Net cash used in investing activities	-167,137	-136,443
Cash flows from financing activities		
Dividends paid	-35,016	-29,702
Acquisition of treasury shares	0	-102,671
Borrowing of interest-bearing liabilities	307,093	233,719
Repayment of interest-bearing liabilities	-219,674	-150,510
Net cash used in financing activities	52,402	-49,164
Change in cash and cash equivalents	18,830	-20,224
Cash and cash equivalents at beginning of year	8,224	0
Cash and cash equivalents at end of year	27,055	8,224
Adjustments*):		
Depreciation	147,094	134,600
Gains and losses on disposals of non-current assets	-320	-10
Other non-cash income and expense	-108	-145
Financial income and expense	5,965	7,860
Taxes	8,729	12,197
Change in provisions	-1,412	3,109
Total adjustment	159,948	157,610
Change in working capital **):		

Change in receivables, non-interest bearing	-6,834	7,945
Change in inventories	-3,065	-3,743
Change in liabilities, non-interest bearing	-22,969	-7,254
Change in working capital	-32,868	-3,052

Notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

EUR 1,000	Note	Share capital	Hedge fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2012		72,702	-280	605,927	-876	-52,265	625,208
IAS 19 revised						-580	-580
Comprehensive income							
Profit for the period						36,140	36,140
Other comprehensive income							
Actuarian gains (losses) on defined benefit pension plans						-632	-632
Cash flow hedges, net of tax	12		-658				-658
Total other comprehensive income, net of tax			-658			-632	-1,290
Total comprehensive income		0	-658	0		35,508	34,850
Transactions with owners							
Treasury share acquisition				852	-102,671		-101,819
Employee share option scheme: granted options	24					-159	-159
Dividends relating to 2010	23					-29,702	-29,702
Total contribution by and distributions to owners		0	0	852	-102,671	-29,861	-131,680
Balance at 1 January 2013		72,702	-939	606,779	-103,546	-47,200	527,798
Comprehensive income							
Profit for the period						28,924	28,924
Other comprehensive income							
Actuarian gains (losses) on defined benefit pension plans						67	67
Cash flow hedges, net of tax	12		647				647
Total other comprehensive income, net of tax			647			28,991	29,638
Total comprehensive income		0	647	0	0	28,991	29,638
Transactions with owners							
Employee share option scheme: granted options	24					-165	-165
Dividends relating to 2011	23					-35,016	-35,016
Total contribution by and distributions to owners		0	0			-35,182	-35,182
Balance at 31 December 2013		72,702	-292	606,779	-103,546	-53,391	522,253

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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 Helsinki, Finland, and registered address Läkkisepäntie 21.

Copies of the Consolidated Financial Statements are available online at www.dna.fi or at the Group parent company head office at Läkkisepäntie 21, 00620 Helsinki, Finland.

DNA Ltd's Board of Directors approved the release of these consolidated financial statements at a meeting on 6 February 2014. 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 2013. 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 IRFS.

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.

New and amended standards adopted by the Group

The Group has adopted the followings standards and amended standards during the financial year beginning 1 January 2013 that have a material impact on the Group:

IAS 1 (amendment) Presentation of Financial Statements on the Presentation of Items of Other Comprehensive Income. The main amendment is the requirement to group items presented in other comprehensive income based on whether they are potentially re-classifiable to profit or loss subsequently.

IAS 19 Employee Benefits was amended in June 2011. It has had the following impact on the accounting principles adopted by the Group: all actuarial gains and losses are recognised in other comprehensive income as they occur. All past service costs are recognised immediately, and the interest cost and the expected return of plan assets have been replaced by the net interest on the net defined benefit liability (asset), which is defined by the discount rate. For a description of the impact on the financial statements, see note 36.

Amendment to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities. The standard requires more extensive disclosures with the aim of improving the comparability of financial statements prepared in accordance with the IFRS and U.S.GAAP standards.

IFRS 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for all IFRS standards. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other IFRS standards.

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. Control refers to the right to govern the financial operating policies of a company for the purpose of gaining benefit from the company's operations. Intra-group shareholdings are eliminated using the acquisition method.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

Subsidiaries are consolidated from the date on which control is obtained by the Group and de-consolidated from the date on which control ceases.

All inter-company transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated in the consolidated financial statements. Unrealised losses are not eliminated if they result from impairment. Distribution of profit between parent company shareholders and non-controlling shareholders 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. The Group did not have any non-controlling shareholders during the 2012–2013 financial periods.

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. The Group's share of its associates' movements in other comprehensive income is recognised in the Group's other comprehensive income. The Group's associates have not had any such items during the 2012–2013 financial periods.

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 been nominated the chief operating decision maker to make decisions about resources to be allocated to the segments and to asses their performance.

Foreign currency translation

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

Foreign currency transactions

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

Gains and losses on foreign currency transactions and translation of monetary items are recognised in the income statement. Exchange gains and losses related to business operations are included in other operating income or expenses.

Property, plant and equipment

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

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

Depreciation on assets is calculated using the straight-line method over the estimated useful lives. Land is not recognised as a depreciable asset.

The depreciation periods are as follows:

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

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

Depreciation on 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.

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

Intangible assets

Goodwill

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

Research and development expenditure

Research expenditure is recognised as an expense in the income statement. Expenditure for the development of new or improved products is capitalised as intangible assets in the balance sheet from the date on which the product is technically feasible and commercially viable and is expected to bring future financial benefit. Capitalised development expenditure comprises material, work and testing expenses that are the direct result of the process of completing the product for its intended use. Development costs previously recognised as an expense cannot be capitalised in a subsequent period. Assets are depreciated from the time they are ready for use. The Group has no uncompleted capitalised development expenditure at the moment. Subsequent initial recognition, capitalised development expenditure is carried at cost less accrued amortisation and impairment. The useful life of capitalised development expenditure is three years, over which period capitalised expenses are recognised as expenses on a straight-line basis.

Contractual customer base

Customer base acquired in a business combination is recognised at fair value at the acquisition date. The contractual customer base has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer base.

Other intangible assets

Intangible assets are recorded at historical cost in the balance sheet only when it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost can be measured reliably.

Intangible assets with finite useful life are recognised as an expense on a straight-line basis in the income statement over their known or foreseeable useful life.

The useful lives of other intangible assets are as follows:

Customer contracts and the related customer relationships 1–20 years

IT software 3–10 years
Brand 10–30 years
Other intangible assets 2–10 years

Inventories

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

Lease agreements

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 the 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 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. The 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.

An 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 an impairment loss is recognised, the useful life of the amortised asset is reassessed. In respect of assets other than goodwill, an impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount for the asset. However, the reversal will not exceed the carrying amount that the asset would have if an impairment loss had not been recognised. An impairment loss for goodwill cannot be reversed.

Employee benefits

Retirement benefit obligations

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods. Post-employment plans other than defined contribution plans are defined benefit plans.

Defined benefit plans generally pay an agreed benefit at retirement, determined by a formula based on one or more factors, such as the employee's age at retirement, years of service and compensation earned while in employment.

Net defined benefit plan liability is reported in the balance sheet at present value at the end of the annual reporting period. The fair value of any plan assets is deducted from the present value. The Group's obligations with regard to defined benefit plans are based on unbiased actuarial assumptions using the projected unit credit method. The present value of the obligation is determined by using the market yields of high-quality bonds issued by companies as the discount rate. These bonds are issued in the currency in which the benefits are to be paid and their maturity corresponds in essential aspects to the maturity of the pension obligation being considered.

Gains or losses resulting from actuarial losses or past service costs are recognised in the statement of other comprehensive income when they occur.

Past service costs are recognised immediately at fair value through profit or loss.

In contribution-based plans, the Group makes payments to publicly or privately managed pension insurances, which are mandatory, contract-based or voluntary. The Group has no other payment obligations apart from these. The payments are recognised as employee expenses when they fall due. Payments made in advance are recognised as assets in the balance sheet to the extent there are economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan

Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of service given in return for options is recognised as an expense. The total amount of expenses is based on the fair value of the granted options. The amount recognised as an expense is accrued over the period of time during which all vesting conditions should be met. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest. Any effect of the adjustments made to the original estimates is recognised in the income statement and correspondingly in shareholders' equity. Any payments received for exercising the subscription right less the related direct transaction costs are recognised in the unrestricted equity reserve.

Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, payment is probable and a reliable estimate can be made on the amount of the obligation. Provisions are measured at 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 or the statement of comprehensive income, the corresponding tax effect is also recognised as such. Tax based on taxable profit for the financial period is calculated using taxable income and applying the effective tax rate, adjusted by any taxes from previous periods.

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

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

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 not recognised as revenue.

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

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

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

Revenue and expense from construction contracts is recognised using the percentage of completion method. The stage of completion is determined for each project by reference to the relationship between the costs incurred for work performed to the date of review and the estimated total cost of the project. When it is probable that the total cost of the project will exceed total project revenue, the expected loss is recognised immediately as an expense. When the end result of the project cannot be reliably assessed, revenue is recognised only to the extent that is likely to be generated to correspond with actual expenses.

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.

Borrowing costs

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

Financial assets and liabilities

Financial assets

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

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 against profit or loss are measured at fair value. Changes in fair value are recognised as finance income or finance expenses. An item comprises derivatives not fulfilling the hedge accounting criteria.

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

Financial assets held for sale are non-derivative assets, which have been designated specifically to this group or not designated to any other group. Held for sale financial assets are valued at fair value. They are included in non-current assets, unless they are intended to be held for less than twelve months from the closing date of the financial statement, in which case they are included in current assets. The Group's investments in shares belong to this group. The investments have been designated to this group as they are not held for active trading and they are non-current. Changes in fair value 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 if their fair value cannot be reliably measured or if the market is inactive.

Liquid assets comprise cash in hand and bank deposits held at call. 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 short-term interest-bearing liabilities.

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

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

Borrowings

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

Derivative instruments and hedge accounting

Derivatives are initially and subsequently recognised at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group's derivatives are either cash flow hedges or derivatives not fulfilling the hedge accounting criteria.

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

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

Share capital

Outstanding ordinary shares are presented in share capital.

Operating result (EBIT)

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

EBITDA

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

Non-recurring items

At DNA Group, non-recurring items include exceptional and material items outside ordinary course of business, such as capital gains or losses from business divestments, write-downs, costs for phasing down operations, restructuring provisions, fines or other similar compensations and damages.

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

Value of tangible assets has been compared to the market price of similar assets, and impairment caused by age, wear and other similar factors has been estimated. Measuring the fair value of intangible assets is based on the related estimated cash flows. Management considers the assumptions and estimates to be sufficiently accurate to provide a basis for estimating 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 (see note 5).

Impairment testing

The Group tests goodwill and unfinished intangible assets annually for impairment. Any indication of impairment is also reviewed in accordance with the basis of preparation described above. Recoverable amounts of cash-generating units are recognised with the help of calculations based on value in use. Preparing such calculations requires the use of estimates (see note 16).

Provisions

Recognising provisions requires management’s judgement, as the precise euro amount of obligations related to provisions is not known when preparing the financial statements (see note 26).

Confirmed loss

For confirmed loss, 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. The Group’s management has estimated the future taxable income against which the confirmed losses can be used and has recognised deferred tax assets to this extent (see note 19).

Adoption of new and amended standards and interpretations

New or revised standards and amendments have been published, but they will not be effective for the first time for the financial year beginning 1 January 2013, and the Group has not applied them in the preparation of these consolidated financial statements. Of them, only the following are expected to have a material impact on the Group’s financial statements:

- IFRS 9 Financial Instruments contains requirements for the classification, measurement and recognition of financial assets and liabilities. Two phases have been published to date, in November 2009 and October 2010, replacing corresponding sections in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 divides all financial assets into two classifications: those measured at fair value through profit or loss and those measured at amortised cost. Classification is made at the time the financial asset is initially recognised. The classification depends on the business model according to which the financial asset is held, as well as cash flow characteristics. IFRS 9 does not change the basic accounting model for financial liabilities under IAS 39. The main change is that if the fair value option is applied to financial liabilities, the amount of change in the fair value that is attributable to changes in the credit risk of the liability, shall be presented in other comprehensive income and not in profit or loss, except where this causes a recognition inconsistency, or accounting mismatch. The Group will assess the effect of IFRS 9 when IASB has completed all its phases. The entry into force of the standard is yet to be specified.

- The objective of IFRS 10 Consolidated Financial Statements is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The standard also sets out the accounting requirements for the preparation of consolidated financial statements.

- IFRS 11 Joint Arrangements outlines the accounting by entities that jointly control an arrangement in more realistic terms. The classification of a joint arrangement depends upon the rights and obligations of the parties to the arrangement, not the form of the arrangement. Joint arrangements are either joint operations or joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Proportionate consolidation is no longer allowed.

- IFRS 12 Disclosure of Interests in Other Entities is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests. It applies to an interest in joint arrangements, associates, investment entities and unconsolidated structured entities.

- IAS 27 Separate Financial Statements (as amended in 2011) outlines the remaining accounting and disclosure requirements for separate financial statements after the sections on influence were included in the new IFRS 10.

- IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) outlines the requirements for investments in associates and joint ventures. As a result of the publication of IFRS 11, the equity method is applied to both.

- The above-mentioned standards IFRS 10-12 and amended IAS 27 and 28 have an EU effective date of 1 January 2014. They are not expected to have a material impact on the Group.

- Other changes to IRFS standards that are not effective yet, are not expected to have a material impact on the Group.

3. Financial risk management

The main objectives of the Group's financing operations are funding, optimising capital expenditure and managing financing risks. Principles of risk managements 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 at the parent company treasury department which coordinates and monitors financing in the subsidiaries and reports to the Group management. The Group liquidity is centralised by using Group accounts and pooling systems. The parent company is responsible for investing surplus liquidity as well as managing the Group's extra funding requirements. Any finance deficit in the subsidiaries is covered by internal loans within the Group.

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

Liquidity risk

Liquidity risk refers to situations where the Group's financial assets and extra funding opportunities fall short of the Group's requirements or the cost of raising liquid assets is higher than the market cost. Creating cash flow forecasts and determining any related uncertainties are the key measures to managing liquidity risk. At the end of 2013, the Group had a strong liquidity position with cash and cash equivalents of EUR 27.1 million (8.2 million), and interest-bearing liabilities of EUR 353.7 million (EUR 265.9 million). In addition to cash and cash equivalents, the Group had unused credit limits and other committed credit limits of EUR 215.0 million (EUR 215.0 million). In November 2013, DNA Ltd issued an unlisted unsecured bond of EUR 100 million. The bond will mature in 2018 and carries a coupon rate of 2.625 per cent. In addition, the company has a commercial paper programme of EUR 150.0 million (EUR 150.0 million), under which EUR 75.0 million (50.0 million) was drawn by the end of December. The unused credit limits totalled EUR 290.0 million (EUR 315.0 million). The Group's cash and cash equivalents and undrawn committed credit limits amounted to EUR 242.1 million (EUR 223.2 million) at the end of December. The expected repayments 2014 total EUR 52 million without commercial papers.

Debt maturity analysis

2013

EUR 1,000	Less than 1 year		1-5 years		Over 5 years		Total		Total
	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Cash flow
Interest-bearing liabilities (excl. finance lease liabilities)	5,853	126,384	14,037	222,645	12	3,810	19,902	352,839	372,741
Finance lease liabilities	94	1,551	104	1,550	13	298	211	3,399	3,610
Trade payables		50,456						50,456	50,456

2012

EUR 1,000	Less than 1 year		1-5 years		Over 5 years		Total		Total
	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Cash flow
Interest-bearing liabilities (excl. finance lease liabilities)	3,649	83,249	5,723	159,090	167	19,048	9,539	261,386	270,925
Finance lease liabilities	154	1,841	183	2,682	27	346	364	4,869	5,233
Trade payables		72,696						72,969	72,969

Derivative financial instruments are specified in note 30.

The 2014 repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 1.5 per cent (1.5 per cent) and variable rate loans constituted 68 per cent (94 per cent) of the Group's interest-bearing liabilities. Interest-bearing liabilities from financial institutions have variable rates and TyEL repayment loans have fixed rates.

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, unsecured new sales are not made. In 2013, the impairment loss of trade receivables totalled EUR 8.9 million (EUR 7.2 million). The trade receivable impairment provision recognised in the financial statements is considered to correspond to the future impairment loss from trade receivables. Customers with weaker solvency are required to pay the basic charges in advance as deposit. Opposing party risk refers to a situation where the other party fails to meet its obligations under the financing agreement. To minimise and monitor the opposing party risk, investments and derivative instruments are managed within the framework for opposing party, financial instrument and maturity limits.
In the notes to the consolidated financial statements 2012, the impairment loss of trade receivables was deducted in full from undue trade receivables in the age distribution table. The note should have presented the age distribution of trade receivables with no impairment. The correct figures are presented below.

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

EUR 1,000	2013	2012
Undue trade receivables	133,689	138,131
Trade receivables 1-45 days overdue	11,015	8,933
Trade receivables 46-90 days overdue	623	1,098
Trade receivables 91-180 days overdue	891	1,107
Trade receivables more than 180 days overdue	2,180	6,234
Total	148,398	155,503

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 out by the Group have been hedged. The Group applies hedge accounting in accordance with IAS 39, and the Group's normal interest rate swaps fulfil the criteria set by hedge accounting. The Group's interest-bearing liabilities have been spread between fixed- and variable-rate instruments. 28 per cent (49 per cent) of the variable-rate loans are hedged.
At the end of 2013, the Group had interest rate derivatives at a nominal value of EUR 68 million (EUR 120 million), all of which fulfilled 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 32 per cent (6 per cent) on the balance sheet date.
The 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 -1.2 million (EUR 0.2 million), and the effect from a corresponding drop in the interest rate would amount to EUR +1.2 million (EUR 0.2 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 0.2 million (0.8 million) / negative impact of EUR 0.2 million (EUR 0.8 million) in equity due to the change in fair value of the hedge accounting interest rate swaps.

Capital management

The objective of the Group's capital management is to support the business operations by optimising the capital structure and ensuring normal operating conditions, as well as increasing shareholder value by maximising return on equity.
The capital structure can be influenced through dividend distribution, repayment of capital and investment planning. The Group

management monitors the development of the capital structure through gearing and solvency ratios. These key indicators can be found in the key indicator table. The Group's financing facilities include key indicator covenants as well as requiring a solvency ratio of at least 35 per cent and that net liabilities in relation to EBITDA should not exceed 3.50:1. These conditions have been met during the financial period. The solvency ratio on the balance sheet date was 49.4 per cent (54.1 per cent) and net liabilities in relation to EBITDA were 1.71:1 (1.35:1).

Financial instruments by class

2013

EUR 1,000	Loans and other receivables	Financial assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Assets					
Available-for-sale financial assets				215	215
Derivative financial instruments					0
Trade and other receivables excluding prepayments 1)	190,786				190,786
Financial assets at fair value through profit or loss					0
Cash and cash equivalents	27,055				27,055
Total	217,841	0	0	215	218,056

EUR 1,000		Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Financial liabilities recognised at amortised cost	Total
Financial liabilities					
Borrowings (excluding finance lease liabilities) 2)				350,325	350,325
Finance lease liabilities 2)				3,399	3,399
Derivative financial instruments			476		476
Trade and other payables excluding items outside financial liabilities 3)				154,551	154,551
Total	0	0	476	508,275	508,751

2012

EUR 1,000	Loans and other receivables	Financial assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Assets					
Available-for-sale financial assets				215	215
Derivative financial instruments					
Trade and other receivables excluding prepayments 1)	188,942				188,942
Financial assets at fair value through profit or loss					
Cash and cash equivalents	8,224				8,224

Total	197,166	0	0	215	197,381

EUR 1,000		Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Financial liabilities recognised at amortised cost	Total
Financial liabilities					
Borrowings (excluding finance lease liabilities) 2)				261,033	261,033
Finance lease liabilities 2)				4,869	4,869
Derivative financial instruments		1,653	1,243		2,896
Trade and other payables excluding items outside financial liabilities 3)				138,191	138,191
Total	0	1,653	1,243	404,093	406,989

1) Trade and other liabilities do not include prepayments because this analysis is only required for financial instruments.
2) The classification in this note is based on IAS 39. Financial lease liabilities are mainly outside the scope of IAS 39, but fall under application of IFRS 7. This is why financial lease liabilities are presented separately.
3) Trade and other payables do not include items other than financial liabilities because this analysis is only required for financial instruments.

4. Segment information

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

DNA's Consumer segment offers consumers diverse telecommunication services such as communication, information, safety and entertainment, including mobile phones and mobile phone subscriptions, broadband (mobile and fixed), data security services, TV services from connections to channel packages as well fixed telephone connections.

DNA's Corporate segment offers companies and communities nationwide, standardised and easy-to-use communication and data network solutions, including SMS, telecommunication and voice services, comprehensive solutions as well as services to domestic and international teleoperators.

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

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2013, foreign operations accounted for EUR 15.9 million (EUR 17.0 million) of the Group's net sales.

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

1 Jan-31 Dec 2013

EUR 1,000

Business segments	Consumer segment	Corporate segment	Group total
Net sales	593,429	173,003	766,431
EBITDA	133,259	57,486	190,745
Depreciation	97,524	49,571	147,094
Operating result, EBIT	35,736	7,915	43,651
Net financial items			-5,965
Share of associates' result			-33
Profit before tax			37,653
Profit for the period			28,924
Investments	91,151	34,988	126,138
Employees at end of year	1,104	459	1,563

1 Jan-31 Dec 2012

EUR 1,000

Business segments	Consumer segment	Corporate segment	Group total
Net sales	591,210	177,990	769,200
EBITDA	130,826	59,917	190,743
Depreciation	88,831	45,769	134,600
Operating result, EBIT	42,062	14,148	56,210
Net financial items			-7,860
Share of associates' results			-14
Profit before tax			48,336

Profit for the period			36,140	
Investments	96,620	36,763	133,383	
Employees at end of year	979	448	1,427	

5. Business combinations

On 6 September 2013, DNA Ltd acquired 100 per cent of the share capital of Digi Plus TV Oy. PlusTV, officially Digi TV Plus Oy, has provided terrestrial network pay-TV services to Finnish households since 2006. The consideration was paid in cash. In the interim report of 30 September 2013, the transferred assets and liabilities were preliminary recorded in the balance sheet. In this statement, the identifiable assets and liabilities have been recognised at their fair value at the acquisition date. The goodwill recognised is attributable to expected synergy benefits, the knowledge of the personnel transferred as well as future benefits expected from new customers acquired through the Plus-TV trademark.

Acquisition costs of EUR 1.3 million were included in other operating expenses. The acquired company's recorded net sales for 1 January to 31 December 2013 totalled EUR 60.8 million and operating profit was EUR 12.5 million. Had Plust-TV been consolidated from 1 January 2013, the consolidated income statement for the twelve months ended on 31 December 2013 would show a revenue of EUR 807.5 million and a profit of EUR 28.7 million. Net sales after the acquisition totalled EUR 19.7 million.

EUR 1,000	Fair value
Intangible assets	21,409
Property, plant and equipment	25
Deferred tax asset	22,531
Trade and other receivables	2,015
Cash and cash equivalents	6,302
Total assets	52,282
Deferred tax liabilities	4,817
Trade and other liabilities	12,312
Total liabilities	17,129
Net assets	35,153
Acquisition cost	46,391
Goodwill	11,238

6. Net sales

EUR 1,000	2013	2012
Sale of goods	110,489	100,391
Revenue from services	655,357	667,933
Revenue from construction contracts	585	875
Total	766,431	769,200

At the end of the period, the aggregate costs incurred and recognised profits from incomplete construction contracts (less recognised losses) totalled EUR 1.4 million (EUR 0.9 million). Progressed billings in relation to construction contracts were EUR 0.3 million (EUR 0.9 million).

In the consolidated financial statements for 2012, equipment sales from tie-in deals were included in Revenue from services and not Sale of goods. This has been corrected in the above note.

7. Other operating income

EUR 1,000	2013	2012
Gains on sale of property, plant and equipment	320	10
Rental income	689	1,122
Other income	1,395	1,251
Total	2,404	2,383

8. Other operating expenses

EUR 1,000	2013	2012
Maintenance expenses	31,974	31,378
Rental expenses	38,438	37,565
External services	8,017	4,500
Other expenses	44,016	38,459
Total	122,445	111,902

Auditor fees

	2013	2012
PricewaterhouseCoopers Oy		
Audit fees	254	249
Tax services	85	30
Other services	1,132	330
	1,472	608

Other expenses include costs of investigating the possibility of broadening the ownership base of the company.

9. Depreciation and amortisation

EUR 1,000	2013	2012
Depreciation and amortisation expenses consist of the following:		
Intangible assets		
Customer base	8,480	8,266
Brand	1759	1000
Other intangible assets	26,951	22,151
Total	37,189	31,417
Property, plant and equipment		
Buildings and constructions	2,100	2,034
Machinery and equipment	107,806	101,149
Total	109,905	103,183

10. Employment benefits and number of personnel

EUR 1,000	2013	2012
Wages and salaries	69,386	62,543
Pension expenses – defined contribution plan	12,217	11,803
Pension expenses – defined benefit plan	-203	40
Employee share option scheme: granted options	141	-159
Other personnel expenses	3,886	3,045
Total	85,427	77,272

Number of personnel, average		
Consumer business	1,052	853
Corporate business	454	432
Total	1,506	1,285

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

11. Financial income

EUR 1,000	2013	2012
Interest income from loans and other receivables	1,208	1,505
Dividend income on available-for-sale investments	2	4
Total	1,210	1,509

12. Financial expense

EUR 1,000	2013	2012
Derivative fair value change, outside hedge accounting	-107	1,301
Interest expense on financial liabilities	7,282	8,067
Total	7,175	9,368

Other comprehensive income

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

	2013				2012			
	Transferred to profit or loss before tax	Change in fair value	Tax effect	Other comprehensive income, net of tax	Transferred to profit or loss before tax	Change in fair value	Tax effect	Other comprehensive income, net of tax
Cash flow hedges	754	54	-162	647	402	-1,274	214	-658
Total	754	54	-162	647	402	-1,274	214	-658

13. Income tax

EUR 1,000	2013	2012
Income tax, current year	-14,613	-17,540
Income tax, previous years	43	87
Change in deferred tax	5,842	5,256
Total	-8,729	-12,197

Reconciliation of the income statement tax expense and the Group's taxes calculated at the domestic tax rate of 24,5 per cent:

Profit before tax	37,653	48,336
Income tax at Finnish tax rate 26%	-9,225	-11,842
Tax effects of:		
Tax exempt profits	49	2
Non-deductible expenses	-735	-421
Taxes from prior years	43	87
Tax losses of which no deferred income tax asset was recognised	-411	-50
Different tax rate of subsidiary	-8	27
Share of associated companies' results net of tax	-8	0
Re-measurement of deferred tax - change in tax rate	1,566	0
Tax charge	-8,729	-12,197

On 17 December 2013, the Finnish Parliament approved the Government proposal on changing the corporate income tax rate from 24.5 per cent to 20.0 per cent. As a result, deferred tax has been remeasured and any deferred tax liability expected to reverse during or after 2014 has been measured at the tax rate of 20.0 per cent.

14. Earnings per share

EUR 1,000	2013	2012
Profit attributable to the equity holders of the company, continuing operations (EUR 1,000)	28,924	36,140
Weighted average number of shares (thousands)	8,479	8,714
Basic earnings per share (euros/share), continuing operations	3.41	4.15

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

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
At 1 January 2012						
Cost	509	31,419	835,369	873	64,984	933,154
Accumulated depreciation at 1 January	0	-8,897	-508,894			-517,791
Net book amount	509	22,522	326,475	873	64,984	415,362
Year ended 31 December 2012						
Opening net book amount	509	22,522	326,475	873	64,984	415,362
Additions and transfers		151	121,309		-28,373	93,087
Business combinations (note 5)			524			524
Disposals			-596			-596
Accumulated depreciation relating to disposals			332			332
Depreciation charge		-2,034	-101,149			-103,183
Closing net book amount	509	20,640	346,895	873	36,611	405,526
At 31 December 2012						
Cost	509	31,570	956,606	873	36,611	1,026,169
Accumulated depreciation		-10,931	-609,711			-620,642
Net book amount	509	20,640	346,895	873	36,611	405,526
At 1 January 2013						
Cost	509	31,570	956,606	873	36,611	1,026,169
Accumulated depreciation		-10,931	-609,711			-620,642
Net book amount	509	20,640	346,895	873	36,611	405,526
Year ended 31 December 2013						
Opening net book amount	509	20,640	346,895	873	36,611	405,526
Additions and transfers	21	935	99,328		-3,523	96,761
Business combinations (note 5)			24			24
Disposals		-28	-495			-523
Accumulated depreciation relating to disposals		15	402			417
Depreciation charge		-2,100	-107,806			-109,905
Closing net book amount	530	19,461	338,349	873	33,088	392,299
At 31 December 2013						
Cost	530	32,477	1,055,464	873	33,088	1,122,431
Accumulated depreciation		-13,016	-717,115			-730,131
Net book amount	530	19,461	338,349	873	33,088	392,299

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

EUR 1,000		
Property, plant and equipment	2013	2012

Cost - capitalised finance leases	85,470	84,799
Accumulated depreciation	83,942	82,242
Net book amount	1,528	2,557

16. Intangible assets

EUR 1,000	Goodwill	Customer base	Brand	Other intangible assets	Total
At 1 January 2012					
Cost	324,883	82,913	28,982	207,352	644,130
Accumulated amortisation and impairment at 31 Dec	-104,479	-23,213	-1,449	-164,280	-293,421
Net book amount	220,404	59,700	27,533	43,072	350,062
Year ended 31 December 2012					
Opening net book amount	220,404	59,700	27,533	43,072	350,062
Additions				33,236	33,236
Business combination (note 5)	676				676
Disposals				-15	-15
Accumulated amortisation relating to disposals				9	9
Amortisation charge		-8,266	-1000	-22,151	-31,417
Closing net book amount	221,080	51,434	26,533	54,151	353,198
At 31 December 2012					
Cost	325,559	82,913	28,982	240,573	678,027
Accumulated amortisation and impairment	-104,479	-31,479	-2,449	-186,422	-324,830
Net book amount	221,080	51,434	26,533	54,151	353,198
At 1 January 2013					
Cost	325,559	82,913	28,982	240,573	678,027
Accumulated amortisation and impairment	-104,479	-31,479	-2,449	-186,422	-324,830
Net book amount	221,080	51,434	26,533	54,151	353,198
Year ended 31 December 2013					
Opening net book amount	221,080	51,434	26,533	54,151	353,198
Additions				57,619	57,619
Business combination (note 5)	11,238			21,409	32,647
Disposals				-121	-121
Accumulated amortisation relating to disposals				88	88
Amortisation charge		-8,480	-1759	-26,951	-37,189
Closing net book amount	232,318	42,955	24,774	106,195	406,241
31 December 2013					
Cost	336,797	82,913	28,982	319,480	768,172
Accumulated amortisation and impairment	-104,479	-39,958	-4,208	-213,285	-361,930
Net book amount	232,318	42,955	24,774	106,195	406,241

Goodwill allocation

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

EUR 1,000	2013	2012

Consumer	180,723	169,485
Corporate	51,595	51,595
Total	232,318	221,080

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 an annual impairment testing. Apart from goodwill, 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 each CGU is defined as the value in use according to the projected discounted cash flows (the DSC method). Cash flow projections are based on the 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 12.1–13.2 per cent depending on the segment. The growth rate forecasted after five years was assumed to be 2.0 per cent.

The impairment test indicated that the recoverable amounts of the CGUs exceeded their balance sheet values and their goodwill have not been impaired. 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.
A risk premium was added to the WACC due to uncertain and changing market conditions. The CGU-specific WACC risk premiums used in testing were based on the differences in risks in the projected cash flows, e.g. relating to relative differences in growth projections. The risk premiums have been reduced year-on-year due to there being less uncertainties.

Applied parameters and sensitivity analysis

Applied parameters in testing 2013

	Consumer segment	Corporate segment
Applied forecast parameters	2013	2013
Amount by which the book value is exceeded, EUR million	98	170
Average growth in net sales, %	3.4	6.6
Average operating margin, % *	22.8	35.9
Average investment, % of net sales *	12.4	18.1
Growth after the forecast period, %	2.0	2.0
WACC, %	12.1	13.2

* Five-year forecast period average

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

	Consumer segment	Corporate segment
Sensitivity analysis of forecast parameters	2013	2013

Average EBITDA, % of net sales	-0.9	-5.3
WACC, %	1.6	8.8

Applied parameters in testing 2012

	Consumer segment	Corporate segment
Applied forecast parameters	2012	2012
Amount by which the book value is exceeded, EUR million	190	175
Average growth in net sales, %	3.2	5.5
Average operating margin, % *	23.6	36.8
Average investment, % of net sales *	13.5	18.7
Growth after the forecast period, %	2.0	2.0
WACC, %	11.5	12.7

* Five-year forecast period average

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

	Consumer segment	Corporate segment
Sensitivity analysis of forecast parameters	2012	2012
Average EBITDA, % of net sales	4.3	-13.9
WACC, -%	3.0	8.3

17. Investments in associates

EUR 1,000	2013	2012
At 1 January	1,784	1,147
Share of the profit or loss for the financial period	-33	-14
Additions	407	655
Decreases	-16	-4
At 31 December	2,142	1,784

There was no goodwill related to associated companies in 2013 and 2012.

Financial information about the Group's associated companies, including assets, liabilities, net sales as well as the Group's share of the results.

EUR 1,000

2013	Domicile	Assets	Liabilities	Net sales	Share of profit/loss	Group holding
Suomen Numerot Numpac Oy	Helsinki	618	208	1,305	20	25%
Booxmedia Oy	Helsinki	612	33	465	-139	27%
Kiinteistö Oy Otavankatu 3	Pori	2,500	84	300	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	344	5	41	0	38%

2012	Domicile	Assets	Liabilities	Net sales	Share of profit/loss	Group holding
Suomen Numerot Numpac Oy	Helsinki	715	349	1,305	20	25%
Booxmedia Oy	Helsinki	520	26	153	-34	20%
Kiinteistö Oy Otavankatu 3	Pori	2,465	113	229	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	334	6	51	0	38%

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

18. Available-for-sale financial assets

EUR 1,000	2013	2012
Shares in non-listed companies	215	215
Total	215	215

Reconciliation of available-for-sale financial assets		
At 1 January	215	157
Additions	0	58
At 31 December	215	215

19. Receivables

EUR 1,000	2013	2012
Non-current receivables		
Trade and other receivables:		
Trade receivables	35,089	17,642
Accruals 1)	2,297	1,658
Receivables from construction contracts	315	901
Other non-current receivables	1,034	1,033
Total non-current receivables	38,735	21,233
Current receivables		
Trade and other receivables:		
Trade receivables	148,398	155,503
Accruals 1)	6,904	10,902
Income tax receivables	820	442
Other current receivables	3,879	1,304
Total	160,001	168,151

1) Accruals consist of: trade payables EUR 8.2 million (EUR 8.9 million), TYEL prepayment EUR 0 million (EUR 0.7 million) and other EUR 1.0 million (EUR 2.2 million).

The Group has recognised a receivable impairment loss of EUR 8.9 million (EUR 7.2 million) during the period. Impairment is performed on receivables older than 180 days. Non-current receivables are measured at fair value. Fair value of current loans and other receivables corresponds to book value as the effect of discounting is not material considering the maturity.

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

	2013	2012
At 1 January	14,461	9,333
Provision for impairment of receivables	6,790	6,532
Receivables written off during the year as uncollectible	-11,880	-1,404
At 31 December	9,370	14,461

20. Deferred tax assets and liabilities

EUR 1,000

Specification of deferred tax

Deferred tax assets 2013	1 Jan	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	31 Dec
Financial assets	306	-56	-162			88
Provisions	2,596	-752	-17			1,827
Finance lease agreements	735	-220				515
Group eliminations	16,305	-5,411				10,894
Confirmed loss	0	-4,133			22,504	18,371
Other temporary differences	0	123			30	153
Total	19,941	-10,450	-179	0	22,534	31,847

Deferred tax liabilities 2013	1 Jan	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	31 Dec
Fair value of assets through business combinations	38,626	-14,937			4,817	28,507
Accelerated depreciation	7,493	-891				6,601
Other temporary differences	4,316	-463				3,853
Total	50,435	-16,291	0	0	4,817	38,961

Deferred tax assets 2012	1 Jan	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	31 Dec
Financial assets	92		214			306
Provisions	1,623	768	205			2,596
Finance lease agreements	910	-175				735
Group eliminations	19,277	-2,972				16,305
Other temporary differences	91	-91				0
Total	21,993	-2,470	419	0	0	19,941

Deferred tax liabilities 2012	1 Jan	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	31 Dec
Fair value of assets through business combinations	45,088	-6,462				38,626
Accelerated depreciation	8,374	-881				7,493
Other temporary differences	4,698	-382				4,316

Total	58,161	-7,726	0	0	0	50,435

21. Inventories

EUR 1,000	2013	2012
Materials and supplies	20,806	17,741
Total	20,806	17,741

22. Cash and cash equivalents

EUR 1,000	2013	2012
Cash and bank deposits	27,055	8,224
Total	27,055	8,224

23. Shareholders' equity

EUR 1,000	Number of shares (thousands)	Share capital	Unrestricted equity reserve
At 1 January 2012	9,611	72,702	605,927
Transfer, treasury share acquisition			852
At 31 December 2012	9,611	72,702	606,779
At 1 January 2013	9,611	72,702	606,779
At 31 December 2013	9,611	72,702	606,779

Number of shares include 1,132,144 treasury shares.
DNA Oy has one type of share. The total number of shares is 9,610,676 (9,610,676). The shares do not have a nominal value. DNA Oy's share capital amounts to EUR 72,702,226. All issued shares have been paid in full.

Shareholders' equity reserves are described as follows:

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

	2013	2012
Hedge fund	-292	-939
Total	-292	-939

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 30,014,003.28 (EUR 35,016,337.16).

Treasury shares

Treasury shares are presented separately in equity.

Date	Number of shares	Acquisition cost
1 January 2012	7,500	875,610.75
16 March 2012	1,116,896	101,804,978.94
20 July 2012	2,500	172,466.00
19 December 2012	5,248	693,155.84
31 December 2012	1,132,144	103,546,211.53
1 January 2013	1,132,144	103,546,211.53
31 December 2013	1,132,144	103,546,211.53

24. Share-based payments

Conditions of the share-based incentive scheme

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

Option scheme

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

Option scheme

Classification	2010A	2010B
Target group	Management and key personnel	Management and key personnel
Granting date	10/03/10	01/03/11
Amount of granted instruments	50,000	58,000
Share price at granting date	EUR 97.00	EUR 98.66
Subscription period	02 Jan 2013-30 April 2015	02 Jan 2014-30 April 2016
Expected life (years)	5 years	5 years
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Share options outstanding

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

Number of shares	2013	2012
On 1 January	88,000	108,000
Granted options		
Forfeited options	26,000	20,000
Exercised options		
Expired options		
On 31 December	62,000	88,000

There were no new options granted in 2013.

25. Defined benefit plan

The Group adopted the amended IAS 19 standard as of 1 January 2013. The effects are specified under “New and amended standards adopted by the Group".

DNA Group's employee pensions are managed by external insurance companies. The TyEL pension insurances are managed as defined contribution plans in the pension insurance companies. DNA also has additional defined benefit plans for some employees. These plans are based on the final salary, and the persons covered receive a supplementary pension at the defined level. The size of the benefit at retirement is determined by factors such as years of service and compensation earned while in employment.

The liability recognised in the balance sheet for the defined benefit plans is determined as follows:

1,000 €	2013	2012
Liability recognised in the balance sheet:		
Funded defined benefit obligation	5,982	6,689
Fair value of plan assets	-4,485	-4,956
Surplus/deficit	1,496	1,733
Liability recognised in the balance sheet	1,496	1,733

	Present value of obligation	Fair value of plan assets	Total
1 January 2012 (adjusted)	5,439	-4,467	972
Current service cost	40		40
Interest cost/income	250	-203	47
	290	-203	87
Remeasurements recognised:			
Return on plan assets, excluding interest cost/income		-428	-428
Changes in financial assumptions	1367		1,367
Experience adjustments	-102		-102
	1265	-428	837
Contributions:			
Contribution paid by employer		-163	-163
Expenses recognised:			
Benefits paid	-305	305	0
31 December 2012 (adjusted)	6,689	-4,956	1,733
1 January 2013	6,689	-4,956	1,733
Current service cost	64		64
Interest cost/income	196	-146	50
	260	-146	114
Remeasurements recognised:			
Return on plan assets, excluding interest cost/income		123	123
Changes in financial assumptions	-112		-112
Experience adjustments	-95		-95
	-207	123	-84

Contributions:			
Contribution paid by employer		177	177
Benefits paid:			
Benefits	-316	316	0
Settlements	-444		-444
31 December 2013	5,982	-4,486	1,496

Principal actuarial assumptions:

	2013	2012
Discount rate	3.10%	3.00%
Rate of inflation	2.00%	2.00%
Rate of salary increase	3.50%	3.50%
Rate of benefit increase	2.10%	2.10%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into a weighted average life expectancy in years for a pensioner at the retirement age of 65 as follows:

	Men	Women
Plan participants retiring at the end of the financial year	19.0	24.7
Plan participants retiring 20 years after the end of the financial year	20.6	26.4

The main actuarial assumptions (expresses as weighted averages):

	Effect to defined benefit		
	Change in assumption	Increase	Decrease
Discount rate	0.50%	-6.4%	7.1%
Rate of salary increase	0.50%	1.1%	-1.0%
Rate of benefit increase	0.50%	5.7%	-5.2%
			Addition of one year
Life expectancy			4.6%

The above sensitivity analysis is based on a method where one actuarial assumption changes but the others remain unchanged. In practice, this is unlikely, and some changes in assumptions may be correlated.
The sensitivity analysis of the benefit based liability for each main actuarial assumption has been calculated with the same method used to calculate the liability recognised in the balance sheet (present value at period end calculated using the projected unit credit method).

The Group is subject to several risks in relation to the defined benefit plans, the most significant of which are described below.

Changes in the yield of bonds

According to the employer's IFRS reporting practice, the employer's obligations and liabilities depend on the yield of bonds on the reporting date. Decrease in yields increases liabilities and the payment obligation of pension benefits calculated according to IAS 19. However, since the employer is not subject to an investment risk in relation to the assets covering the liabilities, an increase in the yield of bonds will also have an effect on reported assets.

Inflation risk

The benefits paid in the plan are tied to the TyEL index, which depends on inflation (80 per cent) an a general salary index (20 per cent). High inflation increases the TyEL index, which in turn increases liabilities (IFRS) and annual contributions to the insurance company.

Salary risk

If the salary of an employer increases by more than the general salary index, the size of benefit will increase, which in turn will increase the benefit obligation, which increases the risk of higher contributions payable by the employer.

Longevity risk

As regards the longevity risk, the insurance company carries the risk related to actual life expectancy deviating from the expected life expectancy. According to IFRS, changes in life expectancy have an impact on the employer's obligations. The employer's risk in terms of changes in life expectancy only applies to future costs, whereas the insurance company carries the risk for benefits accrued by the change date.

Expected contributions to the post-employment benefit plan in 2014 are expected to total EUR 163,000.

The weighted average duration of the defined benefit obligation was 14 years.

Non-discounted pension benefits are expected to mature as follows:

1,000 €	Pension benefits
Less than 1 year	320
1-5 years	1,605
5-10 years	1,432
10-15 years	1,365
15-20 years	1,118
Yli 20 years	3,512
Total	9,351

26. Provisions

EUR 1,000	1 Jan 2013	Additions	Provisions used	Provisions released	Discount effect	31 Dec 2013
Decommissioning provisions	6,519		-195		486	6,810
Restructuring provisions	1,449	0	-1,244	0		205
Onerous contracts	1,073	0	-302	0	-4	767
	9,041	0	-1,741	0	482	7,782

EUR 1,000	2013	2012
Non-current provisions	7,579	8,053
Current provisions	203	987
Total	7,782	9,041

Restructuring provisions

At the end of March 2012, personnel were informed of the reorganisation of DNA's business structure, resulting in the initiation of cooperation negotiations on 10 April 2012 that involved the entire staff of DNA Ltd. A EUR 3.2 million provision was recognised due to the negotiations. At the completion of the cooperation negotiations, a reversal of EUR 0.7 was realised. The provision related to termination costs was realised during 2012-2013. The financial statements of 31 December 2013 only include a provision for unemploymentinsurance costs relating to terminated employee contracts.

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 restructurings, 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 2014 and 2020.

27. Financial liabilities

EUR 1,000	2013	2012
Non-current interest-bearing liabilities		
Loans from financial institutions	118,658	165,771
Other loan commitments	105,408	12,138
Finance lease liabilities	1,780	3,028
Total	225,845	180,937
Current interest-bearing liabilities		
Loans from financial institutions	47,113	28,875
Other loan commitments	79,146	54,249
Finance lease liabilities	1,619	1,841
Total	127,879	84,965

Finance lease liabilities	2013	2012
EUR 1,000		
Finance lease liabilities – minimum lease payments		
No later than 1 year	1,645	1,876
Later than 1 year and no later than 5 years	1,654	2,876
Later than 5 years	311	480
Total	3,610	5,232
Future finance charges of finance leases	-211	-364
Present value of finance lease payments	3,399	4,868
Finance lease liabilities – present value of minimum lease payments		
No later than 1 year	1,619	1,841
Later than 1 year and no later than 5 years	1,558	2,682
Later than 5 years	221	346
Total	3,398	4,869
Total finance lease liabilities	3,610	5,232

28. Trade payables and other liabilities

EUR 1,000	2013	2012
Current financial liabilities carried at amortised acquisition cost		
Trade payables	50,456	72,939
Accrued expenses 1)	53,018	37,412
Advances received	22,261	17,850
Other current liabilities	7,091	7,261
Total current liabilities	132,825	135,461

1) Accrued expenses consist of: Holiday pay and bonuses including social expenses totalling EUR 15.6 million (EUR 14.2 million), interest expenses EUR 0.9 million (EUR 1.2 million), as well as other accrued operative expenses EUR 36.6 million (EUR 22.1 million).

29. Fair value of financial liabilities

Non-current financial liabilities

	2013		2012	
EUR 1,000	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	118,658	118,674	165,771	165,959
Other loan commitments	105,408	104,542	12,138	13,124
Financial lease agreements	1,780	1,780	3,028	3,028
Total	225,845	224,996	180,937	182,111

Current financial liabilities

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	47,113	47,109	28,875	28,938
Other loan commitments	79,146	79,230	54,249	54,338
Financial lease agreements	1,619	1,619	1,841	1,841
Total	127,877	127,958	84,965	85,117

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. The fair value of financial lease agreements do not materially differ from their carrying amount.

30. Derivative financial instruments

2013					
EUR million					
			< 1 year	1–5 years	> 5 years
Derivatives, outside hedge accounting					
Interest rate swaps		Nominal value	-	-	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	-	-
Derivatives, hedge accounting					
Interest rate swaps		Nominal value	-	68.0	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.5	-

In 2013, DNA applied cash flow hedge accounting using an interest rate swap at a nominal value of EUR 80.0 million (EUR 90.0 million). One of the interest rate swaps under hedge accounting is reduced every six months as repayments are made. Testing for hedge effectiveness showed the hedge to be effective. All swap agreements outstanding at the end of 2013 were included in hedge accounting. All derivatives not fulfilling the hedge accounting criteria were closed.

2012					
EUR million					
			< 1 year	1–5 years	> 5 years
Derivatives, outside hedge accounting					
Structured interest rate swaps		Nominal value	-	30	10
	Positive	Fair value	-	-	-
	Negative	Fair value	-	1.6	0.1
Derivatives, hedge accounting					
Interest rate swaps		Nominal value	-	80.0	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	1.2	-

Derivative 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

2013			
Fair value measurement	Level 1	Level 2	Level 3
Interest rate swaps	-	-0.5	-

2012			
Fair value measurement	Level 1	Level 2	Level 3
Interest rate swaps	-	-2.9	-
At year end, the Group had no derivative agreements subject to a netting arrangement.			
However, the Group did have derivative agreements during the year subject to a netting agreement.			

31. Operating lease agreements

EUR 1,000	2013	2012
Group as lessee		
Minimum lease amounts paid on the basis of non-voidable operating lease agreements		
Within one year	29,013	29,681
Longer than one year but no more than five years	20,762	19,084
After five years	6,766	8,718
Total	56,541	57,483

The Group leases premises, telecommunication premises, masts, vehicles etc. The lease periods are 1–6 years and normally include the opportunity to continue the agreement after the original end date. The 2013 income statement includes paid operating lease expenses of EUR 38.4 million (EUR 38.3 million). Relating to operating leases, the Group has made a provision of EUR 0.7 million (EUR 0.8 million). For more information see note 26 Provisions.

32. Guarantees and contingent liabilities

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

33. Related party transactions

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

Group structure 2013

Company	Country	Share of ownership	Share of votes
DNA Kauppa Oy	Finland	100%	100%
Digi TV Plus Oy	Finland	100%	100%
Huuked Labs Oy	Finland	100%	100%
Forte Netservices Oy	Finland	100%	100%
Forte Netservices OOO	Russia	100%	100%
The wholly owned subsidiary Forte Groupservices Oy was incorporated into DNA Ltd on 31 May 2013.			

Listing of associated companies is presented in note 17.

The following related party transactions were carried out:

EUR 1,000	Sales	Purchases	Receivables	Liabilities
2013				
Organisations exercising significant influence	50	4,338	3	34
Associated companies		518		80
2012				
Organisations exercising significant influence	87	5,086	9	285
Associated companies	0	261	0	22

Management employee benefits

Company management comprises the Board of Directors and the management team.

EUR 1,000	2013	2012
Salaries and other short-term employee benefits	2,852	2,896
Termination benefits	0	133
Post-employment benefits	602	680
Share-based benefits	-141	-102
Total	3,313	3,607

No share options were granted in 2013. The management option rights include the same conditions as options granted to other personnel. The fair value of the options is presented in note 24 Share-based payments.

(1,000)	2013	2012

Granted options	58	73
of which exercisable		
Forfeited options	26	15
Total number of shares management options entitle	32	58

EUR 1,000	2013	2012
Salaries and commissions:		
CEOs	1,242	856
Members and deputy members of the Board of Directors	494	457

Management's and CEOs' pension commitments

Members of the Group management are entitled to defined benefit pension at the age of 62 and the CEO and deputy CEO of the parent company at the age of 60. They have supplementary defined contribution plans.

34. Events after the balance sheet date

DNA Group will reorganise its business operations, and some of the TV and fixed broadband business of DNA Ltd will be transferred to Digi TV Plus Oy. As a result, DNA Ltd's net sales and operating result are expected to decrease. This will not have an effect on the figures at the Group level. There were no other significant events after the balance sheet date.

35. Shares and shareholders

Shareholders 31 December 2013	%
Private companies	96.5%
Public companies	3.5%

Shareholder information	Number of shares	% of shares and votes
Finda Oy	4,230,787	49.9%
PHP Holding Oy	3,184,425	37.6%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	424,689	5.0%
Anvia Oyj	294,312	3.5%
Lohjan Puhelin Oy	220,877	2.6%
Muut omistajat	123,442	1.5%

36. Changes in acconting principles

The Group has adopted the amended IAS 19 Employee Benefits as of 1 January 2013. The amendments to IAS 19 have been applied retrospectively according to IAS 8.

Adoption of IAS 19 (amended 2011)

The amendment to IAS 19 Employee Benefits affects the recognition, measurement and presentation of post-employment benefits, as well as the presentation of information in financial statements. The revised standard eliminates the use of the corridor approach and requires that actuarial gains and losses are recognised in other comprehensive income as they occur. Unrecognised actuarial gains and losses have been recognised in the balance sheet of the comparable period of 1 January 2012. The figures for the comparable period of 2012 have been adjusted to comply with the amended standard. The standard also requires that the net interest on the net defined benefit liability (asset) is defined by the discount rate specified at the start of the financial period. As a result, expected return of plan assets is no longer recorded.

Impact of the change in accounting policy:

	As at 31 December 2012 (previously staded)	Adopt IAS 19	As at 31 December 2012 (restated)	As at 1 January 2012 (previously stated)	Adopt IAS 19	As at 1 January 2012 (restated)
Assets						
Non-current assets						
Goodwill	221,080		221,080	220,404		220,404
Other intangible assets	132,118		132,118	129,658		129,658
Property, plant and equipment	405,526		405,526	415,362		415,362
Shares in associated companies	1,784		1,784	1,147		1,147
Available-for-sale financial assets	215		215	157		157
Trade and other receivables	21,233		21,233	16,582		16,582
Deferred income tax assets	19,564	377	19,941	21,805	188	21,993
	801,520	377	801,897	805,115	188	805,303
Current assets						
Inventories	17,741		17,741	13,998		13,998
Trade and other receivables	167,709		167,709	171,018		171,018
Income tax receivable	442		442	0		0
Cash and cash equivalents	8,224		8,224	28,448		28,448
	194,116		194,116	213,464		213,464
Total assets	995,636	377	996,013	1,018,579	188	1,018,767

	As at 31 December 2012 (previously staded)	Adopt IAS 19	As at 31 December 2012 (restated)	As at 1 January 2012 (previously stated)	Adopt IAS 19	As at 1 January 2012 (restated)

Equity and liabilities						
Equity attributable to equity holders of the company						
Share capital	72,702		72,702	72,702		72,702
Hedge fund	-939		-939	-280		-280
Unrestricted equity reserve	606,779		606,779	605,927		605,927
Treasury shares	-103,546		-103,546	-876		-876
Retained earnings	-82,127	-1,213	-83,340	-88,061	-581	-88,641
Profit for the period	36,136	4	36,140	35,796		35,796
Total equity	529,006	-1,209	527,797	625,208	-581	624,627
Liabilities						
Non-current liabilities						
Borrowings	180,937		180,937	135,099		135,099
Retirement benefit obligations	147	1,586	1,733	203	769	972
Provisions for other liabilities	8,053		8,053	5,740		5,740
Derivative financial instruments	2,896		2,896	724		724
Deferred tax liabilities	50,435		50,435	58,161		58,161
Other non-current liabilities	2,730		2,730	1,397		1,397
	245,199	1,586	246,785	201,324	769	202,093
Current liabilities						
Borrowings	84,965		84,965	46,502		46,502
Provisions for other liabilities	987		987	116		116
Trade and other liabilities	135,461		135,461	144,546		144,546
Income tax liability	18		18	884		884
	221,432		221,432	192,048		192,048
Total liabilities	466,631	1,586	468,217	393,372	769	394,141
Total equity and liabilities	995,636	377	996,013	1,018,579	188	1,018,767

Impact of the change in accounting policy on the consolidated income statement:

	For period ended 31 December 2012 as presented	Adopt IAS 19	For period ended 31 December 2012 (restated)
Net sales	769,200		769,200
Other operating income	2,383		2,383
Materials and services	-391,599		-391,599
Employee benefit expenses	-77,339	67	-77,272
Depreciation	-134,600		-134,600
Other operating expense	-111,902		-111,902
Operating profit	56,143	67	56,210
Finance income	1,509		1,509
Finance expense	-9,321	-47	-9,368
Share of associated companies' profit	-14		-14

Profit before income tax	48,316	20	48,336
Income tax expense	-12,180	-17	-12,197
Profit for the period	36,136	4	36,140
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		-632	-632
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	-658		-658
Other comprehensive income for the year, net of tax	-658	-632	-1290
Total comprehensive income for the period	35,478	-628	34,850

Impact of the change in accounting policy on the statement of changes in equity:

	Share capital	Hedge fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Total equity
Balance as at 1 January 2012 as previously reported	72,702	-280	605,927	-876	-52,265	625,208
Effect of changes in accounting policies					-581	-581
Balance as at 1 January 2012 as restated	72,702	-280	605,927	-876	-52,846	624,627
Profit for the period as previously reported					36,136	36,136
Effect of changes in accounting policies					4	4
Profit for the period as restated					36,140	36,140
Other comprehensive income for the period as previously reported		-658				-658
Effect of changes in accounting policies					-632	-632
Other comprehensive income for the period as previously reported		-658			-632	-1,290
Total comprehensive income for the period as previously reported		-658			36,136	35,478
Effect of changes in accounting policies					-628	-628
Total comprehensive income for the period as restated		-658			35,508	34,850
Total contributions by and distributions to owners of the parent, recognised directly in equity*			852	-102,671		-101,819
Balance as at 31 December 2012 as previously reported					-29,861	-29,861
Effect of changes in accounting policies						
Balance as at 31 December 2012 as restated	72,702	-939	606,779	-103,547	-47,198	527,796

* The change in accounting policy did not affect these items

Parent company income statement, FAS

EUR 1,000

Income statement

	Note	1 Jan - 31 Dec 2013		1 Jan - 31 Dec 2012	
Net sales	1		743,799		769,155
Other operating income			3,405		3,758
Materials and services					
Purchases		93,273		69,220	
Change in inventory		-15,739		-1,703	
External services		304,568	382,102	349,391	416,908
Employee expenses					
Salaries and commissions		63,254		57,537	
Social expenses					
Pensions		11,053		10,980	
Other social expenses		3,940	78,247	3,305	71,822
Depreciation and impairments	2				
Depreciation according to plan			125,004		113,022
Other operating expenses	3		120,186		106,545
Operating profit			41,667		64,617
Financial income and expense	4				
Income from other investments		2		4	
Other interest and financial income		530		650	
Interest and other financial expenses		8,203	-7,671	8,170	-7,516
Profit before extraordinary items			33,996		57,101
Extraordinary income	5		8,825		7,018
Profit before appropriations and tax			42,821		64,119

Appropriations	6	5,491	3,597
Income taxes	7	14,524	16,560
Profit for the financial period		33,787	51,155

Parent company balance sheet, fas

EUR 1,000

Assets	Note	31 Dec 2013		31 Dec 2012	
Non-current assets					
Intangible assets	8				
Development costs		335		736	
Goodwill		479		857	
Intangible rights		99,408		79,311	
Other capitalised expenditure		40,559	140,780	39,340	120,244
Property, plant and equipment	8				
Land and water		530		509	
Buildings and constructions		8,528		8,628	
Machinery and equipment		285,026		276,726	
Other tangible assets		873		873	
Advances paid and construction in progress		32,943	327,900	36,604	323,340
Investments	9				
Holdings in Group companies		66,263		26,012	
Shares in associated companies		2,053		1,646	
Other shares and holdings		1,427	69,743	1,427	29,086
Total non-current assets			538,423		472,670
Current assets					
Inventory					
Materials and supplies			20,693		4,953
Receivables					
Non-current receivables					
Trade receivables		35,089		17,642	
Other receivables		4,664		2,790	
Deferred tax asset	18	815	40,568	1,226	21,658
Current receivables					
Trade receivables		144,107		149,454	
Receivables from Group companies	10	9,132		25,103	
Other receivables		728		1,752	
Accrued income and deferred expense	11	9,655	163,622	8,257	184,567

Cash and cash equivalents			25,569		6,494
Total current assets			250,452		217,672
Total assets			788,875		690,342
Equity and liabilities			31 Dec 2013		31 Dec 2012
Shareholders' equity	12				
Share capital			72,702		72,702
Unrestricted equity reserve			85,603		85,603
Retained earnings			47,053		30,914
Profit for the financial period			33,787		51,155
Total shareholders' equity			239,145		240,374
Appropriations	13		32,977		38,468
Provisions	14		4,073		5,005
Liabilities					
Non-current liabilities					
Loans from financial institutions	15	226,454		178,138	
Advances received		407		470	
Other non-current liabilities		22,466	249,327	2,260	180,868
Current liabilities					
Loans from financial institutions		126,384		83,249	
Advances		15,678		16,559	
Trade payables		47,908		69,530	
Liabilities to Group companies	16	23,209		16,279	
Other current liabilities		5,315		4,144	
Accruals	17	44,859	263,353	35,865	225,627
Total liabilities			512,680		406,495
Total equity and liabilities			788,875		690,342

Parent companyt cash flow statement, FAS

Cash flow statement		
EUR 1,000	Parent company	Parent company
	1.1 - 31.12.2013	1.1 - 31.12.2012
Cash flows from operations		
Profit for the period	33,787	51,155
Adjustments*)	137,386	127,277
Change in working capital	-20,152	5,454
Interest paid	-6,348	-6,661
Interest received	438	628
Taxes paid	-14,491	-18,419
Net cash flow from operations (A)	130,621	159,435
Cash flows from investments		
Investments in tangible and intangible assets	-123,150	-130,323
Tangible assets capital gain	273	77
Acquired subsidiaries and business transfers	-48,076	-1,855
Other investments	2,700	-672
Total cash flows from investments (B)	-168,253	-132,773
Cash flows from financing		
Dividend distribution	-35,016	-29,702
Treasury shares	0	-102,671
Borrowing of interest-bearing liabilities	110,702	80,000
Repayments of interest-bearing liabilities	-33,445	-19,445
Commercial papers, net	24,898	24,910
Change in non-current receivables	-17,448	-4,660
Received and paid Group contribution	7,018	4,033
Total cash flows from financing (C)	56,708	-47,535
Change in liquid assets (A+B+C)	19,075	-20,874
Liquid assets on 1 January	6,494	27,368
Liquid assets on 31 December	25,569	6,494
Adjustments*)		
Depreciation	125,004	113,022
Other non-cash income and expense	-9,813	-9,821
Interest and other financial expense	7,671	7,516
Taxes	14,524	16,560
Total adjustments	137,386	127,277

Change in working capital:		
Change in trade receivables and other receivables	18,561	11,615
Change in inventory	-15,739	-390
Change in trade payables and other payables	-22,974	-5,771
	-20,152	5,454

Parent company accounting principles, FAS

Deferred tax

Deferred tax asset has been determined for temporary differences between tax bases of assets and their amounts in financial reporting using the tax rates effective for future years confirmed on the balance sheet date. The balance sheet includes the deferred tax asset at its estimated realisable amount. The deferred tax asset of EUR 814,525.84 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 the 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 2013.

Notes to the parent company financial statements

1. Net sales

2. Depreciation and amortisation

3. Other operating expenses

4. Financial income and expense

5. Extraordinary items

6. Appropriations

7. Direct taxes

8. Non-current assets

9. Investments

10. Receivables from group companies

11. Accrued income

12. Shareholders' equity

13. Accumulated appropriations

14. Obligatory provisions

15. Non-current liabilities

16. Liabilities to group companies

17. Accruals

18. Deferred tax liability/asset

19. Pledged assets and contingent liabilities

20. Group and parent company holdings

21. Statement of distributable earnings

1. Net sales

EUR 1,000	2013	2012
Domestic	728,762	752,503
Foreign	15,037	16,652
Total	743,799	769,155

During the financial period, parent company employed personnel on average

Total	1,392	1,189

2. Depreciation and amortisation

EUR 1,000	2013	2012
Depreciation of intangible assets	35,356	30,448
Depreciation of intangible and tangible assets	89,648	82,573
Total	125,004	113,022

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

3. Other operating expenses

EUR 1,000	2013	2012
Operating and maintenance costs	31,107	31,056
Rental costs	36,048	36,213
External services	7,139	4,256
Other cost items	45,892	35,020
Total	120,186	106,545

Auditor fees		
PricewaterhouseCoopers Oy		
Auditing fees	194	222
Tax consulting	85	30
Other fees	1,132	330

4. Financial income and expense

EUR 1,000	2013	2012
Dividends		
from associated companies	4	4
from others	2	4
Total dividends	6	8
Other interest and financial income		
Interest income from group companies	88	30
Interest income from others	438	628
Other financial income from others	0	18
Total other interest and financial income	526	676
Total financial income	532	684
Other interest and financial expense		
Interest expense	6,437	6,590
Other financial expense	1,767	1,610
Total other interest and financial expense	8,203	8,200
Total financial income and expense	-7,671	-7,516

5. Extraordinary items

EUR 1,000	2013	2012
Group contributions	8,825	7,018
Total	8,825	7,018

6. Appropriations

EUR 1,000	2013	2012
Difference between planned depreciation and depreciation for taxation	5,491	3,597
Total	5,491	3,597

7. Direct taxes

EUR 1,000	2013	2012
Direct taxes	14,156	17,209
Change in deferred tax asset	-43	-87
Change in deferred tax liability	412	-561
Total taxes	14,524	16,560

8. Non-current assets

EUR 1,000	2013	2012
Development costs		
Acquisition cost 1 January	3,323	2,818
Transfers between items	250	504
Acquisition cost 31 December	3,572	3,323
Accumulated amortisation 1 January	2,586	1,810
Amortisation for the financial period	651	776
Accumulated amortisation 31 December	3,238	2,586
Book value 31 December	335	736
Intangible rights		
Acquisition cost 1 January	174,011	166,210
Transfers between items	38,487	7,801
Acquisition cost 31 December	212,498	174,011
Accumulated amortisation 1 January	94,700	74,795
Amortisation for the financial period	18,391	19,905
Accumulated amortisation 31 December	113,091	94,700
Book value 31 December	99,408	79,311
Goodwill		
Acquisition cost 1 January	22,616	21,940
Transfers between items	0	676
Acquisition cost 31 December	22,616	22,616
Accumulated amortisation 1 January	21,759	21,347
Amortisation for the financial period	378	412
Accumulated amortisation 31 December	22,137	21,759
Book value 31 December	479	857
Other non-current intangible assets		
Acquisition cost 1 January	132,370	108,934
Transfers between items	17,155	23,436
Acquisition cost 31 December	149,525	132,370

Accumulated amortisation 1 January	93,030	83,675
Amortisation for the financial period	15,936	9,355
Accumulated amortisation 31 December	108,966	93,030
Book value 31 December	40,559	39,339
Land and water		
Acquisition cost 1 January	509	509
Transfers between items	21	0
Book value 31 December	530	509
Buildings and constructions		
Acquisition cost 1 January	12,980	12,828
Transfers between items	935	151
Disposals	-28	
Acquisition cost 31 December	13,886	12,980
Accumulated depreciation 1 January	4,351	3,396
Depreciation relating to transfers	-15	0.00
Depreciation for the financial period	1,021	956
Accumulated depreciation 31 December	5,358	4,351
Book value 31 December	8,528	8,628
Machinery and equipment		
Acquisition cost 1 January	674,944	557,717
Transfers between items	96,964	117,387
Disposals	-159	-161
Acquisition cost 31 December	771,748	674,944
Accumulated depreciation 1 January	398,218	241,019
Depreciation for the financial period	88,627	81,618
Depreciation relating to disposals	-123	75,582
Accumulated depreciation 31 December	486,722	398,218
Book value 31 December	285,026	276,726
Other tangible assets		
Acquisition cost 1 January	873	873
Acquisition cost 31 December	873	873

Advances paid and construction in progress		
Acquisition cost 1 January	36,604	64,974
Additions	150,150	131,569
Additions from business combinations	0	54
Disposals	0	-100
Transfers between items	-153,811	-159,893
Acquisition cost 31 December	32,943	36,604

9. Investments

EUR 1,000	2013	2012
Holdings in Group companies		
Book value 1 January	26,012	26,012
Increase	47,669	0
Disposals	-7,419	
Book value 31 December	66,263	26,012
Shares in associated companies		
Book value 1 January	1,646	991
Increase	407	655
Book value 31 December	2,053	1,646
Other shares and holdings		
Book value 1 January	1,427	1,370
Increase	0	57
Book value 31 December	1,427	1,427

10. Receivables from Group companies

EUR 1,000	2013	2012
Sales receivables	307	15,386
Group account receivables	0	2,700
Group contribution receivables	8,825	7,018
Total	9,132	25,103

11. Accruals

EUR 1,000	2013	2012
Trade payables	5,289	5,401
Other receivables	4,366	2,857
Total	9,655	8,257

12. Shareholders' equity

EUR 1,000	2013	2012
Share capital 1 January	72,702	72,702
Share capital 31 December	72,702	72,702
Unrestricted equity reserve 1 January	85,603	85,603
Unrestricted equity reserve 31 December	85,603	85,603
Retained earnings 1 January	82,069	163,287
Dividend distribution	-35,016	-29,702
Treasury shares	0	-102,671
Retained earnings 31 December	47,053	30,914
Profit for the financial period	33,787	51,155
Total shareholders' equity	239,145	240,374

13. Appropriations

EUR 1,000	2013	2012
Appropriations comprise accumulated depreciation difference	32,977	38,468
Total	32,977	38,468

14. Obligatory provisions

EUR 1,000	2013	2012
Estimated decommissioning costs of data centres and masts	3,199	2,778
Onerous contracts	668	778
Pension provision	205	763
Restructuring provision	0	686
Total obligatory provisions	4,073	5,005

15. Non-current liabilities, maturing in over 5 years

EUR 1,000	2013	2012
EIB	3,810	19,048
Total	3,810	19,048

16. Liabilities to Group companies

EUR 1,000	2013	2012
Trade payables	2,306	2,724
Accruals	10,202	13,556
Group account payables	10,702	0
Total	23,209	16,279

17. Accruals

EUR 1,000	2013	2012
Holiday pay and bonuses	14,476	13
Interest expenses	1,010	1,158
Other accruals	29,373	21
Total	44,859	35,865

18. Deferred tax liability/asset

EUR 1,000	2013	2012
Deferred tax asset from obligatory provisions	815	1,226
Total	815	1,226

19. Pledged assets and contingent liabilities

EUR 1,000		2013	2012
Pledged assets			
Contingent liabilities and other liabilities			
Finance lease payments			
Payments due during the next financial period		1,212	976
Payments due at a later date		1,158	890
Total		2,369	1,866
Leasing contracts are made for three-year periods.			
Other contractual obligations			

Loan collaterals involve the application of covenants. The agreed covenants are related to the good financial position and liquidity of the Group. Violation of any covenants may result in increased financing costs or termination of the loan agreements. The Group monitors the covenants and they have been met during the financial period.

Leasehold commitments		51,379	51,541
Other obligations on behalf of Group companies			
Bank guarantee		814	610
Derivative financial instruments		2013	2012
Interest rate swaps, hedge accounting (Group)			
	Fair value	-476	-1,243
	Nominal value	68,000	80,000
Interest rate swaps, outside hedge accounting (Group)			
	Fair value	0	-1,653
	Nominal value	0	40,000
Related party transactions			
Management salaries and commissions		2013	2012
Board members and the CEO		1,303	912,817
No loans have been granted to the Members of the Board of Directors or the CEO.			

Members of the Group management are entitled to defined benefit pension at the age of 62 and the CEO and deputy CEO of the parent company at the age of 60. They have supplementary defined contribution plans.

20. Group and parent company holdings

	2013	2012
Group companies		
DNA Store Ltd	100%	100%
Huuked Labs Oy	100%	100%
Forte Groupservices Oy*	0%	100%
Forte Netservices Oy	100%	0%
Digi TV Plus Oy	100%	0%

* The wholly owned subsidiary Forte Groupservices Oy was incorporated into DNA Ltd on 31 May 2013.

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

	2013	2012
Associated companies		
Suomen Numerot Numpac Oy	25%	25%
Booxmedia Oy	27%	20%
Kiinteistö Oy Otavankatu 3	36%	36%
Kiinteistö Oy Siilinjärven Toritie	38%	38%

Suomen Numerot Numpac Oy and Booxmedia Oy are included in the parent company consolidated accounts.
The 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.

21. Statement of distributable earnings 31 December

EUR 1,000	2013	2012
Retained earnings	47,053	30,914
Unrestricted equity reserve	85,603	85,603
Profit for the financial period	33,787	51,155
Total distributable funds	166,443	167,672

INCOME STATEMENT	12/31/2013	12/31/2012
Net sales (MEUR)	766	769
EBITDA (MEUR)	191	191
EBITDA, % of net sales	24.9%	24.8%
Operating result, EBIT (MEUR)	44	56
Operating result, EBIT % of net sales	5.7%	7.3%
Profit for the financial period (MEUR)	29	36
Return on equity (ROE), %	5.5%	6.3%
Return on investment (ROI), %	5.4%	7.2%
BALANCE SHEET		
Equity ratio, %	49.4	54.0
Net liabilities/EBITDA	1.71	1.35
Gearing, %	62.6	48.8
Balance sheet total (MEUR)	1,079	996
CAPITAL EXPENDITURE		
Gross investment (MEUR)	128	136
Gross investment, % of net sales	16.8%	17.7%
EMPLOYEES		
Average number of employees for the financial period	1,506	1,285
Per-share key indicators		
Earnings per share (EPS) (EUR)	3.4	4.1
Capital and reserves per share (EUR)	61.6	60.6
Dividend per share (EUR)	4.1	3.5
Dividend per earnings, %	120.6%	85.4%
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 average adjusted number of shares during the financial period (1,000)	8,479	8,714
Adjusted number of shares at the end of the financial period (1,000)	8,479	8,479

Calculation of key indicators

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

Calculation of Per-share Key Indicators

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

Board of Directors’ proposal on the distribution of profits

DNA Ltd’s distributable funds in the financial statements amounted to EUR 166,442,949.12, of which profit for the financial year came to EUR 33,787,247.40. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 3.54 per share be paid. Based on the number of shares at the end of 2013, the total dividend to be paid comes to EUR 30,014,003.28.

DNA Ltd
Board of Directors

Signatures of the annual report and financial statements

Helsinki, on this 6th day of February 2014	
Jarmo Leino	Juha Ala-Mursula
Chairman of the Board of Directors	Member of the Board of Directors
Hannu Isotalo	Jukka Ottela
Member of the Board of Directors	Member of the Board of Directors
Tuija Soanjärvi	Anssi Soila
Member of the Board of Directors	Member of the Board of Directors
Jukka Leinonen	
President and CEO	

Auditors' Note

An auditors’ report have been issued today on the performed audit.

Helsinki, on this 14th day of February 2014
PricewaterhouseCoopers Oy
Authorised Public Accountants
Johan Kronberg
Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of DNA Oy

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of DNA Oy for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 14th February, 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Kronberg
Authorised Public Accountant

Signatures of the annual report and financial statements

Helsinki, on this 6th day of February 2014	
Jarmo Leino	Juha Ala-Mursula
Chairman of the Board of Directors	Member of the Board of Directors
Hannu Isotalo	Jukka Ottela
Member of the Board of Directors	Member of the Board of Directors
Tuija Soanjärvi	Anssi Soila
Member of the Board of Directors	Member of the Board of Directors
Jukka Leinonen	
President and CEO	

Auditors' Note

An auditors' report have been issued today on the performed audit.

Helsinki, on this 14th day of February 2014
PricewaterhouseCoopers Oy
Authorised Public Accountants
Johan Kronberg
Authorised Public Accountant