DNA makes your world QUICKER

DNA Annual Report 2011

Index

Corporate responsibility

2011 – A brisk year for DNA

DNA enters its teens

DNA turned 10 years on 1 February 2011, entering its teens. We celebrated the decade in operation throughout the spring mainly by opening up competition and discussing various themes of the changing media.

Having introduced a third option and healthy competition into the market, DNA is proud to be able to offer Finns reasonably priced high-quality telecommunication services on a nationwide scale. At the same time, we have established a company that provides value to owners and has a strong foothold in the Finnish telecommunications market.

Building marathon endurance

However, the spring was not just about celebrations. Looking back, the comprehensive overhaul of our customer information system at the end of 2010 seems more like a heart transplant operation. It took us much longer than anticipated to get back to marathon strength, but our systematic and persistent efforts were awarded.

The challenges have made us stronger and wiser, and the unified and powerful DNA team is now ready for the start gun to go off.

Steady financial development

Even though 2011 was one of the toughest years during our decade in operation, we maintained our good financial shape and reached numeric objectives across the board. Our net sales grew, in particular in the consumer market, due to the increased demand for smart phones and mobile broadband.

We reached our target EBITDA despite the significant costs of our product portfolio renewal. Moreover, we increased our investments into service and IT system development, fibre systems and improved capacity of the radio network. In December, we launched 4G-grade speeds. We also increased the number of personnel in our organisation.

'Our net sales grew by 5.4%. EBITDA grew by 3.5%, totalling 25.9% of net sales.'

Forte fortissimo

In the corporate segment, we made two significant investments in 2011 to boost future growth.

In the summer, we acquired Forte Netservices Oy, an expert in productised data security and corporate network management services. This acquisition further strengthened and expanded the service packages available to DNA's SME and enterprise customers.

In addition, we renewed our spearheading corporate product platform, mobile switchboard, in November. We expect these investments to increase the profitability, customer base and growth rate of our corporate business.

Nationwide TV service offering

We expanded the coverage of our TV service offering in the consumer market to nationwide scale by bold investments into HDTV and terrestrial TV network. We built a very cost-effective broadcasting network at record speed, utilising cutting-edge technologies and our existing mobile network. Our pay-TV operations in the terrestrial network were launched in the autumn.

The effectiveness of terrestrial networks in the transfer of TV broadcasts, the dispersed nature of broadband networks in Finland, the fact that all TV broadcasts will be using HDTV technology within the next decade and the increased importance of the VHF frequency band used by DNA all contribute to the strength of our TV business.

However, it will require long-term work by all parties involved as well as regulatory decisions to bring an end to the old monopoly situation and truly open up the terrestrial TV network business to competition.

Corporate responsibility was further developed

DNA is committed to developing its business in a way that takes into account its environment and stakeholders. Our corporate responsibility is based on our values, corporate culture and business targets.

Towards the end of the year, we launched a corporate responsibility materiality analysis through a stakeholder survey. The objective of the analysis is to identify the main focus areas and specify objectives and metrics. The analysis is continuing in 2012 with the aim of establishing our corporate responsibility programme for the coming years. The execution of our corporate responsibility in 2011, according to the GRI principles, has been reported in the corporate responsibility section of this annual report.

A heartfelt thank you

I would like to thank our customers for their continued trust and interest in DNA and our Board of Directors and owners for their long-term investments in the company. All DNA employees and partners also deserve a big thank you for their commitment to DNA's success.

Let's work together to make 2012 an even better year in terms of customer satisfaction, productivity and growth.

Riitta Tiuraniemi

CEO

On the right track

Added value from investments

DNA remained on the growth track in 2011, reaching its targets despite the challenging year. With focused investments into the corporate segment and telecommunication network speeds, the company maintained its strong position in the growing markets.

The customer information system renewal project remained topical throughout 2011. Moreover, DNA made significant investments to modernise its radio network, which affected profitability.

These exceptionally large investments, which are set to continue in 2012, and the significant system overhaul are necessary for the company to achieve its long-term goals. In 2012 and the years to come, we remain as committed as ever to increasing DNA's shareholder value.

Development requires openness

DNA is growing in the midst of industry change. While the total value of the telecommunications market remains steady, new service providers and device manufactures are entering this traditionally operator-dominated market. Industry regulation and competition are also increasing. Together, these factors speed up the inevitable consolidation of the industry, forcing operators to become increasingly flexible and adjust to new conditions.

All the parties operating in the Finnish telecom market have the same objective: to provide Finns with easy-to-use, reliable, reasonably priced and advanced services. To meet this objective, operators have to make significant investments into equipment and development, which is very challenging without good predictability of the development of their operational environment.

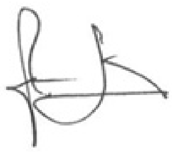
To achieve the best possible market predictability and results – for operators, authorities and customers – we must engage in open discussion. It is the only way to turn Finland into a genuinely advanced information society where we can achieve our common goals.

Good cooperation

2011 was an eventful and challenging year, through which DNA's management and personnel rose to the occasion with no efforts spared. For this I'd like to thank each and every one of them.

DNA's management and the Board continued their good cooperation in 2011, and the shareowners' support to the Board encouraged us to find new solutions and improve operational efficiency.

Thanks to the investments made in 2011 and the open spirit we enjoy in discussions and cooperation, we can continue to develop DNA further in a manner that benefits all stakeholders.



Jarmo Leino

Chairman of the Board of Directors

Consistent development into a strong telecom player

DNA Ltd is a Finnish telecommunications group providing high-quality, state-of-the-art voice, data and TV services to private customers, corporations, communities, housing companies and the public sector. DNA has more than three million mobile communication and fixed-network customer contracts and the company is the leading TV operator in Finland.

A decade in the mobile communication business

DNA's mobile communication business was launched in 1999, when Finnet Group established DNA Finland Ltd as its mobile communication company.

Nationwide mobile communication services were introduced in 2001 with the launch of DNA's network and the sales and marketing of DNA subscriptions. At the end of its tenth year in operation, DNA holds a 25 per cent share of the Finnish mobile communication market.

From a mobile operator to an all-round telecommunications player

In 2007, DNA evolved from a mobile communication operator into a major telecommunications company, when DNA's business operations merged with those of six telephone companies. The newly established DNA Ltd obtained strong fixed-network businesses, including voice, data and cable TV services, to complement its mobile communication business.

Through various business transactions, DNA has in excess of one hundred years of experience in fixed-network business and solid regional market leadership throughout Finland.

In 2010, DNA purchased Welho's business operations from Sanoma, gaining a strong position in the fixed-network business in the Helsinki Metropolitan area. This business acquisition solidified DNA's leadership in fixed-network services in the Oulu, Lahti, Turku, Pori and Kuopio regions and established the company as the leading Finnish television operator.

During 2011, DNA launched terrestrial network pay-TV services and introduced uniform DNA Welho TV products in cable and terrestrial networks. Other product portfolios were also unified and clarified. In addition, the acquisition of Forte Netservices Oy, a company providing data communications and data security services, strengthened DNA's corporate business.

DNA in 2011: services for communication and entertainment

In 2011, DNA organised its products and services under newly clarified brands.

The DNA brand offers mobile communication services to consumers, DNA Welho provides broadband and TV services, and DNA Pro streamlined voice and mobile broadband services.

DNA Stores offer telecommunications services and devices to consumers and corporate customers, while DNA Business provides communication, data network and data centre services to businesses.

DNA's nationwide supply network brings products and services close to the customer. With 77 DNA Stores, DNA boasts the most extensive store network in the market, complemented by an online store, phone-in service, hundreds of external representatives as well as corporate sales agents.

Versatile telecommunications group

2011	Pay-TV business launch; 4G network launch; Forte Netservices acquisition
2010	Welho becomes part of DNA
2009	One organisation; Consumer and Corporate business units
2008	Business development
2007	DNA Group established to provide comprehensive telecom services
2005	Reorganised, more efficient operations
2004	Mobile phone market crisis and hypercompetition challenge DNA
2001	DNA begins commercial operations

Events in the review year

1 New 'DNA Joustava' voice subscriptions on 8 April

2 New DNA Welho TV products for the cable network; the most extensive channel offering in Finland, on 9 May

3 The first recording HD set-top box launched at the end of May

4 New S, M, L and XL products of 'DNA Liikkuva Laajakaista' for mobile broadband on 8 April

5 New DNA Welho broadband connections available to almost one million households on 9 May

6 New mobile subscription concept 'DNA Pro' launched on 17 August

7 Acquisition of Forte Netservices Oy, a company providing data communications and security services, on 12 July

8 Launch of pay-TV services on the terrestrial network on 18 August

9 DNA's terrestrial network TV concept rewarded at the IBC Awards Ceremony on 11 September

10 DNA's 3G network the fastest according to test results of 4 October

11

12 DNA's 4G services launched on 13 December

FAST 3G NETWORK

DNA won the data transfer speed comparison tests conducted between operators' 3G networks.

Announced on 4 October 2011, the tests included drive testing and hot spot measurements. Telecommunications expert Omnitele Oy took the measurements in the Helsinki Metropolitan area and other major cities in Finland.

Pay-TV services launched with speed in terrestrial network

The new DNA Welho TV products for DNA's cable television network were launched on 9 May 2011, and service unification continued throughout the year.

DNA's nationwide terrestrial network operating and programme licenses triggered rapid change in the Finnish television market.

This helped introduce long-awaited competition, challenging the terrestrial network monopoly and forcing the sector to construct networks and utilise limited frequency resources more effectively. In turn, this is freeing up greater channel capacity for uses such as pay-TV.

Utilising existing mobile communication masts, DNA's terrestrial broadcast network was constructed at record speed. At the end of the year, the network reached about 70 per cent of the population. Thanks to the efficient use of frequencies, DNA could broadcast in excess of 20 TV channels over the terrestrial network, around half of which can be high definition channels.

One of the key events of 2011 was the launch of pay-TV services in the terrestrial network on 18 August 2011. The service was introduced under the DNA Welho TV concept, familiar from the cable network. DNA's unique terrestrial network concept and the quick launch of the company's terrestrial TV business were awarded in the international IBC Awards Ceremony on 11 September 2011.

By the end of 2011, DNA's high definition channel offering was the most extensive over both the cable and terrestrial networks.

High-speed fixed network available to close to one million households

DNA upgraded its fixed broadband network and introduced high-speed broadband connections, familiar from Welho's network, to nearly one million Finnish households on 9 May 2011. Depending on the product, connection speeds vary from 10 to 200 megabits per second.

More than 900,000 Finnish households are covered by the fixed broadband network, two thirds of which are within the cable network.

Enhanced mobile network speeds boost competitiveness

In 2011, DNA systematically enhanced its mobile network speeds by introducing next-generation technologies in order to boost competitiveness and prepare for the continuous growth of mobile communication volumes.

DNA's 3G network coverage was expanded to reach more than five million Finns. After the second quarter, to enable the launch of 4G-grade speeds, DNA's network was made Dual Carrier HSPA+ ready – the first in Finland and among the first globally to become so. This technology increases the theoretical maximum downlink data transmission speed to 42 megabits per second.

In the autumn, the company was the first in the world to introduce a software-based implementation of MultiStandard Radio mixed mode technology to the market. The technology was first presented in Hämeenlinna and enables the use of 4G LTE services with speeds of up to 100 megabits per second.

Upgraded base station technology multiplied the network data transfer capacity, allowing DNA to launch its 4G services on 13 December 2011. DNA's 4G-grade speeds had the widest coverage in Finland from the very beginning, being available to half of the population in 130 municipalities.

DNA's 4G network will be extended further by means of two technologies: Dual Carrier and LTE (Long Term Evolution). DNA has the most comprehensive base station network with regard to both Dual Carrier and LTE.

Consistent and streamlined products

On 8 April 2011, DNA announced new fixed-fee mobile phone and broadband subscriber connections. With the 'DNA Joustava' voice subscriptions, users can flexibly use the combined number of calls and text messages included in their subscription. The S, M, L and XL products of 'DNA Liikkuva Laajakaista' for mobile broadband offer a dedicated maximum transmission speed and a defined volume of prioritised data transmission over the network.

The fixed-network DNA Welho broadband and DNA Welho TV products were launched on 9 May 2011. At the same time, product offerings and pricing were streamlined and the fixed-line broadband customer promises implemented.

At the end of May, DNA launched sales of the first HD digibox and recorder on the market, Wbox HD2, for the cable network and the T and T2 terrestrial networks.

On 17 August 2011, DNA launched a new mobile communication subscription concept, dubbed 'DNA Pro', for consumers. The best on the market, its pricing levels are based on streamlined processes and self service. Purchasing and customer service are available online and invoicing is in electronic format.

Corporate business made a key business acquisition

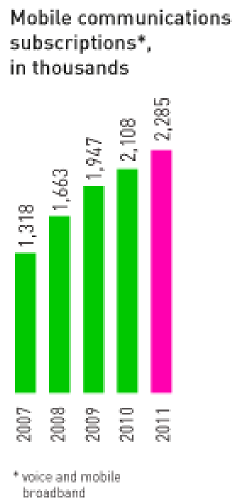
On 12 July 2011, DNA acquired Forte Netservices Oy, a company that offers data communications and data security services. With estimated net sales of EUR 8 million and a staff of 37 in 2011, the company provides services in 60 countries.

Thanks to Forte Netservice´s excellent service productisation and high customer satisfaction, DNA can offer extended services to both SME and corporate customers in the ICT management market.

DNA in figures

Financial objectives 2011

	Objective	31 Dec 2011
Growth in net sales, %	5–7%	5.4%
EBITDA, %	26–28%	25.9%
Equity ratio, %	Min. 50%	62.2%
Gearing, %	Max. 50%	24.5%
Return on equity (ROE), %	9–10%	5.7%
Net debt/EBITDA	Max. 1.5	0.81

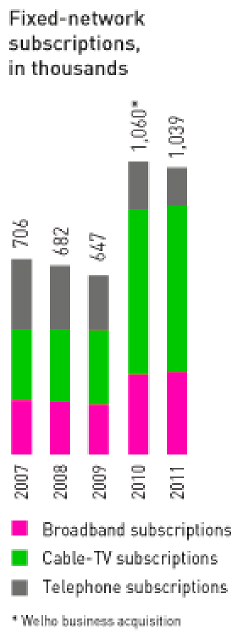


The Group's key figures

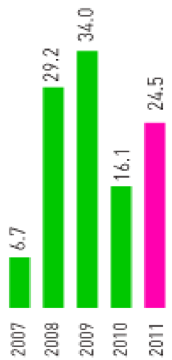
EUR million	2011	2010
Net sales	727.5	690.5
EBITDA	188.4	182.1
- % of net sales	25.9	26.4
Depreciation	137.6	116.8
Operating profit	50.8	65.2
- % of net sales	7.0	9.4
Profit for the financial period	35.8	46.0
Return on investment (ROI), %*	6.6	9.6
Return on equity (ROE), %*	5.7	8.7
Mobile communication revenue per user (ARPU), EUR***	20.5	21.4
Mobile communication subscription turnover rate (CHURN), %***	16.5	19.4
Investments	119.5	83.4
- % of net sales	16.4	12.1
Cash flow after investments**	9.0	71.8

*12-month average
**includes business combinations and financial lease agreements
*** includes only postpaid voice subscriptions

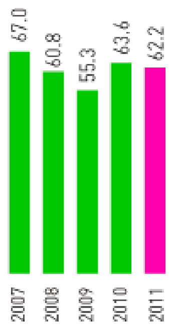
	31 Dec 2011	31 Dec 2010
Net debt, EUR million	153.2	102.4
Net debt/EBITDA	0.81	0.56
Gearing, %	24.5	16.1
Equity ratio, %	62.2	63.6
Personnel at the end of period	1,035	1,003



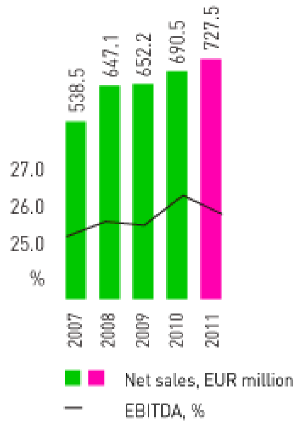
Gearing, %



Equity ratio, %

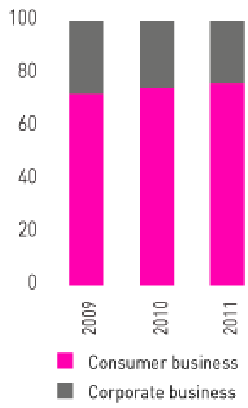


Net sales and EBITDA

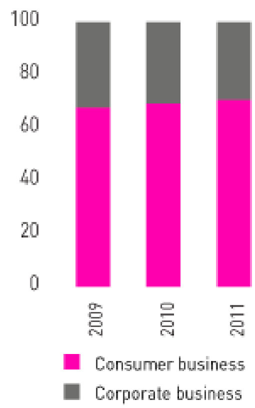


Per-share indicators, EUR

Business segments Net sales, %



Business segments EBITDA, %



Constantly changing telecommunications market

Mega-trends steer the operating environment

With its stakeholders, DNA has identified three mega-trends that will have an impact on its operating environment over the coming years: electrification and convergence of services and change in the population structure.

'Mega-trends: electrification and convergence of services and change in the population structure'

Services and interaction over the Internet

Fixed broadband connections, voice and SMS services – and increasingly, mobile broadband connections – have become basic services in Finland. Strong growth of mobile devices is driving the increase in the use of mobile broadband.

Broadband connections are used for service access, remote work and learning, communication, finding information and entertainment. Services and communication that used to take place in personal contact, face to face, are moving to the Internet as communication technologies evolve. Moreover, information is increasingly delivered in electronic format.

Not only are services moving to the web, they are also becoming interlinked as voice, data, TV and other communication and entertainment services converge. Such content is increasingly used over the mobile communication network via smart portable devices, anywhere, anytime.

New services for ageing population

The dependency ratio of the Finnish population is rising rapidly, and the changing population structure creates new service needs. According to Statistics Finland, those over 65 will account for almost 30 per cent of the population by 2040, while the number of those in employment will fall as baby boomers retire.

As the number of senior citizens increases, broadband connections and services enable independent living for longer, because appropriate remote health, security and other services can be provided over the Internet. The availability of electronic services also reduces the need to go out when it is difficult to do so.

Moreover, the mobile certificate granted by operators for electronic identification enables ageing population and those living in sparsely populated areas to access electronic services.

Market development 2011–2016

Customers	• Use of social media and communication on the increase • Location- and device-independent content, entertainment and business services
Terminals	• Number of terminals will grow, service life will become shorter • Consumer electronics linked to telecommunications networks
Services	• Terminals, subscriptions and contents increasingly offered in a package • Voice/data/TV/IT products will become interlinked • More versatile broadband technology and service levels • Services on the Internet, available anywhere and from any terminal
Operating environment	• Operator customers will have more terminals and services • Market undergoing a structural change - operators will expand outside their traditional market - new operators will enter the telecom market • Digitalisation of media will gain pace • Regulation will remain stringent

Financial development was not reflected in the telecom market

The total value of the Finnish telecommunications market has remained relatively unchanged for an extended period. The market is characterised by continuously shrinking volumes in fixed-network voice traffic, as traffic transfers to the mobile communication network, and increasing demand for mobile broadband services boosted by the growing number of smart phones.

Mobile voice is the largest market in the industry. However, its value is reduced by the continuously falling mobile network termination charges, in particular.

From the second quarter of 2011 onwards, the overall financial environment became more uncertain, although this was not reflected in the telecommunications market. If uncertainty increases in 2012, it may affect the value of smart phone and TV services and the corporate market.

'Mobile broadband and smart phone use on the increase'

Mobile broadband services for consumers expand

In the consumer market, demand for smart phones and volumes in mobile communication data traffic enjoyed strong growth in 2011. As in previous years, the shift from fixed to mobile subscriptions continued in voice traffic.

Areas likely to experience growth in the market include mobile broadband and TV services as smart terminals and pay-TV and IP TV gain ground. Business in the terrestrial TV network and terrestrial network pay-TV is anticipated to grow.

Pay-TV services are becoming more common as the most appealing content moves to pay channels. The demand is also affected by the more affordable price level, introduced by increased competition, and increasing awareness of pay-TV services.

'Most interesting content is moving to pay-TV'

After shrinking for a long time, the fixed broadband market came to a turning point in 2011 as subscription numbers began to increase. Instead of personal subscriptions, an increasing number of customers is opting for housing company subscriptions and higher-speed connections. However, the intensified competition over housing company subscriptions among operators, enabled by the 2010 amendment to the Housing Companies Act, will push down the subscription prices and thus reduce the value of the fixed broadband market.

The change in the Telecommunications Act that entered into force in May, allowing consumers the possibility for number porting during a fixed-term agreement period, created an expectation of even tougher competition on the market. However, the whole operator field was well prepared for the change and competition did not increase significantly.

The operators' preparation for the situation did however change the pricing model of subscriptions: operators shifted from minute-based services towards monthly price packages comprising of voice and data traffic and a device.

Corporate data network services on the increase

The total value of the corporate and public sector telecommunication service market fell slightly in 2011. While the value of communication services decreased within the market, the service market for data networks rose in value.

In communication services, the value of the fixed-network voice service market in particular continued to decrease strongly as demand shifted to solutions based on mobile switchboards. Demand also shifted to different office- and Internet-based communication services.

'Work is becoming more mobile'

Use of mobile data grew strongly in data network service solutions, driving the growth of the data service market as a whole. This growth is anticipated to keep enjoying strong growth as work becomes increasingly mobile. On the other hand, the market value of fixed-network data solutions connecting offices should remain unchanged despite increasing speeds.

The demand for added value services for data networks is anticipated to increase, including data security, management and monitoring services.

Growth in a competitive market

In addition to the overall economic situation, net sales and profitability of the industry are being affected by the increased popularity of IP-based communication services driven by growing number of smart phones as well as other market development, steady reduction in mobile network termination charges and increased competition in the mobile communication and fixed-line broadband markets in particular.

The intense competition between operators increases pricing pressures. Achieving higher net sales and market shares is challenging in a small market, the total value of which remains unchanged. It can be achieved, however, by offering innovative products and services, packaged services, improving operational efficiency, enhancing customer service and acquiring volume through competitive pricing.

As competition increases, operators will choose different business logics: some will focus on individual services while others will offer a wide array of products and services. Moreover, new players are entering the market, such as media, ICT and Internet companies and device manufacturers. Some of these operate globally.

On the other hand, as communication content and channels become more closely integrated, operators can find new opportunities in new areas, such as mass media and content services.

Growth and competitiveness largely depend on technical choices. To be able to meet the changing needs of consumer and corporate customers, operators must invest in continuous technical development. For example, the increasing mobile traffic volumes require faster and more efficient network connections.

The demand for latest technologies also applies to the quickly evolving TV market. Increasing competition makes the construction of networks much more effective, and also improves the utilisation of the limited – and thus very valuable – frequency capacity. This enables a much greater channel capacity, which in turn provides new opportunities for TV content providers and paves the way to the spread of pay-TV services.

Authority regulation develops the industry

The Finnish telecommunications and TV markets are characterised by stringent regulation. Regulation and legislation can influence the price structure of products and services as well as the grounds on which frequencies are distributed. The Ministry of Transport and Communications is the main regulator of the industry.

Market players actively monitor the regulatory trends in Finland and the EU and participate in official and industry working groups that promote viable operating conditions for the industry.

Falling mobile termination charges

The minute-based mobile network connection termination charges that operators charge from each other have a direct effect on their net sales. The price was reduced from 4.4 cents to 3.8 cents in December 2011, and as of December 2012, the price will be 2.8 cents per minute.

As of 2011, net sales are also affected by the downward trend in the prices of fixed-network housing company subscriptions, made possible by the amendment to the Housing Company Act in 2010. It enabled the housing companies' annual general meetings to make decisions on telecom subscriptions in 2011; this in turn increased competition between operators and pushed prices down.

In the final quarter of 2011, the Finnish Communications Regulatory Authority (FICORA) published new principles for the pricing of licences that apply when the licence is leased to another operator. These principles apply to the pricing of metallic subscriber connections and digital television broadcasting services.

Change in legislation made number porting easier

The change in the Telecommunications Act that entered into force on 25 May 2011 makes number porting from one operator to another possible during fixed-term contracts. Competition between operators did not intensify significantly as a result.

The operators' preparation for the situation did however change the pricing model of subscriptions. Operators shifted from minute-based services towards monthly price packages comprising of voice and data traffic and a device.

In accordance with the Government Programme, the Ministry of Transport and Communications launched an initiative in the second half of the year to bring together legislation pertaining to electronic communication and the provision of information services. Approximately ten acts will be consolidated to form an information society code. The reform will take several years to complete.

New licences in terrestrial network increased competition

Mobile communications and television operations in Finland require network licences issued by the government. Current TV network licences are valid until 2016 and have been granted to Anvia, Digita and DNA.

The Council of State granted DNA Ltd a network operating licence, covering almost the entire country, in multiplex VHF C in the terrestrial network on 31 March 2011. The new licence was an important addition to the nationwide network licences for the VHF A and VHF B multiplexes granted in 2009 and allowed DNA to add a significant number of new channels to its offering in the terrestrial network.

In 2011, the government granted a total of 16 new programme licences to DNA's terrestrial network. By the end of the year, DNA's terrestrial network had 21 programme licences, and DNA offered 18 TV channels in the network, six of them high-definition channels.

DNA considers it very important that TV operators quickly implement the standard nationwide pay-TV card required by authorities, allowing consumers to subscribe to different operators' channels with just one card.

'DNA considers it very important that the standard pay-TV card is quickly implemented nationwide.'

Changes in the mobile market: new frequency band and ban on telemarketing

During the third quarter of 2011, Finland and Russia agreed on the coordination of the 800 MHz frequency band. This band is very well suited for the provision of mobile broadband connections in sparsely populated areas, and the agreement has accelerated the uptake of new generation mobile networks by several years.

Towards the end of the year, the Ministry of Transport and Communications drafted a spectrum policy resolution on how licences are to be granted and distributed within the 800 MHz band. The Ministry proposes using an auction process. A government resolution is expected in spring 2012, after which the ministry will begin the legislative process and preparations necessary for the possible auction.

DNA considers it essential that during the preparations the focus is on maintaining balanced competition in the mobile broadband market in Finland.

The Ministry of Transport and Communications presented the Government's proposal on prohibiting consumer telemarketing of mobile phone subscriptions to the Finnish Parliament towards the end of the year. Parliament decision is expected during the spring of 2012.

DNA has voiced its strong support for the initiative. Once in force, the ban will introduce some changes in the structure of mobile communication subscription sales.

Growth in selected markets

DNA's objective is to grow both its consumer and corporate business, maintain its solid share of the mobile broadband market and to further strengthen its position as the leading Finnish TV operator.

In a challenging market, DNA seeks growth by providing clear product concepts, excellent value for money, high-quality customer experience and a comprehensive sales network. DNA's skilled and agile workforce supports the growth strategy.

Their work is supported by DNA's continuously honed processes, fast networks and reliable systems as well as excellent understanding of the markets and customers. Based on the company's values – quick, genuine and bold – which are shared by the personnel, DNA's corporate culture lays a solid foundation for its operations. These values characterise everything DNA does.

bold

means that DNA's customers see action that pushes the industry's boundaries. Internally, this means that we are direct, unprejudiced and responsive to change.

quick

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

genuine

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

STRONG IN THE MOBILE MARKET

3G network covered 94% of Finns

The fastest 3G network in Finland*

Network modernisation continued

4G speeds launched in 130 municipalities

**Tests by Omnitele on 4 October 2011 (in Finnish)*

LEADING TV OPERATOR

Terrestrial TV and pay-TV business launched

Number one in cable-TV business with over 40% market share

HDTV network covered 70% of the population

The most extensive cable-TV and HDTV channel offering

Harri Juutilainen, Corporate Sales Manager, Eastern and Central Finland:

'In customer meetings I try to offer new solutions that help customers to increase their business efficiency. Customers genuinely value a salesman who acts as a professional consultant, helping them to make straightforward purchase decisions.

Once the agreement is signed, system knowledge helps in transferring the required information to the delivery chain. This information then quickly travels towards deployment through various processes.

Good service gives the customer a positive attitude towards the operation of the chain as a whole. This is what 'Quick' means to me.'

Fast networks – an investment into the future

To meet the demands of growing data traffic volumes, DNA boosted transfer speeds in its mobile communication and fixed-line networks with advanced technologies. These investments were made to provide customers with the fastest mobile connections in the market; according to the 3G network comparisons conducted by Omnitele Oy, DNA achieved highest speeds.

Moreover, DNA prepared for growth in the pay-TV segment by expanding its terrestrial TV network coverage to nationwide scale efficiently, both in terms of use of the broadcast spectrum and investments required. The network complements DNA's existing cable-TV network.

The largest network revamping in DNA's history

4G broadband services over the mobile network can provide better service quality than broadband services over the conventional copper network. DNA believes that over time, 4G will replace the slower ADSL broadband connections. It is a viable alternative to fixed-network connections particularly for remote work and entertainment.

DNA was the first operator in Finland to upgrade its 3G mobile network to 4G readiness by introducing DC technology, which doubles the data transfer capacity of the base station's radio interface.

In the autumn of 2011, DNA launched the largest network revamping project in its history. Extensive upgrading of the mobile communication base stations and their transfer connections enhances the basic qualities of the network and enables the use of several radio technologies, including 4G LTE, by the same radio equipment. DNA was the first operator to implement the software-based MultiStandard Radio mixed mode technology in the world.

The upgrade improves investment efficiency, further boosts connection speeds and improves coverage without the need to introduce new base stations.

Enabled by DC and LTE technologies, DNA's 4G speeds were launched in December to over half of the population in Finland.

High speeds throughout the fixed network

To maintain competitiveness, the fixed fibre and cable broadband network was upgraded with a technology providing speeds of up to 200 megabits per second. DNA's products are also differentiated by the accompanying speed promise.

Thanks to these upgrades, DNA can maintain competitiveness in fixed-network broadband services, distinguishing them from mobile network broadband.

By the end of 2011, DNA's cable TV and broadband network served close to 600,000 households in Finland. Following the investments, capacity is sufficient to serve some one million households. At the end of the year, DNA held over 40 per cent of the Finnish cable-TV market.

DNA invests in high speeds

100	• EUR 100 million annual investment in trunk and radio networks
100%	• All 4G base stations have fibre connections to guarantee transfer speeds
1 M	• Already one million households can avail of cable broadband connections with speeds up to 200 Mbps

A frontrunner in the construction of terrestrial networks

In 2011, DNA expanded its TV services to nationwide coverage with its terrestrial network. Powered by the latest technologies, DNA's HDTV network covered some 70 per cent of the Finnish households at the end of the year. The coverage was expanded further in early 2012.

DNA's terrestrial network uses the limited – and thus especially valuable – frequency capacity very efficiently, enabling much greater channel capacity than that traditionally achieved. Moreover, the transmitters use existing masts in the mobile communication network.

In September 2011, DNA won two international awards at the IBC Awards Ceremony for the quick launch of its pay-TV business and its innovative terrestrial network: transmitters in the network are installed on DNA's existing mobile communications masts, the technology provides high spectral efficiency and image signals are transmitted using SFN (Single-Frequency Network) technology.

Focus on customer experience

DNA uses feedback from the customer interface, surveys and its customer panel to improve customer service. With thousands of participants, the panel is one of the main interaction channels for consumer customers. In 2011, DNA focused on the efficiency of its basic processes to further improve the overall customer experience and operational efficiency.

DNA's significantly overhauled customer information system was integrated during the first half of the year and has been in efficient use since the spring. With the new and improved system, DNA can provide high-quality services to customers and further improve operational efficiency.

According to the annual EPSI Rating study, DNA Welho had the most satisfied customers in the pay-TV market. DNA Welho secured a strong second place in the fixed-network broadband market, and in mobile broadband services, DNA improved its position year-on-year, placing among the top three. According to corporate customers, DNA's value for money was again considered the best among large operators.

The company's own customer satisfaction monitoring indicated increase among mobile communication consumer customers during the year, for example. In addition, DNA was able to answer consumers' email queries much quicker: at best, in a few hours or even minutes.

'At the end of the year, calls from consumer customers were picked up in 22 seconds on average.'

DNA is continuously seeking strategic partners to complement its existing services. Services are productised and packaged into user-friendly solutions and are offered through an effective distribution network. In 2011, DNA clarified its mobile communications, broadband and TV product portfolios and expanded its device selection further.

The company actively monitors the development of electronic services and introduced, among other things, mobile certificate to consumers together with other operators in 2011. DNA is also a frontrunner in the development of M2M technology.

DNA provides local services near the consumer and corporate customers, while also providing all services on a nationwide scale. Services to corporate customers were extended to the DNA Store network and electronic channels. Consumers' electronic and brick-and-mortar services were also developed further.

DNA has the most extensive operator store network in Finland. In 2011, the market became increasingly terminal-driven, further emphasising the importance of distribution through stores.

The 77 outlets in the DNA Store network serve both consumer and corporate customers and are complemented by the enhanced online store, a phone-in service, hundreds of external representatives as well as corporate sales agents. From these, the customers can flexibly select the best and most convenient service channel. Sales are supported by DNA's bold and distinctive marketing.

Business: growth from TV operations and data networks

Packaged services to consumers

The Finnish TV market is fragmented, leaving room for a nationwide operator. In 2011, DNA complemented its cable-TV coverage with the close-to-nationwide coverage of its terrestrial network while also expanding its pay-TV business into terrestrial TV services.

DNA's TV business strategy is based on a hybrid model, where the company packages, sells and distributes linear content to terminals over the cable and terrestrial networks as well as on-demand or video service over the broadband network.

At the end of 2011, DNA's HDTV offering was the most extensive in Finland in both the cable and terrestrial networks. Moreover, the company has an extensive selection of pay-TV programmes.

Key strategic choices in the broadband business include the construction of services that provide the best customer experience by using the high-speed network. In voice traffic, DNA focuses on smart phone sales, additional services for mobile broadband and comprehensive product packaging. DNA also seeks to reduce the terminal subvention in mobile communications traffic.

Corporate data networks to support the variety of terminals

DNA places a special emphasis on improved customer experience, every step of the way from sales to service delivery and maintenance. Corporate business supports the operation of customers' business-critical data network and communication services.

Due to increased consumerisation of mobile data services, choices made by customers increasingly affected companies' network solutions in 2011; the decisions users make as consumers influence their decisions as customers. As the data network terminal offering gradually becomes more versatile, companies' IT solutions must be developed to better support the variety of terminals in use.

DNA is developing its data network offering by additional services and improving the quality and speed of the data and mobile data services provided in the networks. In 2011, demand for mobile data services grew with the increase in mobile work.

In the communication service market, DNA is developing its new mobile switchboard service further and offering more versatile reporting and self-service tools to meet customers' needs.

Moreover, corporate business is increasingly focusing on enterprise customers, tapping into Forte Netservices' customer and service expertise in this segment. The enterprise data network service expertise will be available to all DNA corporate customers. At the same time, DNA will revamp its data security, corporate data and service centre products.

YEAR 2012

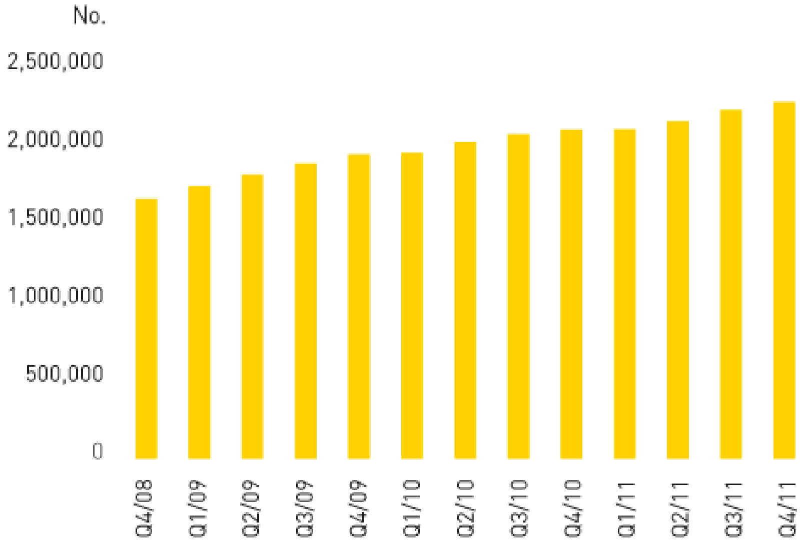
Product packaging increases in the market:

- Significantly changes the market
- Simplifies customer choices
- Makes invoicing more predictable

DNA's TV business achieves nationwide coverage

Possible ban on mobile subscription telemarketing will affect the structure of sales

Number of mobile communications subscriptions on the increase



Includes voice and mobile broadband subscriptions

DNA's network is ready for increasing traffic

DNA's network infrastructure consists of components such as the nationwide transmission network, mobile network base stations and infrastructure including masts and equipment facilities, as well as the regional and access networks serving cable TV and fixed-network broadband customers.

In 2011, DNA made significant investments in its mobile broadband network and the optical fibre and cable broadband networks of DNA Welho that offers TV and broadband services. Moreover, the company invested in the construction of the widest terrestrial TV network in Finland to complement its existing cable TV network.

The number of subscriptions in DNA's network is over three million, of which over two million is in the mobile network and over one million in the fixed network.

Entire mobile network revamped in one go

Customer demand for fast wireless connections for smart phones, tablets and computers is already high enough to warrant significant improvements in base station infrastructure, transfer connections and the use of frequencies. This is because traditional transfer speeds will be insufficient to meet increased demand.

DNA utilises two technologies in the construction of its 4G mobile network: DC (Dual Carrier) and LTE (Long Term Evolution). DNA was the first operator in Finland to upgrade its 3G mobile network to 4G readiness by introducing DC technology, which doubles the data transfer capacity of the base station's radio interface.

At the end of 2011, the 4G-grade maximum speed of 42 megabits per second was achieved in more than 130 municipalities.

In the autumn of 2011, DNA began a comprehensive upgrade of its mobile network base stations and their transfer connections. Together with improved basic features, these allow the use of 4G LTE technology over the network.

Existing 2G and 3G base station technologies are being fully updated to MultiStandard Radio mixed mode technology, the access connections of the base stations will be upgraded to fibre optics and frequency use will be made more effective to prepare the network for continuously increasing use of smart terminals.

MultiStandard Radio technology further enhances connection speeds and improves coverage without the need to introduce new base stations. DNA was the first operator in the world to implement the software-based technology provided by Oy LM Ericsson AB.

WORLD RECORD SPEEDS

DNA's upgraded cable broadband network technology reached world record speeds of up to 1.5 gigabits per second from network to customer.

AWARDED TERRESTRIAL NETWORK

Based on DVB-T2 technology, DNA's terrestrial HDTV network is exceptionally innovative and cost-effective.

Its transmitters are built using existing masts in the mobile communication network. Moreover, its image broadcasting uses SFN technology, which improves transmitter coverage and enables seamless reception of image signals from any DNA transmitter.

DNA's mobile network in 2011

4G LTE
< 100 Mbps

High-speed LTE (Long Term Evolution) network in the Helsinki Metropolitan area and the cities of Hämeenlinna, Turku and Tampere

4G DC
< 42 Mbps

4G DC (Dual Carrier) speeds available to half of the population in about 130 municipalities

3G
< 21 Mbps

DNA was the first Finnish operator to commercialize the state-of-the-art HSPA technology. The geographical coverage of DNA's 3G is over 90%, reaching five million Finns.

2G
(GSM)

DNA's nationwide 2G network provides connections in the entire country. It is available to 99.7% of the population.

DNA aims to keep providing the fastest connections

With the network upgrade, DNA aims to improve indoor coverage, introduce 3G to all areas covered by DNA's existing 2G/GSM network and provide the fastest broadband subscriptions in Finland in both the wireless and fixed network.

The new radio technology was tested in the summer of 2011 in selected areas of Helsinki and Hämeenlinna cities. In early 2012, DNA aims to extend the coverage of the technology and the 4G LTE service it will enable to Helsinki city centre and the cities of Tampere, Turku and Hämeenlinna.

DNA's 4G network was launched commercially in December 2011. The 4G LTE network will be expanded to other major cities in Finland, and geographical coverage of the 3G network will also see further expansion.

The network upgrade project that began in autumn 2011 is the largest in DNA's history. DNA has taken bold steps to renew its mobile network ahead of its competitors, enabling it to provide highly competitive mobile communication services over the coming years.

'4G-grade speeds available in December for over 130 municipalities'

Fixed network must also remain competitive

4G broadband services over the mobile network can provide better service quality than broadband services over the conventional copper telephone network. Over time, 4G will replace the slow ADSL broadband connection as it is a strong alternative to fixed-network connections for remote work and entertainment in particular.

However, fast fibre- and cable-based broadband connections will maintain their position alongside 4G. To remain competitive, DNA Welho's fixed fibre and cable broadband network was upgraded with a technology providing speeds of up to 200 megabits per second, depending on the product. DNA's products are also differentiated by the accompanying speed promise.

In tests performed in 2011, DNA's cable broadband network technology reached world record speeds of up to 1.5 gigabits per second from network to customer.

Thanks to these upgrades, DNA can maintain its competitiveness in fixed-network broadband services and its distinctive position in mobile network broadband services. Consequently, broadband services offering over the conventional copper network will become less competitive.

In September 2011, DNA received two esteemed international awards at the IBC Awards Ceremony, including the Judges' Prize, for launching its terrestrial TV business within a short timeline and for the innovative network implementation.

By the end of 2011, the DNA Welho cable TV and broadband network served close to 600,000 households in Finland. Following these investments, capacity is sufficient to serve some one million households.

Antti Koskinen, Systems Analyst:

'In my work, being quick means implementing the desired system change successfully in one go, across the board. A typical customer is an internal stakeholder, with implementation carried out by an external supplier.

Changes are usually needed quickly, but it pays to spend enough time planning the change and analysing its effects. With thorough planning, the actual deployment is quick and no patching is required. Documentation and communication is also important to ensuring that the solution meets the customer's needs. This speeds up implementation, ensuring that both the customer and supplier receive good service.

It is better to get things right first time, in order to avoid creating extra work for yourself and others.'

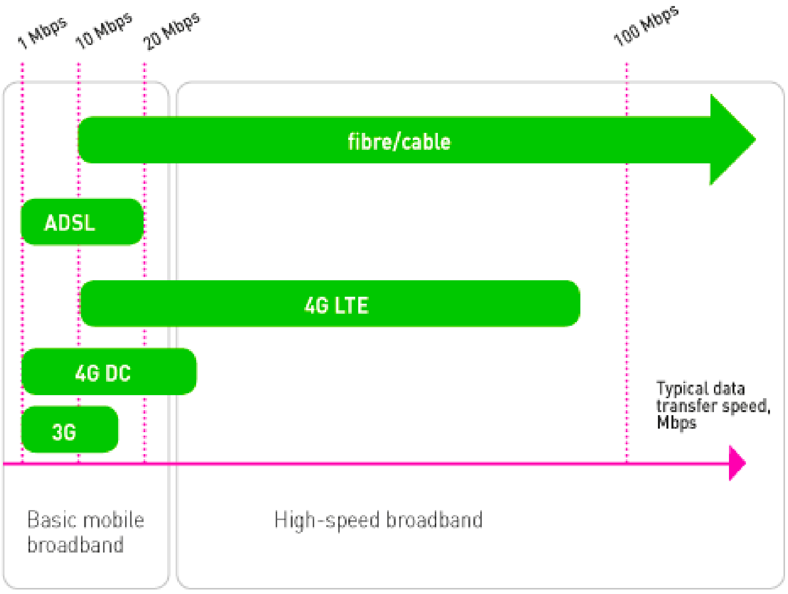
TV services achieve nationwide coverage cost-effectively

DNA's market share of cable TV services exceeds 40 per cent in Finland, and TV service coverage was extended on a nationwide scale in 2011. DNA constructed a terrestrial HDTV network based on DVB-T2 technology, which reached some 70 per cent of Finnish households by the end of the year. The goal for coverage in early 2012 is 85 per cent of the population.

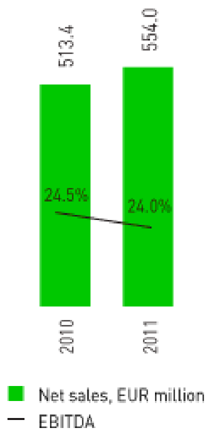
DNA's broadcast network is highly innovative and cost effective. Firstly, its transmitters utilise existing masts in the mobile network. Secondly, its image broadcasting utilises SFN technology, which improves transmitter coverage and enables seamless reception of image signals from any DNA transmitter.

DNA's DVB-T2 HDTV network implementation received two esteemed international IBC innovation awards in September 2011.

Technologies for high-speed communication and entertainment services



Consumer business: mobile communications and pay-TV services



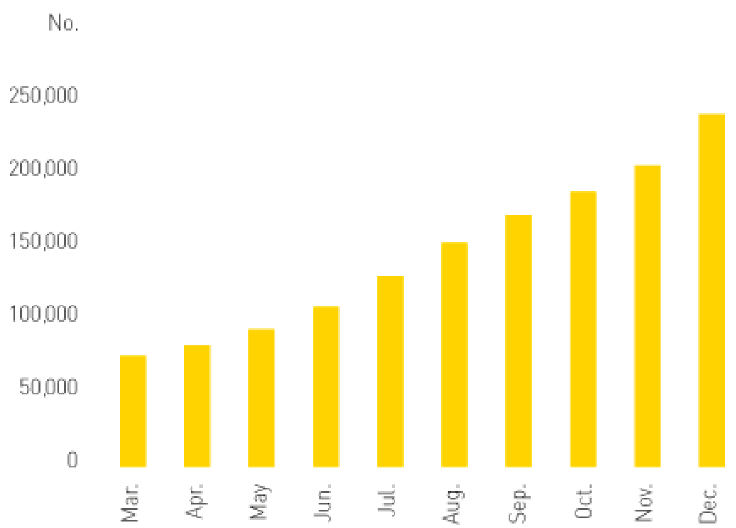
DNA offers diverse telecommunication services and devices to consumers, facilitating communication, sharing of information, security and entertainment.

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

2011 was a year of mobile data

The most evident key trend in 2011 was the exponential growth of smart phone use, which made the market more terminal-driven. DNA expanded its product offering in 2011 with smart phones such as Apple iPhone. At the end of 2011, as many as 80 per cent of phones sold by DNA were smart phones.

Number of smart phones in DNA's network in 2011



While smart phone and wireless modem sales increased, the amount of mobile data traffic experienced strong growth. Data traffic was increasingly generated by video downloading and the use of applications and Internet services.

To meet this growing traffic demand, DNA made significant investments in its mobile communication networks. These investments intend to provide customers with the fastest mobile connections on the market. Subsequently, 3G network comparison tests taken by Omnitele Oy in October showed that DNA achieved highest speeds. Moreover, DNA launched 4G-grade speeds to over half of the population in Finland towards the end of the year.

In a terminal-driven market, brick-and-mortar operations become increasingly important. With the 77 outlets of its DNA Store network , DNA is ready to meet the growing demand for smart phones. The most extensive operator store network in Finland is complemented by hundreds of representatives, a phone-in service and an online store.

Distributor channel concept and competence were developed further in 2011, along with product branding.

Products renewed across the mobile portfolio

In April, new fixed-fee mobile phone and mobile broadband subscriptions, dubbed S, M, L and XL, were launched in the consumer market. With the 'DNA Joustava' mobile phone subscriptions, the total number of calls and text messages can be flexibly selected. The competitiveness of the products is further increased by a model where the consumers do not need to keep track of the volume of voice or data traffic.

The renewed DNA mobile broadband products, in turn, provide subscription-specific maximum speeds for data transfer, and the more comprehensive packages allow unlimited prioritised data transmission over DNA's mobile network. XXL is the latest addition to the product family, utilising DNA's 4G speeds.

The new DNA Pro mobile subscription concept was launched as the most affordable in the market, thanks to streamlined processes and self-service concept.

Fixed broadband: higher speeds and revamped products

As the number of fixed subscriptions grew on the market, DNA invested into future competitiveness by renewing and streamlining its fixed-network broadband product offering.

The broadband products and customer service processes were combined under the nationwide DNA Welho brand, and Welho's high-quality customer service concept was implemented in the entire company. The new customer promises were also introduced at the same time.

In addition, high-speed DNA Welho broadband connections were made available to almost one million households in the cable network.

Riikka Järvinen, Marketing Manager, DNA Pro:

'I need to be quick in my work! For example, this means the ability to learn new things quickly and translate them into an easily understandable format for consumers.

Planning and implementing marketing activities also requires a can-do attitude, because deadlines tend to be tight in a dynamic business such as this. Luckily this can also be achieved by working remotely – and even more quickly with 4G.'

Pay-TV business launched in the terrestrial network

The Finnish TV market is dispersed, leaving room for a nationwide operator. In August, DNA complemented the leading cable-TV coverage in the market by launching pay-TV services in the terrestrial network. At the same time, uniform DNA Welho TV channel packages were launched nationwide, consisting of both HDTV and normal resolution channels.

The terrestrial TV network was constructed in record speed by using existing mobile masts in the mobile communication network. DNA's terrestrial network concept and business launch also received international recognition in the TV industry's esteemed IBC Awards ceremony.

According to customer feedback, consumers want to have their say in pay-TV channel offering. In 2011, DNA responded by introducing the DNA Welho TV Mix channel package, allowing the customers to flexibly select channels from those included in the package.

At the end of 2011, DNA's HDTV offering was the most extensive in Finland in both the cable and terrestrial networks.

'According to the annual EPSI Rating study, DNA Welho had the most satisfied customers in the pay-TV market.'

Well prepared for 2012

Mobile traffic will continue to be terminal-driven in 2012, and the ban on telemarketing of mobile subscriptions will change the structure of sales. This places increased emphasis on store sales. Thanks to the good coverage of its DNA Store distribution network, DNA is well prepared for the change.

Both the number of subscriptions and traffic volumes will continue to grow in the mobile data consumer market. DNA has already invested into 4G speeds in some 130 municipalities as they will replace the slower, fixed ADSL connections. On the other hand, demand for the faster fixed-broadband connections will remain strong. In this market, DNA offers speeds of up to 200 megabits per second in its cable network.

DNA has a good selection of pay-TV programmes. Slow to pick up in the end of 2011, the pay-TV business on the terrestrial network is anticipated to grow in 2012. It will be an eventful sports year, and the most appealing content will move to pay-TV. In addition, increased competition will keep prices at an affordable level and the consumers' awareness of the services will grow.

Customer-centricity at the heart of corporate business

DNA's corporate business offers nationwide, standardised and user friendly communication and data network services to companies and communities.

Customers' needs drive the business, where the aim is to deliver good customer service in all interaction. DNA also provides domestic and international teleoperators with cost-effective infrastructure services that use state-of-the-art technologies.

Mobile data grows exponentially

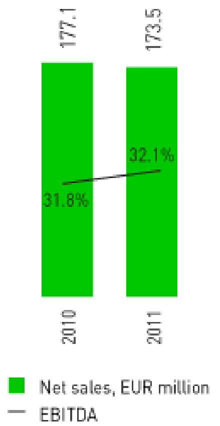
In 2011, demand for mobile data services grew with the increase in mobile work in particular. Modern applications, devices and data networks enable a high-quality, seamless remote user experience, boosting workforce efficiency and making employees' time management more flexible.

Due to increased consumerisation of technology, choices made by customers increasingly affected companies' network solutions in 2011: customers of corporations wish to increasingly use the same devices and applications they prefer to use as consumers. As the data network device offering gradually becomes more versatile, companies' IT solutions must be developed to better support the variety of devices in use.

DNA Business – the full service operator

DNA Communication Services	**DNA** Data Network Services	**DNA** Data Centre Services
• Mobile and fixed voice solutions • 'DNA Mobiilivaihde' mobile switchboard services • Leading smart phones and devices • Email and calendar as cloud services • Consistent company numbering • Scalable and flexible communication services	• Fast data connections • Reliable connections between offices • Comprehensive remote connections • Nationwide wireless connections • Data centre connections • High-quality data security services	• DNA Data Centre Services - Data centre facility leasing - Device maintenance • DNA Server Solutions - Virtual servers - Dedicated servers - Server backup - Server monitoring and maintenance

Corporate business, net sales and EBITDA



Spearheads: new mobile switchboard and customer network services

To meet increasing demand for mobile data services, DNA made major investments in boosting the speed of mobile communication connections nationwide. Implementation of quick 4G LTE and Dual Carrier technologies prepares DNA well for the future growth of mobile communication volumes, while boosting competitiveness.

In 2011, corporate business revamped its spearhead product, the 'DNA Mobiilivaihde' mobile switchboard, to meet growing demand. The main objective was to enhance the product's integrability, while introducing several features that boost the efficiency of companies' operations.

'DNA Mobiilivaihde can replace fixed switchboards even at enterprise-level.'

The service provides connection options to access control systems and calendar data, making people markedly more reachable. Versatile switchboard tools, hunt groups and numbering options provide companies with more opportunities to enhance their operational efficiency.

DNA Mobiilivaihde is acquired as a service which requires no separate investments, making it more affordable than a traditional fixed extension. To use the service, a company needs a computer for controlling the switchboard and mobile subscriptions through which each user manages their availability information.

The service's reliability has also been enhanced; in collaboration with Alcatel-Lucent, it is fully backed up and implemented with the latest technology.

In 2011, consumer business also enhanced its ability to support customers who need to utilise more versatile device environments and SaaS solutions. In July, DNA acquired Forte Netservices Oy, a company providing data communications and data security services. This acquisition strengthened DNA's SME and enterprise services in data network management, data security and user authentication.

Forte boasts excellent service productisation and high customer satisfaction. Owing to the acquisition, both Forte and DNA can offer extended service portfolios and services can be scaled to meet the needs of business of all sizes.

Strong local presence

Corporate business places a special emphasis on improved customer experience every step of the way from sales to service delivery and maintenance. Surveys indicate that above all else, DNA's customers value reliability of delivery and DNA's ability to resolve issues as agreed. Data networks and communication services are business-critical, and their availability has to be secured.

Consequently, DNA aims to develop its customer-centricity further by continuously introducing internal process improvements suggested by customer-facing functions such as local sales organisations and customer service.

DNA boasts the most extensive service network in Finland, bringing services close to the customer. It delivers high-quality local customer service with a genuine attitude. The nationwide network of DNA's corporate business consists of almost 100 sales agents, 77 DNA Stores and external representatives.

New services in 2012

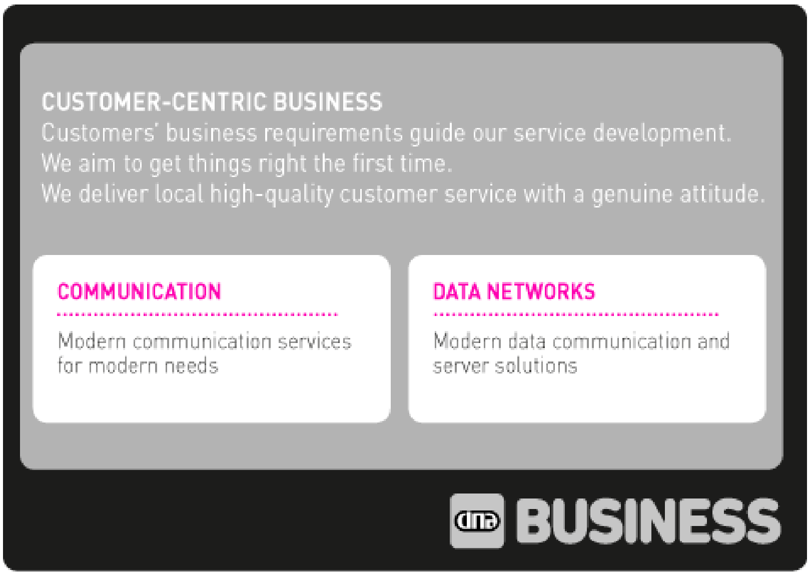
Data networks will become an increasingly important business enabler. As business data is increasingly accessed from various devices and companies increase their operational efficiency, they need to integrate a wider selection of devices with their data networks. New mobile data services can help this integration.

DNA is providing value added services for data networks, such as data security, proactive network management and monitoring as well as user management and integrated server solutions. At the same time, DNA is enhancing the quality and speed of data and mobile data services in the networks.

In the communication service market, DNA will continue the development of its new mobile switchboard, integrating new state-of-the-art technology-based Internet and office communication solutions with it. More versatile reporting and self-service tools will also be introduced to meet customers' requests.

DNA is also focusing on enterprise customers, tapping into Forte Netservices' customer and service expertise in this segment. Forte's world-class expertise in demanding enterprise data network services will be available to all DNA corporate customers. At the same time, DNA will revamp its data security, corporate data and service centre products.

DNA Business



Based in the city of Lahti, Kemppi Oy is a long-standing customer of DNA for data centre services. With hundreds of employees and international operations, Kemppi places high demands on its data communications partner: not only are 24/7 support services and uniform data security across the countries a must, these services must also be cost-effective, reliable and manageable.

In autumn 2011, the cooperation extended to include DNA's server infrastructure, covering capacity, operation and support services. The service package includes devices leased to Kemppi by DNA as well as Kemppi's own servers, 24/7 maintenance, monitoring and back up services.

– Kemppi knows us and uses a wide array of our services. We are delighted by the trust Kemppi has shown in us by taking our partnership to the next level, says Sales Director **Harry Sjögren**.

Kemppi is a world-leading manufacturer of arc welding equipment and a provider of solutions for highly productive welding. Headquartered in Lahti, Finland, Kemppi has branches in Asikkala, Finland, and Chennai, India. Kemppi's main production facilities are located in the Lahti region, and the company has offices in 14 countries.

General corporate governance principles

DNA Ltd is a Finnish limited company. Parent company DNA Ltd and its subsidiaries form the DNA Group, which operates nationwide. The company is domiciled in Vantaa, 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 (www.cgfinland.fi/en/), except for Recommendation 51 on the company's insider administration; 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.

Governing bodies

DNA's governing bodies comprise the General Meeting, the Board of Directors and the Chief Executive Officer.

General Meeting

The General Meeting is the highest decision-making body of DNA. The Annual General Meeting 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 Annual General Meeting. Extraordinary General Meetings can be organised as required. General Meetings take place in Helsinki or Vantaa.

Notice 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 four weeks and no later than eight days before the General Meeting. Notices are posted as registered letters to the addresses listed in the shareholder register or published as an announcement in at least one nationwide newspaper designated by the Board of Directors.

DNA Board of Directors calls the Annual General Meeting, prepares the matters under discussion and implements decisions of the General Meeting.

Duties of the General Meeting

According to the company Articles of Association, the responsibilities of the General Meeting include adopting the company's financial statements, 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, electing the Board of Directors and auditor and deciding on their remuneration.

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

General Meeting agenda and registration

According to the Finnish 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 if the shareholder so requests in writing from the Board of Directors. The shareholder must send this request, along with the related grounds or proposal, well in advance of the meeting.

The Nomination Committee's proposal for the Board of Directors shall be included in the notice of the General Meeting. The same applies to any proposed composition of the Board of Directors put forward by shareholders who hold, at a minimum, ten per cent of voting rights of the shares, provided that the candidates have agreed to be nominated to the Board and that the company has been notified of the proposal in advance, allowing it to include the information in the notice of the General Meeting.

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 one assistant present at the General Meeting. A shareholder has the right to a copy of the minutes of the General Meeting upon request.

Presence of the Board of Directors, Committees and the CEO

The company's chairman of the Board, 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 and the Extraordinary General Meeting when deemed necessary. 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 Finnish 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.

Board of Directors

According to the company Articles of Association, the DNA Board of Directors comprises six to eight 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.

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.

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.

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.

Meetings and member information

The company shall report the number of Board meetings held during the financial period and the participation rate of the members.

The company shall publish the following information for each member of the Board of Directors: name, year of birth, education, main occupation, main work experience, year of election to the Board, main positions of trust, shares held by the member or bodies controlled by the member and share-based rights in the company and the Group companies.

Each member of the Board of Directors shall provide the Board with sufficient information for the purpose of assessing the member's qualifications and independence.

The Board of Directors meets as and when deemed necessary and regularly around once per month.

Board committees

According to the company Articles of Association, the Board of Directors may establish Board committees to support its work.

The Board shall confirm the main duties and operating principles of the committees in a written charter. Committees report regularly to the Board.

Audit Committee (AC)

According to its charter, the Finnish Corporate Governance Code for listed companies and applicable laws and regulations, DNA's Audit Committee assists the Board of Directors' duty of control in financial reporting and control, risk management and internal and external audits.

The AC comprises a chairman and at least two members elected annually by the Board of Directors from among Board members. The committee meets at least four times a year.

According to its charter, the Audit Committee has the following duties:

- 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 management 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.

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

Remuneration and Nomination Committee (RNC)

According to its charter, the Finnish Corporate Governance Code for listed companies and applicable laws and regulations, 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 RNC comprises a chairman and at least two members elected annually from among its members by the Board of Directors. The committee meets at least twice a year.

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.

CEO

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

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, strategic Executive Team and extended Executive Team.

Other executives and subsidiary management

Strategic Executive Team

DNA Strategic Executive Team assists the CEO in the following duties related to the CEO's strategic management responsibility:

- Setting long-term strategic objectives for the Group
- Setting objectives for the business plans, budget and investment plan of the Group, monitoring and measurement thereof;
- Managing and developing the Group brand;
- 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.

Group Executive Team

DNA Executive Team supports the CEO in the following duties related to the CEO's responsibilities:

- Coordinating Group management and matters pertaining to the operations of the organisation;
- Preparing the Group business plans, budget and investment plan;
- Monitoring the implementation of the Group business plan, budget, investment plan and its financial development;
- Preparing significant investments as part of budget preparation, making separate decisions on proposals for possible additional investments;
- Preparing matters and reports for Board of Directors' meetings;
- 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.

The Group Executive Team meets regularly approximately once a month and as and when deemed necessary.

Members of subsidiaries' Boards of Directors are elected from among the executives of the Group unless, under special circumstances, the Board of Directors decides otherwise.

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, support function reviews and personnel representatives' reviews.

Remuneration

DNA's Annual General Meeting decides the remuneration level and principles of the Board of Directors and its Committees. The Board of Directors decides on the salary and other benefits paid to the CEO.

The Remuneration and Nomination Committee prepares matters pertaining to the remuneration of the Board of Directors, the CEO and other executives. By virtue of the Limited Liability Companies Act, the General Meeting or the Board of Directors authorised by the General Meeting decides on the issue of shares or option rights.

Internal control, risk management and internal audit

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 recognised international principles of good governance.

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. The Group's internal control supports the CEO, the Board of Directors and the operating management in their duty of control.

Organisation of risk management

DNA's risk management is based on the risk management policy adopted by the Board of Directories, defining the objectives, process, main duties and responsibilities of 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. Risk management typically divides risks into strategic and operative risks. The main risks are referred to as key risks. Other risk categories are used as required.

The risk management process provides reports on risks and their control methods to the executive management and Board of Directors, interim reports and strategy work. In developing the risk management process, a particular emphasis is placed on capital market eligibility and the requirements of corporate governance. The risk management process is part of DNA's management process.

The Board of Directors is responsible for company's risk management and approves the risk management policy. The CEO is responsible for the practical implementation of risk management and maintenance of the risk management policy.

Risk management is an essential part of the planning and control of business operations. Each and every employee who is responsible for a business activity and risk taking is also responsible for identifying and managing risks.

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.

Internal audit

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 Chief Financial Officer, 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. Internal auditing is carried out in accordance with the annual plan. When required, internal auditing performs additional checks as proposed by, for example, 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 is 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.

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 NASDAQ OMX Helsinki, except for maintaining a public insider register, because the company does not hold listed instruments.

Auditing of the Accounts

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

This Audit Committee's proposal for the auditor is included in the notice of the Annual General Meeting. The same applies to a proposal for the composition of the Board of Directors, made by shareholders who hold, at a minimum, a ten per cent share of votes, provided that the candidate has agreed to be nominated to the Board and that the company has been notified of the proposal in advance, allowing it to include this information in the notice of the General Meeting.

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.

Communication

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

DNA's communication principles

DNA has an open and active approach to communication. The basic principle of communication at DNA is that all stakeholders have an equal and fair opportunity to receive information simultaneously. The objective of communication is to provide accurate and adequate information about DNA's operations.

The objective of DNA's external communication is to maintain and develop trust and awareness among customers and partners, strengthen the DNA brand and support company business. The objective of internal communication is to support the work of DNA's personnel and the realisation of common objectives by providing enough information and to establish clear communication about current topics at DNA and the future outlook of the company.

Practices

DNA publishes press releases about all essential and significant matters and events to inform all stakeholders simultaneously. The releases are published in Finnish and English.

DNA's financial communication follows an established schedule. DNA publishes financial reports every three months. The publication dates for the next financial period are published before the end of the current period. Information on financial results and future outlook is mainly provided in interim reports. If any information about them is communicated outside interim reports, a press release is published.

Silent period

DNA's silent period commences three (3) weeks before the announcement of financial results. During this time, DNA makes no comments on the company's financial status, markets or the future. The silent period comes to an end at the publication of the Group's financial results.

The schedule for DNA's financial communication is available at www.dna.fi – DNA Group – Financial – Calendar.

Profit warning

A profit warning is issued if the company considers that its financial development, estimated financial result or future outlook has become materially different from that previously published. The CFO and the President and CEO of DNA assess the change.

Communication methods and distribution and availability of press releases

In addition to press releases, DNA discloses information in financial reports, the Annual Report, DNA website, meetings and press conferences.

Press releases and financial reports are distributed through key media and published at www.dna.fi – DNA Group – Financial/Press.

The public can subscribe to a mailing list to receive DNA's press releases via email at www.dna.fi – DNA Group – Press.

Responsibilities and spokespersons

DNA's Corporate Communications have the overall responsibility for the maintenance of media relations, preparation of materials for publication and adherence to a coherent communication policy.

DNA's President and CEO, CFO and Vice President, Corporate Communications are the official Group spokespersons, providing statements on matters pertaining to the operation and development of DNA Group. Other members of the Group management act as spokespersons in matters pertaining to their respective responsibilities.

Crisis communication

DNA's Vice President, Corporate Communications is responsible for the management of crisis communication. DNA's crisis communication group comprises of Vice President, Corporate Communications, business segment Communications Managers and Chief Security Officer.

DNA's crisis communication plan specifies the principles and objectives of DNA's crisis communication. These include ensuring business continuity, engaging in quick, honest, open, proactive and planned communication, human touch and respect for individuals, responsibility, establishing dialogue and using clear language.

Market rumours

DNA does not comment on any market rumours if they are deemed not to cause a significant disturbance to DNA's operations. If they do, DNA issues a press release.

Significant risks and uncertainties

Risk management and objectives

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

Risk management is part of DNA Group's strategy process and corporate governance. It is guided by the risk management policy approved by the Board of Directors. This policy defines the purpose, process, key tasks and responsibilities of risk management.

The purpose of risk management is to help management achieve the company's strategic objectives and to provide the Board of Directors with up-to-date information on company risks and their management. Risk management is also designed to safeguard DNA's critical success factors.

Critical success factors rely on DNA's operative efficiency, in-depth understanding of customers and markets as well as skilled and agile workforce.

DNA's risk management focuses on preventive action, limitation of adverse effects and utilisation of opportunities. The Group systematically identifies and analyses risks and modifies its operations accordingly, as required.

Within the Group, it is acknowledged that not every risk relevant to its business can be identified by DNA itself. For this reason, the Group regularly communicates with its main external stakeholders in order to gain the most comprehensive overview possible of DNA's risk framework and business environment.

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

DNA's key strategic and operative risks

Industry change

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

DNA believes that the boundaries between industry sectors will become more blurred in the future, enabling increased competition between telecom operators, ICT, media and Internet companies and terminal manufacturers. Rapid changes may also occur in different parts of the service production value chain.

The Group sees this shift as an important opportunity and actively monitors market developments.

New business opportunities

DNA is making special efforts to identify new business opportunities. Starting up a new business always involves higher risks than conventional and established business operations.

Alongside traditional communications methods offered by telecom operators, technological development can create new ones, such as communications through social media or smart phone applications. Customer behaviour can change rapidly if new communications methods are sufficiently reliable and easy to use.

If such services gain widespread popularity, they can have an overall impact on the traditional business of operators. On the other hand, new communications methods can provide new opportunities for operators, by increasing the use of mobile data, for example.

Systems and networks

Intense market competition places high demands on operators' systems and network infrastructure.

They must be able to provide usable and high-quality tools and productise services quickly and cost-efficiently. DNA aims to use the most reliable and modern system solutions possible, to avoid issues such as service downtimes and problems in the reliability and availability of data.

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 and providing back-up power for systems by means of batteries and generators, whose duration is determined by the importance of each network component.

DNA also offers backed up wireless and fixed telecommunication connections, such as data centre, health care and store networks, for corporate customers requiring high availability.

Summary

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

Consumer use of mobile data and the number of smart phones are currently experiencing strong growth, 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.

Regulatory risks

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

For example, if the views or assessment principles of the Finnish Communications Regulatory Authority (FICORA) were to change, this could have an impact on the pricing of DNA's wholesale products. License regulation plays a major role in DNA's mobile communication business and the terrestrial network business.

Financing risks

In order to manage the interest rate risk, some of the loans taken out 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 section 3 in the notes to the financial statements.

Damage risks

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

Board of Directors

Jarmo Leino Chairman of the Board

b. 1951

Master of Laws, Master of Laws with court training
Finda Oy, CEO
Member of the Board since 2006 and Chairman since 2010

Independent of the company, not independent of major shareholders

Main work experience:

Advocate 1980–2010

Main positions of trust:

Kontaktia Oy, Chairman of the Board
Oy Omnitele Ab, Chairman of the Board
Lohjan Puhelin Oy, Chairman of the Board

Hobby:

Rollerblading

Hannu Isotalo Member of the Board

b. 1947

M.Sc. (Tech)
Lujatalo Oy, Chairman of the Board
Member of the Board 2004–2006 and again from 2007

Independent of the company, not independent of major shareholders

Main work experience:

Lujatalo Oy, CEO
Lujabetoni Oy, CEO

Main positions of trust:

Enfo Oyj, Member of the Board

Hobby:

Training with kettlebells

Anu Nissinen Member of the Board

b. 1963

M.Sc. (Econ)
Sanoma Media Finland, CEO
Sanoma Group, Member of the Executive Team
Member of the Board since 2010

Independent of the company, not independent of major shareholders

Main work experience:

Sanoma Entertainment Ltd, President
Helsinki Televisio/Welho, President
Oy Sinebrychoff Ab, various marketing positions

Main positions of trust:

F-Secure Corporation, Member of the Board

Hobby:

Reading

David Nuutinen Member of the Board

b. 1959

M.Sc. (Econ)
Leaf Suomi Oy, President Finland
Member of the Board since 201

Independent of the company and major shareholders

Main work experience:

Leaf International, Member of the Executive Team
Leaf Suomi Oy, Commercial Director
Pepsi Co Beverages International, Director
McDonald's Finland, Operations Director

Hobby:

Porsches

Jukka Ottela Member of the Board

b. 1953

M.Sc. (Econ), Master of Laws
Esan Kirjapaino Oy, CEO
Member of the Board since 2010

Independent of the company, not independent of major shareholders

Main work experience:

Onninen Oy, Director Wholesale Division
Newspaper publishing, management of media business

Main positions of trust:

PHP Holding Oy, Chairman of the Board
PHP Liiketoiminta Oyj, Chairman of the Board
The Finnish Newspaper Association, Member of the Board

Hobby:

Golfing

Risto Siivola Member of the Board

b. 1947

Commercial counsellor (Finnish honorary title)
M.Sc. (Tech)
Member of the Board since 2003 and Chairman 2003–2010

Independent of the company, not independent of major shareholders

Main work experience:

Oulu ICT Oy, CEO
Turun Telelaitos, CEO
Oulun Puhelin Oyj, CEO
Telepohja Oy, CEO

Main positions of trust:

Oy Omnitele Ab, Member of the Board
Kontaktia Oy, Member of the Board

Hobby:

Skiing

Anssi Soila Member of the Board

b. 1949

M.Sc. (Tech), M.Sc. (Econ)
Board professional
Member of the Board since 2008

Independent of the company and major shareholders

Main work experience:

Kone Corporation, CEO
Kone Corporation, over 20 years of management experience in Finland and abroad

Main positions of trust:

Normet Oy, Deputy Chairman of the Board
Attendo Ab, Member of the Board
Lindström Oy, Member of the Board
Outotec Oyj, Member of the Board

Hobby:

Glider flying

Tuija Soanjärvi Member of the Board

b. 1955

M.Sc. (Econ)
Member of the Board since 2011

Independent of the company and major shareholders

Main work experience:

Itella Corporation, Chief Financial Officer
Elisa Corporation, Chief Financial Officer
TietoEnator Corporation, Internal Auditor, Financial Manager, Chief Financial Officer
Kesko Oy, Controller, Internal Auditor

Main positions of trust:

National Board of Patents and Registrations of Finland, Member of the Board
Metsähallitus, Member of the Board
Affecto PLC, Member of the Board
The Central Chamber of Commerce of Finland, Member of the Auditing Board

Hobby:

Orienteering

Executive Team

Riitta Tiuraniemi Chief Executive Officer

b. 1962

M.Sc. (Tech)

With DNA since 2001

Main work experience:

DNA Finland Ltd, CEO
DNA Networks Ltd, CEO

Hobby:

Skiing

Johan Flykt Vice President, Customer Processes

b. 1965

QBA, MBA

With DNA since 2010

Main work experience:

Welho, Business Director
Tampereen Tietoverkko Oy, CEO
TeliaSonera Finland Oyj, Director

Hobby:

Football

Jukka Leinonen Vice President, Corporate Business

b. 1962

M.Sc. (Tech)

With DNA since 2010

Main work experience:

Yritysverkot Oy/Sonera Solutions Oy, CEO
TeliaSonera Group, management positions in corporate business marketing, sales and product management

Hobby:

Woodworking

Minna Miettinen Vice President, Products & Content

b. 1969

QBA

With DNA since 2012

Main work experience:

Satama Interactive, Vice President, Mobile Services and Director, Telecom Business Group
Trainers' House, Sales Director

Hobby:

Art graphics

Petteri Niemi Chief Operating Officer

b. 1970

M.Sc. (Tech)

With DNA since 2001

Main work experience:

DNA Finland Ltd, Vice President, Customer Processes
Finnet Com Oy, Product Group Manager

Hobby:

Canoeing

Tommy Olenius Vice President, Technology

b. 1962

Engineer

With DNA since 2003

Main work experience:

Suomen 2G, Technical Director
Telia Finland Oy, Technical Director

Hobby:

Reading

Ilkka Pitkänen Chief Financial Officer

b. 1966

M.Sc. (Econ)

With DNA since 2010

Main work experience:

Metsäliitto Group, Group CFO
Kone Corporation, VP Corporate Controller, VP Alliances & Acquisitions

Hobby:

Cooking

Asta Rantanen Vice President, Legal Affairs

b. 1962

Master of Laws

With DNA since 2003

Main work experience:

DNA Finland Ltd, Vice President, Legal Affairs
Finnet Ltd, Vice President, Legal Affairs

Hobby:

iPad

Marko Rissanen Vice President, Human Resources

b. 1974

QBA

With DNA since 2003

Main work experience:

Finnet Networks Ltd, HR Manager
Telia Product Oy, HR Manager

Hobby:

Card games

Hannu Turunen Vice President, New Businesses

b. 1963

M.Sc. (Tech), MBA

With DNA since 2007

Main work experience:

Elisa Corporation, Director
ABB, Profit Center Manager
Vaisala Corporation, Manager, New Business Development

Hobby:

Cabinetmaking

Pekka Väisänen Vice President, Consumer Business

b. 1966

M.Sc. (Econ)

With DNA since 2003

Main work experience:

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

Hobby:

Playing squash

DNA Ltd's major shareholders 31 December 2011

	No. of shares	No. of votes	Share, %
Finda Oy	2,495,490	2,495,490	26.0
Sanoma Entertainment Finland Oy*	2,027,167	2,027,167	21.1
Oulu ICT Oy	1,698,997	1,698,997	17.7
PHP Liiketoiminta Oyj **	1,513,856	1,513,856	15.8
Osuuskunta KPY	993,864	993,864	10.3
Anvia Oyj	294,312	294,312	3.1
Ilmarinen Mutual Pension Insurance Company	227,423	227,423	2.4
Lohjan Puhelin Oy	220,877	220,877	2.3
Pietarsaaren Seudun Puhelin Oy	70,460	70,460	0.7
Karjaan Puhelin Oy	16,971	16,971	0.2
Total, ten largest owners	9,559,417	9,559,417	99.6
Others	51,259	51,259	0.4
Total	9,610,676	9,610,676	100.0

* On 23 February 2012, the main owners of DNA agreed to buy Sanoma Corporation's shareholding in DNA Ltd.
** The transfer of the DNA shares held by PHP Liiketoiminta Oy to its parent company PHP Holding Oy was entered into DNA's shareholder register on 6 February 2012.

Introduction

DNA's net sales grew to EUR 727.5 million in 2011. The growth was fuelled by positive consumer business development mainly due to the Welho acquisition on 1 July 2010 and growth in mobile communication services. EBITDA improved to EUR 188.4 million, while operating profit fell to EUR 50.8 million. EBITDA and operating profit for the review year were especially burdened by the increase in material costs due to positive consumer business sales development and an increase in sales and marketing costs necessitated by intensifying competition. Operating profit was also burdened, in particular, by an increase in depreciation, which totalled EUR 137.6 million.

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

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

Due to an internal system error, net sales and result for the January–September period were adjusted by EUR -6.7 million in the financial statements. The adjustment did not affect customer-facing functions or cash flow. The adjusted comparison figures for 2012 will be published in financial reports.

Operating environment

From the second quarter onwards, the overall financial environment became more uncertain, although this was not reflected in the telecommunications market. Competition in the telecommunications consumer and corporate markets remained intense.

Consumer demand for smart phones continued to increase in 2011. Mobile communication services, including mobile voice communication and mobile broadband, enjoyed strong demand. Fixed-network broadband customers were actively switching to higher-speed connections. Demand for pay-TV services remained steady after the summer, following the normal annual cycle.

Demand in the corporate market kept switching from fixed-network services to mobile services. This was reflected in particular in decreasing volumes of fixed-network operator services and voice services. Demand for mobile communication services continued to increase, particularly for mobile broadband. Demand for fixed-network broadband services remained steady.

Mobile network termination charges between operators fell from 2010.

A change in the Telecommunications Act entered into force on 25 May 2011, making number porting possible in fixed-term contracts. However, the competition did not become significantly more intense after this.

The Housing Companies Act, amended in 2010, made it easier for housing companies' annual general meetings to decide on fixed-network subscriptions since 2011. This intensified competition over housing company subscriptions among operators, causing prices to fall in 2011.

In accordance with the Government Programme, the Ministry of Transport and Communications launched an initiative in the second half of the year to bring together legislation pertaining to electronic communication and the provision of information services. Approximately ten acts will be consolidated to form an information society code. The reform will take several years to complete.

During the third quarter, Finland and Russia agreed on the coordination of the 800 MHz band. As a result, the timetable for the uptake of new generation mobile networks has been accelerated by several years. Towards the end of the year, the Ministry of Transport and Communications drafted a spectrum policy resolution on how licenses are to be granted and distributed within the 800 MHz band. The Ministry proposes using an auction process.

A Government resolution is expected in spring 2012, after which the ministry will begin the legislative process and preparations necessary for the possible auction. DNA considers it essential that during the preparations the focus is on maintaining balanced competition in the mobile broadband market in Finland.

The Finnish Ministry of Transport and Communications presented the Government's proposal, on prohibiting consumer telemarketing of mobile phone subscriptions, to the Finnish Parliament towards the end of the year. A Parliament decision is expected in February 2012. DNA has voiced its strong support for the initiative.

The Finnish Communications Regulatory Authority (FICORA) published new principles for the pricing of licences in the final quarter of 2011. These principles apply to the pricing of metallic subscriber connections and digital television broadcasting services. As of beginning of 2013, FICORA will assess the cost-orientation of their pricing based on book values.

Net sales and profit

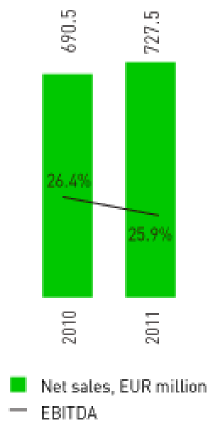
Net sales

DNA's net sales for the financial year grew by 5.4 per cent to EUR 727.5 million (690.5 million). Due to an internal system error, net sales and result for the January–September period were adjusted by EUR -6.7 million. The error did not affect customer-facing functions or cash flow.

In 2011, net sales growth was fuelled in particular by the incorporation of the Welho business into DNA's consumer business. The main brake on net sales growth was price erosion caused by intensifying competition, falling demand for fixed-network services and the reduction in mobile network termination charges.

During the review period, 76.2 per cent (74.4) of net sales were generated by consumer business and 23.8 per cent (25.6 per cent) by corporate business.

Net sales and EBITDA



Profit

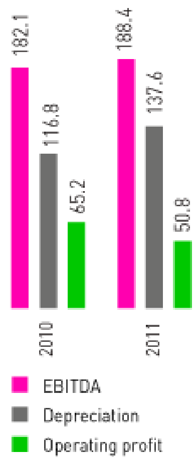
In 2011, DNA's EBITDA grew by 3.5 per cent to EUR 188.4 million (182.1 million), accounting for 25.9 per cent of net sales (26.4 per cent). Operating profit decreased by 22.1 per cent to EUR 50.8 million (65.2 million), or 7.0 per cent (9.4 per cent) of net sales.

EBITDA and operating profit for the review year were burdened in particular by the further increase in material costs due to positive consumer business sales development and an increase in sales and marketing costs necessitated by intensifying competition. Operating profit was also burdened by an increase in depreciation, which totalled EUR 137.6 million (116.8 million). This increase was due to larger investments in data communications networks and their shorter depreciation period.

DNA's profit before tax came to EUR 46.2 million (60.6 million).

Financial income and expenses amounted to EUR -4.7 million (-4.7 million). Income tax for the period was EUR 10.4 (14.5 million), and profit decreased to EUR 35.8 million (46.0 million). Earnings per share came to EUR 3.73 (5.35).

EBITDA and operating profit, EUR million



Consolidated key figures

EUR million	2011	2010
Net sales	727.5	690.5
EBITDA	188.4	182.1
- % of net sales	25.9	26.4
Depreciation	137.6	116.8
Operating profit	50.8	65.2
- % of net sales	7.0	9.4
Profit before tax	46.2	60.6
Profit for the financial period	35.8	46.0
Earnings per share, EUR	3.73	5.35
Return on investment (ROI), %*	6.6	9.6
Return on equity (ROE), %*	5.7	8.7
Investments	119.5	83.4
Cash flow after investments**	9.0	71.8
Personnel at the end of period	1,035	1,003

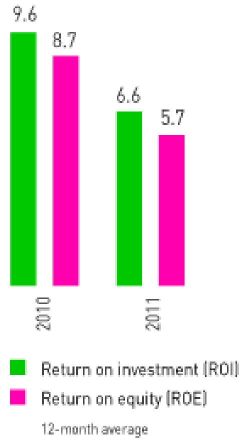
*12-month average
**includes business combinations and financial lease agreements

Key operative indicators

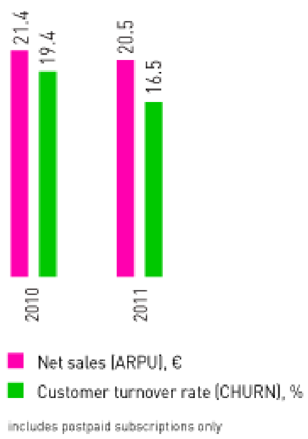
	31 Dec 2011	31 Dec 2010
Number of mobile communication network subscriptions*	2,285,000	2,108,000
- Revenue per user (ARPU), EUR**	20.5	21.4
- Customer CHURN rate, %**	16.5	19.4
Number of fixed-network subscriptions	1,039,000	1,060,000
- Number of broadband subscriptions	299,000	291,000
- Number of cable TV subscriptions	602,000	598,000
- Number of telephone subscriptions	138,000	171,000

* includes voice and mobile broadband
** includes postpaid subscriptions only

Return on equity and investment, %



Mobile communication key figures per subscription



Cash flow and financial position

In the financial year, cash flow after investments decreased to EUR 9.0 million (71.8 million). This was mainly attributable to paid taxes. The financial position was solid, and gearing was 24.5 per cent (16.1 per cent) at the period end. Gearing increased due to increased investments, business acquisitions and higher working capital.

The Group's liquid assets at the end of the year amounted to EUR 28.4 million (49.5 million), and interest-bearing liabilities to EUR 181.6 million (151.9 million).

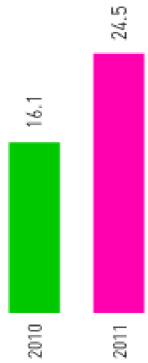
On 8 November 2011, DNA agreed on a five-year loan and revolving credit facilities totalling EUR 300 million. The agreement includes a EUR 200 million revolving credit facility and a loan facility amounting to EUR 100 million. The revolving credit remained undrawn at the end of the year, while the loan facility had been fully withdrawn. These facilities will refinance DNA's existing loan and credit facilities.

The Group has also a credit facility agreement with the European Investment Bank amounting to the maximum of EUR 120.0 million (120.0 million). The availability of the draw down will expire in March 2012. In addition, the company has a commercial paper programme of EUR 150.0 million (150.0 million), under which EUR 25.0 million (0.0 million) was drawn by the end of December.

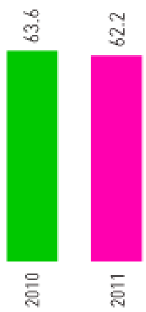
The net debt/EBITDA ratio was 0.81 (0.56).

The balance sheet remained strong, with the end-of-period equity ratio totalling 62.2 per cent (63.6 per cent).

Gearing, %



Equity ratio, %

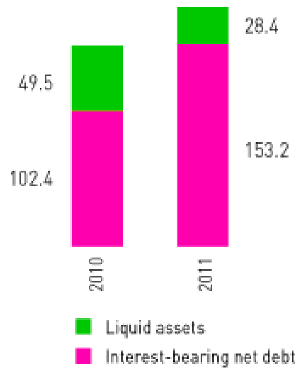


Cash flow and financial key figures

	1–12/2011	1–12/2010
Cash flow after investments, EUR million	9.0	71.8

	31 Dec 2011	31 Dec 2010
Net debt, EUR million	153.2	102.4
Net debt/EBITDA	0.81	0.56
Gearing, %	24.5	16.1
Equity ratio, %	62.2	63.6

Assets and liabilities, EUR million



Development per business segment

Consumer business

In the year under review, DNA's consumer business net sales increased to EUR 554.0 million (513.4 million), mainly due to the Welho acquisition and growth in mobile communication services.

EBITDA increased to EUR 132.8 million (125.7 million), or 24.0 per cent of net sales (24.5 per cent). Operating profit fell to EUR 46.5 million (52.7 million), accounting for 8.4 per cent of net sales (10.3 per cent).

They were burdened in particular by the continued increase in material costs due to positive consumer business sales development, and a further increase in sales and marketing costs necessitated by intensifying competition. Operating profit was also burdened by the increase in depreciation in particular, of which EUR 86.3 million was allocated to consumer business (73.1 million).

On 8 April 2011, DNA announced new fixed-fee mobile phone and mobile broadband subscriber connections dubbed S, M, L and XL. With the mobile phone subscriptions, the total number of calls and text messages can be flexibly selected. Each mobile broadband subscription offers a dedicated maximum transmission speed and a defined volume of prioritised data transmission over the 3G network.

The new fixed-network products DNA Welho Broadband and DNA Welho TV were launched on 9 May 2011. With these products, DNA's TV and HDTV channel offering became the largest in Finland and Welho's extremely fast fixed-line broadband connections were made available to nearly one million households within the company's fixed-network area. At the same time, product offerings and pricing were streamlined and new fixed-line broadband customer promises were introduced.

Together with other operators, DNA began to grant mobile certificates to consumers from 27 June 2011 onwards.

On 17 August 2011, DNA launched a new consumer mobile subscription concept dubbed DNA Pro. The best on the market, its pricing levels are based on streamlined processes and self service. Purchasing and customer service are available online and invoicing is in electronic format.

Among the key events of 2011 was the launch of pay-TV packages within the terrestrial network on 18 August 2011, with the introduction of DNA Welho TV channel packages that include both standard and high definition channels. The channel offering and productisation were developed further during the rest of the year.

On 11 September 20011, DNA won two awards at the IBC Awards Ceremony, the premier annual event for television and broadcasting professionals worldwide. DNA received the IBC Innovation Award for its unique terrestrial network's spectral efficiency. In addition, the company received the Judges' Prize for launching its terrestrial TV business within a short timeline. DNA expanded its terrestrial HDTV network further during the rest of the year.

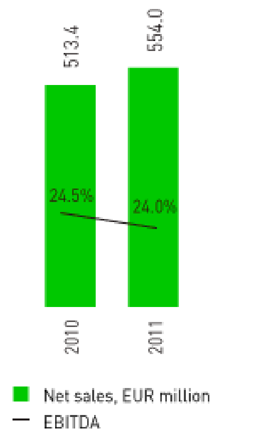
The City of Helsinki's real estate company, Siilitien Kiinteistöt Oy, selected DNA's TV and broadband services for its real estate. Announced on 17 October 2011, the agreement covers a total of 1,700 apartments.

The apartments of the Student Housing Foundation of Northern Finland (PSOAS) will utilise DNA's Internet connections and DNA Welho TV services. PSOAS provides accommodation for a total of 5,300 students in the city of Oulu. The three-year agreement was announced on 8 November 2011.

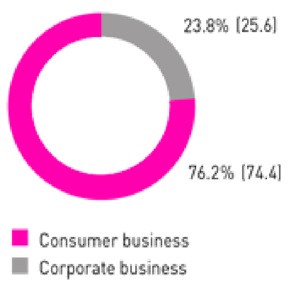
DNA's 4G network, especially well suited for remote work and entertainment, became available on 13 December 2011. Enabled by Dual Carrier and LTE technologies, the 4G speeds were available in 130 municipalities by the end of the year.

On 21 December 2011, the Council of State granted five new programme licences for DNA's terrestrial network. One licence was also adjusted.

Consumer business, net sales and EBITDA



% of net sales



Corporate business

Corporate business net sales for the financial year fell to EUR 173.5 million (177.1 million), due to lower operator sales volumes and lower volumes in fixed-network voice traffic in particular. The acquisition of Forte Netservices Oy compensated for the effect of these developments.

EBITDA decreased to EUR 55.6 million (56.3 million), or 32.1 per cent of net sales (31.8 per cent). Operating profit fell to EUR 4.3 million (12.6 million), or 2.5 per cent of net sales (7.1 per cent).

Operating profit was burdened in particular by the increase in depreciation, of which EUR 51.3 million was allocated to corporate business (43.8 million).

On 28 March 2011, DNA and G4S, the world's leading provider of security solutions, announced the use of DNA's network for G4S security services. The agreement covers several thousand fixed-network and mobile communication connections.

On 12 July 2011, DNA strengthened its corporate business by acquiring Forte Netservices Oy, a company that offers data communications and data security services. The company's services are used in 60 countries, and net sales for 2011 were estimated at EUR 8 million. Forte Netservices' 37 staff continued in its employ. The company's headquarters are in Espoo, Finland, and it has branches in Moscow, St Petersburg and Bangkok.

One of the world's leading manufacturers of piling equipment, Junttan Oy, selected DNA to provide its network-oriented server centre services. The companies announced their two-year contract on 9 August 2011, comprising the comprehensive DNA Data Services solution with company network subscriptions.

The City of Lahti introduced the DNA Mobile Certificate in the Lahti region residents' portal. The Internet services were launched on 29 August 2011.

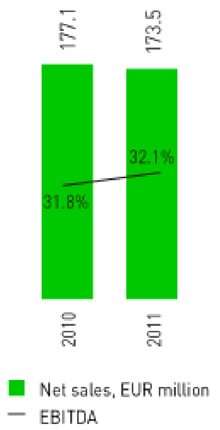
Under a purchasing pool arrangement, the towns of Naantali and Raisio selected DNA as the supplier of the towns' voice and data communication services on 20 September 2011. Valued at EUR 1.8 million, the contract includes approximately 2,400 mobile phone subscriptions, the 'DNA Mobiilivaihde' mobile exchange and DNA Mobile broadband. The contract spans four years, with an option for one additional year.

On 15 November 2011, DNA and OP-Pohjola, the leading financial services group in Finland, announced an agreement on the use of mobile certificates. OP-Pohjola Group uses the service to promote the development and widespread use of electronic services in Finland.

Corporate business launched the next-generation 'DNA Mobiilivaihde', its spearheading mobile exchange product, on 16 November 2011. This provides versatile exchange tools, hunt groups and numbering options, as well as connection options to access control systems and calendar data, making people markedly more reachable. It is backed up and implemented with Alcatel-Lucent.

Ficolo Oy, the first colocation service provider in Finland, chose DNA's data communication connections for its server centre. Announced on 22 November 2011, the agreement spans several years and includes data communication services and devices.

Corporate business, net sales and EBITDA



Key indicators per business segment

EUR million	Consumer business		Corporate business	
	1–12/2011	1–12/2010	1–12/2011	1–12/2010
Net sales	554.0	513.4	173.5	177.1
EBITDA	132.8	125.7	55.6	56.3
- % of net sales	24.0	24.5	32.1	31.8
Depreciation	86.3	73.1	51.3	43.8
Operating profit/loss	46.5	52.7	4.3	12.6
- % of net sales	8.4	10.3	2.5	7.1

Investments

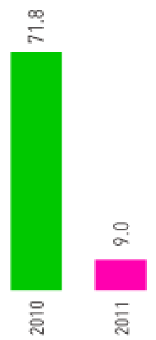
Investments in the financial year amounted to EUR 119.5 million (83.4 million), or 16.4 per cent of net sales (12.1 per cent). Major individual items included investments in fibre and transfer systems, the 3G network and information systems.

DNA's 4G network was launched in December, and 4G speeds enabled by the Dual Carrier and LTE technologies were available in 130 municipalities. Pay-TV broadcasts in the terrestrial network were launched in August, and the network was expanded towards the end of the year to cover approximately 70 per cent of the population.

Investments

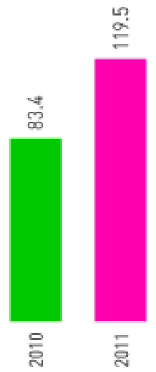
EUR million	2011	2010
Consumer business	81.1	60.6
Corporate business	34.3	22.8
Non-allocated	4.1	0
Total investments	119.5	83.4

Cash flow after investments, EUR million



includes business combinations and financial lease agreements

Investments, EUR million



Research and development

During the financial year, the Group invested EUR 1.0 million (1.3 million) in research and product development, representing 0.1 per cent (0.2 per cent) of net sales. The majority of research and development costs have been recognised as expenses.

Network infrastructure

In data transfer comparison tests conducted on 4 October 2011, DNA's 3G network was the fastest for the second time running. These tests included drive testing and hot spot measurements. Telecommunications expert Omnitele Oy took the measurements in the Helsinki Metropolitan area and other major cities in Finland. In many of the measurements, the speeds achieved by DNA were significantly better than those of other operators.

DNA's 4G services were launched on 13 December 2011. DNA's 4G speeds are provided by means of LTE (Long Term Evolution) and Dual Carrier (DC) technologies. They covered a total of 130 municipalities at the end of the year. This coverage will be expanded further in 2012.

Personnel

At the end of December, DNA employed 1,035 persons (1,003). Year-on-year, the figure grew by 3.2 per cent. The number of consumer business employees totalled 690 (697) and corporate business employees to 345 (306). The acquisition of Forte Netservices Oy increased the number of corporate business employees by 37 on 12 July 2011.

The average number of DNA employees in 2011 was 1,008 (934). Salaries and remunerations for the period amounted to EUR 48.0 million (49.8 million). At the end of the year, DNA employed 333 women (318) and 702 men (685).

As a result of the cooperation negotiations that ended in February, 23 employees were made redundant and 27 jobs were relocated.

More details on personnel are available in the company's corporate responsibility report for 2011.

Personnel by business segment

	31 Dec 2011	31 Dec 2010
Consumer business	690	697
Corporate business	345	306
Total personnel	1,035	1,003

Personnel by age group

	31 Dec 2011	31 Dec 2010
–25 years	31	
25–34 years	284	342
35–44 years	382	345
45–54 years	257	242
55–64 years	81	74
Total personnel	1,035	1,003

Key personnel indicators

	2011	2010	2009
Average number of personnel	1,008	934	918
Salaries and remunerations, EUR million	48.0	49.8	50.2

Changes in the Group structure

In its meeting of 25 May 2011, the Board of Directors decided to transfer the Welho Store (retail store business) and Welho Outbound (telemarketing business) business on 1 June 2011 from DNA Ltd to DNA Store Ltd. The business operation was transferred on 30 June 2010 to DNA Ltd in connection with the acquisition of Welho.

On 12 July 2011, DNA Ltd acquired the entire capital stock of Forte Groupservices Oy, the owner of Forte Netservices Oy, a company that offers data security services. In turn, Forte Netservices Oy is the owner of Forte Netservices OOO, a company that provides data security services in Russia.

Significant litigation matters

There were no significant litigation matters during the review period.

Management and governance

DNA Ltd's corporate governance principles are described in more detail in the company's Annual Report.

General Meetings

DNA Ltd's Annual General Meeting of 10 March 2011 confirmed the Board of Directors to comprise eight members. Re-elected members of the Board of Directors included Hannu Isotalo, Jarmo Leino, Anu Nissinen, David Nuutinen, Jukka Ottela, Risto Siivola and Anssi Soila, and Tuija Soanjärvi was elected a new member.

PricewaterhouseCoopers Oy continued as the company's auditor, with Pekka Loikkanen, Authorised Public Accountant, acting as the principal auditor.

Board of Directors

DNA Ltd's Board of Directors had the following members in 2011:

– From 1 January to 10 March 2011: Jarmo Leino (Chairman), Hannu Isotalo, David Nuutinen, Anu Nissinen, Jukka Ottela, Risto Siivola and Anssi Soila

– From 10 March to 31 December 2011: Jarmo Leino (Chairman), Hannu Isotalo, David Nuutinen, Anu Nissinen, Jukka Ottela, Risto Siivola, Tuija Soanjärvi and Anssi Soila

On 31 March 2011, the Board of Directors decided to establish an audit committee that will primarily be in charge of DNA's financial reporting and control as well as preparation of audit-related matters. The Board elected Tuija Soanjärvi as chair and David Nuutinen and Jukka Ottela as members of the audit committee. The committee charter was adopted on 25 May 2011.

On 28 September 2001, the Board of Directors decided to establish a remuneration and nomination committee to assist the Board in the preparation of remuneration and nomination related matters of Board members, the CEO and other management, as well as preparation of the employee incentive scheme. The Board elected Jarmo Leino as chair and Hannu Isotalo, Risto Siivola and Anu Nissinen as members of the remuneration and nomination committee. The committee charter was adopted on 26 October 2011.

During the year under review, the Board of Directors convened 19 times. The participation rate of the Board of Directors in the meetings was 95 per cent. The audit committee convened five times, with a participation rate of 100 per cent. The remuneration and nomination committee convened three times, with a participation rate of 100 per cent.

Executive Team

DNA Ltd's Chief Executive Officer was Riitta Tiuraniemi.

In 2011, the company's executive team consisted of Riitta Tiuraniemi (CEO), Johan Flykt (Vice President, Customer Processes), Jukka Leinonen (Vice President, Corporate Business), Petteri Niemi (Chief Operating Officer), Tommy Olenius (Vice President, Technology), Ilkka Pitkänen (Chief Financial Officer, Deputy CEO), Asta Rantanen (Vice President, Legal Affairs), Marko Rissanen (Vice President, Human Resources), Erik Sylvestersson (Vice President, Sales & Marketing), Hannu Turunen (Vice President, New Business), Timo Varsila (Vice President, Products & Content) and Pekka Väisänen (Vice President, Consumer Business).

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

Shares and shareholders

Shareholders

DNA Ltd's major shareholders 31 December 2011

	No. of shares	No. of votes	Share, %
Finda Oy	2,495,490	2,495,490	26.0
Sanoma Entertainment Finland Oy*	2,027,167	2,027,167	21.1
Oulu ICT Oy	1,698,997	1,698,997	17.7
PHP Liiketoiminta Oyj **	1,513,856	1,513,856	15.8
Osuuskunta KPY	993,864	993,864	10.3
Anvia Oyj	294,312	294,312	3.1
Ilmarinen Mutual Pension Insurance Company	227,423	227,423	2.4
Lohjan Puhelin Oy	220,877	220,877	2.3
Pietarsaaren Seudun Puhelin Oy	70,460	70,460	0.7
Karjaan Puhelin Oy	16,971	16,971	0.2
Total, ten largest owners	9,559,417	9,559,417	99.6
Others	51,259	51,259	0.4
Total	9,610,676	9,610,676	100.0

* On 23 February 2012, the main owners of DNA agreed to buy Sanoma Corporation's shareholding in DNA Ltd.
** The transfer of the DNA shares held by PHP Liiketoiminta Oy to its parent company PHP Holding Oy was entered into DNA's shareholder register on 6 February 2012.

Main shareholders
31 December 2011

- Finda Oy, 26.0%
- Sanoma Entertainment Finland Oy, 21.1%*
- Oulu ICT Oy, 17.7%
- PHP Liiketoiminta Oyj, 15.8%**
- Osuuskunta KPY, 10.3%
- Anvia Oyj, 3.1%
- Ilmarinen Mutual Pension Insurance Company, 2.4%
- Others, 3.6%

* On 23 February 2012, the main owners of DNA agreed to buy Sanoma Corporation's shareholding in DNA Ltd.

** The transfer of DNA shares from PHP Liiketoiminta Oyj to its parent company PHP Holding Oy was registered on 6 February 2012.

Dividend

In accordance with the proposal by the Board of Directors, the Annual General Meeting of 10 March 2011 agreed to pay a dividend of EUR 5.20 per share for 2010, a total of EUR 49,936,515.20, to DNA's shareholders. The dividend was paid on 23 March 2011.

Shares

At the end of the review year, the company's shares totalled 9,610,676 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. There was no change in the number of shares or the share capital during the year. The company held 7,500 treasury shares.

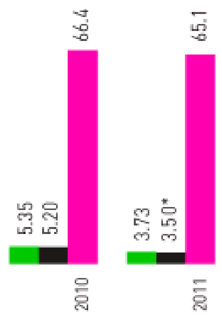
Members of DNA's Board of Directors did not hold company shares. Five members of the Board are not independent of DNA's major shareholders. At the end of the review year, these owners held a total share of 90.9 per cent of DNA shares and votes.

DNA's Executive Team held a total of 0.1 per cent DNA shares and voting rights at year end.

The Annual General Meeting of 10 March 2011 authorised the Board of Directors to resolve to repurchase or accept as a pledge DNA shares by using funds in the unrestricted equity reserve. A maximum number of 960,000 shares can be repurchased in one or several lots. This authorisation grants the Board of Directors the right to decide on the repurchase otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

The shares may be repurchased in order to carry out acquisitions or other arrangements related to the company's business, to improve the capital structure of the company, to be used as part of the incentive scheme, to be transferred for other purposes or to be cancelled. The Board of Directors has the right to decide on all other matters related to the purchase of the shares. This authorisation will be effective until 30 June 2012 and replaced the previous authorisation.

Per-share indicators, EUR



- Earnings per share
- Dividend per share for financial year
- Equity per share

* Dividend proposal to the AGM on 15 March 2012, if the meeting agrees to purchase the company's own shares. If the purchase of own shares is rejected, a dividend of EUR 3.10 per share is proposed.

Share issues and option rights

In March, based on the authorisation by the Annual General Meeting of 27 March 2009, the Board of Directors decided to issue 50,000 option rights classified as 2010B. Of these, 34,000 were allocated to the Executive Team and 16,000 to other key personnel. In addition, the Board decided to issue a maximum of 8,000 option rights classified as 2010B Supplementary lot. Of these, 3,000 were allocated to the Executive Team and 5,000 to other key personnel.

At the end of the financial year, the Board of Directors had a remaining authorisation to issue 17,000 option rights, based on the Annual General Meeting's authorisation on 27 March 2009 to issue a maximum of 125,000 option rights. They can be issued in one or several lots to be used as part of the management and key personnel incentive scheme. The authorisation includes the right to deviate from the pre-emptive right of shareholders.

Corporate responsibility

Due to its electricity consumption, the mobile radio network has been identified as the main source of DNA's environmental impact. In the financial year, DNA modernised its radio network with new generation base station devices. Instead of building individual base stations, the company can integrate all mobile communication technologies into one base station. Modernisation will continue in 2012.

DNA's 4G technology further reduces relative per-data energy consumption through improved technical performance. Construction of the 4G network will continue in 2012. Moreover, the terrestrial TV network was constructed using existing mobile masts in the mobile communication network and the use of frequencies is efficient.

Network modernisation and the adoption of 4G technology are expected to decrease the network's total energy consumption considerably, while the need to multiply mobile broadband capacity is growing.

On 7 February 2011, DNA announced an agreement on the construction of a new office building in Käpylä, Helsinki, a location with excellent public transport connections. DNA will rent the building on a long term-lease, and about 600 DNA staff in the Helsinki Metropolitan Area will relocate to the new premises in late summer 2012. The new building is highly energy-efficient.

DNA and SOS Children's Village Association Finland, which provides child protection services, agreed on long-term cooperation on 1 October 2011, with DNA providing financial support and data communication connections for the association's offices. DNA is one of the main cooperation partners of the association.

DNA published its first corporate responsibility report, based on the Global Reporting Initiative (GRI) reporting model, as part of the Annual Report for 2010, and a more comprehensive GRI index table on the company website. In 2011, DNA continued the corporate responsibility development project by means such as executing an extensive materiality analysis in the autumn. DNA's corporate responsibility report and GRI table for 2011 has been published with the Annual Report.

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. A more detailed description of DNA's risk management and risks is available in the company's Annual Report.

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

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

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 opportunities. Starting up new business 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, they must be able to productise services quickly and cost-efficiently.

The Finnish telecommunications market is characterised by stringent regulation. Regulation and, in particular, 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. For example, the views or changes in the assessment principles of the Finnish Communications Regulatory Authority (FICORA) could have an impact on the pricing of DNA's wholesale products. Licence regulation plays a major role in DNA's mobile communication and terrestrial network businesses.

DNA's business environment is very sensitive to change, and the pace of change is increasing. DNA must constantly deepen its understanding of customers and markets and react quickly when changes occur. For example, consumer use of mobile data and smart mobile terminals is currently experiencing strong growth.

Increased uncertainty related to overall economic development may affect customers' purchase behaviour and purchase power. The company is also affected by risks related to interests and liquidity.

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

The events and uncertainties related to DNA's business are described in closer detail in the company's Annual Report.

Events after the financial year

Minna Miettinen was appointed DNA Vice President, Products & Content and a member of Executive Team as of 16 January 2012. She reports to DNA Chief Operating Officer Petteri Niemi and is responsible for the management and development of DNA's products and content portfolio. Her predecessor Timo Varsila resigned on 13 January 2012.

DNA and Kemppi Oy, a long-standing customer of DNA and a world-leading provider of arc welding equipment and productive welding solutions, announced on 1 October 2012 a multi-year agreement on service centre, communication and data communication services.

DNA Oy and Wextra Oy, an ICT expert, agreed on cooperation on 18 January 2012. As a local partner, Wextra will sell DNA's voice and data services to companies, associations and consumers.

Outlook for 2012

Market outlook

Similarly to 2011, it is estimated that the total value of the Finnish telecommunications market will remain unchanged. Areas likely to experience growth include mobile broadband, and, as pay TV and IP TV gain ground, TV services. The value of fixed-network voice services is expected to fall further. The value of the fixed-network broadband business is anticipated to decrease further as a result of intensified competition over housing company subscriptions, made possible by the amendment to the Housing Company Act in 2010.

Uncertainty related to the overall economic situation may increase, which may affect the value of smart phone and TV services and the corporate market.

In addition to the overall economic situation, net sales and profitability of the industry are being affected by the increased popularity of IP-based communication services driven by growing number of smart phones, other market developments, pricing pressures, reduction in mobile termination charges (in December 2011, prices fell from 4.4 cents to 3.8 cents/minute) and increased competition in the mobile communication and fixed-line broadband markets in particular.

DNA’s outlook

Competition in the consumer market is expected to remain intense. DNA anticipates that business operations in the terrestrial TV network and terrestrial network pay-TV will grow slowly. Demand for pay-TV services is affected by consumer confidence related to overall economic development as well as the more affordable price level, introduced by increased competition, and awareness of services. In 2012, pay-TV services are expected to gain ground as the most appealing sports coverage moves to pay channels.

The increase in consumer demand for DNA’s mobile broadband services is anticipated to continue. Fixed-network broadband customers are forecast to continue switching to housing company subscriptions and higher-speed connections. Intensifying competition in the housing company subscriptions market should lead to a lowering of ARPU.

Competition in the corporate market is expected to remain tight. The total value of the communication service market is expected to fall slightly, and the shift from fixed-network to mobile terminal-based voice services to continue.

Growth in the demand for mobile communication data services used in company customer networks is estimated to remain strong as the increase in mobile work continues. On the other hand, the market value of fixed-network data solutions connecting offices should remain unchanged despite increasing speeds. Demand for added value services for customer networks is anticipated to increase, including data security, management and monitoring services.

DNA will expand its current terrestrial HDTV network and all channel package broadcasts to cover 85 per cent of the Finnish population in early 2012.

The Group’s target is to provide 4G services in major cities by 2014 and to invest in 3G network capacity in 2012.

The Group’s financial position is expected to remain good in 2012, and net sales are expected to grow. EBITDA (in euro) is estimated to remain at a similar level as in 2011, and operating profit is expected to be lower than in 2011 due to an increase in depreciation.

Board of Directors' proposal on the distribution of profits

DNA Ltd's distributable funds in the financial statement amounted to EUR 248,889,498.27, of which profit for the financial year came to EUR 59,574,258.33. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 3.10 per share be paid. Based on the number of shares at the end of 2011, the total proposed dividend to be paid comes to EUR 29,769,845.60. *

DNA Ltd

Board of Directors

** On the agenda of DNA's Annual General Meeting of 15 March 2012 is a proposal to purchase the company's own shares. If the shares will be purchased, it will be proposed to the meeting that the total amount of dividend is EUR 29,701,980, or EUR 3.50 per share, since no dividend will be paid on company's own shares.*

Consolidated income statement, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2011	1 Jan–31 Dec 2010
Net sales	6	727,531	690,492
Other operating income	7	3,891	3,719
Materials and services		−377,067	−350,786
Employee benefit expenses	10	−58,600	−63,136
Depreciation	9	−137,564	−116,828
Other operating expenses	8, 11	−107,351	−98,235
Operating result, EBIT		50,839	65,225
Financial income	12	1,555	1,424
Financial expense	13	−6,245	−6,105
Share of associated companies' results	18	11	11
Net profit before tax		46,161	60,555
Income tax	14	−10,365	−14,523
Net profit for the period		35,796	46,032
Attributable to:			
Owners of the parent		35,796	46,032
Earnings per share attributable to owners of the parent:			
Earnings per share, basic, EUR	15	3.7	5.4

Consolidated statement of comprehensive income

Net profit for the period		35,796	46,032
Other comprehensive income, net of tax:			
Cash flow hedging	13	353	614
Other comprehensive income, net of tax:		353	614
Total comprehensive income		36,149	46,646
Attributable to:			
Owners of the parent		36,149	46,646

Notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position, IFRS

EUR 1,000	Note	31 Dec 2011	31 Dec 2010
Assets			
Non-current assets			
Goodwill	17	220,404	209,767
Other intangible assets	17	129,658	134,356
Property, plant and equipment	16	415,362	412,623
Investments in associates	18	1,147	1,139
Available-for-sale financial assets	19	157	157
Trade and other receivables	20	16,582	7,879
Deferred tax assets	21	21,805	28,459
Total non-current assets		805,115	794,380
Current assets			
Inventories	22	13,998	12,527
Trade and other receivables	20	171,018	158,051
Cash and cash equivalents	23	28,448	49,466
Total current assets		213,464	220,044
Total assets		1,018,579	1,014,424
Shareholders' equity			
Equity attributable to owners of the parent			
Share capital	24, 25	72,702	72,702
Hedge fund	24	−280	−634
Unrestricted equity reserve	24	605,927	605,927
Retained earnings		−88,937	−86,345
Profit for the year		35,796	46,032
Total equity		625,208	637,682
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	28	135,099	100,292
Retirement benefit obligations	26	203	236
Provision for other liabilities	27	5,740	8,049
Derivative financial instruments	31	724	1,053
Deferred income tax liabilities	21	58,161	71,939
Other non-current liabilities		1,397	1,405
Total non-current liabilities		201,324	182,973
Current liabilities			
Interest-bearing current liabilities	28	46,502	51,584
Provisions for other liabilities	27	116	6,497
Trade and other payables	29	144,546	126,516
Current income tax liabilities		884	9,173
Total current liabilities		192,048	193,770
Total liabilities		393,372	376,743
Total equity and liabilities		1,018,579	1,014,424

Notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows, IFRS

EUR 1,000	2011	2010
Cash flows from operating activities		
Profit for the period	35,796	46,032
Adjustments *)	144,953	136,908
Change in working capital **)	−7,892	−13,648
Dividends received	7	2
Interest paid	−5,267	−4,806
Interest received	1,000	878
Other financial items	−425	−377
Taxes	−27,234	−10,126
Net cash generated from operating activities	140,937	154,862
Cash flows from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	−118,365	−83,373
Proceeds from sale of PPE	463	296
Acquisition of subsidiaries and business transfers	−14,129	−1
Change in other investments	105	30
Net cash used in investing activities	−131,926	−83,049
Cash flows from financing activities		
Dividends paid	−49,937	−32,955
Borrowing of interest-bearing liabilities	100,000	30,019
Repayment of interest-bearing liabilities	−97,775	−49,042
Commercial papers, net	24,893	0
Change in non-current receivables	−7,211	3,327
Net cash used in financing activities	−30,030	−48,651
Change in cash and cash equivalents	−21,019	23,162
Cash and cash equivalents at beginning of year	49,466	26,304
Cash and cash equivalents at end of year	28,448	49,466
Adjustments *):		
Depreciation	137,564	116,828
Gains and losses of disposals of non-current assets	−245	−113
Other non-cash income and expense	1,301	378
Financial income and expense	4,690	4,681
Taxes	10,365	14,523
Change in provisions	−8,722	611
Total adjustment	144,953	136,908
Change in working capital **):		
Change in receivables, non-interest bearing	−12,032	−12,339
Change in inventories	−1,372	−3,853
Change in liabilities, non-interest bearing	5,512	2,544
Change in working capital	−7,892	−13,648

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	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2010		72,702	−1,248	406,957	−53,792	−1	424,617
Comprehensive income							
Profit for the period					46,032		46,032
Other comprehensive income							
Cash flow hedges, net of tax	13		614				614
Total other comprehensive income, net of tax			614				614
Total comprehensive income		0	614	0	46,032	0	46,646
Transactions with owners							
Business combinations					−1	1	0
Employee share option scheme: granted options	25				389		389
Other changes				−1,029	15		−1,014
Issue of ordinary shares related to business combination	5			200,000			200,000
Dividends relating to 2009	24				−32,955		−32,955
Total contribution by and distributions to owners				198,971	−32,552	1	166,420
Balance at 1 January 2011		72,702	−634	605,927	−40,313	0	637,682
Comprehensive income							
Profit for the period					35,796		35,796
Other comprehensive income							
Cash flow hedges, net of tax	13		353				353
Total other comprehensive income, net of tax			353		35,796		36,149
Total comprehensive income		0	353	0	35,796		36,149
Transactions with owners							
Employee share option scheme: granted options	25				1,313		1,313
Dividends relating to 2010	24				−49,937		−49,937
Total contribution by and distributions to owners					−48,624		−48,624
Balance at 31 December 2011		72,702	−280	605,927	−53,141	0	625,208

Notes to the consolidated financial statements

1 The Group in brief

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

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

DNA Ltd's Board of Directors approved the release of these Consolidated Financial Statements at a meeting on 6 February 2012. 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 2011. International Financial Reporting Standards refer to standards and interpretations that comply with the Finnish Accounting Act and regulations issued by virtue thereof and the procedure adopted for application in the European Union according to the IAS Regulation (EC) No 1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting legislation and Community legislation that supplement the IFRS.

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

New and amended standards adopted by the Group

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2011 that would be expected to have a material impact on the Group.

Subsidiaries

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

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

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

All inter-company transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated in the consolidated financial statements. Unrealised losses are not eliminated if they result from impairment. Distribution of profit between parent company shareholders and non-controlling shareholders 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.

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 to the Group's share of ownership is recognised separately below the operating profit line.

Segment reporting

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

Foreign currency translation

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

Foreign currency transactions

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

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

Property, plant and equipment

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

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

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

Buildings 25 years

Constructions 10–25 years

Machinery and equipment 3–15 years

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

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

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

Borrowing costs

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

Intangible assets

Goodwill

Goodwill represents the excess of the acquisition cost over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired and measured at the acquisition date. Goodwill arising from business combinations is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Research and development expenditure

Research expenditure is recognised as an expense in the income statement. Expenditure for the development of new or improved products is capitalised as intangible assets in the balance sheet from the date on which the product is technically feasible and commercially viable and is expected to bring future financial benefit. Capitalised development expenditure comprises material, work and testing expenses that are the direct result of the process of completing the product for its intended use. Development costs previously recognised as an expense cannot be capitalised in a subsequent period.

Assets are depreciated from the time they are ready for use. 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

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

The useful lives of other intangible assets are as follows:

Customer contracts and the related customer relationships 1–20 years

IT software 3–10 years

Brand 30 years

Other intangible assets 2–10 years

Inventories

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

Lease agreements

Group as a lessee

Leases on property, plant and equipment are classified as finance leases, if the risks and rewards incidental to ownership are substantially transferred to the Group.

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

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

Group as a lessor

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

Any equipment leased out on the basis of other than finance lease agreements are recognised in 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 other intangible assets with indefinite useful life and intangible assets in progress are tested for impairment annually and whenever there is any indication of impairment of an asset. Intangible assets with finite useful lives and property, plant and equipment 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 had if an impairment loss had not been recognised. An impairment loss for goodwill cannot be reversed.

Employee benefits

Retirement benefit obligations

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

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

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

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

Share-based payments

The Group operates equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. Key employees have been given the opportunity to subscribe to the company shares. The fair value of the service given in return for options is recognised as an expense. The total amount of expenses is based on the fair value of the granted options.

The amount recognised as an expense is accrued over the period of time during which all vesting conditions are to be met. Any effect of the adjustments made to the original estimates is recognised in the income statement and correspondingly in shareholders' equity. Any payments received for exercising the subscription right less the related direct transaction costs are recognised in the unrestricted equity reserve.

Provisions and contingent liabilities

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

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

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

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

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

Income taxes

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

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

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

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

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

Revenue recognition

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

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

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

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

Interest and dividend

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

Non-current assets held for sale and discontinued operations

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

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

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

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

1. It represents a separate major line of business or geographical area of operations

2. It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

3. It is a subsidiary acquired exclusively with a view to resale.

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

Financial assets and liabilities

Financial assets

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

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

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

Liquid assets comprise cash in hand, bank deposits held at call and other highly liquid short-term investments. Items classified as liquid assets mature within three months or less from the date of acquisition. Credit accounts connected to the Group accounts are included in 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 been 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 fair value of consideration received. Transaction costs are included in the original carrying amount of financial liabilities. Subsequently all financial liabilities are carried at amortised cost using the effective interest method. Financial liabilities may include both current and non-current liabilities. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Derivative instruments and hedge accounting

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

During the financial period the Group has been using interest rate swaps to hedge against loan interest rate risk transferring variable rate loans into fixed-rate loans. Hedge accounting under IAS 39 is applied to the interest rate swaps, and at the closing date they met the criteria for being effective. Changes in 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 profit. 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: 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, and other operating expenses. All other items of the income statement are presented below the EBITDA line.

Accounting principles requiring management judgement and uncertainty factors related to estimates

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

Measuring fair value of assets in business combinations

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

Recognizing provisions requires management's judgment, as the precise euro amount of obligations related to provisions is not known when preparing the financial statements (note 27).

Adoption of new and amended IFRS standards and IFRIC interpretations

IASB has issued the following standards and amendments, which will become effective in 2012 or later. The Group has decided not to adopt them early. Management is currently evaluating the effect of the new standards and amendments on future financial statements.

- Revised IFRS 7 Financial instruments: Disclosures (effective on or after 1 July 2011) requires additional disclosures about fair value measurements of financial instruments and liquidity risk The standard requires more qualitative disclosures about risks in connection with financial instruments. The amendment may require additionnal disclosures in future financial statements. The amendment is still subject to EU endorsement.

- IAS 12 (amendment) Income taxes – deferred tax (effective on or after 1 January 2012). IAS 12 currently requires that deferred tax relating to an asset should be measured depending on whether the recovery of the asset's carrying amount is expected through use or sale. The amendment introduces that deferred tax should be measured based on a rebuttable presumption that the carrying value of the asset will be recovered entirely by sale. The amendment refers to investment properties, property, plant and equipment and intangible assets measured at fair value or by using the revaluation model. The amendment is still subject to EU endorsement.

- IAS 1 (amendment) Presentation of financial statement – other comprehensive income (effective on or after 1 July 2012). The main change resulting from these amendments is a requirement to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendment is still subject to EU endorsement.

- IAS 19 (amendment) Employee benefits (effective on or after 1 January 2013). The amendments includes recognition of all actuarial gains and losses in OCI as they occur, in other words eliminating the corridor approach and financing costs are determined on a net funding basis. The amendment is still subject to EU endorsement.

- IFRS 9 Financial instruments: Classification and measurement (effective no earlier than 1 January 2015). IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is still subject to EU endorsement.

- IFRS 10 Consolidated financial statements (effective on or after 1 January 2013). The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is still subject to EU endorsement.

- IFRS 11 Joint arrangements (effective on or after 1 January 2013). The standard focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. The standard further requires the equity method when accounting for joint ventures. Proportional consolidation of joint ventures is no longer allowed. The standard is still subject to EU endorsement.

- IFRS 12 Disclosures of interest in other entities (effective on or after 1 January 2013). The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. The standard is still subject to EU endorsement.

- IFRS 13 Fair value measurement (effective on or after 1 January 2013). IFRS 13 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. The requirements do not extend the use of the fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard is still subject to EU endorsement.

- IAS 27 (revised 2011) Separate financial statements (effective on or after 1 January 2013). The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The standard is still subject to EU endorsement.

- IAS 28 (revised 2011) Associates and joint ventures (effective on or after 1 January 2013). The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The standard is still subject to EU endorsement.

3 Financial risk management

The main objectives of the Group's financing operations are funding, optimising capital expenditure and managing financial risks. Principles of risk management are defined in the Group financing policy, approved by the parent company Board of Directors. The policy includes guidelines for raising capital, investing cash surplus and managing finance risk.The Group financing activities are centralised to the parent company 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 risk. 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 2011, the Group had a strong liquidity position with cash and cash equivalents of EUR 28.4 million (EUR 49.5 million) and interest-bearing liabilities of EUR 181.6 million (EUR 151.9 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 65.0 million). On 8 November 2011, DNA agreed on a five-year loan and revolving credit facilities totalling EUR 300 million. The agreement includes a EUR 200 million revolving credit facility and a loan facility amounting to EUR 100 million. The revolving credit remained undrawn at the end of the year, while the loan facility had been fully withdrawn. These facilities refinanced DNA's previous loan and credit facilities. Credit limits on bank accounts totalled EUR 15 million (EUR 15 million). The Group has also a credit facility agreement with the European Investment Bank amounting to a maximum of EUR 120.0 million (EUR 120.0 million). The availability of the draw down will expire on March 2012. In addition, the group has a commercial paper programme of EUR 150.0 million (EUR 150.0 million) under which EUR 25.0 million (0.0 million) was drawn by the end of December. The unused credit limits totalled EUR 460.0 million (EUR 335.0 million). The expected repayments 2012 total EUR 44 million.

Debt maturity analysis

2011

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)	4,707	44,339	9,171	131,583	0	0	13,878	175,922	**189,800**
Finance lease liabilities	192	2,163	277	3,049	45	467	514	5,679	**6,194**
Trade payables	0	84,975	0	0	0	0	0	84,975	**84,975**

2010

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)	3,286	47,975	5,916	94,784	44	1,538	9,246	144,297	**153,543**
Finance lease liabilities	263	3,609	369	3,477	68	584	700	7,670	**8,370**
Trade payables	0	72,600	0	0	0	0	0	72,600	**72,600**

Derivative financial instruments are specified in note 31.
The 2012 repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 2.6 per cent (1.8 per cent) and variable rate loans constitued 88 per cent (82 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 2011, the impairment loss of trade receivables totalled EUR 1.7 million (EUR 8.9 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. The maximum amount of credit risk is correspondent to the book value of the financial assets at balance sheet date. Opposing party risk refers to a situation where the other party fails to meets its obligations under the financing agreement. To minimise and monitor the opposing party risk, investments and derivative instruments are managed within the framework for opposing party, financial instrument and maturity limits.

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

EUR 1,000	2011	2010
Undue trade receivables	122,859	108,743
Trade receivables 1–45 days overdue	11,071	10,903
Trade receivables 46–90 days overdue	1,239	2,063
Trade receivables 91–180 days overdue	2,814	3,310
Trade receivables more than 180 days overdue	5,183	5,754
Total	**143,166**	**130,773**

Interest risk

The Group interest rate risk primarily comprises interest rate sensitivity of financial items, referring to the direct effect of changes in the interest rate level on financial items, such as interest-bearing loans, investments and derivative instruments. The interest rate sensitivity of the Group's business operations refers to the indirect effect of the interest rate level on purchase and sales prices, salaries and other operative items on the balance sheet. In order to manage the interest rate risk, some of the loans taken by the Group have been hedged. The Group applies hedge accounting in accordance with IAS 39, and the Group's normal interest rate swaps fulfil the criteria set by hedge accounting. The Group's interes-bearing liabilities have been spread between fixed- and variable-rate instruments. 52 per cent (40 per cent) of the variable-rate loans are hedged. At the end of 2011, the Group had interest rate derivatives at a nominal value of EUR 80 million (EUR 47,5 million), of which EUR 50 million fulfilled the hedge accounting criteria. The EUR 30 million structured interest rate swap did not fulfil the hedge accounting criteria. The Group is also exposed to fair value interest rate risk through fixed-rate reborrowing of TyEL pension contributions and finance lease liabilities. The share of fixed-rate loans amounted to 12 per cent (18 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 0.5 million (EUR- 0.5 million), and the negative effect from a corresponding drop in the interest rate would amount to EUR 0.5 million (EUR 0.5 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 0.8 million (0.2 million) / negative impact of EUR 0.8 million (EUR 0.4 million) in equity due to the change in fair value of the hedge accounting interest rate swaps.

Capital management

The objective of the Group's capital management is to support the business operations by optimising the capital structure and ensuring normal operating conditions, as well as increasing shareholder value by maximising return on equity. The capital structure can be influenced through dividend distribution, repayment of capital and investment planning. The Group management monitors the development of the capital structure through gearing and solvency ratios. These key indicators can be found in the key indicator table. The Group's financing facilities include key indicator covenants as well as requiring a solvency ratio of at least 35% and that net liabilities in relation to EBITDA should not exceed 3.00:1. These conditions have been met during the financial period. The solvency ratio on the balance sheet date was 62.2% (63.6 %) and net liabilities in relation to EBITDA were 0.81:1 (0.56:1).

4 Segment information, IFRS 8

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

DNA's Consumer segment offers consumers with 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, extraordinary items and taxes.

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2011, foreign operations accounted for EUR 16.3 million (EUR 20.3 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 2011

EUR 1,000 Business segments	Consumer segment	Corporate segment	Group total
Net sales	554,033	173,498	727,531
EBITDA	132,793	55,610	188,403
Depreciation	86,298	51,266	137,564
Operating result, EBIT	46,496	4,343	50,839
Net financial items			−4,690
Profit before tax			46,161
Profit for the period			35,796
Investments	81,069	34,315	115,384
Employees at end of year	690	345	1,035

1 Jan–31 Dec 2010

EUR 1,000 Business segments	Consumer segment	Corporate segment	Group total
Net sales	513,440	177,053	690,492
EBITDA	125,721	56,333	182,054
Depreciation	73,063	43,765	116,828
Operating result, EBIT	52,658	12,568	65,225
Net financial items			−4,681
Profit before tax			60,555
Profit for the period			43,032
Investments	60,610	22,764	83,373
Employees at end of year	697	306	1,003

5 Business combinations

Forte acquisition

On 12 July 2011, DNA Ltd acquired 100 per cent of the share capital of Forte Groupservices Oy. Forte Groupservices Oy owns Forte Netservices Oy and Forte Netservices OOO. Forte produces secure communication services for enterprise customers. The consideration was paid in cash. The goodwill of EUR 10,6 million, arising from the acquisition, is attributable to expected synergy effects, the knowledge of the personnel transferred in the acquisition as well as future benefits expected from new customers acquired through Forte services.

The net profit included in the consolidated income statement from 12 July 2011 to 31 December 2011 contributed by Forte Groupservices Oy was EUR 0.4 million. Had Forte Groupservices Oy been consolidated from 1 January 2011, the consolidated income statement for the twelve months ended on 31 December 2011 would show a revenue of EUR 731.5 million and a profit of EUR 37.2 million. Direct costs of EUR 0.2 million relating to the acquisition were expensed. The fair values of the acquired assets and liabilities are:

EUR 1,000	Fair value
Intangible assets	5,333
Property, plant and equipment	791
Deferred tax assets	210
Inventories	99
Trade and other receivables	1,914
Cash and cash equivalents	794
Total assets	**9,141**
Deferred tax liabilities	1,525
Trade and other liabilities	3,328
Total liabilities	**4,853**
Net assets	4,287
Acquisition cost	14,923
Goodwill	10,636

Welho acquisition 2010

DNA Ltd completed the acquisition of Welho through a directed share issue on 30 June 2010. DNA Ltd issued in total 2,027,167 new shares to Sanoma Group, representing 21 per cent of the group's shares. According to the acquisition agreement, the shares were determined to have a value of EUR 200 million in total (EUR 98.66 per share). The assets and liabilities were recorded on 30 June 2010 at their carrying amount and were adjusted to their fair value for the interim report of 30 September 2010. The goodwill is mainly based on synergy benefits expected, the knowledge of the personnel transferred in the business combination as well as future benefits expected from new customers acquired through the Welho brand and the Welho products.

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

The acquired business's net sales for the period 1 January 2010–31 December 2010 amounted to EUR 69 million. If the acquisition had occurred on 1 January 2010, the Group net sales would have been EUR 725 million. Net sales for the period of 1 July–31 December 2010 amounted to EUR 34 million.

EUR 1,000	Amounts recognised at acquisition 30 June 2010	Fair value
Intangible assets	1,074	68,956
Property, plant and equipment	36,209	54,814
Deferred tax assets	52	258
Inventories	904	818
Trade and other receivables	5,879	5,879
Cash and cash equivalents	8	8
Total assets	**44,127**	**130,733**
Provisions	200	904
Deferred tax liabilities	2,050	24,533
Trade and other liabilities	18,363	18,363
Total liabilities	**20,613**	**43,800**

Net assets	23,514	86,933
Acquisition cost (shares)		200,000
Goodwill		113,067

6 Net sales

EUR 1,000	2011	2010
Sale of goods	24,217	20,103
Revenue from services	702,364	669,919
Revenue from construction contracts	951	471
Total	727,531	690,492

At the end of the period, the aggregate costs incurred and recognised profits from incomplete construction contracts (less recognised losses) totalled EUR 1.0 million (EUR 0.5 million). Progressed billings in relation to construction contracts were EUR 1.4 million (EUR 1.2 million).

7 Other operating income

EUR 1,000	2011	2010
Gains on sale of property, plant and equipment	245	113
Rental income	1,032	1,276
Other income	2,613	2,330
Total	3,891	3,719

8 Other operating expenses

EUR 1,000	2011	2010
Maintenance expenses	36,295	26,309
Rental expenses	33,498	31,778
External services	3,330	3,656
Other expenses	34,228	36,492
Total	107,351	98,235

Auditor fees

	2011	2010
PricewaterhouseCoopers Oy		
Audit fees	209	243
Tax services	29	38
Other services	102	103
Total	340	384

Other		
Audit fees	8	0
Other services	14	49
Total	22	49

9 Depreciation and amortization

EUR 1,000	2011	2010
Depreciation and amortization expenses consist of the following:		
Intangible assets		
Customer base	8,027	5,750
Brand	975	474
Other intangible assets	23,079	21,901
Total	32,081	28,125
Property, plant and equipment		
Buildings and constructions	2,007	1,935
Machinery and equipment	103,475	86,768
Total	105,482	88,703

10 Employee benefits and number of personnel

EUR 1,000	2011	2010
Wages and salaries	47,999	49,792
Pension expenses – defined contribution plan	7,711	9,966
Pension expenses – defined benefit plan	73	26
Other personnel expenses	2,817	3,352
Total	58,600	63,136

Number of personnel, average		
Consumer business	682	626
Corporate business	326	308
Total	1,008	934

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

11 Research and development

EUR 1,000	2011	2010
Research and development costs recognised as expense	1,004	541
Capitalised development costs	41	743
Total	1,045	1,284

12 Financial income

EUR 1,000	2011	2010
Interest income from loans and other receivables	1,552	1,422
Dividend income on available-for-sale investments	3	2
Total	1,555	1,424

13 Financial expense

EUR 1,000	2011	2010
Derivative fair value change, outside hedge accounting	352	196
Interest expense on financial liabilities	5,893	5,909
Total	6,245	6,105

Other comprehensive income

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

	2011				2010			
	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	858	−374	−131	353	1,118	−288	−216	614
Total	858	−374	−131	353	1,118	−288	−216	614

14 Income tax

EUR 1,000	2011	2010
Income tax, current year	−19,042	−18,870
Income tax, previous years	97	−234
Change in deferred tax	8,580	4,582
Total	−10,365	−14,523

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

Profit before tax	46,161	60,555
Income tax at Finnish tax rate 26%	−12,002	−15,744
Tax effects of:		
Tax exempt profits	2	1
Non-deductible expenses	−651	−305
Taxes from prior years	97	−234
Tax losses for which no deferred income tax asset was recognised	−30	0
Different tax rate of subsidiary	−7	0
Re-measurement of deferred tax - change in tax rate	2,226	0
Business combinations, postponed depreciation	0	1,760
Tax charge	−10,365	−14,523

15 Earnings per share

EUR 1,000	2011	2010
Profit attributable to the equity holders of the company, continuing operations	35,796	46,032
Weighted average number of shares	9,603	8,604
Basic earnings per share (euros/share), continuing operations	3.73	5.35

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

16 Property, plant and equipment

EUR 1,000	Land and water	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
At 1 January 2010						
Cost	500	28,376	642,868	873	49,648	722,265
Accumulated depreciation	0	−4,954	−319,670	0	0	−324,624
Net book amount	500	23,422	323,198	873	49,648	397,640
Year ended 31 December 2010						
Opening net book amount	500	23,422	323,198	873	49,648	397,640
Additions and transfers	10	2,063	71,417		−23,965	49,525
Business combinations (note 5)			54,814			54,814
Disposals	−1		−1,014		−133	−1,148
Accumulated depreciation relating to disposals			496			496
Depreciation charge		−1,935	−86,768			−88,703
Closing net book amount	509	23,550	362,143	873	25,550	412,623
At 1 January 2011						
Cost	509	30,439	768,085	873	25,550	825,456
Accumulated depreciation	0	−6,889	−405,942			−412,831
Net book amount	509	23,549	362,143	873	25,550	412,623
Year ended 31 December 2011						
Opening net book amount	509	23,422	362,143	873	25,550	412,623
Additions and transfers		981	67,195		39,482	107,658
Business combinations (note 5)			791			791
Disposals			−702		−48	−750
Accumulated depreciation relating to disposals			523			523
Depreciation charge		−2,007	−103,475			−105,482
Closing net book amount	509	22,522	326,475	873	64,984	415,362
At 31 December 2011						
Cost	509	31,419	835,369	873	64,984	933,154
Accumulated depreciation	0	−8,897	−508,894			−517,791
Net book amount	509	22,522	326,475	873	64,984	415,362

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

EUR 1,000		
Property, plant and equipment	2011	2010
Cost - capitalised finance leases	83,048	87,277
Accumulated depreciation	80,184	83,450
Net book amount	2,864	3,827

17 Intangible assets

EUR 1,000	Goodwill	Customer base	Brand	Other intangible assets	Total
At 1 January 2010					
Cost	201,179	38,484		149,778	389,440
Accumulated amortization and impairment	−104,479	−9,436		−119,769	−233,684
Net book amount	**96,700**	**29,048**		**30,009**	**155,756**
Year ended 31 December 2010					
Opening net book amount	96,700	29,048		30,009	155,756
Additions				33,999	33,999
Business combination (note 5)	113,067	39,655	28466	835	182,023
Amortization charge relating to transfers				469	469
Amortization charge		−5,750	−474	−21,901	−28,125
Closing net book amount	**209,767**	**62,953**	27992	**43,411**	**344,122**
At 31 December 2010					
Cost	314,246	78,139	28466	184,612	605,462
Accumulated amortization and impairment	−104,479	−15,186	−474	−141,201	−261,340
Net book amount	**209,767**	**62,953**	27992	**43,411**	**344,122**
Year ended 31 December 2011					
Opening net book amount	209,767	62,953	27992	43,411	344,122
Additions				22,050	22,050
Business combination (note 5)	10,637	4,774	516	43	15,970
Amortization charge		−8,027	−975	−23,079	−32,081
Closing net book amount	**220,404**	**59,700**	**27,533**	**42,425**	**350,062**
At 31 December 2011					
Cost	324,883	82,913	28,982	206,705	643,482
Accumulated amortization and impairment	−104,479	−23,213	−1,449	−164,280	−293,421
Net book amount	**220,404**	**59,700**	**27,533**	**42,425**	**350,062**

Goodwill allocation

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

EUR 1,000	2011	2010
Consumer	168,959	168,959
Corporate	51,445	40,808
Total	**220,404**	**209,767**

Impairment testing

In order to carry out impairment testing, goodwill is allocated to cash-generating units (CGUs) in accordance with DNA's business organisation. The balance sheet values of all CGUs are subjected to annual impairment testing. Apart from goodwill, the Group does not have any other intangible assets with an unlimited useful life. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of CGU is defined as the value in use according to the projected discounted cash flows (the DSC method). Cash flow projections are based on plans approved by management, covering a four-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 13.9-15.5 per cent depending on the segment. The growth rate forecasted after four 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 four-year forecast period. The major sensitivities in the result are associated with the forecased 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.

Applied parameters and sensitivity analysis

Applied parameters in testing 2011

Applied forecast parameters	Consumer segment 2011	Corporate segment 2011
Amount by which the book value is exceeded, EUR Million	97	149
Average growth in net sales, %	4.3	8.9
Average operating margin, % *	26.1	34.0
Average investment, % of net sales *	15.6	13.6
Growth after the forecast period, %	2.0	2.0
WACC, %	13.9	15.5

* Four-year forecast period average

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

Sensitivity analysis of forecast parameters	Consumer segment 2011	Corporate segment 2011
Average EBITDA, % of net sales	−1.8	−8.3
WACC, %	1.9	8.5

Applied parameters in testing 2010

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

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

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

18 Investments in associates

EUR 1,000	2011	2010
At 1 January	1,139	1,133
Share of profit or loss for the financial period	11	11
Decreases	−4	−4
At 31 December	1,147	1,139

There was no goodwill related to associated companies in 2011 and 2010.

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

EUR 1,000

2011		Assets	Liabilities	Net sales	Share of profit/loss	Group holding
Suomen Numerot Numpac Oy	Helsinki	479	183	1,161	11	25%
Kiinteistö Oy Otavankatu 3	Pori	2,511	198	290	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	326	9	30	0	38%

2010		Assets	Liabilities	Net sales	Share of profit/loss	Group holding
Suomen Numerot Numpac Oy	Helsinki	504	242	1,065	11	25%
Kiinteistö Oy Otavankatu 3	Pori	2,508	370	259	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	329	3	27	0	38%

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

19 Available-for-sale financial assets

EUR 1,000	2011	2010
Shares in non-listed companies	157	157
Total	157	157

Reconciliation of available-for-sale financial assets		
At 1 January	157	243
Disposals	0	−86
At 31 December	157	157

20 Receivables

EUR 1,000	2011	2010
Non-current receivables		
Trade and other receivables:		
Trade receivables	12,982	5,770
Finance lease receivables	0	1
Accruals 1)	1,810	981
Receivables from construction contracts	758	0
Other non-current receivables	1,032	1,126
Total non-current receivables	16,582	7,879
Current receivables		
Trade and other receivables:		
Trade receivables	143,166	130,773
Finance lease receivables	2	13
Accruals 1)	8,859	17,200
Other non-current receivables	18,991	10,066
Total current receivables	171,018	158,051

1) Accruals consist of: trade payables EUR 7.2 million (EUR 8.5 million), TyEL prepayment EUR 0.1 million (EUR 5.8 million), marketing reimbursement EUR 0 million (EUR 1.1 million) and other EUR 3.4 million (EUR 2.7 million).

The Group has recognised a receivable impairment loss of EUR 1.7 million (EUR 8.9 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 disounting is not material considering the maturity.

Finance lease receivable maturities

EUR 1,000	2011	2010
Finance lease receivable maturities - total value of minimum lease payments:		
Within one year	3	17
After one year but for a maximum of five years	0	2
Total	3	19
Finance lease receivables - present value of minimum lease payments		
Within one year	2	13
After one year but for a maximum of five years	0	1
Total	2	14
Receivables accrued in the future	1	5
Total finance lease receivables	3	19

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

	2011	2010
At 1 January	9,686	8,462
Provision for impairment of receivables	6,929	10,593
Receivables written off during the year as uncollectible	−4,646	−9,369
Unused amounts reversed	−2,636	0
At 31 December	9,333	9,686

21 Deferred tax assets and liabilities

EUR 1,000

Specification of deferred tax

Deferred tax assets 2011	Jan 1, 2011	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	Dec 31, 2011
Financial assets	223		−131			92
Provisions	2,927	−1,492				1,435
Finance lease agreements	969	−234			175	910
Group eliminations	23,611	−4,334				19,277
Other temporary differences	729	−687			49	91
Total	28,459	−6,748	−131	0	224	21,805

Deferred tax liabilities 2011	Jan 1, 2011	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	Dec 31, 2011
Fair value of assets through business combinations	51,338	−7,635			1,385	45,088
Negative depreciation difference	13,354	−4,980				8,374
Other temporary differences	7,246	−2,713			165	4,698
Total	71,939	−15,328	0	0	1,550	58,161

Deferred tax assets 2010	Jan 1, 2010	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	Dec 31, 2010
Financial assets	439		−216			223
Provisions	2,472	220			235	2,927
Finance lease agreements	1,161	−192				969
Group eliminations	26,765	−3,154				23,611
Other temporary differences	840	−133			23	729
Total	31,677	−3,259	−216	0	258	28,459

Deferred tax liabilities 2010	Jan 1, 2010	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	Dec 31, 2010
Fair value of assets through business combinations	35,024	−6,077			22,391	51,338
Negative depreciation difference	15,222	−3,918			2,050	13,354
Other temporary differences	5,000	2,154			92	7,246
Total	55,246	−7,841	0	0	24,533	71,939

The Group did not have unused confirmed tax losses on 31 December 2011.

22 Inventories

EUR 1,000	2011	2010
Materials and supplies	13,998	12,527
Total	13,998	12,527

23 Cash and cash equivalents

EUR 1,000	2011	2010
Cash and bank deposits	28,448	49,466
Total	28,448	49,466

24 Shareholders' equity

EUR 1000	Number of shares (thousands)	Share capital	Unrestricted equity reserve
At 1 January 2010	7,581	72,702	406,956
Directed share issue	3		
Welho acquisition (note 5)	2,027		200,000
Other changes	0		−1,029
At 31 December 2010	9,611	72,702	605,927
At 31 December 2011	9,611	72,702	605,927

Number of shares include 7 500 treasury shares.
DNA Oy has one type of share. The number of shares are 9,610,676 (7,580,761). 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.

	2011	2010
Hedge fund	−280	−634
Total	−280	−634

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 29,769,845.60 euroa (EUR 49 936 515.20).

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

The acquisition of treasury shares is deducted from retained earnings

Date	Number of shares	Acquisition cost
7 April 2010	5,000.00	588,402.16
4 August 2009	2,500.00	287,208.75
Total	7,500.00	875,610.91

Treasury shares aquired during 2010 represent 0.05 per cent of the votes (treasury shares in total representing 0.01 per cent of the votes). The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

Management rights issue
There have been no rights issues during the financial period. A rights issue was targeted at management as part of their incentive scheme in 2010, and a total of 2,748 new shares were subscribed to at a per-share subscription price of EUR 97.00. CEO Riitta Tiuraniemi subscribed to 180 shares and other members of the company's management subscribed to 2,568 shares. The new shares issued did not have a nominal value.

25 Share-based payments

Conditions of share-based incentive scheme

The Group has 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 condition of the scheme is 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 is the estimated fair value of the share on 17 December 2009. Should the company distribute dividends or funds from its unrestricted equity fund, the subscription price applied to the option rights will be decreased in line with the amount of dividends decided or unrestricted equity funds distributed after 17 December 2009 and prior to the share subscription period on the record date of each dividend payment or 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 March 2010	1 March 2011
Amount of granted instruments	50.000	58.000
Exercise price	EUR 97.00	EUR 97.00
Share price at granting date	EUR 97.00	EUR 98.66
Subscription period	2 Jan 2013–30 April 2015	2 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 prices are as follows:

	Options
On 1 January	50,000
Granted options	58,000
Forfeited options	
Exercised options	
Expired options	
On 31 December	**108,000**

The weighted average fair value of options granted during the period was EUR 38.73 per option (2010A: EUR 35.47 per option). The fair value of the options was determined by using a valuation model. The significant inputs of the model were the share price of EUR 98.66, exercise price shown above less dividends paid in 2010 of EUR 4.35, volatility of 38 per cent, an expected option life of two years and a risk-free interest rate of 2.82 per cent (2010A: 2.49 per cent).

Conditions of share-based incentive plan

The Group did not have any new share-based incentive plans in 2011. During 2010, DNA Ltd continued the share-based incentive programme for key employees introduced in 2008. During 2010, key employees were given the opportunity to subscribe to a total of 2 500 and 248 shares in the company. The subscription price was EUR 97 per share. The shares of the first emission were to be subscribed to no later than 5 February 2010 and the subscription price were to be paid by 13 February 2010. The share of the second emission were to be subscribed to by 1 April 2010 and subscription price paid no later than 8 April 2010. The Board of Directors agreed on the programme on 27 March 2009. The programme does not have an earning period. The shares are subjected to two prohibition periods with regard to share transfer. The first prohibition period ("Transfer prohibition 1") will be valid for two years from the time of subscription and the second prohibition period ("Transfer prohibition 2") will be valid for two years from the end of the Transfer Prohibition 1. Key employees may not transfer shares without advance written consent by the DNA's Board of Directors during the Transfer prohibition 1. During the Transfer Prohibition 2, key employees may not transfer more than 30 per cent of their shares without advance written consent by the DNA's Board of Directors.

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

Arrangement

Nature of arrangement	Shares	Shares	Shares
Date of granting	28 May 2008	28 January 2010	31 March 2010
Number of granted instruments	12,500	2500	248
Subscription price	1,320,500.00	242,500.00	24,056.00
Share price at the time of granting	105.64	97.00	97.00
Valid for	19 September 2008	5 February 2010	1 April 2010
Implementation	As shares	As shares	As shares

26 Defined benefit plan

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

EUR 1,000	2011	2010
Liability recognised in the balance sheet		
Funded defined benefit obligation	5,439	5,560
Fair value of plan assets	−4,467	−4,695
Surplus/deficit	972	865
Unrecognised actuarial gains (+)/losses (-)	−769	−629
Net liability	203	236
Liability recognised in profit or loss	203	236

EUR 1,000	2011	2010
Expense recognised in profit or loss		
Current service cost	39	25
Interest cost	244	247
Expected return of plan assests	−216	−217
Net actuarial gain(-)/loss (+) recognised	6	0
Effect of settlement	0	−16
Effect of curtailment	0	−13
Expense recognised in profit or loss	73	26

See note 10

EUR 1,000	2011	2010
Movements in present value of defined benefit obligation		
Defined benefit obligation at beginning of year	5,560	4,864
Current service cost	39	25
Interest costs	244	247
Benefits paid	−325	−362
Settlements	0	−20
Curtailments	0	−13
Actuarial gains (-)/losses (+) on obligation	−79	819
Defined benefit obligation at the end of the year	5,439	5,560

EUR 1,000	2011	2010
Fair value of plan assets		
Fair value of plan assets at beginning of year	4,695	4,434
Expected return on plan assets	216	217
Actuarial gains (+)/losses (-) on plan assets	−225	363
Contributions	106	43
Benefits paid	−325	−362
Fair value of plan assets at end of year	4,467	4,695

Actual return on plan assets was EUR 0.0 million (EUR 0.6 million)

Principal actuarial assumptions at end of financial period	2011	2010
Discount rate	4.7%	4.5%
Expected rate of return on plan assets	4.7%	4.8%
Rate of salary increase	3.5%	3.5%
Rate of benefit increase	2.1%	2.1%
Rate of inflation	2.0%	2.0%
Average remaining service (years)	11	12

EUR 1,000	2011	2010	2009
The amounts for the current financial year and the two previous financial years are as follows:			
Present value of obligation	5,439	5,560	4,864
Fair value of plan assets	−4,467	−4,695	−4,434
Surplus/deficit	972	865	430
Actuarian loss on obligation due to experience adjustments	45	28	142
Actuarian gain on plan assets due to experience adjustment	−225	363	282

Expected contributions to the defined benefit plan in 2012 total EUR 0.04 million.

27 Provisions

EUR 1,000	1 Jan 2011	Additions	Provisions used	Provisions released	Discount effect	31 Dec 2011
Decommissioning provisions	4,683				−390	4,292
Restructuring provisions	6,076	37	−1,234	−4,126		753
Onerous contracts	3,786	65	−1,017	−2,105	82	811
	14,546	102	−2,251	−6,231	−308	5,856

EUR 1,000	2010	2011
Non-current provisions	8,049	5,740
Current provisions	6,497	116
Total	14,546	5,856

Restructuring provision

At the end of 2010, personnel were informed of the integration of DNA and Welho businesses, resulting in the initiation of cooperation negotiations on 3 January 2011. The restructuring provision include a provision for termination costs. The provision relating to terminations realised during 2011. The provision include unemployment insurance costs for terminated employment 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 2012 and 2020.

28 Financial liabilities

EUR 1,000	2011	2010
Non-current interest-bearing liabilities		
Loans from financial institutions	115,000	75,203
Other loan commitments	16,583	21,028
Finance lease liabilities	3,516	4,061
Total	135,099	100,292
Current interest-bearing liabilities		
Loans from financial institutions	15,000	43,529
Other loan commitments	29,339	4,445
Finance lease liabilities	2,163	3,609
Total	46,502	51,584

Finance lease liabilities	2011	2010
EUR 1,000		
Finance lease liabilities – minimum lease payments		
No later than 1 year	2,203	3,872
Later than 1 year and no later than 5 years	3,341	3,846
Later than 5 years	649	652
Total	6,193	8,370
Future finance charges on finance leases	−515	−700
Present value of finance lease liabilities	5,679	7,670
Finance lease liabilities – present value of minimum lease payments		
No later than 1 year	2,163	3,609
Later than 1 year and no later than 5 years	3,049	3,477
Later than 5 years	467	584
Total	5,679	7,670
Total finance lease liabilities	6,193	8,370

29 Trade payables and other liabilities

EUR 1,000	2011	2010
Current financial liabilities carried at amortised acquisition cost		
Trade payables	84,975	72,600
Accrued expenses 1)	43,394	38,259
Advances received	13,287	11,554
Other current liabilities	2,890	4,103
Total current liabiliites	144,546	126,516

1) Accrued expenses consist of: Holiday pay and bonuses including social expenses totalling EUR 11.0 million (EUR 14.3 million), interest expenses EUR 0.8 million (EUR 0.9 million), as well as other accrued operative expenses EUR 31.6 million (EUR 23.0 million).

30 Fair value of financial liabilities

Non-current financial liabilities

	2011		2010	
EUR 1,000	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	115,000	115,421	75,203	74,971
Other loan commitments	16,583	16,655	21,028	22,003
Financial lease agreements	3,516	3,516	4,061	4,061
Total	135,099	135,592	100,292	101,035

Current financial liabilities

	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	15,000	15,000	43,529	43,462
Other loan commitments	29,339	29,318	4,445	4,530
Financial lease agreements	2,163	2,163	3,609	3,609
Total	46,502	46,481	51,584	51,601

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.

31 Derivative financial instruments

2011					
EUR million					
			< 1 year	1–5 years	> 5 years
Derivatives, outside hedge accounting					
Interest rate swaps		Nominal value	-	30	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.4	-
Derivatives, hedge accounting					
Interest rate swaps		Nominal value	-	50.0	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.4	-

In 2011, DNA applied cash flow hedge accounting using an interest rate swap at a nominal value of EUR 50.0 million (EUR 17.5 million). Testing for hedge effectiveness showed the hedge to be effective. Hedge accounting was not applied to the EUR 30 million nominal valued structured interest rate swap. The interest rate swaps outstanding at the end of 2010 were terminated.

2010					
EUR million					
			< 1 year	1–5 years	> 5 years
Derivatives, outside hedge accounting					
Structured interest rate swaps		Nominal value	-	30	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.2	-
Derivatives, hedge accounting					
Interest rate swaps		Nominal value	-	17.5	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.9	-

Derivative fair value measurement hierarchy
Effective as of 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

2011			
Fair value measurement	Level 1	Level 2	Level 3
Interest rate swaps	-	−0.7	-

2010			
Fair value measurement	Level 1	Level 2	Level 3
Structured interest rate swaps	-	−0.2	-
Interest rate swaps	-	−0.9	-

32 Operating lease agreements

EUR 1,000	2011	2010
Group as lessee		
Minimum lease amount paid on the basis of non-voidable operating lease agreements		
Within one year	24,052	21,918
Longer than one year but not more than five years	19,826	8,945
After five years	6,692	4,036
Total	50,570	34,899

The Group leases premises, telecommunications premises, masts, vehicles etc. The lease periods are 1-6 years and normally include the opportunity to continue the agreement after the original end date. The 2011 income statement includes paid operating lease expenses of EUR 36.3 million (EUR 35.1 million). Relating to operating leases, the Group has made a provision of EUR 0.8 million (EUR 3.2 million). For more information see note 27 Provisions.

33 Guarantees and contingent liabilities

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

Purchase commitments
At balance sheet date, the Group had no binding purchase commitments (EUR 2.8 million).

34 Related party transactions

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

Group structure 2011

Company	Country	Share of ownership	Share of votes
DNA Kauppa Oy	Finland	100%	100%
Huuked Labs Oy	Finland	100%	100%
Forte Groupservices Oy	Finland	100%	100%
Forte Netservices Oy	Finland	100%	100%
Forte Netservices OOO	Russia	100%	100%

Listing of associated companies is presented in note 18.
The following related party transactions were carried out:

EUR 1,000	Sales	Purchases	Receivables	Liabilities
2011				
Organisations exercising significant influence	8,842	2,915	1	8
Associated companies	0	197	0	0
2010				
Organisations exercising significant influence	7,447	5,176	2,224	771
Associated companies	0	185	0	0
Other related parties	0	81	0	0

Management employee benefits

EUR 1,000	2011	2010
Salaries and other short-term employee benefits	2276	2300
Termination benefits	0	507
Total	2,276	2,807

Management was granted 37 000 share options during the year (36 000). The management option rights include the same conditions as options granted to other personnel. The fair value of the options is presented in note 25 Share-based payments.

(1,000)	2011	2010
Granted options	37	36
of which excercisable		
Fair value of options	1,433	1,277
Total number of shares management options entitle	73	36

EUR 1,000	2011	2010
Salaries and commissions:		
CEOs	934	717
Members and deputy members of the Board of Directors	592	483

Management's and CEO's 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.

35 Events after the balance sheet date

There were no significant events after the balance sheet date.

36 Shares and shareholders

Shareholders December 31, 2011	%
Private companies	60.1%
Public companies	39.9%

Shareholder information	Number of shares	% of shares and votes
Finda Oy	2,495,490	26.0%
Sanoma Entertainment Finland Oy	2,027,167	21.1%
Oulu ICT Oy	1,698,997	17.7%
PHP Liiketoiminta Oyj	1,513,856	15.8%
Osuuskunta KPY	993,864	10.3%
Anvia Oyj	294,312	3.1%
Ilmarinen Mutual Pension Insurance Company	227,423	2.4%
Lohjan Puhelin Oy	220,877	2.3%
Other shareholders	138,690	1.3%

Parent company income statement, FAS

EUR 1,000	Note	1 Jan-31 Dec 2011		1 Jan-31 Dec 2010	
NET SALES	1		715,007		676,327
Other operating income			18,950		4,504
Materials and services					
Purchases		49,722		17,531	
Change in inventory		−1,275		617	
External services		348,789	397,236	331,668	349,815
Employee expenses					
Salaries and commissions		44,424		47,867	
Social expenses					
Pensions		7,210		9,638	
Other social expenses		1,050	52,683	2,786	60,291
Depreciation and impairments	2				
Depreciation according to plan			113,982		96,289
Other operating expenses	3		106,191		101,869
OPERATING PROFIT			63,865		72,566
Financial income and expense					
Income from other investments		3		553	
Other interest and financial income		895		964	
Reversal of impairment		0		0	
Interest and other financial expenses		5,469	−4,572	5,256	−3,739
PROFIT BEFORE EXTRAORDINARY ITEMS			59,293		68,827
Extraordinary income	4		4,033		3,119
PROFIT BEFORE APPROPRIATIONS AND TAX			63,326		71,945
Appropriations	5		17,181		7,170
Income taxes	6		20,933		19,254
PROFIT FOR THE FINANCIAL PERIOD			59,574		59,862

Parent company balance sheet, FAS

EUR 1,000

ASSETS	Note	31 Dec 2011		31 Dec 2010	
NON-CURRENT ASSETS					
Intangible assets	7				
Development costs		1,008		1,634	
Goodwill		593		1,336	
Intangible rights		91,416		105,164	
Other intangible assets		25,258	118,275	22,871	131,005
Property, plant and equipment	7				
Land and water		509		509	
Buildings and constructions		9,432		9,381	
Machinery and equipment		241,019		260,684	
Other tangible assets		873		873	
Advances paid and construction in progress		64,974	316,807	25,544	296,991
Investments	8				
Holdings in group companies		26,012		10,678	
Shares in associated companies		991		991	
Other shares and holdings		1,370	28,374	1,343	13,013
TOTAL NON-CURRENT ASSETS			463,455		441,009
CURRENT ASSETS					
Inventory					
Materials and supplies			4,564		3,286
Receivables					
Non-current receivables					
Trade receivables		12,982		5,770	
Other receivables		2,569		983	
Deferred tax asset		665	16,216	2,761	9,515
Current receivables					
Trade receivables		139,827		130,804	
Receivables from group companies	9	16,949		8,793	
Other receivables		18,622		9,858	
Accrued income and deferred expense	10	7,030	182,429	14,519	163,975
Cash and cash equivalents			27,368		49,059
TOTAL CURRENT ASSETS			230,577		225,834
TOTAL ASSETS			694,032		666,843

EQUITY AND LIABILITIES	Note	31 Dec 2011		31 Dec 2010	
SHAREHOLDERS' EQUITY	11				
Share capital			72,702		72,702
Unrestricted equity reserve			85,603		85,603
Retained earnings			103,713		93,787
Profit for the financial period			59,574		59,862
TOTAL SHAREHOLDERS' EQUITY			321,592		311,954
APPROPRIATIONS	12		42,065		59,246
Provisions	13		2,714		10,621
LIABILITIES					
Non-current liabilities					
Loans from financial institutions		131,583		96,322	
Advances received		520		579	
Other non-current liabilities		876	132,980	826	97,727

Current liabilities					
Loans from financial institutions		44,339		47,975	
Advances		12,111		11,554	
Trade payables		80,399		69,402	
Liabilities to group companies	14	14,542		12,684	
Other current liabilities		2,166		11,423	
Accruals	15	41,126	194,682	34,257	187,295
TOTAL LIABILITIES			327,662		285,022
TOTAL EQUITY AND LIABILITIES			694,032		666,843

Parent company cash flow statement, FAS

EUR 1,000	2011	2010
Cash flows from operations		
Profit for the period	59,574	59,862
Adjustments *)	110,171	112,613
Change in working capital	−14,006	−12,518
Interests paid	−5,469	−5,256
Interests received	973	1,517
Taxes paid	−27,154	−10,230
Total cash flows from operations (A)	124,089	145,987
Cash flows from investments		
Investments in tangible and intangible assets	−111,305	−76,917
Tangible and intangible assets capital gain	375	147
Sale of shares	0	11
Acquired subsidiaries and business transfers	−15,334	−201
Other investments	2,888	−33
Total cash flows from investments (B)	−123,376	−76,994
Cash flows from financing		
Share issue	0	267
Dividend distribution	−49,937	−32,955
Treasury shares	0	−588
Borrowing of interest-bearing liabilities	100,000	30,000
Repayments of interest-bearing liabilities	−93,269	−44,898
Commercial papers, net	24,893	0
Change in non-current receivables	−7,211	8,338
Received and paid group contribution	3,119	0
Other	0	−38
Total cash flows from financing (C)	−22,405	−39,874
Change in liquid assets (A+B+C)	−21,692	29,120
Liquid assets on 1 January	49,059	18,745
Liquid assets transferred in mergers and acquisitions	0	−1,194
Liquid assets on 31 December	27,368	49,059
Adjustments *)		
Depreciation	113,982	96,289
Other non-cash income and expense	−29,315	−6,809
Interest and other financial expense	4,572	3,739
Taxes	20,933	19,394
Total adjustments	110,171	112,613
Change in working capital		
Change in trade receivables and other receivables	−22,124	−16,009
Change in inventory	−1,278	622
Change in trade payables and other payables	9,396	2,869
Total change in working capital	−14,006	−12,518

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 0.7 million 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.

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

The depreciation/amortization 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 amortized over three years.

Pensions

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

Foreign currency translations

Items denominated in foreign currencies are translated using the Bank of Finland average rate valid on 31 December 2011.

Comparability of data from previous financial period

Data from the previous financial period is comparable to 2011.

Notes to the parent company financial statements

1 Net sales

EUR 1,000	2011	2010
Domestic	698,695	656,013
Foreign	16,312	20,314
Total	715,007	676,327

During the financial period, the Group and parent company employed personnel on average

Total	940	848

2 Depreciation and amortization

EUR 1,000	2011	2010
Depreciation and amortization	113,982	96,289

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

3 Other operating expenses

EUR 1,000	2011	2010
Operating and maintenance costs	36,248	27,384
Rental costs	32,958	32,419
External services	2,971	3,547
Other cost items	34,013	38,520
Total	106,191	101,869

Auditor fees		
PricewaterhouseCoopers Oy		
Auditing fees	189	228
Tax consulting	29	38
Other fees	102	103

4 Extraordinary items

EUR 1,000	2011	2010
Group contributions	4,033	3,119
Total	4,033	3,119

5 Appropriations

EUR 1,000	2011	2010
Difference between planned depreciation and depreciation for taxation	17,181	7,170

6 Direct taxes

EUR 1,000	2011	2010
Direct taxes on actual operations	18,933	18,870
Change in deferred tax asset	−96	524
Change in deferred tax liability	2,097	−141
Direct taxes	20,933	19,254

7 Non-current assets

EUR 1,000	2011	2010
Development costs		
Acquisition cost 1 January	2,778	2,035
Transfers between items	41	743
Acquisition cost 31 December	**2,818**	**2,778**
Accumulated amortization 1 January	1,144	594
Amortization for the financial period	667	550
Accumulated amortization 31 December	1,810	1,144
Book value 31 December	**1,008**	**1,634**
Intangible rights		
Acquisition cost 1 January	159,100	149,332
Transfers between items	7,111	9,767
Acquisition cost 31 December	**166,210**	**159,100**
Accumulated amortization 1 January	53,935	34,305
Amortization for the financial period	20,859	19,631
Accumulated amortization 31 December	74,795	53,935
Book value 31 December	**91,416**	**105,164**
Goodwill		
Acquisition cost 1 January	21,940	21,940
Acquisition cost 31 December	**21,940**	**21,940**
Accumulated amortization 1 January	20,604	19,790
Amortization for the financial period	743	814
Accumulated amortization 31 December	21,347	20,604
Book value 31 December	**593**	**1,336**
Other non-current intangible assets		
Acquisition cost 1 January	97,867	78,733
Additions	0	1,074
Transfers between items	11,067	18,060
Acquisition cost 31 December	**108,934**	**97,867**
Accumulated amortization 1 January	74,995	67,157
Amortization for the financial period	8,680	7,838
Accumulated amortization 31 December	83,675	74,995
Book value 31 December	**25,258**	**22,871**
Land and water		
Acquisition cost 1 January	509	500
Transfers between items	0	10
Disposals	0	−1
Acquisition cost 31 December	**509**	**509**
Buildings and constructions		
Acquisition cost 1 January	11,848	11,139
Transfers between items	981	709
Acquisition cost 31 December	**12,828**	**11,848**
Accumulated depreciation 1 January	2,467	1,610
Depreciation for the financial period	929	857
Accumulated depreciation 31 December	3,396	2,467
Book value 31 December	**9,432**	**9,381**
Machinery and equipment		

Acquisition cost 1 January	495,535	389,909
Additions from business combinations	0	34,957
Transfers between items	62,574	71,650
Disposals	−392	−981
Acquisition cost 31 December	**557,717**	**495,535**
Accumulated depreciation 1 January	234,851	169,195
Depreciation for the financial period	82,104	66,600
Depreciation relating to disposals	−256	−943
Accumulated depreciation 31 December	316,698	234,851
Book value 31 December	**241,019**	**260,684**
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	25,544	49,350
Additions	121,241	77,261
Additions from business combinations	11	0
Disposals	−48	−128
Transfers between items	−81,774	−100,939
Acquisition cost 31 December	**64,974**	**25,544**

8 Investments

EUR 1,000	2011	2010
Investments in group companies		
Book value 1 January	10,678	11,482
Increase	15,334	201
Decrease	0	−1,005
Book value 31 December	26,012	10,678
Shares in associated companies		
Book value 1 January	991	991
Increase	0	0
Decrease	0	0
Book value 31 December	991	991
Other shares and holdings		
Book value 1 January	1,343	412
Increase	28	33
Increase from business combinations	0	908
Decrease	−1	−11
Book value 31 December	1,370	1,343

9 Receivables from group companies

EUR 1,000	2011	2010
Sales receivables	10,504	592
Interest receivables	0	83
Loan receivables	327	0
Group account receivables	2,085	5,000
Group contribution receivables	4,033	3,119
Total	16,949	8,793

10 Accruals

EUR 1,000	2011	2010
Trade payables	4,603	7,516
Other receivables	2,428	7,003
Total	7,030	14,519

11 Shareholders' equity

EUR 1,000	2011	2010
Share capital 1 January	72,702	72,702
Share capital 31 December	72,702	72,702
Unrestricted equity reserve 1 January	85,603	67,710
Increase	0	17,893
Unrestricted equity reserve 31 December	85,603	85,603
Retained earnings 1 January	153,649	127,330
Dividends paid	−49,937	−32,955
Treasury shares	0	−588
Retained earnings 31 December	103,713	93,787
Profit for the financial period	59,574	59,862
Total shareholders' equity	321,592	311,954

Statement of distributable earnings 31 December

EUR 1,000	2011	2010
Retained earnings	−49,783	93,787
Unrestricted equity reserve	85,603	85,603
Profit for the financial period	59,574	59,862
Total distributable funds	95,394	239,252

12 Appropriations

EUR 1,000	2011	2010
Appropriations comprise accumulated depreciation difference	42,065	59,246

13 Obligatory provisions

EUR 1,000	2011	2010
Obligatory provisions include provisions for estimated decommissioning costs of masts and data centres	1,150	1,380
Provision for onerous contracts	812	3,165
Pension provision	752	715
Restructuring provision	0	5,361
Total obligatory provisions	2,714	10,621

14 Liabilities to group companies

EUR 1,000	2011	2010
Trade payables	1,459	451
Accruals	13,083	12,233
Total	14,542	12,684

15 Accruals

EUR 1,000	2011	2010
Holiday pay and bonuses	10,394	12,754
Interest expenses	818	1,052
Other accruals	29,914	20,451
Total	41,126	34,257

In the 2011 Financial Statements, trade payables for which no invoice has yet been received have been transferred to accruals.

16 Deferred tax liability/asset

EUR 1,000	2011	2010
Deferred tax asset from obligatory provisions	665	2,761

17 Pledged assets and contingent liabilities

EUR 1,000		2011	2010
Pledged assets			
Contingent liabilities and other liabilities			
Finance lease payments			
Payments due during the next financial period		824	2,794
Payments due at a later date		257	714
Total		1,081	3,508
Leasing contracts are made for three-year periods.			
Other contractual obligations			
Leasehold commitments		46,006	32,190
Other commitments		0	2,795
Other obligations on behalf of group companies			
Bank guarantee		576	255
Derivative financial instruments			
Interest rate swaps, hedge accounting			
	Fair value	−371	−856
	Nominal value	50,000	17,500
Interest rate swaps, outside hedge accounting			
	Fair value	−352	−196
	Nominal value	30,000	30,000

Related party transactions

Management salaries and commissions	2011	2010
Board members and CEOs	1,145	1,013

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

18 Group and parent company holdings

	2011	2010
Group companies		
DNA Store Ltd	100%	100%
Huuked Labs Oy	100%	100%
Forte Groupservices Oy	100%	0%
Forte Netservices Oy	100%	0%
Forte Netservices OOO	100%	0%

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

Associated companies		
Suomen Numerot Numpac Oy	25%	25%

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

Consolidated key financial indicators

INCOME STATEMENT	31 Dec 2011	31 Dec 2010
Net sales, MEUR	728	690
EBITDA, MEUR	188	182
EBITDA, % of net sales	25.9%	26.4%
Operating result (EBIT), MEUR	51	65
Operating result (EBIT), % of net sales	7.0%	9.4%
Profit/loss for the financial period, MEUR	36	46
Return on equity (ROE), %	5.7%	8.7%
Return on investment (ROI), %	6.6%	9.6%
BALANCE SHEET		
Equity ratio, %	62.2%	63.6%
Net liabilities/EBITDA	0.81	0.56
Gearing, %	24.5%	16.1%
Balance sheet total, MEUR	1,019	1,014
CAPITAL EXPENDITURE		
Gross investment, MEUR	120	83
Gross investment, % of net sales	16.4%	12.1%
EMPLOYEES		
Average number of employees for the financial period	1,008	934
Per-share key indicators		
Earnings per share (EPS), EUR	3.73	5.35
Capital and reserves per share, EUR	65.1	66.4
Dividend per share, EUR	3.10	5.2
Dividend per earnings, %	83.1%	97.2%
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)	9,611	8,604
Adjusted number of shares at the end of the financial period (1,000)	9,611	9,611

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

Signatures of the Annual report and Financial Statements

Vantaa, on this 6th day of February 2012

Jarmo Leino
Chairman of the Board of Directors

Risto Siivola
Member of the Board of Directors

Hannu Isotalo
Member of the Board of Directors

Jukka Ottela
Member of the Board of Directors

Anssi Soila
Member of the Board of Directors

Anu Nissinen
Member of the Board of Directors

David Nuutinen
Member of the Board of Directors

Tuija Soanjärvi
Member of the Board of Directors

Riitta Tiuraniemi
President and CEO

Auditors' Note

An auditors' report have been issued today on the performed audit.

Vantaa, on this 7th day of February 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
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, 2011. 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.

Vantaa, 7th February, 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pekka Loikkanen
Authorised Public Accountant

Corporate responsibility management

A modern Finnish telecommunications Group, DNA is committed to continuous business development, taking account of the needs of its environment and stakeholders. DNA's corporate responsibility is based on its values, corporate culture and business objectives.

DNA responds to mega-trends in its operating environment

With its stakeholders, DNA has identified three mega-trends that will have an impact on its operating environment over the coming years: electrification and convergence of services, and change in the population structure.

Services are increasingly becoming available online, and information is shared in electronic format. At the same time, voice, data, TV and other communication and entertainment services are converging, while communication devices used on the mobile network gain in importance. We live in a ubiquitous society where smart communication technologies are increasingly present.

The Finnish population structure will change radically over the coming decades. According to Statistics Finland, those over 65 will account for almost 30 per cent of the population by 2040, while the number of those in employment will fall as baby boomers retire.

DNA wants to meet the demands of these mega trends by developing next-generation electronic services and taking account of new service demands created by the changing population structure.

Materiality analysis launched towards the end of 2011

At DNA, corporate responsibility falls under the scope of the Board of Directors and the CEO; the Board aims to discuss matters related to responsibility twice a year in its meetings. At Executive Team level, the Chief Financial Officer is in charge of practical work related to corporate responsibility. He heads a horizontal corporate responsibility group that coordinates and develops DNA's corporate responsibility. The group reports twice a year to the Executive Team.

The corporate responsibility group continued its work in 2011, and DNA hired a full-time corporate responsibility expert. The group launched a materiality analysis towards the end of 2011.

The objective of the analysis is to identify the main focus areas of DNA's corporate responsibility and specify objectives and metrics for them. The analysis is continuing in early 2012 with the aim of establishing a DNA corporate responsibility programme for the coming years.

DNA's corporate responsibility objectives for 2012:

- Specification of corporate responsibility focus areas and metrics
- Creation of a corporate responsibility programme for 2012–2014
- Launch of the 'Responsible Partner' programme
- Development of GRI reporting

Corporate responsibility events in 2012:

- Launch of the 'Responsible summer job 2012' campaign
- The 'Vempaimet vaihtoon' recycling campaign at DNA Stores
- Joint projects with SOS Children's Village Association Finland and DNA
- Supporting the Plan project
- Continued participation as main partner in the protection of Lake Vesijärvi
- Participation in Earth Hour 2012
- Moving the headquarters from Vantaa to Käpylä to new, energy-efficient facilities
- Participation in Energy Saving Week 2012
- Active participation in the corporate responsibility events of FiBS
- Active representation in key industry associations, such as FiCom's Green ICT working group

Economic responsibility

Profitability and competitiveness

DNA's economic responsibility includes meeting the expectations of customers and shareholders, timely investments and product innovation and supporting the economic welfare of the company's employees and society.

Profitability of business operations is an important part of economic responsibility. Responsibility guides the company in meeting its financial objectives: 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.

Profitable and planned growth, competitiveness and healthy finances will create opportunities for continuously developing DNA's operations. The company's operations are guided by an unambiguous and sustainable strategy.

DNA aims to be an even more responsible partner for its corporate and consumer customers, as well as for suppliers and subcontractors. Corporate responsibility considerations are increasingly emphasised when entering into new purchase and cooperation agreements with partners.

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

Close to 100 per cent of DNA's operations take place in Finland, where the company employs directly approximately 1,000 employees and indirectly around 1,000 more. 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 hundred locations in Finland.

DNA's investments in 2011 came to EUR 119.5 million (EUR 83.4 in 2010), or 16.4 per cent of net sales (12.1 per cent). Major individual items included investments in the fibre and transfer systems as well as 3G network investments, which modernised the mobile network infrastructure in preparation for quickly increasing speeds.

DNA’s economic impact on its operating environment

FROM THE CUSTOMERS
Net sales EUR 727.5 million (690.5)

DNA

TO THE PERSONNEL
Salaries and remuneration EUR 48.0 million (49.8)
Pension expenses EUR 7.7 million (9.9)

TO SUBCONTRACTORS
Materials and services EUR 377.1 million (350.8)
Other operating expenses EUR 107.4 million (98.2)

TO THE PUBLIC SECTOR
Income tax for 2011 EUR 10.4 million (14.5)
Personnel expenses EUR 10.6 million (13.3)

TO THE FINANCIAL SECTOR
Interest expenses EUR 5.9 million (5.9)

TO THE OWNERS
Dividends for 2011 EUR 29.8 million* (49.9)

** The agenda of DNA’s Annual General Meeting of 15 March 2012 includes a proposal to purchase the company’s own shares. If the shares will be purchased, it will be proposed to the meeting that the total amount of dividend is EUR 29.7 million, since no dividend will be paid on shares held by the company.*

Social responsibility

Vision: future-oriented employees

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 activities are 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.

Year 2011 saw the establishment of a strong culture for one DNA. Other focus areas included future development of leadership and competence as well as employee well-being.

Cooperation negotiations were initiated in early 2011, after which the DNA and Welho businesses merged to form one operational entity. The new organisation entered into force on 21 February 2011. The spirit of the negotiations was good and constructive, and the restructuring of operations reduced the number of personnel significantly less than anticipated.

In 2012, HR management focuses on the following areas: competence development as per strategy requirements, development of leadership and management tools, reduction of sick leaves as well as disability pensions, and continued availability of skilled personnel.

Personnel

High employee satisfaction and well-being at DNA

The general index of the annual employee satisfaction survey remained high in 2011, at 4.2, the maximum being 6.0. According to the survey, DNA has motivated and committed employees who value their work and colleagues.

Employees gave positive feedback for flexibility of working hours enabled by flexi-time, versatile occupational health services, support for employee exercise activities and investments in competence development. The general leadership index remained at a good level, at 4.6. DNA employees value the fact that supervisors are available for discussions, provide feedback and share information.

One key development area that emerged from the survey was the development of facilities according to DNA's new working environment concept. In practice, this means that future facility planning will emphasise flexibility and good atmosphere of the working environment. According to the new concept, a good and modern working environment comprises of an open office housing different work stations for different types of work. Factors affecting employee satisfaction in open office environments include optimal acoustics in the working area and good ergonomics, both of which will receive special attention in future workspace planning according to DNA's new working environment concept.

Another development area that emerged from the survey was process management: according to the feedback, it should be clarified further. Process management was mentioned in the feedback of the survey conducted in 2010, too, but the feedback remained on a general level then. In 2011, the feedback was mostly related to named processes and functions. It typically requires several years to switch to a process-based management approach, and DNA will continue to provide additional training and information to the employees.

Eva Bergman, Development Manager:

'Today, people seem to be increasingly 'phone-phobic' and prefer email communication. I try to keep my inbox clear so that I can answer emails with practically no delay.

People highly appreciate this. Even if I can't resolve the issue, acknowledging that I am looking into it or giving tips on who to contact takes almost no time at all, but means a lot to the sender.

Good timing is no less important than quick replies; also both the sender and receiver are responsible for sharing the information with those who need it.

To me, being quick in everything we do is a prerequisite for efficiency. This by no means indicates taking shortcuts on quality.'

Personnel development as part of everyday operations

DNA Ltd organised two types of leadership coaching in 2011: qualification programme in leadership training and the Group-level 'DNA Ykkönen – parasta johtamista' programme for all supervisors. Participants included persons from DNA Store Ltd. Two groups from DNA Store Ltd also worked towards the qualification programme in store supervision. Competence development featured actively in performance reviews and everyday supervision during the year.

In December 2011, DNA Ltd launched the weekly 'AREENA' information sessions for its personnel. Organised by means of LiveMeeting, the sessions provide up-to-date information about DNA's products and services, processes and practices.

Strong investments in well-being at work

Through its selected healthcare partner, DNA provides employees with a wide selection of healthcare 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. Moreover, the quit smoking campaign continued in 2011. Employees were able to participate in 'Aslak' rehabilitation organised by the Social Insurance Institution of Finland. Occupation nurses were available at the main facilities.

To support the overall promotion of well-being of work, DNA introduced an early response model in the autumn of 2011. DNA provided training for supervisors and discussion sessions for personnel. This work will continue in 2012, with the aim of supporting use of the model.

Ergonomics experts in DNA's offices continued work to improve office ergonomics at DNA. The popular well-being at work day was organised in the autumn. As usual, the day provided employees with the opportunity to look after their health and provided tips for maintaining working capacity.

2011 was an eventful year

The entire personnel celebrated the 10-year anniversary of DNA. The company launched an internal reward campaign in the summer, with the Dudesons. During the campaign, personnel received rewards such as gift certificates for achieving their goals.

Traditional Christmas parties were organised for personnel and their children. Moreover, DNA Peers also organised some events, such as a Halloween party. Personnel clubs remained active, and several new ones were established in 2011. The employees had the chance to try different activities, such as diving and pilates, and to practise winter driving on an ice track.

Type of employment contract

Type of employment contract	2009	2010	2011*
Open-ended	792	955	1,015
Fixed-term	26	48	20
Total	818	1,003	1,035

* Includes Forte Netservices Oy as of 12 July 2011.

Type of employment

Type of employment	2009	2010	2011*
Full-time	800	963	997
Part-time	18	40	38
Total	818	1,003	1,035

* Includes Forte Netservices Oy as of 12 July 2011.

Gender structure

By gender	2009	2010	2011*
Women	250	318	333
Men	568	685	702
Total	818	1,003	1,035

* Includes Forte Netservices Oy as of 12 July 2011.

Age structure

By age group	2009	2010	2011*
< 25			31
25–34	219	342	284
35–44	290	345	382
45–54	216	242	257
55–64	93	74	81
Total	818	1,003	1,035

* Includes Forte Netservices Oy as of 12 July 2011.

Share of women (%) per personnel group *

Personnel groups include women as follows:

Of management	26%
Of managerial employees	24%
Of administrative employees	39%
Of service and production employees	16%

* Does not include Forte Netservices Oy.

Stakeholders

Stakeholder survey organised in the autumn

DNA organised a comprehensive corporate responsibility materiality analysis in the autumn of 2011, inviting close to 5,000 stakeholder representatives to participate in a survey. The survey answer rate was approximately 14.0 per cent. It was sent to both internal and external stakeholders.

- Internal stakeholders: personnel and shareholders
- External stakeholders: customers, authorities, associations, financial and insurance markets, media, delivery chain and partners.

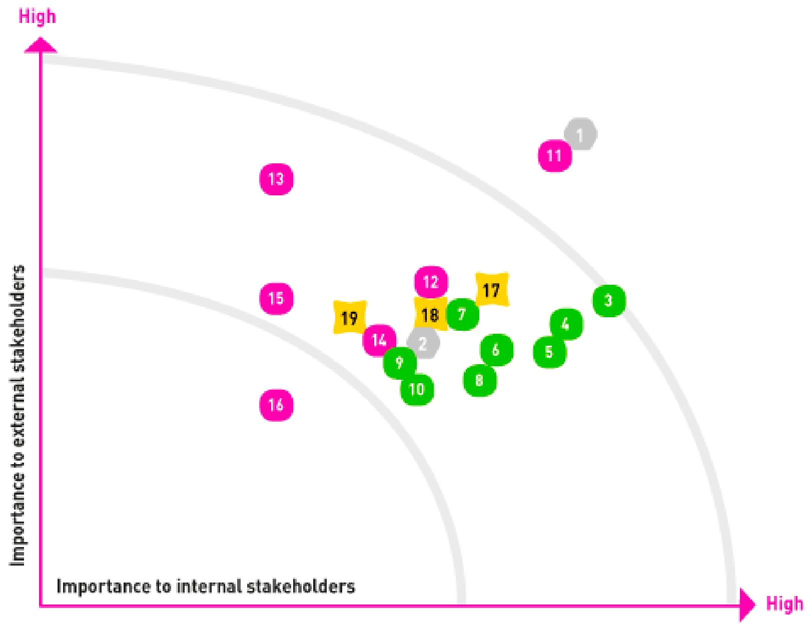
The stakeholder survey aimed to identify the stakeholders' views on DNA's corporate responsibility, identify focus areas and suitable communication methods.

Slightly less than 10 per cent of external stakeholders and some 30 per cent of internal stakeholders were familiar with DNA's corporate responsibility communication. They would like to see DNA use its website and emails for corporate responsibility communication. Participants also expressed a wish to see tangible and unambiguous corporate responsibility communication.

The following matrix lists the material corporate responsibility aspects identified as a result of the survey. They are divided into four categories:

1. Infrastructure and purchasing
2. DNA
3. Customer
4. General

Materiality matrix



INFRASTRUCTURE AND PURCHASING

1 Network reliability under all circumstances
2 Payments to service and goods providers

DNA

3 Employee satisfaction and well-being
4 Occupational health and safety
5 Equality
6 Remote work opportunities
7 Adhering to competitive regulations
8 Developing the competence of personnel
9 Corporate governance
10 Internal ethical guidelines

CUSTOMER

11 Data security
12 Development of electronic services
13 Customer service, honouring commitments
14 Online safety of young users
15 Responsibility for terminal usability
16 Services for ageing population

GENERAL

17 Investments and employment in Finland
18 Using and developing environmentally sound (technological) solutions
19 Promoting regional equality (personnel and services)

Different stakeholder groups identified specific needs

Both external and internal stakeholders identified data security and network reliability under all circumstances as the most important aspects of DNA's corporate responsibility. They also valued investments in Finland, as well as the development of environmentally sound technological solutions.

Answers provided by personnel, shareholders, customers and suppliers also comprised views that, while relevant to the group in question, are less relevant to other stakeholders.

DNA's personnel considered investments in employee satisfaction and well-being as very important. Customers in turn considered the development of electronic services and customer service and keeping promises as highly important.

Material views:

- Personnel: Employee well-being; Flexible and pleasant working environment; Remote work opportunities
- Shareholders: Adhering to competitive regulations; Profitable business operations
- Customers: Responsibility for device reliability; Keeping promises; Customer service
- Partners: Payments to service and goods providers; Working conditions and human rights of partners' and subcontractors' employees.

Close stakeholder engagement

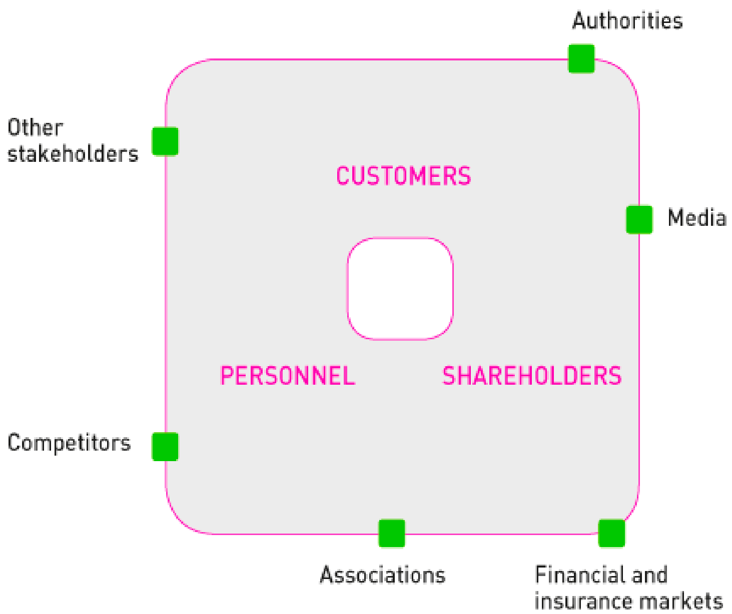
DNA considers stakeholder communication and feedback to be highly important. High standards of customer service, cooperative networking with other businesses, relationships with partners and support for non-profit causes form part of DNA's broad stakeholder interaction. DNA emphasises good and clear practices in its customer service – over the phone, in stores and by electronic means.

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 its customers' opinions, expectations and values. DNA also has an active presence in the social media, in Facebook for example, where anyone is welcome to interact openly with the company.

DNA is also an active participant in the work of associations and trade organisations, as well as in developing the industry and safeguarding its interests. DNA engages in active communication with various authorities and political decision-makers and 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 Cable Europe.

FiCom's task is to promote business opportunities for its members and to enhance their competitiveness. FiCom also develops performance reliability in the data network sector and contributes to ICT readiness in case of major disturbances and emergencies. ECTA and Cable Europe are European telecom interest groups.

Stakeholder map



DNA Welho has the most satisfied pay-TV customers

According to the annual EPSI Rating study, DNA Welho had the most satisfied customers in the pay-TV market. In addition to flexible channel packages, customers valued reliability and customer service.

DNA maintained its position in the top three mobile communication service providers for corporate customers. According to corporate customers, DNA's value for money was considered the best among large operators, although satisfaction with DNA's mobile communication services fell slightly from the previous year.

DNA Welho was a strong number two in fixed-network broadband services. In mobile broadband services, DNA was placed in the top three, improving from last year. Somewhat surprisingly, mobile broadband customers were significantly more satisfied in rural as opposed to urban areas.

Customer satisfaction

Results of the EPSI Rating study, DNA and DNA Welho*	2010	2011
Mobile communication services for consumers (DNA)	73.6	73.8
Broadband services for consumers (DNA)	65.4	-
Broadband services for consumers (DNA Welho)	-	69.4
Mobile communication services for corporations (DNA)	66.7	65.3
Broadband services for corporations (DNA)	64.3	65.8
Pay-TV (DNA Welho)	-	67.4

* Information on DNA Welho available since 2011

SOS Children's Village and DNA began collaboration

In October, SOS Children's Village Association Finland, a child protection service provider, and DNA Ltd agreed on long-term 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.

At the heart of SOS Children's Village Association Finland are its homes in SOS children's villages in Kaarina, Espoo, Vihanti, Punkaharju and Ylitornio. In these homes, children taken into care can live an ordinary life with their foster parents. The association also has an adolescent home in Jyväskylä and a camping centre in Pello. The mission of the association is to help children who are without parental security, or who are in danger of losing their parents.

In previous years, DNA has supported work with children and adolescents by promoting, e.g. data security awareness and the prevention of bullying in schools. In the first year of partnership between SOS Children's Village Association Finland and DNA, financial assistance will be directed towards Theraplay therapy activities. DNA employees will also be given the opportunity to take part in voluntary work and efforts will be made to support the association's other fundraising activities.

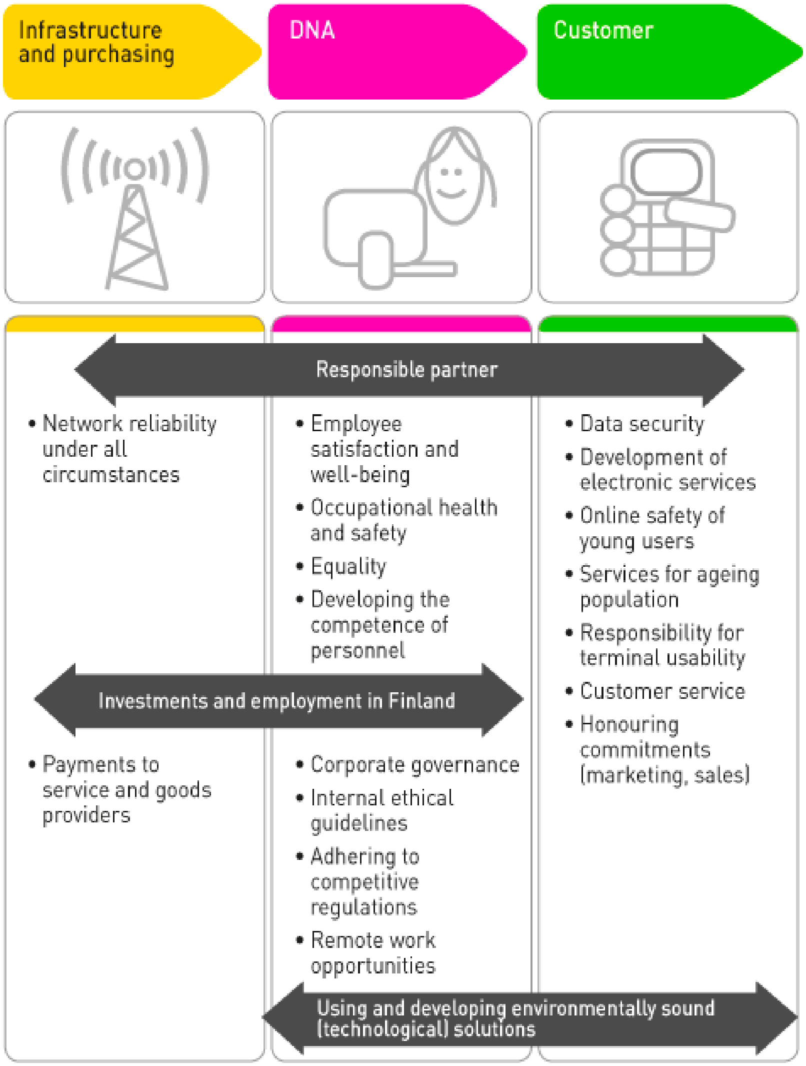
Partner networks

Responsible partnerships developed further in 2012

DNA's corporate responsibility group has specified responsible partnerships as a key development area in 2012. To DNA, responsibility in partnerships means considering responsibility throughout the value chain, from infrastructure investments and purchases to the final product and service delivered to the customer.

As a responsible partner, DNA wants to monitor and develop its own corporate responsibility, but also expects its partners to take economic, environmental and social responsibility into consideration in their operations.

Corporate responsibility value chain



Environmental responsibility

Modernisation cuts relative energy consumption

Global climate change poses challenges to companies in every industry. 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.

The company honours its environmental responsibility by developing new, environmentally friendly technologies and by offering customers the opportunity to control environmental impacts through flexible Internet and mobile communication services. DNA complies with current environmental legislation and expects the same from its subcontractors and partners.

Due to its electricity consumption, DNA's mobile radio network has been identified as the main source of environmental impacts. DNA continued the modernisation of its radio network in 2011, implementing next-generation base stations, where all mobile communication technologies are integrated into one base station. This eliminates the need to construct separate base stations.

The energy efficiency of new base station technologies in the transfer of 3G HSDPA data has improved vastly: it is estimated that on an annual level, 40 per cent less energy is required to transfer the same amount of data than with base stations that use the old technology.

The new system is called Single RAN (RAN=Radio Access Network). With the introduction of a Single RAN system, DNA requires fewer devices, thereby reducing relative energy consumption. On the other hand, data traffic volumes are continuously increasing. To meet this demand, DNA must increase the number of devices, which will in turn increase relative energy consumption.

Although data and communication technology enable solutions that reduce the carbon footprint and increase cost-efficiency, increased use of technologies also significantly increases energy consumption.

The 4G technology launched towards the end of 2011 reduced relative per-data energy consumption further, through improved technical performance. DNA is using existing mobile network masts to construct its terrestrial TV broadcasting networks, while its broadcasts benefit from efficient use of frequencies.

Network modernisation and the adoption of 4G technology are expected to decrease the network's total energy consumption, or at least keep it at its current level in spite of the growing need to multiply mobile broadband capacity.

Environmentally friendly practical solutions

DNA is placing an increased emphasis on the environmental impact of travel, and favours using solutions such as phone and video meetings to reduce the need to travel. The company provides its employees with opportunities for flexible work, such as remote work.

DNA lowered the CO2emission limits of company cars in September 2011. The new CO2 emission limit is max. 160 g/km.

DNA launched a new mobile extension solution towards the end of 2011. With the solution, the service concept that was previously available to enterprises is now also available to SMEs, replacing traditional fixed extensions.

Combined with DNA's other mobile communication services, the mobile extension gives SMEs the opportunity to wave goodbye to fixed voice services. It also reduces environmental effects by eliminating the need of using separate telephone systems in the office.

Finnish teleoperators introduced mobile certificates in the market in 2011, enabling strong electronic authentication and the use of electronic signatures. Positive environmental effects are due to reduced prints and transports.

DNA emphasises the durability, life cycle and recovery of materials throughout the supply chain. Materials are recycled and waste is sorted at the company's sites and retail outlets. DNA is reducing its paper consumption by favouring new communication solutions. DNA participates in the annual Energy Saving Week, distributing information and energy saving tips for office and home use.

Award for innovative terrestrial broadcast network

In September, DNA won two awards at the IBC Awards Ceremony, the premier annual event for television and broadcasting professionals worldwide.

DNA received the IBC Innovation Award for its unique terrestrial network with a spectrally efficient system. The network was constructed using existing masts in the mobile communication network. Thanks to efficient frequency use, DNA can broadcast even more channels. The jury presented DNA with a special award, the Judges Prize, for the quick launch of its TV business on the terrestrial network.

These awards are recognition of DNA's service concept, which is groundbreaking on an international scale, as well as its investments in the TV business. Significant opportunities for future innovation, new products and technological development exist in the business.

DNA actively participates in greening the industry

DNA is an active participant 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 the services offered by ICT companies, in order to help other sectors improve their energy efficiency.

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

	2010	2011*
Consumption of own vehicles (diesel, petrol)	approx. 5.07	approx. 5.83
Other fuel	approx. 1.29	approx. 0.89

* The figures represent the best possible estimates on energy consumption at DNA Group. They do not include Forte Netservices Oy.

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

	2010	2011*
District heating	14	29
Electricity	335	398

* The figures for 2010 and 2011 are not entirely comparable due to development of the accounting system in 2011. The figures represent the best possible estimates on the consumption of DNA Group. They do not include Forte Netservices Oy.

EN22 – Total weight of waste (tonnes)

	2010	2011*
Recycle waste	19.51	143.4
Energy waste	25.76	59.05
Mixed waste	58.55	43.79
Hazardous waste	38.49	9.9
Total	142.31	256.14

* The monitoring and reporting methods of office waste have been adjusted during 2011. Due to this, the figures for 2010 and 2011 are not entirely comparable.

DNA Community

1. Modern communication services

The infrastructure of the information society with its increasingly high-speed broadband networks is evolving at a great pace. In addition to digital TVs, mobile phones, PCs and fixed broadband connections, a growing number of Finnish households is also using mobile broadband connections (Source: 'DNA Suomalaiset ja viihde 2011' survey).

Our society is characterised by a continuous demand for up-to-date information. Consumers and companies alike depend on reliable connections and communication services. Increasingly, services are electronic and available anytime, anywhere.

DNA provides high-quality voice, data, mobile and TV services to homes, corporations and communities. DNA enables flexible solutions for remote work and web meetings. Corporate customers can avail of DNA's mobile switchboard -based voice solutions as well as flexible office and Internet-based communication services.

'DNA Toimisto' ('DNA Office') is an example of a flexible business solution with packaged services tailored to meet company-specific communication and data management needs. The service includes an option to deploy a cost-effective Google application that is used over the Internet in the cloud. This means that the company does not have to invest in hardware or software or worry about their maintenance.

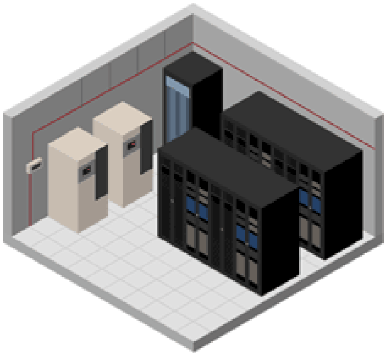
2. Reliable partner

DNA takes pride in being a reliable partner to corporations and consumers. Close to 100 per cent of DNA's operations take place in Finland. In 2011, the company invested, in particular, in the reliability and data security of its networks.
DNA's corporate responsibility group has specified responsible partnerships as a key development area in 2012. To DNA, responsible partnerships mean applying responsibility throughout the value chain from infrastructure investments and purchases to the final product and service delivered to the customer.

As a partner, DNA wants to monitor and develop its own corporate responsibility but also expects its partners to take economic, environmental and social responsibility increasingly into consideration in their operations.

DNA boasts the most extensive service network in Finland, bringing services close to the customer. It delivers local high-quality customer service with a genuine attitude. DNA serves consumers and corporations nationwide with its network of 77 DNA Stores, online store, phone-in service, external representatives and close to 100 corporate sales agents.

3. Development of critical infrastructure



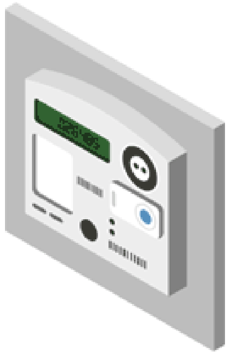
DNA's most important undertaking as a member of the Finnish society is to provide and develop telecommunication connections. For its own part, DNA ensures that these connections will be available not only under normal conditions but also in the event of disruptions and during exceptional situations. By doing so, DNA, for its part, takes responsibility for securing functions that are vital to the society.

DNA provides and maintains infrastructure that is critical to the operation of the society. These include fixed-broadband connections and radio masts essential for mobile communications as well as fibre optics -based transfer connections. In recent years, DNA has focused on a comprehensible coverage of its terrestrial TV services in addition to cable TV network.

DNA considers it important to develop environmentally friendly technologies and to find new energy-efficient solutions. Due to its electricity consumption, DNA's mobile radio network has been identified as the main source of environmental impacts.

DNA continued the modernisation of its radio network in 2011, implementing next-generation base stations, where all mobile communication technologies are integrated into one base station. This eliminates the need to construct new base stations. The energy efficiency of new base station technologies in the transfer of 3G HSDPA data has improved vastly: it is estimated that on an annual level, 40 per cent less energy is required to transfer the same amount of data than with base stations that use old technology.

4. Changing society, changing service needs



With its stakeholders, DNA has identified three mega-trends that will have an impact on its operating environment over the coming years: electrification and convergence of services, and change in the population structure.

DNA wants to meet the demands of these mega-trends by spearheading the development of electronic services and taking account of new service demands created by the changing population structure.

Services are increasingly becoming available online, and information is shared in electronic format. DNA meets these changing needs by developing versatile electronic services. For example, the mobile certificate, introduced by Finnish operators in 2011, enables strong electronic authentication and use of electronic signatures.

DNA has been a frontrunner in the development of the M2M (Machine to Machine) technology. The technology enables a company, such as an electricity supplier, security service provider or transport company, to transfer data from one machine to another as part of a more extensive system or service. An example of M2M technology application is a remote electricity reader that enables real-time monitoring of electricity consumption.

The Finnish population structure is changing. According to Statistics Finland, those over 65 will account for almost 30 per cent of the population by 2040, while the number of those in employment will fall as baby boomers retire. The dependency ratio of the population is also rapidly rising.

DNA's dedicated telephone service takes account of senior customers' special needs. DNA also participates in the prevention of digital exclusion of senior citizens together with Ficom, the Finnish Federation for Communications and Teleinformatics. Technical solutions, such as e-Health services, remote monitoring and automatic safety solutions (e.g. stove shut-off and safety bracelets), 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 or when weather conditions are more dangerous. (Source: FiCom 2011)

5. 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. DNA has also signed the Finnish code of conduct on the safe use of mobile phones by younger teenagers and children.

In addition to promoting data security awareness, DNA has supported work with children and adolescents by participating in the prevention of bullying in schools.

In October 2011, DNA and SOS Children's Village Association Finland agreed on long-term cooperation. As one of its main partners, DNA provides financial support and data communication connections to the organisation. In the first year of partnership, financial support will be directed towards child therapy. DNA's employees will also be given the opportunity to take part in voluntary work, and efforts will be made to support the association's other fundraising activities.

SOURCES (in Finnish):
'DNA Suomalaiset ja viihde 2011' survey (briefly in English)
FiCom ry's Toimialakatsaus 2011

Reporting principles

Reporting according to GRI guidelines

In 2011, DNA Ltd continued to report on corporate responsibility according to the Global Reporting Initiative reporting model. With a reporting period of one calendar year, DNA publishes this GRI-compliant corporate responsibility report annually. The previous report was published on 10 March 2011. The reports for 2010 and 2011 follow the Global Reporting Initiative's G3 (GRI version 3.1) guidelines, both at level C.

DNA's corporate reporting is based on the guidelines, principles and calculation methods specified by GRI. The reporting includes DNA Ltd and DNA Store Ltd. In July 2011, DNA acquired Forte Netservices Oy, which is included in the figures reported for economic responsibility. Forte Netservices Oy is for the most part not included in the figures reported under environmental and social responsibility.

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 a materiality analysis towards the end of 2011. Analysis of the results continues in 2012.

CR reporting developed by means of stakeholder survey

To identify the relevant areas of its corporate responsibility, DNA conducted a survey among its main stakeholders: personnel and shareholders, customers, authorities, partners and suppliers as well as representatives of the financial and insurance markets and the media. The materiality analysis was organised in collaboration with Tofuture Oy, a sustainability consulting company.

DNA's reporting mainly consists of the same GRI indicators as in 2010. These indicators have been selected by the corporate responsibility group and will be processed by the Board of Director's Audit Committee. They are reviewed and developed annually as part of the corporate reporting cycle.

DNA's corporate responsibility report is mainly intended for shareholders and personnel, customers, authorities as well as representatives of the financial and insurance markets. As part of the materiality analysis in 2011, DNA surveyed how familiar DNA's stakeholders were with DNA's corporate responsibility reporting for 2010. Slightly fewer than one in ten external participants had familiarised themselves with DNA's corporate responsibility report, while fewer than one in three internal participants had done so.

Contact information

DNA's Corporate Responsibility Specialist Noomi Lehtosaari is responsible for compiling DNA Ltd's corporate responsibility report, tel. +358 44 044 2345, forename.surname(at)dna.fi.

At the Executive Team level, CFO Ilkka Pitkänen is in charge of corporate responsibility, forename.surname(at)dna.fi.

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	Management review	●
1.2	Description of key impacts, risks and opportunities	Management review; Strategic choices; Board of Director's report	●
2. Organisational Profile			
2.1	Name of the reporting organisation	DNA Ltd	●
2.2	Primary brands, products and services	DNA and DNA Welho	●
2.3	Operational structure of the organisation	DNA in brief; changes in the Group structure. See also notes 18 Investments in associates and 34 Related parties to the consolidated financial statements.	●
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 note 34 Related parties to the consolidated financial statements.	●
2.6	Nature of ownership and legal form	DNA in figures	●
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 34 Related parties to the consolidated financial statements.	●
2.8	Scale of the organisation	DNA in figures	●
2.9	Significant changes during the reporting period regarding size, structure or ownership	Board of Director's report and changes to the Group structure	●
2.10	Awards received in the reporting period	In September, DNA won two awards at the annual IBC Awards Ceremony.	◐
3. Report Parameters			
REPORT PROFILE			
3.1	Reporting period	The GRI report is published annually with the Annual Report.	●

3.2	Date of most recent previous report	DNA published its first GRI report on 10 March 2010.	●
3.3	Reporting cycle	Annually	●
3.4	Contact point for questions regarding the report	Reporting – Contact information	●
REPORT SCOPE AND BOUNDARY			
3.5	Process for defining report content (determining materiality, prioritising topics, identifying stakeholders expected to use the report)	Stakeholders and Reporting principles	●
3.6	Boundary of the report	Reporting principles	●
3.7	Specific limitations on the scope or boundary of the report	Reporting principles	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities and outsourced entities	Reporting principles	●
3.9	Data measurement techniques and calculation principles	Reporting principles	◐
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. Reporting principles	●
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. Reporting principles	●
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	DNA's corporate responsibility report for 2011 has not been subject to external assurance.	○
4. Governance, Commitments and Engagement			
GOVERNANCE			
4.1	Governance structure of the organisation	Corporate governance; Governing bodies	●
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. Corporate governance; Board of Directors	●
4.3	Independent and/or non-executive board members	Not reported in 2011.	○
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. Corporate governance - General Meeting	●

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 of the Board of Directors and management, see Earnings per share and Employee benefits and number of personnel	◐
4.6	Processes in place for the highest governance body, to ensure conflicts of interest are avoided	Not reported in 2011.	○
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. Board of Directors	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance	Not reported in 2011.	○
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. Corporate governance; 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. Board of Directors	◐
COMMITMENTS TO EXTERNAL INITIATIVES			
4.11	Explanation of whether and how the precautionary principle is applied	Significant risks and uncertainties	◐
4.12	Endorsement of externally developed economic, environmental and social charters, principles or other initiatives	In autumn 2010, DNA signed the Finnish Code of Conduct for Safer Mobile Use by Younger Teenagers and Children. During the same autumn, DNA also signed the European Framework for Safer Mobile Use by Younger Teenagers and Children.	◐
4.13	Memberships in associations and advocacy organisations	DNA's main memberships: Service Sector Employers PALTA, GSM Association, European Cable Communications and European Competitive Telecommunications Association (ECTA). For more details on DNA's memberships, see Stakeholders	●
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 stakeholders [linkki sidosryhmiin]	●
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 Stakeholders	●
4.16	Approaches to stakeholder engagement	See Stakeholders	●
4.17	Key topics and concerns that have been raised through stakeholder engagement	See Stakeholders - Materiality matrix	●

5. Management Approach and Performance Indicators			
Economic			
Disclosure of Management Approach		See Economic responsibility	
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	Not reported in 2011.	
EC3	Coverage of the organisation's defined benefit plan obligations	Annual report - notes to the consolidated financial statements: notes 2 Accouting principles and 26 Defined benefit plan	
EC4	Significant financial assistance received from government	DNA received no significant financial assistance from government or other administrative public bodies in 2011.	
ASPECT: MARKET PRESENCE			
EC5	Range of ratios of standard entry level wage to local minimum wage at significant locations	Not reported in 2011.	
EC6	Proportion of spending on locally based suppliers	Not reported in 2011.	
EC7	Local hiring	Not reported in 2011.	
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	Economic responsibility and DNA's impact on society, entry 5 Children and teenagers	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Not reported in 2011.	
Environmental			
Disclosure of Management Approach		Environmental responsibility	
Environmental Performance Indicators			
ASPECT: MATERIALS			
EN1	Materials used by weight or volume	Not reported in 2011.	
EN2	Percentage of materials used that are recycled input materials	Not reported in 2011.	
ASPECT: ENERGY			
EN3	Direct energy consumption by primary energy source	Environmental responsibility	
EN4	Indirect energy consumption by primary energy source	Environmental responsibility	

EN5	Energy saved due to conservation and efficiency improvements	DNA participated in the annual Energy Saving Week in the autumn of 2011, distributing information and energy saving tips for office and home use. See also Environmentally friendly practical solutions in Environmental responsibility	◐
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Not reported in 2011.	○
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Not reported in 2011.	○
ASPECT: WATER			
EN8	Total water withdrawal by source	Not reported in 2011.	○
EN9	Water sources significantly affected by withdrawal of water	Not reported in 2011.	○
EN10	Percentage and total volume of water recycled and reused	Not reported in 2011.	○
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 2011.	○
EN13	Habitats protected or restored	Not reported in 2011.	○
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	Not reported in 2011.	○
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 2011.	○
ASPECT: EMISSIONS, EFFLUENTS AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions	Not reported in 2011.	○
EN17	Other relevant indirect greenhouse gas emissions	Not reported in 2011.	○
EN18	Initiatives to reduce greenhouse gas emissions	DNA lowered the CO2 emission limits of company cars in September 2011. The new CO2 emission limit is max. 160 g/km. See also Environmental responsibility	◐
EN19	Emissions of ozone-depleting substances	Not reported in 2011.	○
EN20	NO, SO, and other significant air emissions by type	Not reported in 2011.	○

EN21	Total water discharge	Not reported in 2011.	○
EN22	Total weight of waste by type and disposal method	Environmental responsibility	◐
EN23	Total number and volume of significant spills	Not reported in 2011.	○
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	Not reported in 2011.	○
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 2011.	○
ASPECT: PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental responsibility	◐
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported in 2011.	○
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 2011.	○
ASPECT: SUMMARY			
EN30	Total environmental protection expenditures and investments by type	Not reported in 2011.	○
Social Performance Indicators			
HR management approach Social Performance Indicators		Social responsibility	◐
ASPECT: EMPLOYMENT			
LA1	Total workforce by employment type, employment contract, and region	Personnel	●
LA2	Rate of employee turnover by age group, gender and region	DNA Group's rate of employee turnover was 10.0 per cent in 2011 (8.5 per cent in 2010). 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's sales organisation, DNA Store Ltd, apply to all DNA Store 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.	●
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 and the labour protection officer.	●
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 3.4 per cent in 2011 (3.52 per cent in 2010). There were no work-related fatalities. There were 19 work time injuries and 136 working days were lost due to work-related reasons. Most 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, and ccupational nurses are available monthly from DNA's main facilities. 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. DNA has been granted 'Aslak', a vocationally oriented medical rehabilitation by the Social Insurance Institution of Finland, for two consecutive years.	●
LA9	Health and safety topics covered in formal agreements with trade unions	DNA believes that statutory labour protection activities in Finland cover LA9 requirements. DNA's labour protection committee (2012–2014) has one labour protection delegate per office, a labour protection officer as well as representatives of office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, as well as dealing with possible occupational safety issues.	●

ASPECT: TRAINING			
LA10	Average hours of training per year per employee	Average hours of training/employee in 2011 (DNA Ltd). Not reported for DNA Store. Senior salaried employees 34.8 Salaried employees 23.5 Workers 29.4 Average/person 28.6	
LA11	Programmes for skills management and lifelong learning that support employees' career development	DNA Ltd currently organises two types of leadership coaching, and participants include persons from DNA Store Ltd: the 'JET' qualification programme in leadership training (three groups, total of some 45 participants) and the Group-level 'DNA Ykkönen – parasta johtamista' programme for all supervisors (some 140 supervisors). Two groups from DNA Store Ltd also worked towards the qualification programme in store supervision (a total of some 30 participants). Competence development featured actively in performance reviews and everyday supervision during the year. For more information, see Personnel	
LA12	Percentage of employees receiving regular performance development reviews	DNA Ltd conducted performance reviews with 100 per cent attendance for all permanently employed persons not on 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	In 2011, two of the eight members of DNA's Board of Directors and two of the eleven members of the Executive Team were women. For more info, see Personnel	
LA14	Ratio of basic salary of men to women by employee category	Not reported in 2011.	
Human Rights			
Human rights management approach		Not reported in 2011.	
Human Rights Performance Indicators			
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Investment agreements that include human rights clauses	Not reported in 2011.	
HR2	Suppliers and contractors that have undergone screening on human rights, and actions taken	Not reported in 2011.	
HR3	Total hours of employees training on policies and procedures concerning aspects of human rights that are relevant to operations	Not reported in 2011.	
ASPECT: NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken	No incidents of discrimination occurred at DNA in 2011.	

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 2011.	○
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 2011.	○
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 2011.	○
ASPECT: INDIGENOUS RIGHTS			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not reported in 2011.	○
Society			
Social management approach		Not reported in 2011.	○
Society Performance Indicators			
ASPECT: COMMUNITY			
SO1	Programmes that assess and manage the impacts of operations on communities	Not reported in 2011.	○
ASPECT: CORRUPTION			
SO2	Percentage and total number of business units analysed for risks related to corruption	Not reported in 2011.	○
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Not reported in 2011.	○
SO4	Actions taken in response to incidents of corruption	There were no incidents of corruption at DNA in 2011.	●
ASPECT: PUBLIC POLICY			
SO5	Participation in public policy development and lobbying	DNA does not participate in politics, but states its opinions on proposed legislation or other important themes with an impact on DNA's operations. The company has prepared instructions for employees on how to interact with administrative public bodies. DNA's legal department maintains a list of the company's representatives 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 2011.	●
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 and 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 2011.	○
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 2011.	○
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 2011.	○
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 2011.	○
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 2011.	○
PR5	Practices related to customer satisfaction and results of surveys measuring customer satisfaction	EPSI rating results	●

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 one ruling against DNA Ltd's marketing in 2011. DNA has since updated the relevant guidelines, and the Market Court did not order the payment of the conditional fine in 2011.	●
ASPECT: CUSTOMER PRIVACY			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not reported in 2011.	○
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 2011.	●

Sources

EPSI Rating Customer Satisfaction (2011): ICT satisfaction in Finland in 2011. Published on 24 October 2011. Referred 1 December 2011.

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