



ANNUAL
REPORT
2014

Index

YEAR 2014

CEO's review	1
Chairman of the Board's review	3
DNA in figures	5
Operating environment	9
Consumer market	12
Corporate market	14
Strategy	15
Financial objectives	18
Special events in 2014	19

BUSINESS

Consumer business	22
Corporate business	25
Network infrastructure	29

CORPORATE RESPONSIBILITY

Corporate responsibility at DNA	31
Changing society	32
Customer and value chains	34
Profitability and competitiveness	37
Good employer	39
Reporting (GRI)	41
Energy efficiency	42
Environmental indicators	44
Social responsibility indicators	47
Corporate responsibility reporting at DNA	49
GRI content index	50
Contacts	58

GOVERNANCE

Corporate governance and internal control	59
General meeting	60
Board of Directors	62
Members of the Board	63
Audit Committee	70
Remuneration Committee	71
Shareholders' Nomination Committee	72

CEO and Executive Team	73
Members of the Executive Team	75
Control of the financial reporting process	85
Auditing of the Accounts	87
Risks and risk management	88
Significant risks	89
Salary and remuneration report	91
 FINANCIAL STATEMENTS	
Board of directors' report	95
Operating environment	96
Net sales and profit	97
Cash flow and financial position	99
Development per business segment	100
Investments	103
Research and development	104
Network infrastructure	105
Personnel	106
Changes in the Group structure and significant litigation matters	108
Management and governance	109
Shares and shareholders	111
Corporate responsibility	112
Significant risks and uncertainties	113
Events after the reporting period	114
Outlook for 2015	115
Board of Directors' proposal on the distribution of profits	116
Consolidated income statements	
Consolidated income statement	117
Consolidated balance sheet	119
Consolidated statement of cash flows	121
Consolidated statement of changes in equity	123
Notes to the consolidated financial statements	124
Parent Company Financial Statements	
Parent company income statement	174
Parent company balance sheet	176
Parent company cash flow statement	179
Parent company accounting principles, FAS	181
Notes to the parent company financial statements	183
Consolidated key financial indicators	208
Calculation of key indicators	210



Proposal on the distribution of profits	211
Auditor's Report	213

Year of growth across the board



2014 was a year of growth at DNA across the board. Both net sales and EBITDA developed strongly in an operating environment burdened by intense competition and economic uncertainty. Our customers were increasingly satisfied with our operations. Furthermore, DNA's activity on the market, such as the acquisition of TDC's Finnish operations and the foundation of Suomen Yhteisverkko Oy, bolstered our strategic and competitive positions.

Growth and profitability

DNA's net sales for 2014 grew by close to 9 per cent, boosted mainly by the acquisition of TDC's Finnish operations. Net sales for entertainment and broadband business also developed strongly. We are especially satisfied with the good development of both fixed-network and mobile broadband sales. EBITDA increased significantly as well, closely mirroring the growth rate of net sales. Operating profit excluding non-recurring items also grew. While the non-recurring items do not affect cash flow, they did burden our operating profit in 2014. DNA's investments in 2014 were at an all time high, signalling strong confidence in continued growth in the coming years. Subscription numbers grew in both mobile communications and fixed networks, boosted by the growth of broadband services in particular.

4G/LTE networks the digital backbone of Finland

In an increasingly digital world, networks continue to gain in importance. The population coverage of DNA's 4G networks grew twofold and traffic volumes threefold in 2014. Overall, the amount of mobile data in our network grew by 90 per cent. Our investments reached a record level in 2014, of which a significant share was used to expand our 4G network. We also agreed on a historic joint venture with Sonera on the construction of a comprehensive and fast 2G/3G/4G network for mobile communications by Suomen Yhteisverkko Oy in sparsely populated areas in Northern and Eastern Finland. This extends the digital backbone of Finland to practically all corners of the country.

The most satisfied customers

For several years, our strategy has focused on the development and enhancement of customer experiences. DNA placed first in five out of seven categories in the 2014 EPSI Rating study, which is a strong indication of our customers' deep trust and satisfaction with our operations. According to our renewed strategy, DNA wants to be a partner that makes our customers' lives more inspiring, productive and entertaining in the increasingly networked and digital world. Enhanced customer experiences remain in focus in 2015.

According to our renewed strategy, DNA wants to be a partner that makes our customers' lives more inspiring, productive and entertaining in the increasingly networked and digital world.

Entertainment to millions of screens

In the consumer market, the use of TV and video content on mobile devices is growing strongly. This will boost the demand for fast broadband services in particular alongside traditional broadcast distribution. To enable a seamless customer experience, we merged our entertainment and broadband businesses into one entity in early 2014 and launched the DNA Welho Viihde entertainment and DNA Welho MatkaTV services to bring TV services to all our customers' screens. These new services have been in great demand, indicating the importance of clear and simple product offering.

Strong focus on business solutions

DNA enjoyed great results in the corporate market despite the persistent economic uncertainty. The acquisition of TDC's Finnish operations in June is a significant boost to DNA's position as a leading business solution provider. During the autumn, we also built on the best practices and expertise of DNA and TDC to create the new DNA Business unit to serve our business customers even better. We expect strong growth in DNA's corporate business in 2015.

Corporate responsibility permeates our operations

Since we want to develop our business in a sustainable way, it is very important that we identify how our operations impact the society and the environment. As a telecom operator, DNA plays a key role in the society by providing important communication connections and maintaining critical infrastructure. Over the past years, DNA has also gained an increasingly important role as a regional employer. Furthermore, we employ young people in our customer service and DNA Store functions. At the end of 2014, those under 25 accounted for some 20 per cent of customer service personnel. In DNA Stores, the figure was almost 50 per cent. DNA's long-term cooperation with SOS Children's Village continued in 2014 as one of the association's main partners.

Confident about the future

2014 was a good year at DNA across the board, and I would like to express my thanks to our customers, personnel and partners for making the success possible.

We are well positioned to face 2015 and expect our net sales to continue growing. Our EBITDA and operating profit excluding non-recurring items are expected to increase significantly. We will continue to develop our operations to serve our customers even better. We will also keep introducing new and innovative services and business solutions to make our consumer and business customers' lives more productive and entertaining.



Jukka Leinonen

DNA fared well despite the challenging market situation



The overall economic situation and the telecommunications operating environment remained challenging in 2014, also for DNA. However, once again, I am happy to say that DNA fared well despite the challenging market situation: the Group's net sales grew by 8.8 per cent in 2014 as a result of the dedicated work of DNA employees. DNA aims to achieve faster than average market growth, and has succeeded in doing so between 2012 and 2014. DNA also moved to the right direction in terms of profitability in 2014.

Corporate business in excellent position to grow

DNA's main focus areas in 2014 included strengthening its corporate business and securing opportunities for its further growth. The acquisition of TDC's Finnish operations and the resulting restructuring of DNA's corporate business establish a solid foundation for the further success of DNA's corporate business.

The expertise and service offering of TDC and DNA complement each other very well. Due to the agreement on strategic cooperation with TDC Nordic, DNA is also better equipped to offer business solutions on a Nordic and international scale. By combining the best practices

of the DNA Business unit, Forte Netservices Oy, and TDC Ltd Finland and TDC Hosting Ltd, DNA has established a strong provider of telecommunications, server centre and data security services. The Board of Directors can be very satisfied with this new business unit, and I personally believe it is the key to a successful expansion of DNA's market share in this segment.

Investments in mobile communication network boost competitiveness

To achieve its long-term goals, DNA needs to make continuous investments in its network infrastructure. The construction of the 4G LTE network has progressed to an active phase. As a result, capital expenditure grew from last year and accounted to almost EUR 145 million, or 17.4 per cent of net sales. Higher levels of investments in the past years increased depreciations, burdening operating profit. We expect DNA's profitability to improve in the long run.

In terms of network expansion, the agreement between DNA and Sonera on the construction of a mobile communications network in Northern and Eastern Finland is of special importance. The joint network company, Suomen Yhteisverkko Oy, will be responsible for constructing an all new joint mobile communications network that will cover approximately 50 per cent of the geographical area of the country, and around 15 per cent of the population. This is the first ever joint venture of its kind in network construction in Finland.

The acquisition of TDC's Finnish operations and the resulting restructuring of DNA's corporate business establish a solid foundation for the further success of DNA's corporate business.

Excellent growth prospects despite challenging economic situation

As smart phones and tablets become more common and 4G speeds more widely available, data transfer volumes and mobile markets will experience strong growth. While the overall economic situation is expected to remain challenging, the Board of Directors considers DNA well positioned to continue its growth. In the consumer market, mobile and fixed-network broadband and entertainment services are important growth segments.

In corporate business, the overall market situation remained cautious in 2014. However, companies continue to digitise their business and increase mobile working. The new, increasingly mobile and versatile ways of working place new demands for corporate network solutions and communication services, and DNA succeeded in meeting these demands in 2014.

DNA renewed its strategy in 2014, placing increased emphasis on "the most satisfied customers": We at DNA consider it extremely important that we serve every customer to the best of our ability. As in previous years, we can be satisfied with DNA's top marks in customer satisfaction surveys in 2014. However, we cannot rest on our laurels – DNA's future success depends on continued customer satisfaction.

DNA's management and employees have worked with great spirit and determination amidst the changes in 2014, and I personally wish to extend my thanks to them. DNA's management took several important steps in 2014 to bolster the company's position to achieve long-term success. DNA's management and Board of Directors enjoyed excellent cooperation throughout the year, and will continue their open collaboration when meeting the new challenges and opportunities of 2015.

According to DNA's strategic goals, we continue to work together with the aim of having the most satisfied customers, industry-leading financial development, faster than average market growth and a position among the most desired employers in Finland. DNA's genuine and bold corporate culture and way of doing things are the key to DNA's future growth.



Jarmo Leino

Key figures

DNA's year 2014 in figures

DNA Welho MatkaTV has more than 100,000 users	In excess of 300 per cent more data was transferred in the 4G network than in 2013	Cable-TV customers totalled 593,000	Smart phones accounted for 90 per cent for all phones sold
DNA's 4G network reaches more than 85 per cent of Finns	DNA 4G network is available in 240 municipalities	The number of LTE subscribers increased by more than 450 per cent	Almost 50 per cent of mobile data was transferred in the LTE network at the end of 2014
Fixed-network subscription base up by 92,000	Mobile communications subscription base up by 55,000	The average data speed in the 4G/LTE network was some 10 times faster than in the 3G network	More than 20,396 kilometres of fibre-optic cable

The Group's key figures

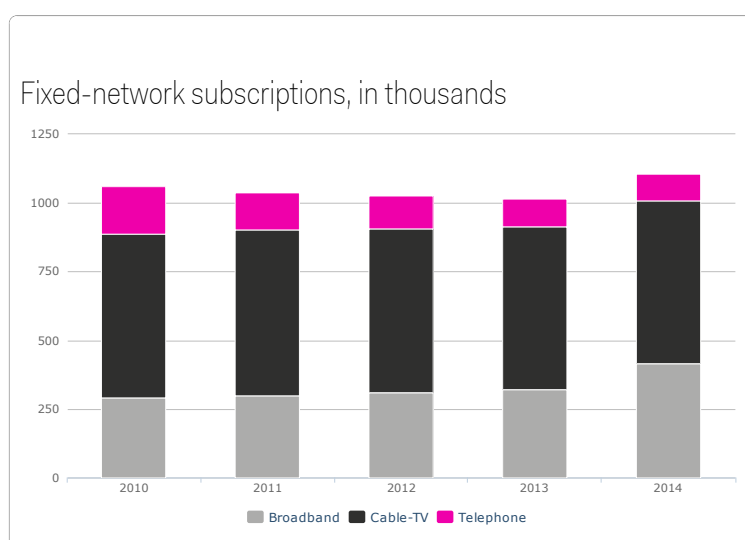
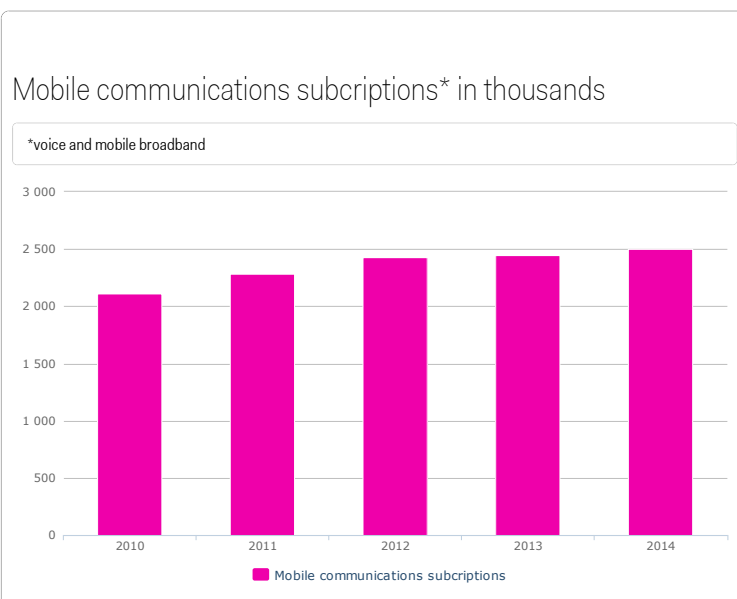
EUR million	1-12/2014	1-12/2013	1-12/2012
Net sales	833.5	766.4	769.2
EBITDA	204.2	190.7	190.8
- % of net sales	24.5	24.9	24.8
Depreciation	174.9	147.1	134.6
Operating profit	29.4	43.7	56.2
- % of net sales	3.5	5.7	7.3
Profit for the financial period	15.4	28.9	36.1
Return on investment (ROI), %*	3.2	5.4	7.2
Return on equity (ROE), %*	3.0	5.5	6.3
Mobile communication revenue per user (ARPU), EUR**	17.6	18.2	19.9
Mobile communication subscription turnover rate (CHURN), %***	16.9	17.1	15.7
Investments	149.6	128.4	136.3
- % of net sales	17.9	16.8	17.7
Cash flow after investments**	-123.1	-33.6	28.9

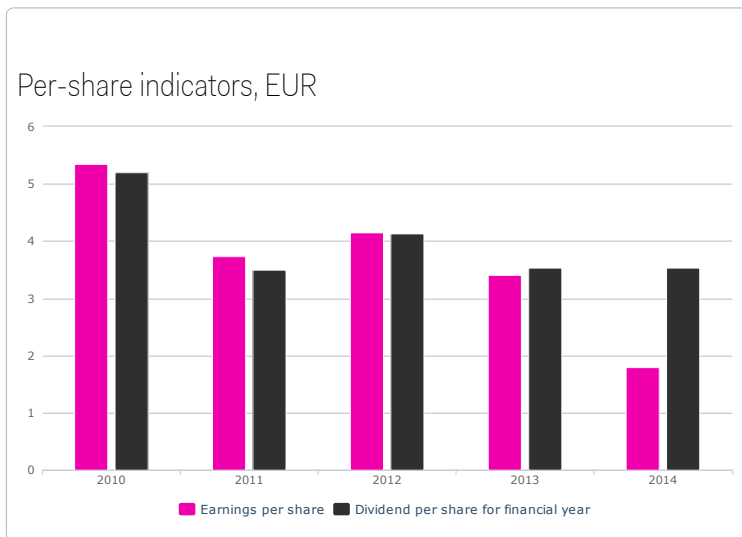
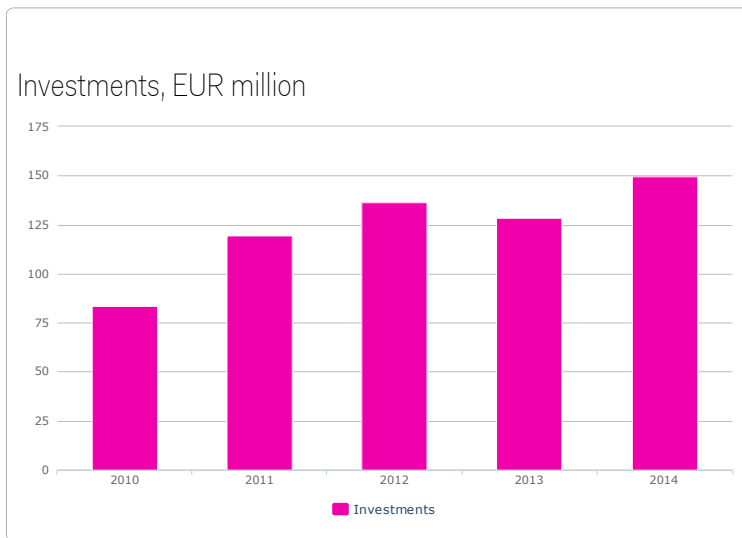
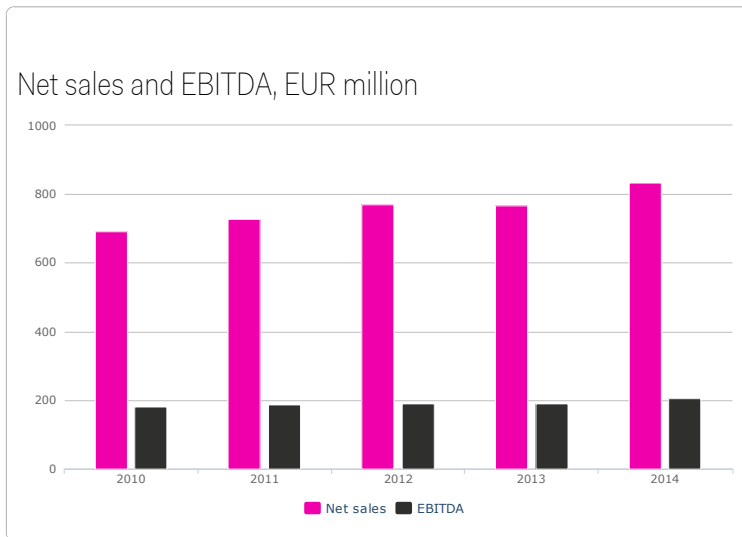
* rolling 12 months

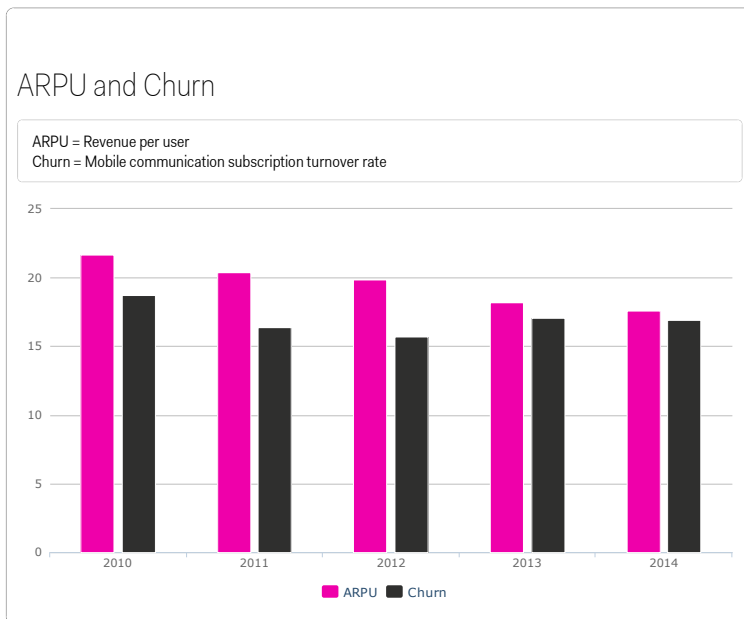
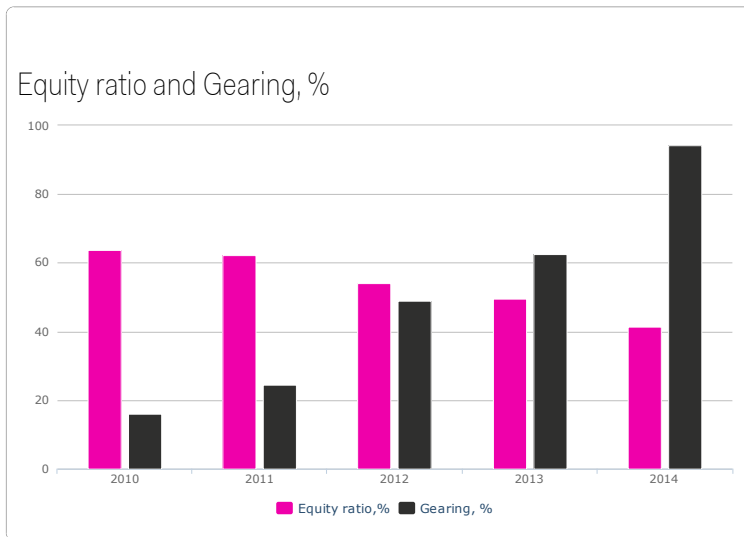
** includes business combinations

*** includes postpaid voice subscriptions

	31.12.2014	31.12.2013	31.12.2012
Net debt, EUR million	479.40	326,7	257.7
Net debt/EBITDA	2.35	1,71	1.35
Gearing, %	94.30	62,6	48,8
Equity ratio, %	41.5	49.4	54
Personnel at the end of period	1,748	1,563	1,427







Competitive situation remained intense – growth expected from broadband and entertainment services and business solutions



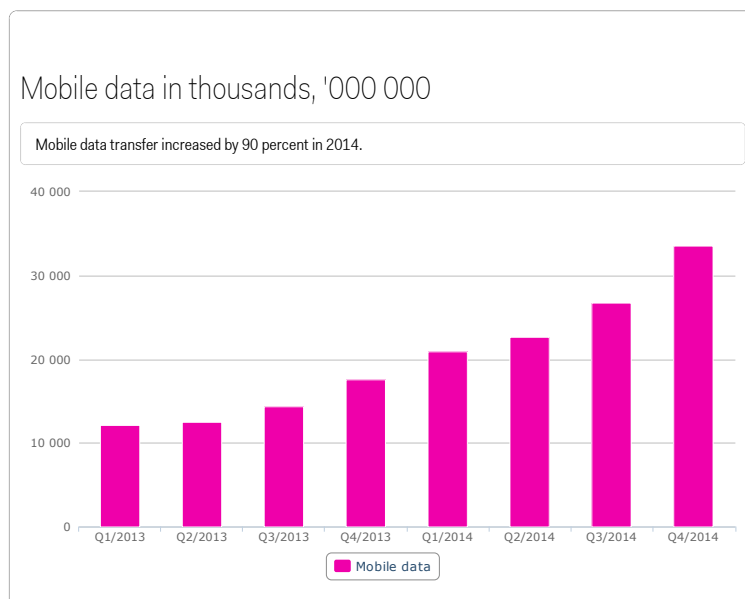
The overall economic situation remained challenging in 2014, which increased uncertainty also in the telecommunications industry. Competition remained intense, in particular in the mobile communications and fixed-network broadband markets and business services. Mobile and fixed-network broadband as well as entertainment and business services are important segments in terms of future growth. DNA's operating

environment has many strong market drivers, of which digitisation is the strongest. Corporations continue to digitise their business and increase mobile working at a growing pace.

DNA updated its strategy in 2014 to better address the challenges and opportunities in today's telecommunication market. DNA's operating environment is affected by several mega-trends, which also have an impact on DNA's strategic objectives and choices.

TREND 1: The demand for faster and better-quality connections is growing at an increasing pace.

Mobile broadband traffic volumes will reflect the growth and increased versatility in the use of smart phones and other network-enabled devices. Service development and new business models will create new device applications. The Internet is increasingly the means for providing cost-effective digital services that are easy to use regardless of time and place on user-friendly mobile devices. In the future, anything and everything will be digitised and automatised into smart content that can be accessed on mobile devices. Consumers, businesses and the society in general become more dependent on fast, secure and high-quality connections and platforms that enable the use of such services. Mobile data usage continues to grow exponentially.



TREND 2: Customers want a seamless experience regardless of the service channel.

Lifestyles are becoming increasingly digital. Customers are online so they expect to get service online, 24/7 and mainly on mobile devices. Consumers are increasingly switching between different digital and physical service channels. This places greater demands for a seamless customer experience.

The users' digital footprint also continues to grow. Businesses that are able to take advantage of analytics in their customer service are the best equipped to succeed.

TREND 3: The strong growth of the variety of services and smart devices continues – the best global services will gain a stronger foothold.

Competition for end clients will also take place on a global scale and the best global services will gain a stronger foothold. This has already happened in communication services: WhatsApp has become more popular than text messaging. On the other hand, with thousands of digital services and mobile devices to choose from, consumers and businesses find it increasingly challenging and time-consuming to identify those best suited for their needs. Adding to the challenge, many of them are ecosystem-specific (Apple, Google, Microsoft, Facebook).

TREND 4: In business, mobile working, digitisation and the Internet of things help streamline business processes.

Digitisation and mobile working are gaining ground at an increasing pace. Many industrial sectors and services will change more in this decade than in the past one hundred years. In small enterprises, consumerisation is a strengthening trend. SMEs will increasingly turn to cloud applications and want one responsible partner to manage their entire IT infrastructure. Larger enterprises seek service providers who can manage their growing systems and replace their internal IT resources. This will mean that the demand for IT infrastructure providers will decline in the future.

CONSUMER BUSINESS

- Mobile and fixed-network broadband and entertainment services are growth segments
- More time is spent watching TV programmes and videos, and households have several devices for viewing such content
- As smart phones and tablets become more common and 4G speeds more widely available, data transfer volumes will experience strong growth
- Competition in the housing company broadband subscription market remained strong
- In 2014, 90 per cent of phones sold were smart phones

CORPORATE BUSINESS

- The overall market situation remained cautious and companies postponed their investment decisions
- Interest in office communication services, added value services for customer networks and data security services increased
- Companies continue to digitise their business and increase mobile working at a growing pace, importance of mobile data will increase
- Companies are interested in M2M-based industrial Internet solutions

REGULATION

- The national migration to the T2 technology, which enables HDTV broadcasts and additional services, coordinated by the Ministry of Transport and Communication, will take place in 2017. This will make the service offering in the terrestrial network more versatile. It will also increase HD broadcasting.
- The Finnish parliament completed processing the Information Society Code containing the key provisions that apply to electronic communications at the end of 2014. It came into force for the most part on 1 January 2015.
- Mobile calls, text messages and mobile data services became cheaper when travelling within the European Union as of 1 July 2014. This change does not have a significant impact on DNA's business.
- Changes in the regulations in relation to the allocation of the 700-megahertz frequency band, now used for television broadcasts, to wireless broadband are currently being prepared.

Mobile data usage continues to grow exponentially

In 2014, in excess of 300 per cent more data was transferred in DNA's 4G network than the year before. Volumes of data transferred in the 3G network increased by some 40 per cent. The number of mobile devices continued to grow, in particular the number of tablets. In 2014, 90 per cent of phones sold were smart phones. Competition in the housing company broadband subscription market remained strong.

Smart phones have become an integral part of people's lives

Smart phones are now an integral part of people's lives and they expect to be able to access the Internet and different applications regardless of time and place. Affordable and robust 4G phones in particular gained popularity in 2014. A growing number of consumers choose a 4G device and a 4G subscription when buying a new phone. This trend is driven by the fast expansion of 4G networks and the growing variety of entertainment services for mobile devices. Wearable products, such as smart watches, that access the mobile network also gained in popularity in 2014.

New viewing habits affected the TV market

Quickly evolving mobile devices and new viewing habits modified the TV market in 2014. More time is spent watching TV programmes and videos, and households have several devices for viewing such content. The way content is viewed is also changing. The use of HDTV services is growing on households' large-screen television sets, while an increasing number of viewers also watch TV programmes on their mobile devices. The DNA WELHO MatkaTV service enjoyed strong growth in 2014, reaching the milestone of 100,000 subscribers.

As regards TV and movie content, competition was significantly affected by the entry of global players to the Finnish market. Companies such as Netflix grew their market share in Finland significantly in 2014. General decline in consumer purchasing power and the consumer confidence index had a particular effect on the demand of traditional pay-TV services in 2014.

Use of mobile data has grown in every segment in both corporate and consumer business. Young customers aged around 20 years have increased their data use the most. According to a survey by DNA, those aged between 18 and 24 use almost 120 per cent more mobile data than those aged between 35 and 44, and some 350 per cent more than those aged between 55 and 64.



Households' viewing habits are changing

- The traditional way of watching TV programmes offered at set times is becoming less popular. However, it will remain important for sports and other real-time broadcasts.
- The TV screens in homes are expanding and consumers require high-quality HDTV image and sound
- Tablets, smart phones and computers are replacing the secondary television sets at home, and are also used outside the home
- Consumers want to watch TV series and movies at their chosen times: content should be always available
- User experience becomes increasingly important

Consumer market outlook for 2015

It is anticipated that demand for broadband services will continue to increase. It is expected that fixed-network broadband customers will continue to switch to housing company subscriptions and higher-speed connections. Competition in the housing company subscriptions market is anticipated to remain intense. The market for fixed-network voice services declined in 2014 and is expected to continue to do so.

In entertainment services, the role of traditional, linear pay-TV services in the terrestrial and cable networks will become less important, although they will still be popular, in particular for sports content. Growth areas in entertainment business include on-demand video and programme library services as well as entertainment services that utilise several types of devices and distribution technologies. Business operations in the terrestrial TV network and terrestrial network pay-TV are expected to grow slowly as service offering becomes more versatile.

Survey: TV is now on your phone

DNA's annual consumer survey on the use of entertainment and digital content looked at how a thousand respondents in Finland used electronic media and terminals. The results of DNA's annual survey* reveal that more than a third of Finns use a mobile device to watch television. Most of us have also increased the amount of time we watch television via mobile devices (smart phones or tablets) since last year. At the same time, young people in particular are spending less time watching traditional television. No less than 42 per cent of those aged under 25 said they were watching less traditional television since last year.

Increasingly, television is watched while using a smart phone. Approximately half of the smart phone owners said they used their mobile at the same time as watching television, around 40 per cent of them searching for content related to the programme they were watching.

Demand for company network solutions and mobile working solutions remained strong

Market situation remained challenging throughout 2014 in corporate services, and companies postponed their investment decisions due to the challenging overall economic situation. However, the demand for DNA server centre services increased as part of network solutions. The demand for value added services related to network data security and management as well as mobility-related data solutions also continued at a good level.

Digitisation and mobile working increased at a growing pace in business. The new, increasingly mobile and versatile ways of working place demands on corporate network solutions and communication services. Workforces are increasingly networked and mobile and their work more flexible. DNA aims to become an enabler of digital business and enhance its service offering in the multi-vendor network management, monitoring and data security segments.

Businesses are increasingly seeking one provider for all of their telecommunications services. Having acquired TDC's Finnish operations DNA is now even better equipped to provide comprehensive business solutions effectively and with transparent management solutions.

In small enterprises, consumerisation is a strengthening trend. For example, employees at SMEs are increasingly using personal mobile devices, which puts added pressure on data security. SMEs will increasingly turn to cloud applications and want one responsible partner to manage and monitor their entire IT infrastructure and telecommunication services.

Companies continued to increase the use of smart devices, smart phones and, in particular, tablets in 2014. Smart devices do not replace each other, but are used in different ways. Demand for corporate fixed-network broadband services remained at a similar level, and demand for mobile broadband services increased. The demand for company network services, such as fast Internet connections and security solutions, is anticipated to continue to increase. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses.

Companies are also increasingly interested in M2M-based industrial Internet solutions.



New way of working – DNA enables flexibility and versatility

Increasingly mobile and versatile ways of working are reflected in corporate network solutions and communication services. The new way of working is mobile, networked and flexible. In practice, the new way of working refers to an ecosystem of smart mobile devices, high-speed networks, innovative cloud services and data security, enabling a more versatile and effective working culture.

DNA is an expert partner when it comes to the services required in this new world. The new way of working requires digitisation of business and integration of services into a flexible platform. This makes the innovative new way of working possible anywhere, anytime. DNA walks the walk and provides its employees the opportunity to work in a new, more flexible way.

[Read more >>](#)

DNA's new strategy places even greater emphasis on the customer

DNA's strategy was updated towards the end of 2014. The new strategy places greater emphasis on the customer, and the key objective in its implementation is customer satisfaction. DNA has placed special emphasis on improved customer experiences for several years now – with great results. We aim to keep improving in this area and have updated our strategy to better address the changes in the operating environment and meet the needs of our customers.

Vision and mission:

The most satisfied customers

We want to make our customers' lives more inspiring, productive and entertaining.

We offer connections, services and devices – clearly, cost-effectively and easily.

Read more:

[Financial objectives](#)
[CEO's review](#)

Values guide DNA's way of doing things. The way we do things is also an important way to stand out on the market.

Fast: Our customer service is efficient. We focus on what is important to the customer and get things right the first time. Thanks to our flexible working culture and partner network, we are agile.

Bold: We provide better services and products, insightful advertising and positive surprises for our customers and the society in general. We are curious and positive, always ready to try new things and challenge traditional industry conventions. We are energised by change and want to stay ahead of the competition.

Straightforward: DNA listens to the customers and speaks their language. We value and understand both our internal and external customers.

DNA's updated strategic goals

Most loyal customers in our customer segments

- Our aim is to have the most satisfied private and business customers.

Industry-leading financial development

- Our aim is to develop better than the competitors in terms of operating free cash flow.

Faster than average market growth

- We aim to have stronger net sales development than the competition.

DNA is a great place to work

- We aim to be one of the most desired employers in Finland.

Foundation for DNA's competitiveness

DNA stands out on the market in critically important customer encounters. DNA's customers receive genuine, high-quality service through all our customer service and sales channels and other encounters. DNA's interesting service and product offering expands and adapts to the needs of consumer and business customers. With DNA's high-quality connections, customers can access digital services on the best mobile devices available on the market.

We continue to strengthen **the four pillars of our competitiveness:**

<p>PERSONNEL</p>	<ul style="list-style-type: none"> • We aim to employ a team of top experts at DNA, so that each and every task is performed by a dedicated and qualified person. 	<ul style="list-style-type: none"> • We aim to be one of the most desired employers in Finland.
<p>NETWORKS AND SERVICE PLATFORMS</p>	<ul style="list-style-type: none"> • DNA invests in a very competitive and cost-effective network and service platform infrastructure: • DNA boasts a nationwide high-quality 4G mobile communications network, fast fibre-optic and cable broadband network, 	<ul style="list-style-type: none"> • cost-effective nationwide network for TV services and a modernised trunk network. • With continuously evolving service platforms, we can provide fast and secure connections, highly competitive business solutions and top-class entertainment services.
<p>IT SYSTEMS</p>	<ul style="list-style-type: none"> • DNA uses modern IT systems, client, product and network databases and analytics tools. 	<ul style="list-style-type: none"> • Thanks to these tools, customers can enjoy measurable, high-quality encounters in all critically important contacts with DNA, including the benefits of effective and agile product marketing and packaging, sales and invoicing and customer service.
<p>SPEED AND COST-EFFECTIVENESS</p>	<ul style="list-style-type: none"> • As a challenger, DNA has always considered it important to beat the competition in terms of speed and cost-effectiveness. 	<ul style="list-style-type: none"> • DNA does not compromise on the most customer-oriented and cost-effective processes and decision-making mechanisms. • DNA is bold and does not shy away from changes, even large structural ones.

Strategy implementation is supported by strategic development programmes

DNA's strategic development programmes help us reach our strategic goals and implement our vision. Dozens of continuously updated tasks are undertaken under these programmes. The progress and metrics of the development programmes are monitored in a steering group and reported monthly to the Board of Directors.

Key strategic development programmes

1. Providing value-add throughout the customer relationship: satisfied customers will acquire several products and services.
2. Enabling easy, genuine and high-quality customer encounters by utilising digital channels and analytics.
3. Taking advantage of the exponential growth of mobile data by appropriate subscription product offering, service and mobile device packages and high-quality 4G network.
4. Continuous development of the most appealing entertainment/TV service package on the market: the most interesting content, services and devices.
5. Leveraging all the strengths of the renewed corporate business* and introducing new products and service platforms.

* DNA merged its DNA Business unit, Forte and TDC Ltd and TDC Hosting Ltd into one strong corporate business unit.

Financial objectives

DNA has specified financial objectives that it aims to reach by the end of 2016. These objectives relate to the key figures on the financial position of the company. Improved EBITDA and profit will improve gearing significantly in the long run. Other strategic objectives include industry-leading financial development and faster than average market growth.

Objective setting for the end of 2016:

Equity ratio of more than 45 per cent (41.5 per cent at the end 2014)

Net gearing ratio of less than 85 per cent (94.3 per cent at the end 2014)

Net debt/EBITDA ratio of less than 2.0 (2.35 at the end of 2014)

Special events in 2014

In July 2014, DNA was the main partner of SuomiAreena, the largest discussion event for the general public in Finland, organised by the Finnish TV station MTV and the City of Pori. SuomiAreena 2014 themes included housing and the environment, and DNA organised a public discussion with the theme 'Television of the future'. Panelists included DNA's Senior Vice President, Consumer Business Pekka Väisänen, Samsung's Sales Manager TV and AV Markus Nummisalo, MP Mikael Jungner, entrepreneur and journalist Mikael Pentikäinen, Google's Country Manager Finland Anni Ronkainen and CEO Stiina Laakso of the Association of independent producers in Finland SATU.



DNA at SuomiAreena



Kiteboarding across the Gulf of Finland in 100 minutes

DNA challenges itself and its technologies daily so that customers can enjoy faster connections. In this vein, DNA decided to challenge kiteboarder Juuso Tilaéus to try his limits.

Accepting the challenge, Juuso set off from Tallinn at 10:49 am on 7 October 2014 with the aim of setting a new record time. He aimed to kiteboard across the Gulf of Finland in less than 100 minutes, which is almost twice as fast as the previous record for crossing the distance by non-motorised means. Juuso arrived in Helsinki clocking a fantastic new record time of 02.00.28.26.

In 2014, DNA acted as the main business partner of the National Remote Working Day organised by Microsoft and the Finnish Institute of Occupational Health (FIOH). The theme for the day was new leadership. On the day, some 650 DNA employees worked remotely. Remote working is a natural part of daily work at DNA; according to our genuine method of working employees can choose independently where they work without discussing this with their supervisor. DNA believes that flexible working not only promotes wellbeing at work but also improves efficiency.



On National Remote Working Day 650 DNA employees worked remotely



Miljoona ruutua ('Million screens') campaign

In early March, DNA launched the new DNA Welho Viihde entertainment service package with the eye-catching 'Million screens' campaign, introducing a new screentastic dance routine to Finns. DNA Welho's Formula-themed ad was also launched in March 2014, and viewed on millions of screens in Finland.

At the end of 2014, DNA joined the Ski Sport Finland partner network as the new main partner of the Finnish alpine and freestyle ski teams. At the same time, Samsung joined the network as DNA's device partner. DNA will sponsor the men's and women's alpine and freestyle ski teams as well as the junior teams. They will use DNA's connections and Samsung's smart phones, tablets and smart watches for communication and entertainment as well as work.



Sponsoring the Finnish Alpine Ski Team



Tartu ideaan ('Grasp an idea') innovation competition

In March 2014, DNA and Innokampus organised an innovation competition for secondary school students at DNA House. Luostarivuori secondary school from Turku emerged the winner at the exciting final. The competition was established to identify new business ideas to combat unemployment among the young and more than 800 students took part in it. The jury, among them DNA's CEO Jukka Leinonen, evaluated the originality, creativity, development potential and presentation of the ideas. The competition was a great opportunity for the students to hone their employability skills, such as concept creation, presentation as well as giving and receiving feedback.

Improved entertainment offering for customers

DNA offers diverse telecommunication services to consumers, facilitating communication, security and entertainment. DNA placed special emphasis on the development of its entertainment business in 2014 to enhance its entertainment offering. Changes in consumer habits were monitored closely throughout the year, and DNA launched new types of subscriptions, channel packages and other services to meet consumer demand.

In 2014, consumer business net sales increased by 4.9 per cent to EUR 622.4 million (593.4 million). This increase was fuelled in particular by the growth of broadband and mobile communications services sales. However, the challenging overall economic situation affected the demand for pay-TV services and mobile devices. In consumer business, net sales were also weakened by the reduction in mobile network interconnection prices.

Active development of entertainment business

DNA was busy developing its entertainment business in 2014. DNA aims to establish the best entertainment service package in Finland, proven to have the most satisfied customers*. In 2014, DNA contributed to the new television experience with the introduction of several upgrades and new services.

As part of the development of its entertainment services, DNA combined the PlusTV and DNA Welho television business and fixed-network broadband business into one company called DNA Welho Oy in March 2014. DNA Welho has extensive and versatile expertise as well as comprehensive product offering in the cable, terrestrial and broadband networks.

DNA enforced its leading position as an entertainment services provider in the cable and terrestrial network by introducing a new service package. Launched in March, the new DNA Welho Viihde service package enables the use of entertainment content regardless of time, place and device. DNA wants to provide the latest in entertainment services to its customers, in terms of both connections and content, and DNA Welho Viihde is an important milestone in this respect. Demand for the DNA Welho MatkaTV service included in the DNA Welho Viihde package grew steadily, and it had more than 100,000 subscribers at the end of the year. The DNA Welho MatkaTV service enables remote recording of TV programmes and viewing on a smart phone, tablet or PC regardless of time and place. MTV's and Viasat's most popular pay-TV channels became available through the MatkaTV service in 2014.

In March 2014, DNA partnered up with the music service Deezer. The Deezer Premium+ service became available to subscribers of DNA's new smart phone and tablet subscriptions. According to surveys commissioned by DNA, there was great demand for a music service among consumers.

DNA also introduced several new channel packages in 2014 while also expanding existing ones. DNA expanded cooperation with Viasat, offering sports enthusiasts many new viewing opportunities. The Viasat Sport channel package became available in DNA's terrestrial and cable networks.



Qualities of the new TV:

- Available anywhere, anytime
- Comprehensive nationwide content offering
- High-quality image regardless the distribution mode
- Freedom of choice: individual tastes, individual services
- Simplicity: one package, many viewing possibilities

At the end of 2014, DNA was the first Finnish operator, and among the first globally, to broadcast real Ultra HD (UHD) in its cable network. DNA's television networks are ready for high-quality UHD broadcasts to all households connected to DNA's TV networks.

* EPSI Rating 2014

According to the 2014 EPSI Rating study, DNA Welho had the most satisfied consumer customers in the fixed-network broadband and the pay-TV market. DNA Welho has placed first in pay-TV services also in 2012 and 2013.

Steady development of voice business

Net sales for consumer business were boosted by the positive development of broadband and mobile communications services sales. In fixed-network broadband, the number of housing company broadband subscriptions in particular increased in 2014. The increase was driven by the important agreement signed by DNA and housing rentals company VVO. DNA will provide broadband and TV services to more than 25,000 households in VVO properties. Housing company

broadband connection is a service that provides broadband to all apartments in the housing estate. The monthly service fee is included in the management charge.

The challenging economic situation affected sales of mobile devices. In 2014, 90 per cent of phones sold by DNA were smart phones. In December, the figure was as high as 95 per cent. Tablet sales continued to grow steadily, and an increasing number of customers bought a separate subscription for their tablet. Tablet sales are expected to grow further in 2015 as tablets are increasingly replacing laptops. Schools and educational institutions are also taking to tablets as learning tools, and many learning materials are already available for tablets. Uptake of 4G phones increased significantly with prices falling due to the expanding product offering. Sales figures for 4G subscriptions rose rapidly in 2014, boosted by the increasing number of 4G devices and better coverage of the 4G network.

The Expert home electronics chain started selling DNA's entertainment and mobile communications services in early January 2014. Cooperation with Expert further expanded DNA's already extensive distribution network. DNA and Samsung expanded their cooperation by opening a Samsung Experience Store in Turku in December 2014, a familiar concept from a similar store in Helsinki.

@DNA_Palvelu a helpful presence in Twitter

Social media is an important channel for DNA in terms of customer service, marketing and improved brand recognition.

DNA's customer service agents log in to the company's Facebook and Twitter profiles daily to follow and participate in discussions about DNA and answer any questions the customers may have. DNA aims to provide quick and high-quality service to customers in Twitter and Facebook. It is important to DNA to contribute to discussions about the company.

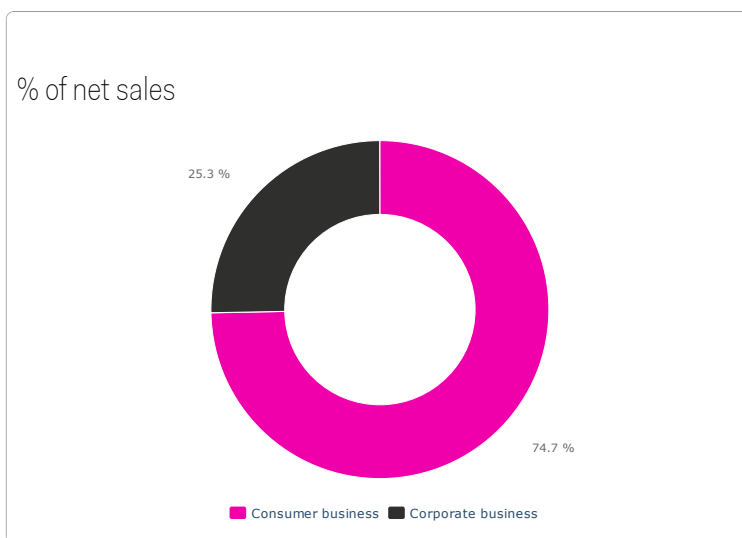
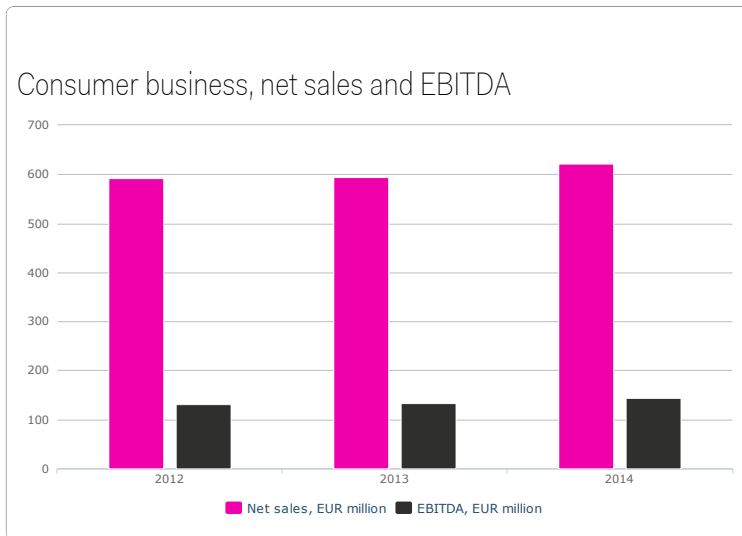


Top ten of phones sold by DNA in 2014*

1. Samsung Galaxy Trend Plus
2. Apple iPhone 4s
3. Samsung Galaxy S4 Mini
4. Apple iPhone 5s
5. Samsung Galaxy S4 4G+
6. Nokia 108
7. Nokia Lumia 520
8. Apple iPhone 6
9. Samsung Galaxy Ace3
10. Nokia Lumia 630

* Note: Sales periods of the phones vary.

DNA uses the Twitter profile @DNA_Palvelu to showcase the ease of use of DNA's services and provide useful tips. Twitter is also an important means of communicating about service interruptions. On average, DNA tweets 150 times a month, and each tweet reaches some 1,500 customers. Social media services such as Twitter have become an important customer service channel for DNA.



DNA's corporate business gains strength

DNA provides easily deployable and secure high-quality communications and network services for companies. DNA added TDC's Finnish operations to its corporate business in 2014, and 2015 is off to a good start with an even stronger corporate business unit.

DNA's corporate business net sales increased by 22.1 per cent to EUR 211.2 million (173.0 million). This positive development is due to the acquisition of TDC's Finnish operations in the second quarter. Operating profit decreased to EUR 2.6 million (7.9 million), or 1.2 per cent of net sales (4.6 per cent). Operating profit was burdened by significant non-recurring items. Operating profit excluding non-recurring items came to EUR 9.0 million (9.0 million). Market situation remained challenging throughout 2014 in corporate services, and companies postponed their investment decisions due to the challenging overall economic situation.

DNA acquires TDC's Finnish operations and establishes a new business unit

DNA signed an agreement with Danish TDC A/S on the acquisition of TDC Ltd Finland and TDC Hosting Ltd in April, and the companies became DNA subsidiaries in June 2014. At the same time, DNA and TDC A/S agreed on strategic cooperation in the Nordic region. The acquisition supports the implementation of DNA's growth strategy, significantly strengthens DNA's position in the corporate market and provides an expanded service offering to TDC's and DNA's corporate clients. The strategic cooperation with TDC Nordic and an international partner network enforce DNA's position in the fixed-network segment, in particular in the Nordic and Baltic countries.

As part of the development of corporate business, DNA merged its DNA Business unit, its subsidiary Forte Netservices Oy, and TDC Ltd Finland and TDC Hosting Ltd, into one strong corporate business unit. The expertise and customer-base structure of the companies complement each other well, and the merger has created a very competitive unit. The cooperation negotiations necessitated by the reorganisation opened in August and were completed on 14 October 2014.

Introduced at the end of 2014, the DNA Business brand combines the best practices of the four companies. DNA Business brings together DNA's and TDC's expertise in mobile and fixed networks, and Forte Netservices' expertise in data security as well as network monitoring and management. TDC Hosting Ltd adds strength to server centre services. With these combined strengths DNA is even better equipped to serve the needs of medium-sized and large businesses.



DNA Business has the most satisfied customers

The EPSI Finland 2014 study indicates that DNA is emerging strongly as an important player in the business segment. TDC, which forms part of DNA's corporate business, i.e. DNA Business, retained the lead it has held for many years in fixed-network data services. DNA Business also received top marks among mobile voice and broadband customers, for the second consecutive year for the latter. DNA's work to improve customer satisfaction continues in 2015.

Enhanced service to business customers

DNA's corporate business has three sales units: one for SMEs, one for large enterprises and one for wholesalers and operators. DNA provides a wide selection of telecommunication services to enterprise customers.

In the wholesale and operator sales, co-operation with international partners has enabled success in both national markets and international implementations. DNA's competitiveness in this increasingly unified market was strengthened by improved automation of electronic customer service and technical investments in network infrastructure in 2014. DNA's strong position in the mobile communications market supported the growth of DNA's roaming business. Furthermore, a new and growing market of voice operator services has emerged to meet the needs of unified communications alongside the traditional interconnection market.

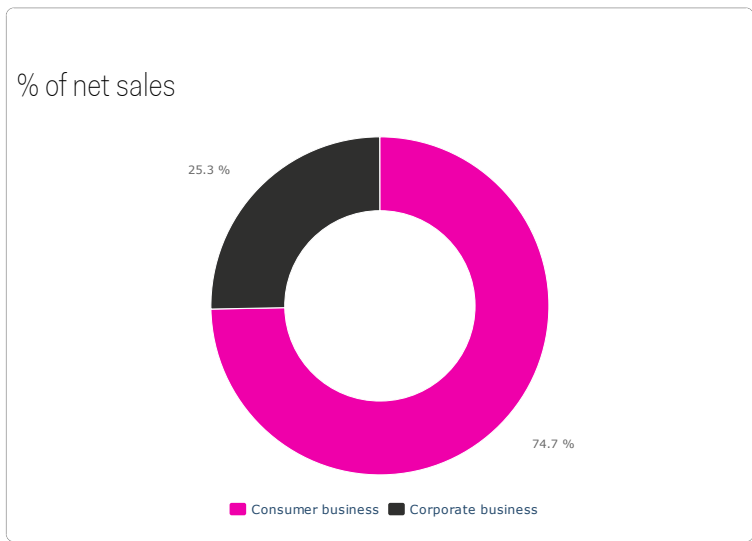
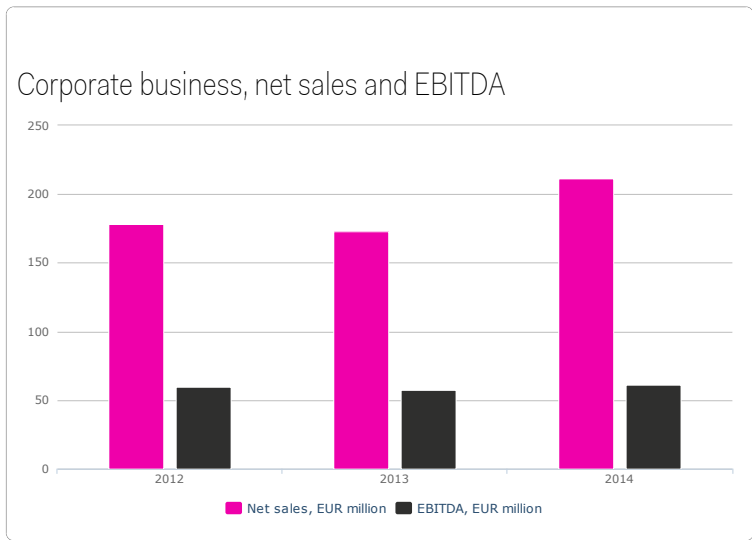
The further development of DNA's Service Desk operations, which provides technical support and fault management services to customers, proceeded in 2014. In addition to providing 24/7 support for network fault and change management, Service Desk operations are also responsible for the maintenance of data security, corporate networks, data centre services and other added-value services. A growing number of customers want to be served regardless of time and place, and DNA focuses on the further development of its e-services. In March, DNA launched the DNA Laiteratkaisut purchase portal and an approval procedure for enterprise customers. The new electronic channel is an important step in the development of DNA's e-services. It offers close to 100,000 products and added value services to businesses.

Strong uptake of smart phones in business continues, which increased data transfer volumes in 2014. Companies are feeling the effects of the increased data transfer use on smart phones, selecting faster connections for new subscriptions and updating old data transfer packages to faster ones. In 2014, DNA launched the new DNA Optimi mobile subscriptions in response to companies' data transfer and cost-anticipation needs.

Another important event in 2014 occurred when Hansel Ltd, the central procurement unit of the Finnish Government, chose DNA as the framework agreement supplier in its Tietoliikenne 2014-2018 ('Data communications 2014-2018') tendering process.

DNA helps businesses leverage digitisation more comprehensively

With the revamped business unit, DNA can offer enterprises more comprehensive telecommunications solutions and help them leverage digitisation more fully. Continuous development of customer experiences is of strategic importance to DNA. For business customers, this means focusing on the reliability, transparency and high quality of services. After significant business acquisitions, DNA continues to challenge traditional models, fostering a new culture of business service innovations.



DNA's services to business customers



Information security services

DNA's information security services offer businesses cost-effective, easily scalable information security solutions – also internationally. The solutions can secure a company's servers, databases, applications and workstations from unauthorised access.



Customer network management and monitoring services

DNA's customer network management and monitoring services ensure the availability of business-critical applications and network services. The services provide automatic fault and performance management in multi-vendor environments, nationally and globally.



Data centre services

DNA's data centre services provide customers with an easily deployable, high-availability server environment. We enable the utilisation of solutions and managed services without investments in hardware facilities, systems or expertise. Our data centres are located in Finland.



Connections and networking services

For voice, message and data transfer, we offer connections and backbone using the latest technology. The speeds and latency of mobile data networks have improved continuously, allowing remote workers to have the same user experience as those in the office.



Social media services

Social media services include communication and teamwork services as well as smart devices. Businesses are not simply buying services, but want to establish a new culture that promotes social communication and teamwork.

Fast and comprehensive networks support DNA's growth

DNA deployed the first 4G+ (LTE CA, LTE Carrier Aggregation) base stations that allow transfer speeds of up to 300 Mbps.

At the end of 2014, DNA's 4G network reached as much as 85 per cent of the population and the 3G network 99 per cent. DNA made significant investments in 4G technology in its mobile communications networks in 2014. DNA's investments in 2014 totalled EUR 149.6 million, or 17.9 per cent of net sales. Major individual items included investments in the 4G and 3G networks and in fibre and transfer systems. The acquisition of TDC's Finnish

operations significantly boosted the fixed-network service offering to businesses in 2014.

Strong network infrastructure supports DNA's growth and good customer experiences, which is of strategic importance. DNA's fibre-optic based backbone network has been fully modernised and backed up during the past three years, taking the reliability and availability of all network services to the next level. DNA's modernised backbone network is easily scalable to meet customer requirements and the demand for more capacity.

In 2014, DNA expanded its 3G and 4G LTE networks by adding more than 1,500 new base stations across the country. At the end of 2014, DNA's 4G LTE network reached over 4.6 million Finns. In terms of population, DNA's 4G coverage doubled during 2014 while geographical coverage expanded twenty times over since the end of 2013.

Mobile data volumes grew exponentially in 2014. In 2014, in excess of 300 per cent more data was transferred in DNA's 4G network than the year before. Volumes of data transferred in the 3G network increased by some 40 per cent year-on-year. At the same time, the average quality of DNA's mobile data service, measured in terms of inbound data speed, improved by almost 20 per cent. The high quality of DNA's mobile data service was evident also in measurements by Omnitele and the Netradar application* developed by the Aalto University, indicating that DNA's average 4G data transfer speeds are clearly superior.

One of the main events in 2014 was the agreement between DNA and Sonera on the construction of a joint mobile communications network. They established Suomen Yhteisverkko Oy which will be responsible for the construction of a new 2G/3G/4G network for mobile communications in Northern and Eastern Finland. Both DNA and Sonera will utilise the new network when providing services for their respective customers. This is the first ever joint venture of its kind in network construction in Finland.

DNA and Sonera will combine their 800 MHz 4G LTE frequency blocks in the area. This enables the provision of very fast 4G mobile broadband services also in sparsely populated areas, promoting the establishment of the Finnish information society. The agreement will also bring considerable cost savings, enabling DNA to construct the 4G network faster than the previously planned, separate networks.



Omnitele's study

According to a study published by telecommunications expert Omnitele Oy in November 2014, DNA's mobile broadband offers the greatest inbound average speed of 49.7 Mbps. Omnitele measured the network speeds of three largest Finnish operators in ten most populous cities: DNA was the fastest in nine of them. Data transfer speeds have increased significantly since 2013, mostly due to the widespread implementation of the 4G LTE technology. Elisa's result in the study was 42.9 Mbps and Sonera's 36.4 Mbps. For more information, visit www.dna.fi/verkko

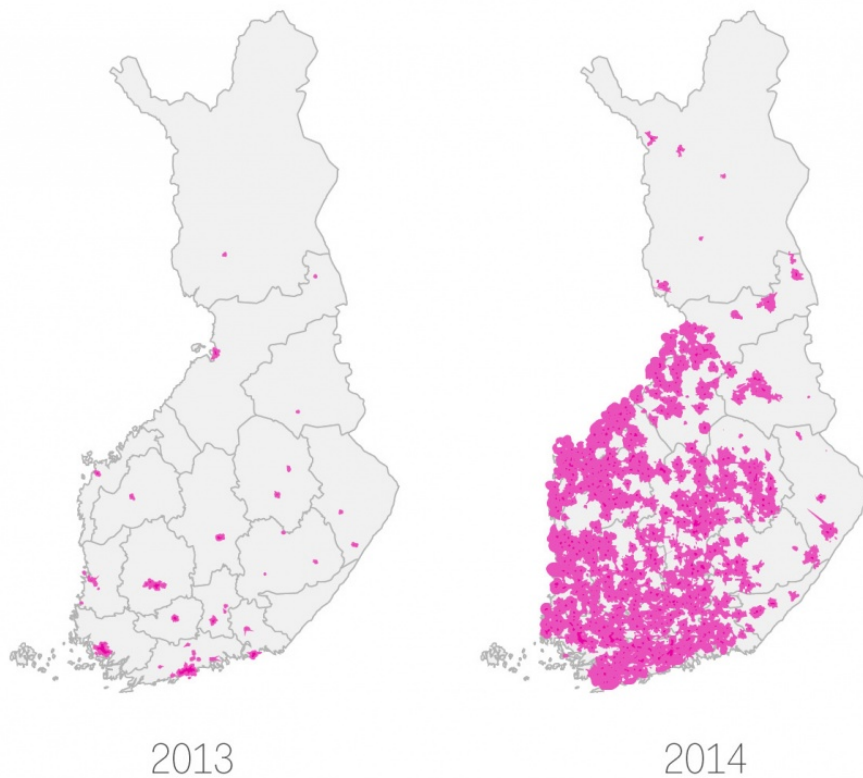
High-quality content and distribution channels for TV services

DNA is Finland's largest cable TV operator with a market share of 38 per cent. Some 600,000 households are connected to DNA's cable network and the company boasts the widest selection of channels in Finland: some 180 channels in total, more than 40 of which are HD channels. DNA's cable network is available in the Helsinki Metropolitan Area (Helsinki, Vantaa, Espoo, Kauniainen) and the regions around the cities of Oulu, Lahti, Kuopio, Lohja, Pori, Rauma and Raisio.

DNA's terrestrial network reaches approximately 85 per cent of all Finnish households, offering 28 standard and 9 HD channels at the end of 2014. DNA is the only operator in Finland that offers pay-TV services in its terrestrial TV network. In total, DNA has some 300,000 pay-TV subscribers, 200,000 of which in the terrestrial TV network.

DNA aims to offer terrestrial network viewers the same channel selection and picture quality that is available to cable households. Implemented with the DVB T2 technology, DNA's terrestrial TV network already has close to national coverage. The second-generation digital terrestrial television (DVB T2) offers twice the number of channels and its HD channels four times the picture quality of standard channels. With the new technology, frequency use is much more efficient in the entire terrestrial TV network, both VHF and UHF, allowing the allocation of the 700 MHz band, currently used for television broadcasts, to wireless broadband (LTE) in the beginning of 2017. In addition to a wider selection of channels and higher quality, T2 migration also enables new types of use for audiovisual services, such as the DNA Welho MatkaTV IPTV service.

*Netradar has measured and gathered data across Finland since 2013. By the autumn of 2014, close to 6,000 users had provided more than 100,000 4G measurements.



Picture: At the end of 2014, DNA's 4G LTE network reached over 4.6 million Finns. DNA's 4G coverage doubled during 2014 while geographical coverage expanded twenty times over since the end of 2013. In the end of 2016 DNA's 4G LTE network is expected to reach 99 % of Finns.

Sustainable business development

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

DNA considers it important to recognise the social and environmental impacts of its business in order to develop the business in a sustainable way. DNA monitors the effects of its business and the development and implementation of its corporate responsibility by means of corporate responsibility reporting and communicates about the focus areas of its corporate responsibility to its various stakeholders.

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

Corporate responsibility objectives 2014

The table below contains a summary of the achievement of DNA's corporate responsibility objectives in 2014. DNA will review its corporate responsibility programme in 2015 and also plans to update the corporate responsibility objectives.

2014 theme	Measures	Status
Employee well-being and job satisfaction	<ul style="list-style-type: none"> Further expansion of the Genuine method of working in DNA's offices in Tampere, Turku and Rauma. Development of supervisors' skills was supported by one-on-one training and the introduction of a new mentoring programme. In the promotion of well-being at work, time management was a focus area. 	Ongoing
Energy efficiency and the environment	<ul style="list-style-type: none"> Modernisation of base stations continued: in excess of one third of the old base stations have been replaced by more energy-efficient models. 	Ongoing
Society	<ul style="list-style-type: none"> DNA continued to invest in the speed and coverage of 3G and 4G networks. Participation in the Diversity Charter Finland to promote equality and employment continued. Cooperation with children, the young and senior citizens, e.g. Children's Village, Innokampus and SeniorSurf 	Ongoing
Responsibility in the supply and delivery chain	<ul style="list-style-type: none"> Implementation of Supplier Code of Conduct continued as planned Responsibility survey for subcontractors 	Ongoing
Development of reporting	<ul style="list-style-type: none"> Materiality analysis, key metrics and the reporting model were specified according to the GRI G4 Sustainability Reporting Guidelines 	Ongoing

Services for a changing society

As a telecommunications operator, DNA plays an important role in society by providing important communication connections and maintaining infrastructure that is critical to the operation of the society. DNA builds top-grade connections, in terms of quality and speed, and thus promotes development of the information society.

According to its strategy, DNA will meet the growing demand for faster high-quality connections. The company invests in a very competitive and cost-effective network and service platform infrastructure to meet the growing communications needs of consumers and society in general.



Modern communications and entertainment services

DNA offers high-quality voice, data and TV services for communication, entertainment and work. In a digital society, there is a constant need for receiving and sharing data. Consumers and companies alike depend on reliable connections and communication services. Remote and mobile working with smart devices is increasing, as is sharing content in social media and the use of entertainment services.

Fast and comprehensive networks

Data transfer volumes in DNA's mobile networks expanded by more than 90 per cent in 2014. At the end of 2014, in excess of 300 per cent more data was transferred in DNA's 4G network than the year before. This growth was driven, among other things, by the growing supply and use of video, image and instant messaging services that benefit from the high speeds provided in modern networks. For its own part, DNA provides comprehensive high-speed connections by significant investments into the construction, development and maintenance of its network infrastructure.

The new method of working is effective and mobile

DNA has been a pioneer in the promotion of digital and mobile work. Corporations are seeking smart solutions to improve the efficiency of their processes by means of cloud applications and remote working. Increasing data transfer between devices, the Internet of Things, places high demands on the capacity and security of networks.

As a responsible operator, DNA considers the changing service needs of the working life, and develops smart solutions for data communication between devices.

Happy surfing for seniors

In October 2014, DNA organised a SeniorSurf event in cooperation with the local senior citizens' organisation Jakobstads Åldringvänner ry, the OP-Pohjola bank, the Social Insurance Institution of Finland (Kela) and the local telephone company JNT. During the event, senior citizens had the opportunity to try their hand at online banking on a tablet and familiarise themselves with Kela's online services, online magazines and other services. The devices and subscriptions were provided by DNA and JNT.

– Based on our dedicated telephone service for senior customers, they have no problem using online services, on tablets in particular, thanks to their large screens and the ability to adjust the text, images and volume to their needs. It is important to make devices and services available and easy to use, and support new users by all means possible, says Service Manager **Maria Hällis** from DNA's Pietarsaari senior customer service office.

Based on DNA's experience, apart from using online banking and other services, senior citizens enjoy the wide music selection and online TV services of TV channels.

Innovation competition to combat unemployment among the young

The Tartu ideaan ('Grasp an idea') innovation competition organised by Innokampus and DNA to identify new business ideas to combat unemployment among the young. More than 800 students took part in it.

The innovation that emerged a winner at the final is an application that uses mobile communications networks to connect location and patient data with one click of a button. It is called HätäAppu ('EmergencyApp').

"The idea stemmed from a genuine will to improve people's lives. The final was nerve-racking, but the presentation went better than we expected. This competition has been a great experience! It would be great too see the idea tested in practice," say **Mikael Remes**, **Eemeli Vapamaa** and **Otto Hanski** from the winning team.

The jury evaluated the originality, creativity, development potential and presentation of the ideas.

"Finland needs innovations, and we have excellent digital resources across the country. The winning team combined new technology and a topical issue in a clever way, remarked **Jukka Leinonen**, DNA's CEO and a member of the jury.

difficult to do so. Providing tailored services and smart solutions for senior customers as well as nationwide network coverage helps prevent digital exclusion of senior citizens.

Online safety of young users

DNA also been guiding young users on safe use of the Internet and mobile phones for several years. DNA has signed a [European framework agreement](#), European Framework for Safer Mobile Use by Younger Teenagers and Children, which aims to improve the safety of mobile phone use by teenagers and children.

In addition to safety education, DNA has participated in the national [Innokampus project](#) since 2012. The project aims to promote cooperation between learning institutions and businesses in Finland.

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

Senior citizen's service needs

Service needs of the society are changing due to the electrification of services and change in the population structure. According to [Statistics Finland](#), almost 20 per cent of Finns are 65 years or older: twice the amount recorded in mid-1970s and four times the amount recorded in the 1940s. The changing population structure creates a new and important customer group for businesses.

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

Objective: the most satisfied customers

DNA wants to make customers' lives more inspiring, productive and entertaining. DNA considers it important to offer connections, services and devices clearly, cost-effectively and easily to both business and consumer customers. This is particularly important in today's world, where the variety of services and mobile devices on offer can be daunting.

DNA's Customer Panel was renewed in 2014. After the renewal, the panel is better equipped to convey the customers' opinions and includes a large number of new members. DNA's Internet-based customer panel is one of the main interaction channels for consumer customers. This panel provides DNA with quick feedback and information on our customers' opinions, expectations and values.

In addition to 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 does well in the EPSI Rating study yet again

The 2014 EPSI Rating survey shows a dramatic rise in DNA's rating in the corporate client category. TDC, which forms part of DNA's corporate business, i.e. DNA Business, retained the lead it has held for many years in fixed-network data services' customer satisfaction. DNA Business placed first in mobile voice, too, and retained the top position in mobile broadband services. DNA Welho had the most satisfied private customers in the sector, in both the fixed-network broadband and pay-TV service categories. For more information, please see [DNA's website](#).

Customer satisfaction

Results of the EPSI Rating study, DNA and DNA Welho	2014	2013	2012	2011
Mobile communication services for consumers (DNA)	74	75.6	72.9	73.8
Fixed broadband services for consumers (DNA Welho)	74.2	72.2	71.9	69.4
Mobile broadband services for consumers (DNA)	71.7	71.3	69.3	67.0
Mobile broadband services for businesses (DNA)	74	68.5	65.7	65.3
Fixed broadband services for businesses (DNA)	71.1	67	65.8	65.8
Mobile broadband services for businesses (DNA)*	67.8	70.2	N/A	N/A
Pay-TV (DNA Welho)	69.1	72.8	71.3	67.4

*Satisfaction in mobile broadband services among businesses was measured for the first time in 2013.

DNA monitors the responsibility of its entire delivery and supply chain

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

As a responsible company, DNA also expects its partners to take economic, environmental and social responsibility increasingly into consideration in their operations. DNA has enforced a Supplier Code of Conduct since 2012. The Code is added to all new supplier agreements and also applies to the supplier's subcontractors.

In 2014, DNA conducted a supplier responsibility survey to assess the responsibility of suppliers' operations. According to the survey, all suppliers are familiar with the concept of responsibility: 72 per cent of them adhere to corporate responsibility guidelines and 80 per cent monitor the responsibility of subcontractors.

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



1. Responsibility in the supply chain

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

2. Expert advice

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

3. Energy-efficient networks

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

4. Environmentally friendly data centres

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

5. Safe disposal

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

6. Recycling of materials

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

Responsible principles guide financial decision-making

Profitability of business operations and good competitiveness are the cornerstones of economic responsibility and prerequisites for socially and environmentally sound business operations in the long term. The company pursues its financial objectives guided by responsibility principles: open and transparent communication, corporate governance and taking environmental and social responsibility into consideration when making financial decisions.

DNA's economic responsibility includes meeting the expectations of customers and shareholders in a sustainable manner, supporting the economic welfare of the company's employees and society through direct and indirect employment as well as investments and product innovation.

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

Domestic investments and employment

DNA's investments in 2014 came to EUR 149.6 million (EUR 128.4 million), or 17.9 per cent of net sales (16.8 per cent). Major individual items included investments in the 3G and 4G networks and in fibre and transfer systems.

Close to 100 per cent of DNA's operations take place in Finland, and DNA continues to have strong local presence in some 100 locations in Finland. At the end of 2014, the company employed 1,748 people and indirectly some 1,000 more. The number of DNA personnel increased by 185 employees in 2014. The increase is due to the transfer of TDC's Finnish personnel to the employ of DNA.

Over the past years, DNA has gained an increasingly important role as a regional employer. For example, DNA employs close to 50 customer service professionals in the city of Pietarsaari and almost 70 in the municipality of Taivalkoski. The company traditionally employs a young staff in its customer service and DNA Store functions. At the end of 2014, those under 25 accounted for some 20 per cent of customer service personnel. In DNA Stores, the figure was almost 50 per cent.

DNA drives innovation and new business

DNA actively supports innovation in Finland and works in close cooperation with many start-up companies and communities. DNA works together with these partners to create unique user experiences to consumers and business customers, leading the way in the commercialisation of new innovations. At the same time, DNA provides its partners with an opportunity to grow their business and visibility.



Finns can avail of a new music service via DNA

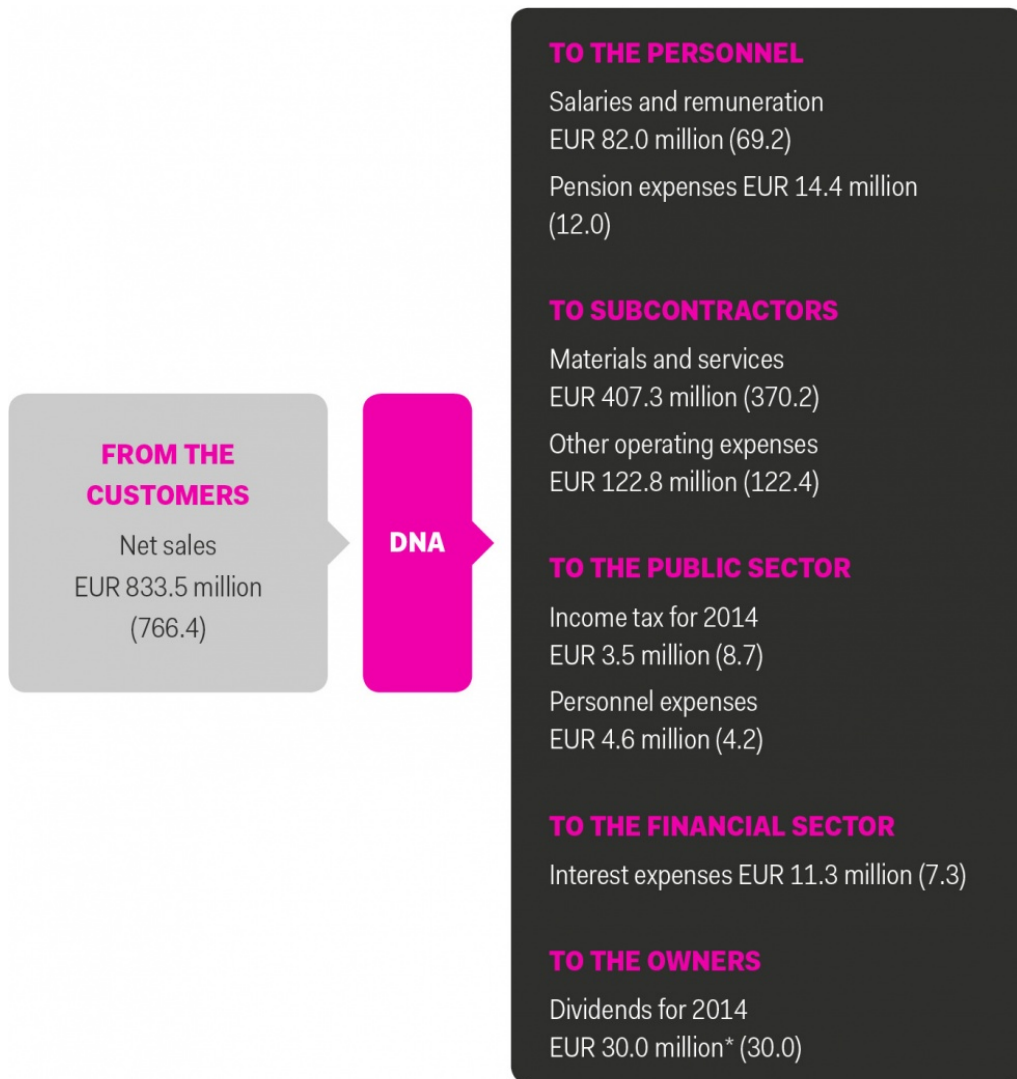
DNA signed an exclusive partnership agreement with music service Deezer in 2014. Deezer is different from competing music services for instance by employing more than 50 music editors around the world. This means that Deezer's lists will have more local music offering.

The impact of smart phones on the use of digital content, such as music, is particularly strong among young consumers (those aged between 15 and 24) who take advantage of mobile access to social media and music practically 24/7.*

Deezer's selection contains more than 30 million tracks, also rare tracks from global and Finnish musicians. Some 27,000 tracks are added to the service every day.

*A consumer study on digital contents conducted for DNA by an independent research company Add Value, 1,006 respondents, January 2014

DNA's economic impact on its operating environment



* DNA's Board of Directors has proposed to the Annual General Meeting that a dividend of EUR 3.54 per share be paid for the financial year 2014, EUR 30,041,194.02 in total.

A team of top experts

DNA's human resources management aims to establish a team of top experts at DNA, so that each and every task is performed by a dedicated and qualified person. This is the foundation for DNA's competitiveness. DNA aims to be one of the most desired employers in Finland.

Leadership that is based on DNA's values together with a boldly different corporate culture create competitive advantage in the constantly evolving industry. Employee satisfaction amidst the changes is one key indicator DNA is committed to.

In 2014, HR management focused on change management and supporting the personnel during organisational changes. TDC Hosting Ltd and Forte Netservices Oy merged with DNA Ltd in October 2014, and TDC Ltd Finland at the end of December 2014. The cooperation negotiations necessitated by this change were conducted in the autumn of 2014. As a result of the negotiations, 65 DNA employees were made redundant. Additionally, 15 employees left the company through voluntary arrangements, such as pension arrangements.

Change is also driven by the rapidly evolving telecommunications market. Thus, change management and continuous skills development will remain focus areas for HR management also on the long term. Skills development is an important part of the personal reviews and everyday leadership at DNA.

Support for supervisors' individual development

Supervisors' leadership skills was a focus area in skills development in 2014. DNA supports the development of supervisors' skills based on their individual needs. For example, DNA launched a new supervisor mentoring programme in 2014, to provide support for supervisors' individual development by means of discussions. Participants' experiences about mentoring were very positive, and the programme will continue in 2015.

For several years now, both DNA Ltd and DNA Store employees have had the opportunity to enrol in the JET qualification programme in leadership training. By the end of 2014, 95 persons in total had participated in the programme, 54 of which have acquired the qualification and four having completed a partial qualification. As of the spring 2014, DNA Store employees also have had the opportunity to work towards a specialist qualification in commerce through apprenticeship training. The first group of students consisted of 18 students.

The Genuine method of working expands

DNA's Genuine method of working is based on trust and flexibility, and has proved very successful. Using mobile workstations, the employees decide independently where they work without discussing this with their supervisor. The Genuine method of working changes not only the working environment but also the working culture, and DNA's employees have welcomed this change enthusiastically.

Top tips for effective remote working

Jarmo Laaksonen from DNA Business is an old hand at remote working. He works effectively at his hammock at home or on board a train from Helsinki to Turku. He shares his top tips on how to make a day at the home office very productive. Jarmo's top tips:

1. Utilise the cloud: Keep your work documents and files in the cloud so that you can access them easily and securely regardless of time, place and device.
2. Give space for creativity: Routines can kill your creativity. Working alone and staring at the computer screen eight hours straight is definitely not the way to do it!
3. Plan your day: The most frustrating remote working day is a day spent working on this and that and the other thing with nothing to show for it at the end of the day.

They especially value the increased flexibility in the management of their work and personal lives. They also reported being more effective and less stressed when using the new method. Most DNA employees take advantage of the flexibility by working at home.

In 2014, DNA expanded the Genuine method of working according to plan in Tampere, Turku and Rauma. The expansion will continue in 2015.

DNA's employees take pride in their work

In 2014, DNA decided to join the Great Place to Work survey for three years. The survey measures employee satisfaction and the company's employer image. In total, 997 people participated in the first survey, achieving a response rate of 69 per cent.

DNA measured the Trust Index for the first time with the result of 62 per cent. In total, 71 per cent of DNA's employees considered DNA as a good workplace.

In the Great Place to Work survey, DNA's strength included competence of management, employees' freedom to take responsibility for their own job, sufficient resources and equipment for performing tasks and taking pride in your work.

Suggestions for improvements include management's communication about important issues and changes, opportunity for special recognition of your work, meaningful work and the employees' opportunity to participate in decision-making that involves their own work and workplace.

DNA specified further action to improve employee satisfaction and employer image based on the results.

DNA Peers promote a healthy working atmosphere

DNA Peers are employees who volunteer to promote well-being at work and employee satisfaction at DNA premises. They organise various fun events and campaigns for the personnel. DNA Peers remained very active in 2014, organising a range of events from the children's Christmas party and sport events to test groups for DNA products.

DNA Peers play an important role as brand and good will ambassadors.

Time management in focus in well-being at work

DNA continued to implement tried and tested methods in 2014 to promote occupational health and well-being. The popular well-being at work day was organised again, but this time it spanned an entire week. During the week, employees could participate in different events and get information on personal management and time management in particular. Other focus areas included healthy diet, effects of sedentary work and ergonomics.

DNA promotes the well-being of its personnel with the DNA Liikkuu ('DNA Moves') card, which provides exercise opportunities for the personnel, and by organising different activity clubs. The quit smoking campaign that was organised with occupational health and safety continues.

DNA provides employees with a wide selection of healthcare and medical services in excess of the level required by law. DNA personnel can avail themselves of health services provided by, for example, specialists, gynaecologists, occupational physiotherapists and psychologists. The implementation of the early response model continued in 2014 by offering supervisors the opportunity for peer discussions.

Reporting (GRI)

This section includes information about DNA's energy efficiency and environmental and social indicators. In this section, you can take a closer look at DNA's corporate responsibility reporting. In addition, this section includes DNA's GRI content index.

DNA meets its environmental responsibilities

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

Energy efficiency in production

Modernisation of base stations in the mobile network proceeded as planned in 2014. In excess of one third of the old base stations have been replaced by more energy-efficient models. The project is expected to be completed by 2017. The new system requires fewer devices, thereby reducing relative energy consumption. Hundreds of radio units have also been relocated from inside the equipment facilities to the masts, omitting the need for mechanical cooling, which saves energy significantly.

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

Climate change and the ICT sector

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

According to the [GeSI SMARTer 2020](#) report, ICT solutions can help in cutting global greenhouse gas emissions by 16.5 per cent by 2020. This is why DNA considers it important to consider climate change in its operations.

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



DNA's office facilities earn an award

In early 2014, DNA received an award from the Finnish Facility Management Association FIFMA ry, which recognised DNA House as facility implementation of the year in 2013. DNA House was selected because of the consideration given to HR point of view in facility renewal.

"This recognition is for all of us at DNA. Employees have been actively involved in the development of the new operating model with a great, positive can-do attitude. I would like to express my thanks to everyone at DNA – achievements like this require cooperation," says DNA's Administrative Director **Vesa Vuoti**.

"Personnel surveys and the opinion poll in Oiva signalled that the new facility concept works well. Work is more flexible, boosting employee motivation and commitment. All of this supports the new kind of working environment we are creating. We are well positioned to enhance our employer image now," DNA's VP, Corporate Communications **Vilhelmiina Wahlbeck** points out.

Facilities and working methods

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

In 2014, DNA again conducted a study on the effects of the Genuine method of working on CO2 emissions from work-related travel. According to the results, emissions from work-related travel can be cut by some 40 per cent annually when employees work remotely at home for example. Over the past years, DNA has encouraged personnel to use web conferencing and other similar tools, which has reduced work-related travel. In four years, DNA's CO2 emissions from air travel have dropped from 278 tonnes to 165 tonnes.

Environmental indicators

EN3 – Energy consumption within the organisation (terajoules)

	2014	2013	2012	2011
Total consumption of non-renewable fuels*:				
- Diesel and gasoline	6.6	6.3	6.3	5.8
- Fuel oil	1.4	1.5	1.6	0.9
Consumption of renewable fuels	N/A	N/A	N/A	N/A
Electricity consumption	368	355	346	369
Heat consumption	16	21	19	29
Cooling consumption	N/A	N/A	N/A	N/A
Steam consumption	0	0	0	0
Energy sales	0	0	0	0
Total energy consumption	391	384	373	405

*The calculation presumes that fuel used by DNA's vehicles is from non-renewable sources.

EN4 – Energy consumption outside of the organisation (terajoules)

	2014
Total energy consumption outside of the organisation in terajoules	1.3

EN15 – Direct greenhouse gas emissions (scope 1) (tCO₂)

	2014*	2013	2012	2011
Direct greenhouse gas emissions	835	674	569	546

*Includes data of DNA Group, excluding TDC Finland Oy that became part of the DNA Group in the middle of the reporting period 2014.

EN16 – Indirect greenhouse gas emissions (scope 2) (tCO₂)

	2014*	2013	2012	2011
Indirect greenhouse gas emissions	29,492	28,846	25,863	31,564

*Includes data of DNA Group, excluding TDC Finland Oy that became part of the DNA Group in the middle of the reporting period 2014.

EN17 – Other indirect greenhouse gas emissions (scope 3) (tCO₂)

	2014***	2013	2012	2011
Scope 3, business travel*	743	616	721	934
Scope 3, total**	147,509	150,250	N/A	N/A

*Business travel emissions are included in the total emissions figure for 2013 and 2014.

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

***TDC Finland Oy's data includes company-owned cars but not airline travel.

EN18 – Greenhouse gas emissions intensity (tCO₂/MEUR)*

	2014	2013
Emissions in proportion to net sales	213	235

* Includes scope 1, 2 and 3 emissions.

EN23 – Total weight of waste by type and disposal method (tonnes)*

	2014**	2013	2012
Hazardous waste, total***	26	6	14
Other waste, total	698	510	703
Recyclable waste	531	398	N/A
Combustible waste	121	80	N/A
Disposable waste	46	32	N/A
Total, all waste	724	516	717

*Waste reporting is based on data received from the waste operator. The amount of waste has increased since 2013 because technology was changed and old devices recycled in 2014.

**Includes data of DNA Group, excluding TDC Finland Oy that became part of the DNA Group in the middle of the reporting period 2014.

***Accurate information in terms of processing hazardous waste was not available. Hazardous waste consists mostly of lead-acid batteries, materials of which are recycled (lead, chemicals) or combusted in energy production facilities (plastic).

Social responsibility indicators

Type of employment contract

Type of employment contract	2014*	2013	2012	2011
Open-ended	1,710	1,537	1,403	1,015
Fixed-term	29	26	24	20
Total	1,739	1,563	1,427	1,035

*DNA Group figures, including TDC Finland Oy

Type of employment

Type of employment	2014*	2013	2012	2011
Full-time	1,651	1,468	1,336	997
Part-time	88	95	91	38
Total	1,739	1,563	1,427	1,035

*DNA Group figures, including TDC Finland Oy

Gender structure

By gender	2014*	2013	2012	2011
Women	717	668	611	333
Men	1022	895	816	702
Total	1,739	1,563	1,427	1,035

*DNA Group figures, including TDC Finland Oy

Age structure

By age group	2014*	2013	2012	2011
< 25	5%	5%	6%	3%
25-34	31%	32%	31%	27%
35-44	32%	32%	31%	37%
45-54	22%	22%	23%	25%
55-64	9%	8%	9%	8%
Total	100%	100%	100%	100%

*DNA Group figures, including TDC Finland Oy

Share of women (%) per personnel group

Personnel groups include women as follows:	2014*	2013	2012
Of management	30%	21%	25%
Of managerial employees	25%	26%	25%
Of administrative employees	48%	49%	36%
Of service and production employees	3%	6%	15%

*DNA Group figures, including TDC Finland Oy

DNA's materiality analysis updated

In 2014, DNA updated the materiality analysis, key metrics and the reporting model according to the GRI G4 Sustainability Reporting Guidelines. The analysis of material topics was based on how they affect DNA's ability to create added value with its business. As a result of the analysis, DNA's material topics were specified as follows*:

Requirement	More effective and competitive DNA	Added value to stakeholders
<ul style="list-style-type: none"> • Privacy and data security (G4-PR8) • Adhering to ethical business principles (G4-SO3-5, G4-PR7, G4-PR9) • Electronic waste (G4-EN23) • Responsible purchasing (G4-EN32, G4-LA14, G4-HR10) 	<ul style="list-style-type: none"> • Using and developing environmentally friendly solutions (G4-EN3-4, G4-EN15-18, G4-EN27) • Online safety of young users • Economic benefits to stakeholders and the society (G4-EC1-4) • Service availability 	<ul style="list-style-type: none"> • Investments in networks and the society (G4-EC7, G4-EC9) • Customer satisfaction and customer service (G4-PR5) • Good employer (G4-LA1-6, G4-LA8-12, G4-HR3)

DNA utilises the materiality analysis in its corporate responsibility work including the corporate responsibility programme, target setting and reporting.

*Corresponding GRI G4 aspects in brackets.

Reporting according to GRI guidelines

In 2014, DNA continued to report on corporate responsibility according to the Global Reporting Initiative reporting model. This is DNA's fifth GRI report. With a reporting period of one calendar year, DNA publishes this GRI-compliant corporate responsibility report annually. The previous report was published on 6 March 2014. DNA adopted the GRI G4 guidelines in 2014, and this is the first G4-compliant corporate responsibility report published by DNA.

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

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

GRI content index

GRI	Indicator	Reference	External assurance
General standard disclosures			
Strategy and analysis			
G4-1	CEO's review	CEO's review	-
G4-2	Description of key impacts, risks and opportunities	CEO's review , Operating environment , Strategy , Board of Director's Report	Financial Statements and Board of Director's Report have been audited
Organisational profile			
G4-3	Name of the reporting organisation	DNA Ltd	-
G4-4	Primary brands, products and services	Primary brands are DNA and WELHO. For products and services, see Year 2014 and Business	-
G4-5	Location of organisation's headquarters	Consolidated financial statements: Note 1 The Group in brief	Financial Statements and Board of Director's Report have been audited
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Almost 100 per cent of DNA's operations occur in Finland. In July 2011, DNA acquired Forte Netservices Oy. Forte mostly operates in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in notes to the consolidated financial statements, 33 Related party transactions .	Financial Statements and Board of Director's Report have been audited
G4-7	Nature of ownership and legal form	DNA in figures . See Shares and shareholders in the financial statements	Financial Statements and Board of Director's Report have been audited
G4-8	Markets served	Almost 100 per cent of DNA's operations occur in Finland. In July 2011, DNA acquired Forte Netservices Oy. Forte mostly operates in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in note 33 Related party transactions .	Financial Statements and Board of Director's Report have been audited
G4-9	Scale of the organisation	Number of personnel 31 Dec 2014: 1,739	Financial Statements and Board of Director's Report have been audited

G4-10	Total number of employees by employment contract, region and gender	On 31 December 2014, DNA Group employed 1,739 people, 1,710 of which had open-ended contracts and 29 had fixed-term contracts. 1,651 worked full time and 88 part time. Social responsibility indicators	-
G4-11	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.	-
G4-12	Description of the organisation's supply chain	Customer and value chains	-
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Board of Directors' Report	Financial Statements and Board of Director's Report have been audited
G4-14	Explanation of whether and how the precautionary principle is applied	Risk management	-
G4-15	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 as well as the European Framework for Safer Mobile Use (SMF) by younger teenagers and children. In 2012, DNA signed the Finnish Diversity Charter and joined the Diversity Charter Finland.	-
G4-16	Memberships in associations and advocacy organisations	DNA is a member of various associations, including the Service Sector Employers PALTA, the Finnish Federation for Communications and Teleinformatics (FiCom), the European Competitive Telecommunications Association ECTA and Groupe Speciale Mobile Association (GSMA). DNA is also a member of FiBS and Diversity Charter Finland. DNA engages in active communication with various authorities and political decision-makers.	-
Identified Material Aspects and Boundaries			
G4-17	Entities included in the organisation's consolidated financial statements	Business . See also Development per business segment and notes to the consolidated financial statements: 17 Investments in associates and 33 Related party transactions	Financial Statements and Board of Director's Report have been audited
G4-18	Process for defining report content	DNA has determined the contents of its 2014 CR report according to the G4 materiality process. See Corporate responsibility reporting at DNA for more information on the materiality analysis process.	-
G4-19	Material aspects	DNA has determined the contents of its 2014 CR report according to the G4 materiality process. See Corporate responsibility reporting for more information on the materiality analysis process.	-
G4-20	Aspect boundary within the organisation	Internal boundary: For economic and social responsibility reporting, the scope is DNA Group. For environmental responsibility, the reporting covers the Group excluding TDC Finland Oy, which was acquired by DNA in the middle of the reporting period 2014.	-
G4-21	Aspect boundary outside the organisation	Internal boundary: For economic and social responsibility reporting, the scope is DNA Group. For environmental responsibility, the reporting covers the Group excluding TDC Finland Oy, which was acquired by DNA in the middle of the reporting period 2014.	-

G4-22	Explanation of the effect of any re-statements of information provided in earlier reports	Any deviations from or changes to the calculation limits are mentioned with each key figure. See Reporting (GRI)	-
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Any deviations from or changes to the calculation limits are mentioned with each key figure. See Reporting (GRI)	-
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organisation	DNA's important stakeholders include customers, personnel, shareholders, subcontractors, civic organisations, authorities and political decision-makers, the media, financial and insurance markets, labour market organisations and other organisations as well as competitors.	-
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholders have been specified by the CR steering group as part of updating the materiality assessment. DNA's important stakeholders include customers, personnel, shareholders, subcontractors, civic organisations, authorities and political decision-makers, the media, financial and insurance markets, labour market organisations and other organisations as well as competitors.	-
G4-26	Approaches to stakeholder engagement	Customer and value chains , Changing society	-
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Corporate responsibility reporting at DNA	-
Report profile			
G4-28	Reporting period	The GRI report is published annually with the Annual Report.	-
G4-29	Date of the most recent previous report	6.3.2014	-
G4-30	Reporting cycle	Annually	-
G4-31	Contact point for questions regarding the report or its contents	Contacts	-
G4-32	GRI content index	GRI content index	-
G4-33	Policy and current practice with regard to seeking external assurance for the report	DNA's corporate responsibility report 2014 has not been subjected to external assurance. DNA's auditor has audited the Financial Statements and Board of Director's Report.	-
Governance			
G4-34	Governance structure and committees	Corporate governance	-
G4-35	Division of Responsibilities	Corporate responsibility reporting at DNA	-
G4-36	Executive-level positions with responsibility for economic, environmental and social topics	Corporate responsibility reporting at DNA , Contacts	-
G4-37	Processes for consultation between stakeholders and the highest governance body	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives are invited to the meetings of the extended Group Executive Team. See Corporate governance and internal control	-
G4-38	Composition of the highest governance body and its committees	Corporate governance and internal control	-
G4-39	The Chairman of the Board's role in the organisation	The Chairman of DNA Ltd's Board of Directors is not an executive officer. See Board of Directors and Members of the Board of Directors	-
G4-40	Nomination and selection processes for the Board of Directors and its committees	See Board of Directors for information on the nomination and selection process of Board and committee members	-

G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided	As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter that involves a conflict of interest. See Board of Directors	-
G4-42	The Board of Directors' role in setting purpose, values and strategy	Strategy, Corporate governance and internal control	-
G4-44	Board of Directors' performance evaluation	Usually, the Board of Directors carries out an internal self-evaluation of its operations once per year, but did not do so in 2014.	-
G4-45	Board of Directors' role in the identification and management of risks	The Board of Directors monitors DNA's CR performance according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors and Risk Management	-
G4-46	Board of Director's role in reviewing the effectiveness of the organisation's risk management processes	The Board of Directors monitors the effectiveness of DNA's risk management process according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors , Corporate responsibility at DNA and Risk management .	-
G4-47	Risk assessment frequency	The Board of Directors monitors the effectiveness of DNA's risk management process according to the same principles that apply to the monitoring of DNA's other operations. See Board of Directors , Corporate responsibility at DNA and Risk management .	-
G4-48	Highest committee or position that formally reviews and approves the sustainability report	Corporate responsibility at DNA	-
G4-49	Process for communicating critical concerns	CR related critical concerns are communicated to the Board of Directors.	-
G4-50	Critical concerns reported to the Board of Directors	No concerns specific to corporate responsibility have been reported during the reporting period.	-
G4-51	Remuneration policies for the Board of Directors and senior executives	DNA's remuneration principles do not specify a linkage between the organisation's corporate responsibility performance and compensation for members of the Board of Directors and senior executives. For more details on remuneration, see the following notes to the consolidated financial statements: 14 Earnings per share and 10 Employment benefits and number of personnel See also Salary and remuneration .	Financial Statements and Board of Director's Report have been audited
G4-53	Details on how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives are invited to the meetings of the extended Group Executive Team. See Corporate governance and internal control and Salary and remuneration .	-
Ethics and integrity			
G4-56	Values and principles	Strategy, Corporate responsibility, Customer and value chains	-
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity	DNA Group's operational instructions are based on ethical principles and apply to every DNA employee. They align the Group's values, operating methods and communication channels and also specify the action to be taken when questions arise. They form the upper-level guidelines which are specified in more concrete terms in the company's operating policies. DNA's Board of Directors approves the ethical guidelines, which are updated every two years or so. DNA's ethical principles instruct employees to report any concerns about unethical or unlawful behaviour to a supervisor, HR or the legal department.	-

Specific standard disclosures

Management Approach			
	Disclosure of Management Approach (DMA)	Corporate responsibility at DNA , Corporate responsibility reporting at DNA	-
Economic responsibility			
G4-EC1	Direct economic value generated and distributed	See DNA's economic impact on its operating environment: Profitability and competitiveness . For more information, see Consolidated income statement .	Financial Statements and Board of Director's Report have been audited
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	DNA conducted a large-scale climate change risk assessment in the autumn of 2013. The company also completed its first disclosure in the Climate Disclosure Project (CDP). See: Energy efficiency , Environmental indicators	-
G4-EC3	Coverage of the organisation's defined benefit plan obligations	Notes to the consolidated financial statements: 2 Accounting principles and 25 Defined benefit plan	Financial Statements and Board of Director's Report have been audited
G4-EC4	Significant financial assistance received from government	In 2014, DNA did not receive financial assistance from government.	-
G4-EC7	Development and impact of infrastructure investments and services supported	Profitability and competitiveness , Network infrastructure	-
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Currently, DNA does not collect data regarding proportion of spending on local suppliers at significant locations.	-
Environmental responsibility			
G4-EN3	Energy consumption within the organisation	Energy efficiency , Environmental indicators	-
G4-EN4	Energy consumption outside the organisation	Energy efficiency , Environmental indicators	-
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental indicators	-
G4-EN16	Indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental indicators	-
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environmental indicators	-
G4-EN18	Greenhouse gas (GHG) emissions intensity	DNA has continuously reduced emissions from its radio network in proportion to annual data transfer volumes. The GHG intensity ratio for 2014 was 213. In 2014, the types of GHG emissions included in the intensity ratio are scope 1, 2 and 3 emissions. Environmental indicators	-
G4-EN23	Total weight of waste by type and disposal method	Environmental indicators	-
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Customer and value chains , Energy efficiency , Environmental indicators	-

G4-EN32	Percentage of new suppliers that were screened using environmental criteria	<p>DNA's supplier agreements include the Supplier Code of Conduct according to which suppliers agree to adhere to environmental legislation and regulations. Supplier Code of Conduct was included in a significant proportion of new procurement and logistics agreements signed in 2014. The exact percentage is not currently available.</p> <p>The Supplier Code of Conduct is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors.</p>	-
Social responsibility			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	DNA Group's rate of employee turnover was 6.27 per cent in 2014. (In 2013, the rate was 8.7 per cent). The figure does not include fixed-term employment contracts or internal transfers.	-
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations	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.	-
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	During operational changes, DNA has observed the minimum notice periods for the applicable collective agreements.	-
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	DNA Ltd has a statutory labour protection committee that consists of regional labour protection delegates. The committee members include five labour protection delegates, including DNA Store delegate, and the labour protection officer. The committee has quarterly meetings.	-
G4-LA6	Type of injury and rate of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	The Group-level relative rate of absenteeism was 4.9 per cent in 2014 (3.9 per cent in 2013). There were no work-related fatalities. There were 26 work time injuries (11 in 2013) and 34 working days were lost due to work-related reasons (4 in 2013). 62 per cent of the work time injuries occurred on the way to or from work.	-
G4-LA8	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 2014 has one labour protection delegate per office, a labour protection officer as well as representatives from office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, and dealing with possible occupational safety issues, for example, based on feedback from employees.	-
G4-LA9	Average hours of training per year per employee per gender, and by employee category	Average hours of training/employee for men/women in 2014. DNA Ltd: Senior salaried employees 16/19, salaried employees 9/14, workers -/19, managers 9/18. DNA Welho Ltd: Senior salaried employees 30/10, salaried employees 1/6, workers -/3, managers -/15. DNA Store Ltd: Senior salaried employees -/16, salaried employees 7/8, workers -/ -, managers -/39. Forte Netservices Oy: Senior salaried employees -/12, salaried employees 12/1, workers -/ -, managers 16/8. Average/personnel, entire Group: 11.	-
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	By the end of 2014, six groups of employees have participated in the JET qualification programmes in leadership training (includes the latest group that started in March 2014), some 95 participants in total, of whom 54 have completed the programme. Two groups from DNA Store Ltd have completed the qualification programme in store supervision (some 20 participants) and a group of DNA customer service employees have completed the qualification programme in store supervision (10 participants). DNA signed an agreement on transition training with Salpaus Further Education that commences in the spring of 2015.	-

G4-LA11	Percentage of employees receiving regular performance and career development reviews	DNA Ltd, DNA Welho Ltd and Forte Netservices Oy have conducted performance reviews with all permanently employed persons not on a leave and temporary and agency 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. Supervisors' performance reviews were conducted with a 360-degree survey (214 supervisors.)	-
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	One of the six members of DNA's Board of Directors was a woman between 1 January and 20 March 2014. Two of the six members of DNA's Board of Directors were women between 20 March and 31 December 2014. One of the nine six members of DNA's Board of Directors was a woman during the reporting period. Members of the Board, Social responsibility indicators	-
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	DNA's supplier agreements include the Supplier Code of Conduct according to which suppliers agree to adhere to responsible labour practices and related legislation and regulations. Supplier Code of Conduct was included in a significant proportion of new procurement and logistics agreements signed in 2014. The exact percentage is not currently available. The Supplier Code of Conduct is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors.	-
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No incidents of discrimination occurred at DNA in 2014.	-
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	DNA's supplier agreements include the Supplier Code of Conduct according to which suppliers agree to adhere to human rights legislation and regulations. Supplier Code of Conduct was included in a significant proportion of new procurement and logistics agreements signed in 2014. The exact percentage is not currently available. The Supplier Code of Conduct is based on the UN Declaration on Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Environmental responsibility considerations are also included. The Supplier Code of Conduct also applies to the suppliers' subcontractors.	-
Society			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	DNA's ethical principles ban any corruption. DNA has issued separate guidelines for the giving and receiving business gifts. The company does not have a separate risk assessment process for corruption.	-
G4-SO4	Communication and training on anti-corruption policies and procedures	DNA's Sustainability Manager has trained DNA personnel in DNA Group's anti-corruption policies and procedures. Practical implementation of ethical principles is repeated among personnel every couple of years. Next update and implementation cycle will take place in 2015.	-
G4-SO5	Confirmed incidents of corruption and actions taken	There were no incidents of corruption at DNA in 2014.	-
G4-SO6	Total value of political contributions by country and recipient/beneficiary	DNA Group does not support any political parties, politicians or similar institutions. According to this policy, DNA did not provide any political contributions in 2014.	-

G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	DNA Ltd operates according to competitive regulations. During the reporting period, neither the Group nor any of its wholly-owned subsidiaries were subject to legal actions for violation of competition legislation. However, the Finnish Competition and Consumer Authority carried out an inspection at DNA Ltd in November 2014 in relation to the network partnership announced by DNA and TeliaSonera Finland on 20 August 2014. Inspections under the Competition Act are part of the normal operations of the Finnish Competition and Consumer Authority. The fact that an inspection is carried out is not an indication of guilt on the part of the audited organisation. The inspection has not been completed (as of 31 December 2014).	-
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	DNA has not been subject to sanctions apart from those reported under G4-PR7 in 2014.	-
G4-PR5	Results of surveys measuring customer satisfaction	Customer and value chains	-
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	In August 2014, as a result of proceedings initiated by the Consumer Ombudsman, the Finnish Market Court prohibited DNA from marketing its pay-TV services to consumers at a certain price without simultaneously clearly stating the information specified in the Market Court decision. The Market Court also issued a conditional fine of EUR 100,000 to DNA. The Court did not order the payment of the conditional fine. In November 2014, DNA entered into commitments with the Consumer Ombudsman in particular in relation to the information provided on the data transfer rate variation of broadband connections in the marketing of subscriptions.	-
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	According to the Finnish Act on the Protection of Privacy in Electronic Communication, telecommunications operators shall notify the Finnish Communications Regulation Authority (Ficora) of significant information security violations or threats to information security in their network and communication services. DNA issued under five so-called CERT notifications to Ficora in 2014. The notifications concerned a potential information security threat to customers, or a human error that caused customer data to be visible to a third party for a short period of time. DNA processed the cases specified in the CERT notifications immediately to minimise any inconvenience caused to the customers. DNA considers the data security of both consumer and business customers a top priority in all its operations.	-
G4-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 during the reporting period.	-

Contacts



DNA's Administrative Director Vesa Vuoti is responsible for DNA's corporate responsibility, [firstname.lastname \(at\) dna.fi](mailto:firstname.lastname@dna.fi).



At the Executive Team level, CFO Timo Karppinen is in charge of corporate responsibility, [forename.surname \(at\) dna.fi](mailto:forename.surname@dna.fi).

Corporate Governance Statement

DNA Ltd (“DNA” or “company”) presents this Corporate Governance Statement separately from the Board of Directors’ Report in accordance with the Securities Market Act and recommendation 54 of the Finnish Corporate Governance Code issued by the Securities Market Association.

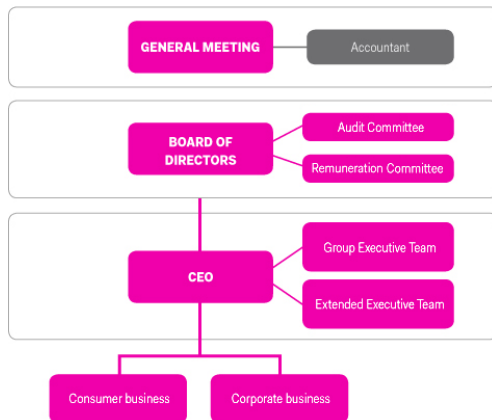
DNA Ltd is a Finnish limited company. Parent company DNA Ltd and its subsidiaries form the DNA Group. The company is domiciled in Helsinki, Finland. DNA Ltd aims at open, transparent and responsible governance and management.

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

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

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

> [CORPORATE GOVERNANCE STATEMENT \(PDF\) >>](#)



General Meeting

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

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

The company has one share series and all shares have an equal voting right at the AGM.

Notice and agenda of the General Meeting

Unless otherwise stipulated in the Finnish Limited Liability Companies Act, the notice of the Annual General Meeting is sent to shareholders no earlier than two (2) months and no later than nine (9) days before the record date of the General Meeting. Notices are posted to the addresses listed in the shareholder list, or published as an announcement in at least one nationwide newspaper designated by the Board of Directors. The record date of the meeting is eight (8) business days before the meeting. The notice includes the agenda for the meeting.

Duties of the General Meeting

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

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

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

Registration

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

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

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

Voting

The company has one share series. A share entitles to one vote at General Meetings. As stipulated in the Finnish Limited Liability Companies Act, a proposal supported by more than half of the votes shall constitute a decision of the Annual General Meeting. However, the Limited Liability Companies Act stipulates that several matters, including the amendment of the Articles of Association and a directed share issue, require a decision by a qualified majority, i.e. at least two thirds of the votes cast and the shares represented at the meeting.

The company Articles of Association include a redemption provision and acceptance clause. The right to vote at General Meetings and the redemption of company shares are restricted by shareholder agreements.

Annual General Meeting 2014

DNA Ltd's Annual General Meeting was held on 20 March 2014. According to the proposal by the Board of Directors, the AGM agreed to pay a dividend of EUR 3.54 per share, at a total of EUR 30,014,003.28, to DNA's shareholders. No dividend will be paid for treasury shares held by the company itself. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2013.

Board members, committees and remuneration

DNA Ltd's Board of Directors had the following members 1 January to 20 March 2014: Jarmo Leino (Chairman), Juha Ala-Mursula, Hannu Isotalo, Jukka Ottela, Tuija Soanjärvi and Anssi Soila. The AGM elected three new members to DNA's Board of Directors on 20 March 2014: Tero Ojanperä, Kirsi Sormunen and Anu Nissinen. Re-elected members of the Board include Jarmo Leino, Jukka Ottela and Anssi Soila.

At the constitutive meeting of the Board of Directors held subsequent to the AGM, Jarmo Leino was re-elected Chairman. The Board elected Kirsi Sormunen as the chair and Anu Nissinen and Jukka Ottela as members of the Audit Committee.

The members and chairs of other committees were elected in the Board meeting of 24 April 2014. The Board decided to discontinue the Remuneration and Nomination Committee in its present form, and introduced a separate Remuneration Committee responsible for the preparation of decisions related to the remuneration of DNA's management, key employees and personnel. The Board elected Jarmo Leino as the chair and Kirsi Sormunen, Anu Nissinen and Jukka Ottela as members of the new Remuneration Committee.

DNA's major shareholders established a separate Nomination Committee responsible for the election, nomination and remuneration of Members of the Board of Directors. In 2014, the members of the committee were Esa Haavisto (Finda Oy), Seppo Vikström (PHP Holding Oy) and Esko Torstila (Ilmarinen Mutual Pension Insurance Company).

The AGM decided on the following annual remuneration: EUR 144,000 for the Chairman of the Board and EUR 48,000 for the members of the Board. Each member of the Board of Directors decides on an annual basis whether their annual remuneration shall be paid entirely in cash or 40 per cent in shares and 60 per cent in cash. The AGM also decided on the following payments per meeting: for each member of the Board and Committee Chairmen, EUR 1,050 per person and for each committee member, EUR 525 per person.

The Board's share purchase authorisation

The AGM authorised the Board of Directors to decide on the repurchase of treasury shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 950,000 treasury shares. This is equal to approximately 9.9 per cent of all company shares (the number of all shares at period end was 9,610,676 shares). The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots. The authorisation will be effective until 30 June 2015. This authorisation cancelled the previous authorisation.

Board of Directors

According to the company Articles of Association, the DNA Board of Directors comprises five to seven ordinary members elected by the General Meeting. A person who has reached the age of 68 cannot be elected to the Board of Directors. When electing members to the Board of Directors, the requirements laid down by the company's operations and the development phase of the company shall be considered. Both genders shall be represented on the Board.

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

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

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

The Board of Directors elects the committee Chairs and members from among its members at its annual constitutive meeting. The Board of Directors has confirmed a written charter on the duties of the committees. The committees regularly report to the Board of Directors on the matters discussed and actions required at the next Board meeting following the committee meeting.

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 of Directors, matters on the agenda, meeting practices and the decision-making process. According to the charter, the Board of Directors handles and decides on matters that are significant to the Group's finances, business or principles.

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

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

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

Board of Directors in 2014

The Board convened 15 times in 2014. The participation rate of the Board of Directors in the meetings was 99 per cent. In addition to its regular duties, the Board focused on strengthening DNA's corporate business with the acquisition of TDC's Finnish operations, as well as the on the cooperation agreement signed with Sonera on the construction of a joint mobile communications network.

Members of the Board of Directors





Jarmo Leino

Chairman of the Board

b. 1951

Master of Laws, Master of Laws with court training

Finda Oy, CEO since 2010

Main previous experience

Advocate, Asianajotoimisto Jarmo Leino Oy 1980–2010

Main positions of trust

Kontaktia Oy, Chairman of the Board since 2011

Omnitele Ltd, Chairman of the Board since 2011

Member of DNA's Board of Directors since 2006, Chairman since 2010. Chairman of the Remuneration Committee (RC), previously the Remuneration and Nomination Committee (RNC), since 2011. Independent of the company, not independent of major shareholders. Nominated to the Board by Finda Oy, which is DNA's largest shareholder.



Jukka Ottela

Member of DNA's Board of Directors
b. 1953

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

Main previous experience

Onninen Oy, Director Wholesale Division 1990–1994,
Member of the Board of Directors since 2010

Main positions of trust

PHP Holding Oy, Chairman of the Board since 2009
Mutual Pension Insurance Company Ilmarinen, member
of the Supervisory Board since 2013
Sanomalehtien liitto, Member of the Board since 2010
PHP Liiketoiminta Oyj, Chairman of the Board since 2009

Member of DNA's Board of Directors since 2010. Member
of DNA's Audit Committee since 2011. Member of DNA's
Remuneration Committee since 2014. Independent of the
company, not independent of major shareholders.
Nominated to the Board by PHP Holding Oy, which is
DNA's second largest shareholder.



Anssi Soila

Member of DNA's Board of Directors

b. 1949

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

Main previous experience

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

Kone Corporation, CEO 1995–1999

Main positions of trust

Normet Oyj, Vice Chairman of the Board since 1999

Attendo Ab, Member of the Board since 2007

Hitachi Consulting, Senior Advisor since 2004

IK Investment Partners, Senior Advisor since 2010

Member of DNA's Board of Directors since 2008.

Independent of the company and major shareholders.



Kirsi Sormunen

Member of DNA's Board of Directors

b. 1957

M.Sc. (Econ)

Main previous experience

Nokia Oyj, various management positions in financial administration and corporate responsibility in Finland and abroad 1993–2013

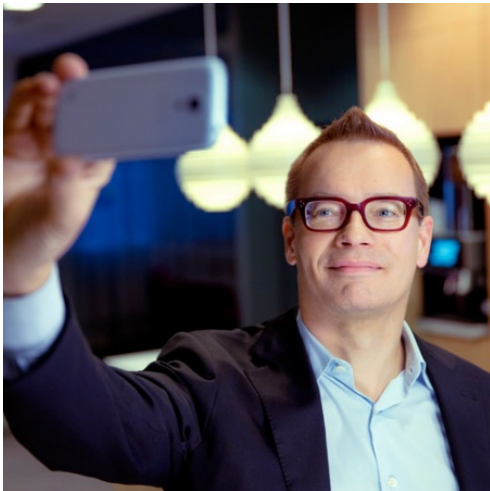
Nokia Oyj, various specialist and managerial roles in corporate treasury since 1982

Main positions of trust

Neste Oil Oyj, Member of the Board and Member of the Audit Committee since 2013

Sitra, Member of the Board since 2013

Member of DNA's Board of Directors since 2014. Chair of DNA's Audit Committee and Member of DNA's Remuneration Committee since 2014. Independent of the company and major shareholders.



Tero Ojanperä

Member of DNA's Board of Directors

b. 1966

PhD, Electrical Engineering

Vision+, Managing Partner and Co-Founder

Main previous experience

Nokia Oyj, Chief Strategy Officer, Head of Nokia Research Center, CTO and other management positions in 1990–2011, member of the Group Executive Board 1990–2011

Main positions of trust

Tampere University of Technology, Chairman of the Board of Directors since 2012

Veikkaus Oy, Member of the Board since 2013

Kiosked Oy, Member of the Board since 2013

Tailorframe Oy, Chairman of the Board of Directors since 2013

Member of DNA's Board of Directors since 2014.

Independent of the company and major shareholders.



Anu Nissinen

b. 1963

M.Sc. (Econ)

Era Content Oy, Partner and CEO since 2014

Main previous experience

Sanoma Media Finland, CEO 2011–2013

Sanoma Entertainment Finland, President 2008–2011

Helsinki Television/Welho, Managing Director 2004–2008

Main positions of trust

F-Secure Oyj, Member of the Board since 2010

Siili Solutions Oyj, Member of the Board since 2014

Member of DNA's Board of Directors 2010–2011 and again from 2014. Member of DNA's Audit Committee and Remuneration Committee since 2014. Independent of the company and major shareholders.

Audit Committee (AC)

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

Duties

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

The duties of the AC include the following:

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

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

Audit Committee (AC) in 2014

From 1 January to 20 March 2014, Audit Committee members included Tuija Soanjärvi (Chair) and Jukka Ottela. From 20 March 2014 to 31 December 2014, the Audit Committee comprised Kirsi Sormunen (Chair), Jukka Ottela and Anu Nissinen. The AC convened six times in 2014, with a participation rate of 100 per cent.

In 2014, the AC reviewed reports on the Group's financial position, including the Group's Financial Statements Release and interim reports, and made recommendations on them to the Board of Directors. The committee also reviewed reports issued by external and internal audit as well as financing, IT architecture development and risk management.

Remuneration Committee (RC)

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

Duties

The Board specifies the duties of the RC in the RC charter. According to its charter, DNA's Remuneration Committee assists the Board of Directors in the preparation of issues related to the remuneration of DNA's management, key employees and personnel. The committee reports regularly to the Board of Directors.

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

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

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

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

Remuneration Committee (RC) in 2014

On 24 April 2014, the Board decided to discontinue the Remuneration and Nomination Committee in its present form, and introduced a separate Remuneration Committee. From 1 January to 24 April 2014, the Remuneration and Nomination Committee comprised Jarmo Leino (Chair) and, until 20 March 2014, Hannu Isotalo and Juha Ala-Mursula. From 24 April to 31 December 2014, the Remuneration Committee comprised Jarmo Leino (Chair), Kirsi Sormunen, Anu Nissinen and Jukka Ottela. The remuneration committee (RC) (previously known as the remuneration and nomination committee) convened four times, with a participation rate of 100 per cent.

In 2014, the RC prepared the incentive and performance-based payment scheme and its numeric objectives for 2015 for the Board of Directors. The committee also prepared a new share-based reward plan to Group key personnel, based on earning and accumulating company shares.

Shareholders' Nomination Committee

DNA's major shareholders established a separate Nomination Committee responsible for the election, nomination and remuneration of Members of the Board of Directors.

In 2014, the members of the committee were Esa Haavisto (Finda Oy), Seppo Vikström (PHP Holding Oy) and Esko Torstila (Ilmarinen Mutual Pension Insurance Company).

The CEO and the Executive Team

CEO

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

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

The CEO has the following duties:

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

Jukka Leinonen has been DNA's CEO since 2013.

Group Executive Team

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

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

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

Extended Executive Team

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

Extended Executive Team in 2014

In 2014, the personnel were represented by Tarja Koivisto (administrative personnel), Pertti Määttä (managerial personnel) and Jari Vallinoja (service and production personnel) at the Extended Executive Team meetings. The Extended Group Executive Team convened six times in 2014.

Members of the Executive Team





Jukka Leinonen

With DNA since 2010

b. 1962

M.Sc. (Tech)

CEO

Main previous experience

DNA Ltd, CEO 2013–

DNA Ltd, Vice President, Corporate Business 2010–2013

TeliaSonera Ltd, various management positions in corporate business marketing and product management 2002–2009

Yritysverkot Sonera Solutions, President and CEO 1996–1999

Main positions of trust

Finnish Federation for Communications and

Teleinformatics (FiCom ry), Member of the Board 2013–

Service Sector Employers PALTA, Member of the Board 2014–



Pekka Väisänen

with DNA from 2003–2006 and again 2007–

b. 1966

M.Sc. (Econ)

Senior Vice President, Consumer Business

Main previous experience

DNA Ltd, Senior Vice President, Consumer Business
2009–

DNA Services Ltd, Sales and Marketing Director 2007–
2009

Oulun Puhelin Oyj, Business Development Director 2006–
2007

Finnet Oy and DNA Finland Ltd, Sales and Marketing
Director 2003–2006

Oulun Puhelin Plc, various roles 1996–2003

No main positions of trust



Hannu Rokka

with DNA since 2011

b. 1965

Senior Vice President, Corporate Business

Main previous experience

DNA Ltd, Senior Vice President, Corporate Business
2014–

Forte Netservices Oy, CEO 2012–2014

DNA Ltd, Director, Product Management in corporate
business 2013–2014

Forte Netservices Oy, Co-founder and CTO 2000–2012

WM-data Faci Oy, Senior Consultant 1995–2000

Digital Equipment Corp., Customer Service Engineer
1990–1995

No main positions of trust



Timo Karppinen

with DNA since 2012

b. 1964

M. SSc.

CFO

Main previous experience

DNA Ltd, CFO 2012–

Ponsse PLC, Director, Corporate Development and Strategy 2010–2012

Nokia North America, CFO 2008–2010

Nokia Asia-Pacific, CFO 2006–2008

Nokia China, CFO 2000–2006

Main positions of trust

Gummerus Oy, Member of the Board 2014–



Tommy Olenius

with DNA since 2003

b. 1962

Engineer

Senior Vice President, Technology

Main previous experience

DNA Ltd, Senior Vice President, Technology 2009–

DNA Finland Ltd, CTO 2005–2009

Suomen 2G Oy / Finnet Verkot Oy (DNA Networks), CTO
2003–2005

Telia Mobile Finland Oy, Deputy Director, CTO 2001–
2003

Main positions of trust

Suomen Yhteisverkot Oy, Member of the Board 2014–



Asta Rantanen

with DNA since 2003

b. 1962

Master of Laws

Senior Vice President, Legal Affairs

Main previous experience

DNA Ltd, Senior Vice President, Legal Affairs 2007–
Finnet Ltd and DNA Finland Ltd, Vice President, Legal
Affairs 2003–2007

Telia Finland Oy, Legal Counsel 1999–2003

Vakuutusyhtiö Sampo, Claims Manager, Product
Development Manager 1994–1999

Vakuutusyhtiö Kansa, Legal Counsel 1985–1994

No main positions of trust



Marko Rissanen

with DNA since 2003

b. 1974

Vocational Qualification in Business and Administration

Senior Vice President, Human Resources

Main previous experience

DNA Ltd, Senior Vice President, Human Resources 2007–

DNA Finland Ltd, HR Manager 2005–2006

Finnet Networks Ltd, HR Manager 2004–2005

Telia Product Oy, HR Manager 2001–2003

Main positions of trust

Service Sector Employers PALTA, member of the Labour
Market committee 2011–2014



Christoffer von Schantz

With DNA since 2013

b. 1973

M.Sc. (Tech)

Senior Vice President, Strategy

Main previous experience

DNA Ltd, Senior Vice President, Strategy 2013–

Nokia, Director, Strategy and Business Development
2006–2012

Omnitele, Vice President, Consulting, Member of the
Executive Team 2000–2006

No main positions of trust



Janne Aalto

with DNA since 2014

b. 1965

MBA, Business College Graduate, Information Technology
CIO

Main previous experience

DNA Ltd, CIO 2014–

Kiosked, Head of Demand Side Platform 2014

CEM4Mobile Solutions, CEO & Co-Founder 2004–2013

Sonera Zed, Vice President, Development 2000–2004

Fujitsu Finland, Director, Head of Professional Services

1997–2000

Fujitsu UK and Ireland, Senior Project Manager 1994–

1997

No main positions of trust

Control of the financial reporting process

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

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

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

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

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

Principles of internal control

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

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

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

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

Internal audit

The Group's internal control supports the CEO, the Board of Directors and the operating management in their controlling duty. 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 Senior Vice President, Legal Affairs, who is a member of the Executive Team. Internal control has direct and unlimited access to the senior management and Board of Directors of the company. Internal audit issues regular reports to the company Audit Committee and, when necessary, to the Board. Internal auditing is carried out in accordance with the annual plan. When required, internal audit performs additional checks as proposed by the function itself, 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 confirms the effectiveness of risk management, monitoring and 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 contact 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.

Internal audit in 2014

In 2014, the main focus areas of internal auditing included monitoring the challenges and status of the company's business, auditing the main system provider's sales and invoicing processes in relation to an operative system for the company's key business and auditing the overall controls of the company's IT system. As part of its normal audit operations, internal audit has audited special projects. Internal audit has been in regular communication with the auditors and they have exchanged reports. Internal audit has issued regular reports to the Audit Committee.

Auditing of the Accounts

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

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

Auditing of the Accounts in 2014

The AGM elected PricewaterhouseCoopers as the company's auditor in March 2014, with Authorised Public Accountant Johan Kronberg as the principal auditor. In 2014, the auditors' audit fees came to EUR 256,689.67 (EUR 254,183.37 in 2013) and other fees to EUR 198,226.54 (EUR 1,217,624.14 in 2013).

Risks and risk management

At DNA, risk refers to events or circumstances which, if they materialise, could affect the company's ability to achieve its strategic targets or the operative targets derived from them. DNA's risk management is based on the risk management policy adopted by the Board of Directors, defining the objectives, process, main duties and responsibilities of risk management. The basic principle is to manage the Group's overall risk position, not just individual risks. The risk management process is part of DNA's management process.

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

The nature and probability of risks is regularly monitored and reported on. The risk management process provides reports on risks and their control methods to DNA's executive management and Board of Directors. Each DNA business unit provides a quarterly update of the main risks and uncertainties related to their operation, assessing their business impact and probability. DNA's management reviews the business units' risk overviews quarterly.

DNA's Executive Team specifies DNA's key risks and assigns persons responsible for them. These persons document appropriate risk management methods and development measures for their responsibility area and submit them to the CEO for approval. Members of the Executive Team assign the persons responsible for risks other than key risks. These persons document appropriate risk management methods and development measures for their responsibility area and submit them to the Executive Team member for approval. The responsibility for a risk is assigned to a person who, based on their role in the company, is best qualified to understand the risk and determine how its management should be developed. Several persons can share the responsibility for a risk.

Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team monitors the implementation of these plans.

Systematic risk management is in place to ensure that:

- DNA reaches its operational and strategic goals;
- Risks are taken into account in operational decision-making;
- DNA takes the right risks in terms of its strategy;
- The company is aware of all significant risks related to its operations;
- All necessary measures are taken to prevent significant risks or to prepare for consequences thereof;
- The Executive Team and Board of Directors have sufficient information at their disposal on the risks related to DNA's operations and management thereof.

The company includes a description of significant risks and uncertainties, of which the Board of Directors is aware, in the Board of Directors' Report and interim reports.

Significant risks

DNA classifies as risk such events or circumstances which, if they materialise, could affect the Group's ability to achieve its strategic and operational goals. The identification and management of risk factors takes into account the special characteristics of DNA's business and operational environment.

Market and competitive situation

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators, and a high degree of penetration. The demand for fixed-network voice services is declining steadily. Due to the high degree of penetration, DNA has limited opportunities for growth in areas such as the number of mobile communications subscriptions.

DNA is increasing its emphasis on new business. Starting up new business operations always involves higher risks than conventional and established business operations.

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

The overall economic situation remains challenging in Finland, which has a particular effect on the demand for value added services, such as pay-TV and entertainment services, as well as business services. General decline in purchasing power has a post-cyclical effect on the operator market.

Intensifying competition in entertainment business

The competitive environment has changed quickly, in particular for entertainment services, as strong international players have entered the market. DNA faces competition from many providers of TV services: cable and terrestrial TV service providers similar to DNA as well as service providers that use other distribution channels, such as satellite and over-the-top or OTT services (Apple TV, GoogleTV and Netflix). DNA monitors the entertainment service market closely and continuously enhances its service offering to anticipate changes in the market.

New communication methods and continuous technological development

Technological development and new types of mobile devices can create new communications methods alongside traditional ones. Customer behaviour can change rapidly if new services are reliable and easy to use. DNA's ability to retain its customers depends on the company's ability to provide innovative products and services and develop them continuously, achieve customer loyalty and maintain a high level of customer satisfaction. The telecommunications industry is characterised by dynamic changes in products and network technologies.

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

Risks related to business acquisitions

DNA has made several significant business acquisitions in the past few years: Welho (2010), Forte Netservices Oy (2011), part of GoExcellent's operations (2012), DigiTV Plus Oy (2013) and TDC's Finnish operations (2014). All business acquisitions involve certain risks. To manage these risks, DNA makes acquisitions based on specific criteria and follows effective integration processes.

Systems and networks

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

DNA's business is capital-intensive, and the company's success depends on the ability to continuously maintain and improve its network infrastructure. DNA makes continuous investments in its network infrastructure by, for example, expanding the 4G LTE networks. Expansion of DNA's network coverage depends on continuous maintenance of existing base stations and masts and construction of new ones.

Regulatory risks

The Finnish telecommunications market is characterised by stringent regulation. Regulation, particularly the authorities' ability to influence the price level of DNA's products and services, cost structure and the criteria used in distributing frequencies, may also have an impact on DNA's business. DNA takes regulatory risks into account by monitoring the preparation of new legislation, providing statements on issues affecting DNA's business and participating in working groups.

Changes in the regulations in relation to the allocation of the 700-megahertz frequency band, now used for television broadcasts, to wireless broadband are currently being prepared. Political decisions on the method of distributing the frequencies are expected in 2015.

At the end of 2014, the Finnish parliament completed the processing of the Information Society Code containing the key provisions that apply to electronic communications. It came into force for the most part on 1 January 2015. The main changes affecting DNA's operations are related to frequency policy and the method of frequency distribution, market-based frequency compensation, consumer protection and the ability of the Finnish Communications Regulatory Authority to affect pricing responsibilities.

The European Parliament started to process the Commission's proposal on new legislation to promote the European single market for electronic communications in the spring of 2014. The Council of the European Union continued the process in the autumn of 2014 and is expected to continue it further in the spring of 2015. The main changes that will affect DNA's operations are related to frequency policy, harmonisation of frequency distribution methods, elimination of roaming charges, harmonisation of fixed-network retail products and regulation of net neutrality. Should the new legislation enter into force, it would have a major impact on DNA's business.

Financing risks

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

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

Damage risk

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

Salary and remuneration report

Remuneration systems have been designed to support the strategic, financial and operative development of DNA, to motivate the personnel and to reward the personnel for good financial results. DNA adheres to the remuneration principles approved by the Board of Directors.

DNA's Annual General Meeting decides on the remuneration of the Board of Directors. The Remuneration Committee reviews the Board members' remuneration and remuneration methods annually and submits proposals to the AGM.

The committee also performs an annual review of the salary and remuneration of the CEO and other members of the Executive Team. The committee submits a proposal on their remuneration to the Board of Directors. In 2014, DNA also used the services of external consultants in the preparation of remuneration.

Board of Directors' remuneration

DNA's Annual General Meeting decides on the Board of Directors' remuneration for the period until the next Annual General Meeting. DNA's AGM of 20 March 2014 decided on the following payments to the members of the Board of Directors:

- Annual remuneration, Chairman of the Board (half-time role): EUR 144,000
- Annual remuneration, members of the Board of Directors: EUR 48,000
- Meeting fee, members of the Board of Directors: EUR 1,050/meeting/person
- Meeting fee, Committee Chairman: EUR 1,050/meeting/person
- Meeting fee, Committee members: EUR 525/meeting/person

Each member of the Board of Directors may elect to receive 40 per cent of their annual remuneration as DNA's shares instead of cash. The share value used in the conversion to shares is EUR 95.51 per share. Each member of the Board of Directors decides independently whether their annual remuneration shall be paid entirely in cash or partly in shares and partly in cash. The recommendation of DNA's Remuneration Committee is that the value of shares owned by the members of the Board would equal one year's remuneration in three years time. Certain conditions apply to the transferability of shares.

On the basis of the authorisation of the Annual General Meeting of 20 March 2014, the Board of Directors decided on a directed rights issue for the members of the Board of Directors. There is a right to derogate from the pre-emptive right of the shareholders according to a weighty financial reason specified in Section 9(4) of the Limited Liability Companies Act, because the rights issue is based on the decision of the Annual General Meeting to pay the annual remuneration of each member of the Board of Directors partly in shares as specified by the AGM. In the first lot, members of the Board of Directors subscribed a total of 601 shares. The shares were registered in the trade register and the shareholders' register on 11 July 2014. In the second lot, members of the Board of Directors subscribed 605 shares which were registered in the trade register on 2 January 2015 and the shareholders' register on 8 January 2015.

The Board of Directors convened 15 times during the year.

Board of Directors' remuneration in 2014

Name	Annual remuneration in 2014	Meeting fees 2014	Total, 2014	Total, 2013
Jarmo Leino	178,650.00 €	19,950.00 €	198,600.00 €	162,750.00 €
Jukka Ottela	59,025.00 €	19,950.00 €	78,975.00 €	65,625.00 €
Anssi Soila	47,025.00 €	15,750.00 €	62,775.00 €	64,290.00 €
Kirsi Sormunen (member since 20 March 2014)	36,000.00 €	16,800.00 €	52,800.00 €	
Anu Nissinen (member since 20 March 2014)	48,000.00 €	14,700.00 €	62,700.00 €	
Tero Ojanperä (member since 20 March 2014)	48,000.00 €	10,500.00 €	58,500.00 €	
Tuija Soanjärvi (member 1 January to 20 March 2014)	11,025.00 €	6,300.00 €	17,325.00 €	69,300.00 €
Juha Ala-Mursula (member 1 January to 20 March 2014)	11,025.00 €	5,250.00 €	16,275.00 €	66,150.00 €
Hannu Isotalo (member 1 January to 20 March 2014)	11,025.00 €	5,250.00 €	16,275.00 €	66,150.00 €

Board of Directors' remuneration in shares

Name	Remuneration in shares*
Jarmo Leino	603
Jukka Ottela	201
Anssi Soila	-
Kirsi Sormunen (member since 20 March 2014)	-
Anu Nissinen (member since 20 March 2014)	201
Tero Ojanperä (member since 20 March 2014)	201
Tuija Soanjärvi (member 1 January to 20 March 2014)	-
Juha Ala-Mursula (member 1 January to 20 March 2014)	-
Hannu Isotalo (member 1 January to 20 March 2014)	-

*605 shares in total were entered into the Trade Register in 2015, on 2 January 2015

Remuneration of the CEO and the Executive Team

The Board of Directors decides on the CEO and Executive Team's salaries, remunerations and long-term incentive schemes based on the suggestions prepared by the Remuneration Committee. The remuneration of the CEO and the Executive Team is based on a fixed monthly salary, performance-based payment according to DNA's incentive and performance-based payment scheme and a share-based reward system.

Remuneration and employment of the CEO and the Executive Team

The CEO receives a phone and car benefit in addition to their monthly salary. The CEO's period of notice is six (6) months, for both the company and the CEO. If the contract is terminated by DNA, the CEO is entitled to severance pay that equals the CEO's salary for eight (8) months in addition to the salary paid during the notice period.

The CEO has the right to retire at the age of 60. Supplementary pension rights are assessed based on payments. The CEO's pension includes vested rights.

The members of the Executive Team receive a total salary, which includes a fixed monthly salary, taxable phone benefit and in some cases, a car benefit. Pensions of the members of the Executive Team are payment-based. The Executive Team members' pensions include vested rights.

The payments for the CEO and Executive Team members' supplementary pensions amounted to EUR 234,113.46. The premium of the CEO's supplementary pension insurance was EUR 78,291.88 in 2014.

Principles for management's performance-based payments

The incentive and performance-based payment system has been designed to support the strategic, financial and operative development of DNA, to motivate the management personnel and to reward them for good financial results. Company-level targets are related to the positive development of EBITDA and service net sales as well as customer satisfaction. The system also sets targets at group-level, as well as personal targets.

Members of the Executive Team are entitled to receive incentives in the form of performance-based payments based on the annual performance targets set by the Board of Directors. Their performance-based payments are based on company-level targets. DNA's Board of Directors decides on the payment of incentives.

Share-based reward system

On 20 November 2014, the Board of Directors decided to introduce and implement a new long-term share-based reward system in the incentive and commitment scheme of the Group. The Board of Directors also resolved on the target group of the directed share issue against payment. Receiving of the shares is tied, among other things, to the continuance of a participant's employment or service in the Group or Group company upon payment of the reward. If a participant's employment or service ends before the payment of the reward, their right to subscribe shares is automatically cancelled. Another prerequisite for the subscription of shares is the signing of a separate shareholder agreement by the subscriber.

The Board of Directors approved the 33 subscriptions in its meeting of 18 December 2014. A total of 6,475 shares were subscribed. After payment, the subscribed and paid shares were registered in both the trade register and on the book-entry securities accounts of the subscribers on 15 January 2015.

The CEO subscribed 900 DNA shares. Other members of the Executive Team subscribed 2,175 DNA shares in total.

Remuneration of the CEO and the Executive Team in 2014

	Wages and salaries and benefit costs in 2014, EUR	Performance-based payment for the results in 2013, EUR	Total paid in 2014, EUR	Total paid in 2013, EUR
CEO, Jukka Leinonen	407,040.00	152,381.50	559,421.50	106,270,48 (from 1 Sept to 31 Dec 2013)
CEO, Riitta Tiuraniemi (1-3/2014)	293,355.00		293,355.00	702,303.40
Other members of the Executive Team	1,313,445.18	378,330.70	1,691,775.88	1,741,132.63

Personnel incentive scheme

DNA's personnel are included in the company's incentive and performance-based payment scheme which is confirmed annually by the Board of Directors. These incentives are based on the performance targets set at the company level, as well as on group-level and individual targets set for each employee. The incentive scheme has been designed to support the strategic, financial and operative development of DNA, to motivate the personnel and to reward the personnel for good financial results. Some responsibilities in the company have their own compensation systems whereby commissions or payments are paid.

The Board of Directors made a decision to renew the personnel reward schemes on 18 November 2014. The new scheme came into force as of the beginning of 2015. The main objectives of the new system include better alignment of personal results and the Group's strategic goals, fair and consistent rewards between units, improved motivation by the scheme and greater emphasis on the company's result as a basis for rewards. The incentive and performance-based payment scheme is complemented by one-time rewards. Consistent principles apply to one-time rewards.

Introduction

DNA Ltd is a Finnish telecommunications group providing high-quality voice, data and TV services for communication, entertainment and business, nationwide. DNA is Finland's largest cable operator and the leading pay-TV provider in both cable and terrestrial networks. The company also utilises advanced technologies to provide fast fixed-network broadband connections. DNA caters for the rapidly growing need for fast data transfer connections by continuously increasing the speed, capacity and base stations of its 3G and 4G networks. At the end of 2014, DNA's 4G LTE network reached over 4.5 million Finns. DNA has more than 3.5 million mobile communications and fixed network customer subscriptions.

The comparison figures in brackets refer to 2013.

Operating environment

As smart phones and tablets become more common and 4G speeds more widely available, data transfer volumes and mobile markets will experience strong growth. Mobile devices are increasingly used in completely new ways, such as viewing video and TV content as well as many other types of content on smart phones and tablets, considerably more than in 2013. In 2014, in excess of 300 per cent more data was transferred in DNA's 4G network than the year before. Volumes of data transferred in the 3G network increased by some 40 per cent year-on-year.

The overall economic situation remained challenging throughout 2014, which increased uncertainty in the telecommunications industry. Competition remained intense, in particular in the mobile communications and fixed-network broadband markets. General decline in consumer purchasing power and the consumer confidence index had a particular effect on the demand for traditional pay-TV services.

Competition in the housing company broadband subscription market remained strong. Consumers are spending more time watching TV programmes and videos, and households have several devices for viewing such content. The use of HDTV services is growing on households' large-screen television sets, while an increasing number of viewers also watch TV programmes on their mobile devices. The competitive environment has changed quickly, in particular when it comes to entertainment services, as strong international players have entered the market. In the consumer market, mobile and fixed-network broadband and entertainment services are important growth segments.

The national migration to the T2 technology, which enables HDTV broadcasts and additional services, coordinated by the Ministry of Transport and Communication, will take place in 2017. The pay-TV channels available in the terrestrial network will migrate to the T2 technology by the end of 2016. With T2 technology, the service offering in the terrestrial network will become more versatile. It will also increase HD broadcasting.

In corporate business, the overall market situation remained cautious in 2014 and companies postponed their investment decisions. However, they continue to digitise their business and increase mobile working. The new, increasingly mobile and versatile ways of working place demands on corporate network solutions and communication services. Companies continued to increase the use of next-generation devices, smart phones and, in particular, tablets in 2014. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses in terms of, for instance, data security. Companies are also increasingly interested in the possibilities of industrial Internet solutions.

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

Changes in the regulations in relation to the allocation of the 700-megahertz frequency band, now used for television broadcasts, to wireless broadband were prepared towards the end of 2014. Political decisions on the method of distributing the frequencies are expected in 2015.

At the end of 2014, The Finnish parliament completed the processing of the Information Society Code containing the key provisions that apply to electronic communications. It came into force for the most part on 1 January 2015. The main changes affecting DNA's operations are related to frequency policy and the method of frequency distribution, market-based frequency compensation, consumer protection and the ability of the Finnish Communications Regulatory Authority to affect pricing responsibilities.

The European Parliament started to process the Commission's proposal on new legislation to promote the European single market for electronic communications in the spring of 2014. The Council of the European Union continued the process in the autumn of 2014 and is expected to continue it further in the spring of 2015. The main changes that will affect DNA's operations are related to frequency policy, harmonisation of frequency distribution methods, elimination of roaming charges, harmonisation of fixed-network retail products and regulation of net neutrality. Should the new legislation enter into force, it would have a major impact on the telecommunications industry and DNA's business.

Net sales and profit

Net sales

DNA Group's net sales for 2014 grew by 8.8 per cent and came to EUR 833.5 million (766.4 million).

Net sales were fuelled by the acquisition of TDC's Finnish operations in the second quarter. The positive development of mobile and fixed-network broadband sales also contributed to the increase. The weak economic situation affected the demand for traditional pay-TV services and mobile devices in particular.

In 2014, 74.7 per cent (77.4 per cent) of net sales was generated by consumer business and 25.3 per cent (22.6 per cent) by corporate business.

Profit

EBITDA increased by 7.1 per cent to EUR 204.2 million (190.7 million), accounting for 24.5 per cent of net sales (24.9 per cent). EBITDA excluding non-recurring items increased by 7.3 per cent and came to EUR 210.1 million (195.8 million), or 25.2 per cent of net sales (25.5 per cent).

Operating profit decreased by 32.7 per cent to EUR 29.4 million (43.7 million), or 3.5 per cent of net sales (5.7 per cent). Operating profit was mostly burdened by significant non-recurring items. Operating profit excluding non-recurring items increased by 12.5 per cent and came to EUR 54.8 million (48.7 million), or 6.6 per cent of net sales (6.4 per cent). The non-recurring items affecting EBITDA between January and December were EUR 5.9 million in total, and the items affecting the profit EUR 25.5 million. Most of these items do not affect cash flow, but are related to the write-down of the PlusTV brand and write-downs in relation to changes in information systems as well as a provision recognised due to cooperation negotiations.

Profit before tax came to EUR 18.9 million (37.7 million).

Financial income and expenses amounted to EUR -10.5 million (-6.0 million). Income tax for the period was EUR -3.5 million (-8.7 million). Profit decreased due to the non-recurring items and came to EUR 15.4 million (28.9 million). Earnings per share came to EUR 1.8 (3.4).

Consolidated key figures

EUR million	2014	2013	2012
Net sales	833.5	766.4	769.2
EBITDA	204.2	190.7	190.8
- % of net sales	24.5%	24.9%	24.8%
Depreciation	174.9	147.1	134.6
Operating profit	29.4	43.7	56.2
- % of net sales	3.5%	5.7%	7.3%
Profit before tax	18.9	37.7	48.3
Profit for the financial period	15.4	28.9	36.1
Return on investment (ROI), %*	3.2	5.4	7.2
Return on equity (ROE), %*	3.0	5.5	6.3
Investments	149.6	128.4	136.3
Cash flow after investments**	-123.1	-33.6	28.9
Personnel at the end of period	1,748	1,563	1,427

* rolling 12 months

** includes business combinations

Key operative indicators

	12/31/2014	12/31/2013	12/31/2012
Number of mobile communication network subscriptions*	2,505,000	2,450,000	2,428,000
- Revenue per user (ARPU), EUR**	16.7	18.2	19.9
- Customer CHURN rate, %**	16.8	17.1	15.7
Number of fixed-network subscriptions	1,108,000	1,016,000	1,027,000

*includes voice and mobile broadband

**includes postpaid subscriptions

Cash flow and financial position

Cash flow after investments decreased to EUR -123.9 million (-33.6 million). This is particularly due to the acquisition of TDC Ltd Finland and TDC Hosting Ltd.

DNA has a EUR 200 million revolving credit facility, of which EUR 200 million (200 million) remain undrawn, and a EUR 15.0 million (15.0 million) credit facility. The revolving credit facility was used to finance the acquisition of TDC's Finnish operations. In addition, the company has a commercial paper programme worth EUR 150.0 million (150.0 million), under which EUR 115.0 million (75.0 million) was drawn by the end of the review period.

Net gearing came to 94.3 per cent (62.6 per cent) at the end of the review period. The Group's liquid assets amounted to EUR 10.6 million (27.1 million), and interest-bearing net debt to EUR 479.4 million (326.7 million). The Group's liquid assets and undrawn committed credit limits amounted in total to EUR 225.6 million (242.1 million).

The interest-bearing net debt/EBITDA ratio increased and was 2.35 (1.71) at the end of the review period.

DNA's equity ratio was 41.5 per cent (49.4 per cent) at the end of the review period.

The acquisition of TDC's Finnish operations contributed to the change in the financial position in 2014.

In the review period, DNA Ltd agreed on the issuance and terms of a fixed rate senior unsecured bond of EUR 150 million. The bond was issued on 12 November 2014. The proceeds were used for the repayment of existing debt and for general corporate purposes. The bond will mature in 2021 and carries a coupon rate of 2.875 per cent.

Cash flow and financial key figures

	1-12/2014	1-12/2013	1-12/2012
Cash flow after investments, EUR million	-123.9	-33.6	28.9

	12/31/2014	12/31/2013	12/31/2012
Net debt, EUR million	479.4	326.7	257.7
Net debt/EBITDA	2.35	1.71	1.35
Gearing, %	94.3	62.6	48.8
Equity ratio, %	41.5	49.4	54.1

Development per business segment

Consumer business

Consumer business net sales increased by 4.9 per cent to EUR 622.4 million (593.4 million). This growth was due to the positive development of broadband and mobile services. Housing company subscriptions in particular enjoyed strong growth in fixed-network broadband.

EBITDA increased by 7.6 per cent to EUR 143.3 million (133.3 million), or 23.0 per cent of net sales (22.4 per cent). The increase was fuelled by growth in net sales and improved operational efficiency. Burdened by non-recurring items, operating profit decreased by 25.2 per cent and came to EUR 26.7 million (35.7 million), or 4.3 per cent of net sales (6.0 per cent). Operating profit excluding non-recurring items increased by 17.6 per cent and came to EUR 45.8 million (38.9 million).

DNA's 4G speeds became available to most Finns in 2014, with DNA's 4G network now reaching 85 per cent of the population. DNA also placed special emphasis on the development of its entertainment business in 2014. Changes in consumer habits were monitored closely throughout the year, and DNA launched new types of subscriptions, channel packages and other services to meet consumer demand.

The home electronics chain Expert started selling DNA's services in early January 2014. Cooperation with Expert further expands DNA's already extensive distribution network. It signifies a fantastic opportunity to develop DNA's consumer sales, particularly through multichannel solutions.

In March, DNA launched a new, important service package dubbed DNA Welho Viihde, enabling the use of entertainment content regardless of time, place and device. The service includes DNA's Videovuokraamo service for renting movies as well as the MatkaTV mobile television service for recoding and viewing content on several devices. DNA wants to provide the latest in entertainment services to its customers, in terms of both connections and content, and DNA Welho Viihde is an important milestone in this respect. DNA Welho MatkaTV became increasingly popular in 2014, reaching 100,000 subscribers in the third quarter.

In March, DNA partnered up with the music service Deezer. The Deezer Premium+ service is available to subscribers of DNA's new smart phone and tablet subscriptions. According to a survey commissioned by DNA, there was great demand for a music service among consumers.

In the second quarter, DNA and rental housing company VVO agreed on the provision of broadband and television services to more than 25,000 households in VVO properties located in the Helsinki Metropolitan Area and the regions of Lahti, Kuopio, Oulu and Western Finland. The agreement entered into force on 1 January 2015 and is valid until the end of 2019.

In March 2014, as part of the development of the entertainment services offered by the DNA Group, DNA combined the television and fixed-network broadband business operations of PlusTV, acquired in 2013, and the DNA Welho television business and fixed-network broadband business into one company called DNA Welho Oy. This established a more distinct television and fixed-network broadband business entity with extensive and versatile expertise as well as comprehensive product offering in the cable, terrestrial and broadband networks.

The sales of Apple's iPhone 6 and iPhone 6 Plus started on 26 September 2014 in DNA Stores and the online store, DNA Nettikauppa. iPhone 6 was the third most sold phone by DNA in September. In 2014, 90 per cent of phones sold by DNA were smart phones. In December, the figure was as high as 95 per cent.

In October, DNA launched the new DNA Töpökkä Credit solution created by DNA and Visa. The solution can be used in smart phones and on the Internet. The physical card has an NFC feature and can be used in brick and mortar stores. DNA wishes to contribute to the development and implementation of mobile payment methods in Finland.

According to the EPSI Rating survey published in November, DNA Welho's fixed-network broadband services have the most satisfied private customers and the best image in the sector. As before, DNA Welho continues to have the most satisfied and the most loyal customers in the Finnish pay-TV market.

In December, DNA and Samsung launched a new Samsung Experience Store in Turku.

Corporate business

Corporate business net sales increased by 22.1 per cent to EUR 211.2 million (173.0 million). This positive development is due to the acquisition of TDC's Finnish operations in the second quarter.

EBITDA increased by 5.9 per cent and came to EUR 60.9 million (57.5 million), accounting for 28.8 per cent of net sales (33.2 per cent). Operating profit decreased to EUR 2.6 million (7.9 million), or 1.2 per cent of net sales (4.6 per cent). Operating profit was burdened by significant non-recurring items. Operating profit excluding non-recurring items came to EUR 9.0 million (9.0 million).

In 2014, after the acquisition of TDC's Finnish operations, DNA introduced significant changes in the corporate business segment. The market situation in corporate services remained challenging throughout 2014, and companies postponed their investment decisions due to the challenging overall economic situation. This had an impact on the development of DNA's net sales. However, the demand for DNA server centre services increased as part of network solutions. The demand for value added services related to network data security and management as well as mobility-related data solutions continued at a good level. Companies are also increasingly interested in M2M-based industrial Internet solutions.

In February, DNA launched the new DNA Optimi mobile subscriptions in response to companies' data transfer and cost-anticipation needs.

In March, DNA enhanced its electronic services with the launch of the DNA Laiteratkaisut purchase portal and an approval procedure for enterprise customers. The further development of DNA's Service Desk, which provides technical support and fault management services to customers, gained headway in the first quarter. In addition to providing 24/7 support for network fault and change management, Service Desk operations are also responsible for the maintenance of data security, corporate networks, data centre services and other added-value services.

On 29 April 2014, DNA signed an agreement with Danish TDC A/S on the acquisition of TDC Ltd Finland and TDC Hosting Ltd. At the same time, DNA and TDC A/S agreed on strategic cooperation in the Nordic region. The Finnish Competition and Consumer Authority approved DNA's acquisition of TDC's Finnish operations on 26 May 2014. The companies became DNA's subsidiaries in June. The acquisition supports the implementation of DNA's growth strategy, significantly strengthens DNA's position in the corporate market and provides an expanded service offering to TDC and DNA's corporate clients. Reduced by the value of the transferred liquid assets, the transaction price was EUR 155 million.

After the acquisition of TDC's Finnish operations, DNA announced in August 2014 that it will merge its DNA Business unit, its subsidiary Forte Netservices Oy, focusing on corporate data security solutions, and TDC Ltd Finland and TDC Hosting Ltd, into one strong corporate business unit combining their best practices. TDC Hosting Ltd and Forte Netservices Oy merged with the parent company DNA Ltd on 31 October 2014, and TDC Ltd Finland on 31 December 2014, according to plan. The cooperation negotiations necessitated by the reorganisation opened in August and were completed on 14 October 2014. As a result of the negotiations, 65 DNA employees were made redundant and 15 employees left the company through voluntary arrangements, such as pension arrangements. The expertise and customer-base structure of the companies complement each other well, and the merger has created a very competitive business unit. The new business entity adopted the unified DNA Business brand in all its products and services at the end of 2014.

Hansel Ltd, the central procurement unit of the Finnish Government, chose DNA as the framework agreement supplier in its Tietoliikenne 2014-2018 ('Data communications 2014-2018') tendering process.

DNA's corporate business placed first in the EPSI Rating survey on mobile operators' customer satisfaction, published in November. The DNA Business unit placed first in mobile broadband and mobile voice. In fixed-network data, TDC Oy Finland, which is part of DNA Business, placed first, and DNA Business placed second.

Key indicators per business segment

Consumer business			
EUR million	1-12/2014	1-12/2013	Change, %
Net sales	622.4	593.4	4.9%
EBITDA	143.3	133.3	7.6%
- % of net sales	23.0%	22.4%	
Operating profit	26.7	35.7	-25.2%
- % of net sales	4.3%	6.0%	

Corporate business			
EUR million	1-12/2014	1-12/2013	Change, %
Net sales	211.2	173.0	22.1%
EBITDA	60.9	57.5	5.9%
- % of net sales	28.8%	33.2%	
Operating profit	2.6	7.9	-67.1%
- % of net sales	1.2%	4.6%	

Investments

Investments amounted to EUR 149.6 million (128.4 million), or 17.9 per cent of net sales (16.8 per cent). Capital expenditure (including licenses) came to EUR 144.8 million (126.2 million), or 17.4 per cent of net sales (16.5 per cent). Investments in licenses amounted to EUR 6.7 million. Capital expenditure increased by 14.7 per cent year-on-year.

Major individual items in 2014 included investments in the 4G and 3G networks and in fibre and transfer systems.

Investments

EUR million	1-12/2014	1-12/2013	Change, %
Consumer business	98.7	91.2	8.3%
Corporate business	46.1	35.0	31.6%
Non-allocated	4.8	2.2	116.0%
Total investments	149.6	128.4	16.5%

Research and development

The Group conducted no research and development in 2014 (EUR 0.2 million in 2013).

Network infrastructure

In 2014, DNA expanded its mobile communication networks by adding more than 1,500 new base stations across Finland. DNA's 4G LTE network expanded in the fourth quarter in areas including Merikarvia, Pomarkku, Siikainen, northern Ostrobothnia, Riihimäki and Seinäjoki. At the end of 2014, DNA's 4G LTE network reached over 4.5 million Finns, double the coverage in terms of population since the beginning of the year. At the same time, DNA's 3G network reached 99 per cent of the population.

In 2014, in excess of 300 per cent more data was transferred in DNA's 4G network than the year before. Volumes of data transferred in the 3G network increased by some 40 per cent year-on-year. This growth is due to the intense expansion of the 4G LTE network, the proliferation of devices that employ a constant network connection, and the migration of TV and music services from television sets and music players to tablets and mobile phones.

According to a study published by telecommunications expert Omnitele Oy in November, DNA's mobile broadband offers the greatest inbound average speed. The survey covered Finland's three main operators, and DNA placed first in nine of Finland's ten most populous cities. DNA's mobile broadband clocked the greatest average download or inbound speed of 49.7 Mbit/s.

In the last quarter of 2014, DNA adopted a technical innovation which, at best, will double 4G speeds. At the moment, the high-speed 4G+ is functioning in a limited area in Helsinki's Central Railway Station, Ruoholahti, Kamppi, and in Käpylä in the neighbourhood of DNA House.

In the third quarter, DNA and Sonera signed a cooperation agreement on the construction of a mobile communications network in Northern and Eastern Finland. To undertake the project, they established a joint network company, Suomen Yhteisverkko Oy, responsible for constructing an all-new mobile communications network. In the areas involved, Suomen Yhteisverkko Oy will plan and implement 2G, 3G and 4G network connections to be used by DNA and Sonera when providing services for their respective customers. The two operators will combine their network licenses to provide the 2G, 3G and 4G services, utilising the joint base station infrastructure, leading to significant cost savings for DNA in the long term.

Personnel

At the end of 2014, DNA Group had 1,748 employees (1,563 employees), of which 721 were women (667) and 1,027 men (896). The figure grew by 185 employees since the end of 2013. The increase is due to the transfer of TDC's Finnish personnel to the employ of DNA. The average number of DNA employees in 2014 was 1,656 (1,506).

Salaries and employee benefit expenses paid during the year amounted to EUR 101.0 million (85.4 million).

The cooperation negotiations necessitated by the reorganisation of DNA's corporate business were opened in August and were completed on 14 October 2014. Initially, it was estimated that the restructuring was to result in staff cuts affecting 150 employees at most. As a result of the negotiations, 65 DNA employees were made redundant and 15 employees left the company through voluntary arrangements, such as pension arrangements. The number of redundancies was reduced by employees transferring to new positions within DNA.

Personnel by business segment

	12/31/2014	12/31/2013	12/31/2012
Consumer business	1,039	1,104	979
Corporate business	709	459	448
Total personnel	1,748	1,563	1,427

Personnel by age group

	12/31/2014	12/31/2013	12/31/2012
-25 years	96	84	86
25-34 years	549	502	437
35-44 years	562	506	447
45-54 years	392	341	327
55-64 years	150	130	130
Total personnel	1,748	1,563	1,427

Key personnel indicators

	2014	2013	2012
Average number of personnel	1,656	1,506	1,285
Salaries and remunerations, EUR million	101.0	85.4	77.3

Changes in the Group structure and significant litigation matters

Changes in the Group structure

On 29 April 2014, DNA signed an agreement with the Danish TDC A/S on the acquisition of TDC Ltd Finland and TDC Hosting Ltd. The Finnish Competition and Consumer Authority approved DNA's acquisition of TDC's Finnish operations on 26 May 2014. The companies became DNA's subsidiaries in June. DNA merged its DNA Business unit, its subsidiary Forte Netservices Oy, and TDC Ltd Finland and TDC Hosting Ltd, into one strong corporate business unit. TDC Hosting Ltd and Forte Netservices Oy merged with the parent company DNA Ltd on 31 October and TDC Ltd Finland on 31 December 2014.

In September 2013, the terrestrial network pay-TV operator PlusTV (DigiTV Plus Oy) became a DNA subsidiary. On 1 March 2014, as part of the development of the entertainment services offered by the DNA Group, DNA combined the television and fixed-network broadband business operations of PlusTV and DNA Welho into one company. At the same time, Digi TV Plus Oy was renamed DNA Welho Oy.

Significant litigation matters

Pleading the European Community Trademark Registration 212787, Deutsche Telekom AG filed an action in Helsinki District Court on 4 January 2008, requesting that DNA Ltd be denied the use of the colour pink in its operations and that DNA Ltd be ordered to pay compensation for Deutsche Telekom AG for the use of the colour pink. In its counterclaim of 29 October 2008, DNA Ltd demanded that the European Community Trademark Registration 212787 be repealed. The Helsinki District Court will continue to process Deutsche Telekom AG's action after DNA Ltd's counterclaim has been heard.

Both parties issued several statements in 2014 in relation to DNA Ltd's counterclaim. As requested by both parties, the case will be heard by a full panel of three members in the Helsinki District Court. The Helsinki District Court stated that it may be necessary to seek a preliminary ruling from the European court of Justice. The Helsinki District Court will probably decide in 2015 whether a preliminary ruling is required.

In accordance with the Competition Act, the Finnish Competition and Consumer Authority carried out an inspection at DNA Ltd on 4 November 2014 in relation to the network partnership announced by DNA and TeliaSonera Finland on 20 August 2014. Inspections under the Competition Act are part of the normal operations of the Finnish Competition and Consumer Authority. The fact that an inspection is carried out is not an indication of guilt on the part of the audited organisation. The investigation was still ongoing at the end of 2014.

Management and governance

DNA's corporate governance principles are described in more detail in the company's Annual Report: <http://annualreporting.dna.fi/2014/en/governance/corporate-governance-and-internal-control>.

Annual General Meeting 2014

DNA Ltd's Annual General Meeting was held on 20 March 2014. The AGM adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2013. According to the proposal by the Board of Directors, the AGM agreed to pay a dividend of EUR 3.54 per share, at a total of EUR 30,014,003.28, to DNA's shareholders. No dividend will be paid for treasury shares held by the company itself.

Board members and remuneration

The AGM elected three new members to DNA's Board of Directors: Tero Ojanperä, Kirsi Sormunen and Anu Nissinen. Re-elected members of the Board include Jarmo Leino, Jukka Ottela and Anssi Soila. At the constitutive meeting of the Board of Directors held subsequent to the AGM, Jarmo Leino was re-elected Chairman.

The AGM decided on the following annual remuneration: EUR 144,000 for the Chairman of the Board and EUR 48,000 for the members of the Board. Each member of the Board of Directors decides on an annual basis whether their annual remuneration shall be paid entirely in cash or 40 per cent be paid in shares and 60 per cent in cash. The AGM also decided on the following payments per meeting: for each member of the Board and Committee Chairmen, EUR 1,050 per person and for each committee member, EUR 525 per person.

The Board's share purchase authorisation

The AGM authorised the Board of Directors to decide on the repurchase of treasury shares. Based on the authorisation, the Board of Directors can decide on the repurchase of a maximum of 950,000 treasury shares. The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots. The authorisation will be effective until 30 June 2015. This authorisation cancels the previous authorisation.

DNA's Corporate Governance Statement is included in the company Annual Report, which will be published on 6 March 2015.

Board of Directors

DNA Ltd's Board of Directors had the following members from 1 January to 20 March: 2014 Jarmo Leino (Chairman), Juha Ala-Mursula, Hannu Isotalo, Jukka Ottela, Tuija Soanjärvi and Anssi Soila. The AGM of 20 March 2014 elected three new members to DNA's Board of Directors: Tero Ojanperä, Kirsi Sormunen and Anu Nissinen. Re-elected members of the Board include Jarmo Leino, Jukka Ottela and Anssi Soila.

The Board convened 15 times in 2014, with a participation rate of 99 per cent. In addition to its regular duties, the Board focused on strengthening DNA's corporate business with the acquisition of TDC's Finnish operations, as well as on the cooperation agreement signed with Sonera on the construction of a joint mobile communications network.

The Audit Committee (AC) convened six times in 2014, with a participation rate of 100 per cent. The Remuneration Committee (RC) (previously known as the remuneration and nomination committee) convened four times, with a participation rate of 100 per cent.

In 2014, the AC reviewed reports on the Group's financial position, including the Group's Financial Statements Release and interim reports, and made recommendations on them to the Board of Directors. The committee also reviewed reports issued by external and internal audit as well as financing, IT architecture development and risk management.

In 2014, the RC prepared the incentive and performance-based payment scheme and its numeric objectives for 2015 for the Board of Directors. The committee also prepared a new share-based reward plan to Group key personnel, based on earning and accumulating company shares.

Executive Team

Jukka Leinonen acted as DNA's CEO in 2014. At the end of 2014, DNA's Executive Team comprised CEO Jukka Leinonen, CFO Timo Karppinen, Senior Vice President, Consumer Business Pekka Väisänen, Senior Vice President, Corporate Business Hannu Rokka, Senior Vice President, Technology Tommy Olenius, Senior Vice President, Human Resources Marko Rissanen, Senior Vice President, Legal Affairs Asta Rantanen, Senior Vice President, Strategy Christoffer von Schantz and CIO Janne Aalto.

DNA Ltd has a line organisation, comprising of Consumer, Business, Technical and IT Management units as well as support functions.

Shares and shareholders

On 31 December 2014, the ten largest shareholders of DNA Ltd were Finda Oy (49.90 per cent), PHP Holding Oy (37.56 per cent), Ilmarinen Mutual Pension Insurance Company (5.01 per cent), Anvia Oyj (3.47 per cent) and Lohjan Puhelin Oy (2.61 per cent). At the end of the review period, they held a total of 98.55 per cent of DNA's shares and voting rights. The holdings were calculated based on the number of outstanding shares. At the end of the review period, the company held 1,132,144 treasury shares (1,132,144 on 31 December 2013). There were no changes in the shares owned by the DNA's shareholders in 2014.

DNA Ltd's major shareholders 31 December 2014

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

Shares

At the end of 2014, the company's shares totalled 9,611,277 (9,610,676 on 31 December 2013) and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225.65 on 31 December 2013). At the end of the review period, the company held 1,132,144 treasury shares (1,132,144 on 31 December 2013), or 11.78 per cent of all shares.

On the basis of the authorisation of the Annual General Meeting of 20 March 2014, the Board of Directors decided on a directed rights issue for the members of the Board of Directors. There is a right to derogate from the pre-emptive right of the shareholders according to a weighty financial reason specified in Section 9(4) of the Limited Liability Companies Act, because the rights issue is based on the decision of the Annual General Meeting to pay the annual remuneration of each member of the Board of Directors partly in shares as specified by the AGM. In the first lot, members of the Board of Directors subscribed a total of 601 shares. The shares were registered in the trade register and the shareholders' register on 11 July 2014. In the second lot, members of the Board of Directors subscribed 605 shares which were registered in the trade register on 2 January 2015 and the shareholders' register on 8 January 2015.

DNA's new share-based reward system

On 20 November 2014, the Board of Directors decided to introduce and implement a new share-based reward system in the incentive and commitment scheme of the Group. The Board of Directors also resolved on the target group of the directed share issue against payment. The Board of Directors approved the subscriptions in its meeting of 18 December 2014. After payment, the subscribed and paid shares were registered in both the trade register and on the book-entry securities accounts of the subscribers on 15 January 2015. A total of 6,475 shares were subscribed.

Corporate responsibility

According to DNA's corporate responsibility programme, which was updated in 2014, special focus areas include energy efficiency and environmental responsibility, personnel well-being, improving responsibility in the supply chain and social responsibility. The focus of DNA's social responsibility in the review period was on projects concerning children and young people as well as partnerships with charities. It is of strategic importance to DNA to provide innovative services to customers, which makes cooperation with different partners, such as start-ups, important for DNA's business and corporate responsibility.

In the fourth quarter, SOS Children's Village and DNA agreed to extend their three-year partnership by two more years. DNA will remain one of the association's main partners, supporting it financially and providing data communication connections for its premises. In the next two years, DNA's financial support will be directed at child welfare and at youth work in particular. DNA employees can also continue to participate in volunteer work.

Towards the end of the year, DNA launched a new Elämä verkossa ('Living online') website, which is a guide to Internet safety for parents of children and young people. DNA wants to help parents understand the way children and young people use smart devices and to shed light on their their consumer habits.

In October, DNA organised an event in Pietarsaari to introduce online services to senior citizens. The event was organised in cooperation with the local senior citizens' organisation Jakobstads Åldringvänner ry, the OP-Pohjola bank, the Social Insurance Institution of Finland (Kela) and the local telephone company JNT.

DNA agreed on continued cooperation with Innokampus in the second quarter. As the main partner of the project, DNA encourages innovation and new ideas among students in Finnish schools. As part of the cooperation, DNA and Innokampus organised an innovation competition for students in secondary schools. The competition was established to identify new business ideas to combat unemployment among the young and more than 800 students took part in it.

In the third quarter, DNA participated in the National Remote Working Day, organised by Microsoft and the Finnish Institute of Occupational Health (FIOH), as a main partner. DNA also published the results of its survey on remote work. The survey results indicate that with the introduction of the flexible method of working, the employees' work motivation, perceived productivity and management of their work-life balance has improved year-on-year.

Modernisation of base stations in the mobile network proceeded as planned in 2014. In excess of one third of the old base stations have been replaced by more energy-efficient models. The project is expected to be completed by 2017.

DNA's Corporate Responsibility report for 2014 is included in the company Annual Report, which will be published on 6 March 2015.

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. The risk management process provides reports on risks and methods of controlling them to the executive management and Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team monitors the implementation of these plans. A more detailed description of DNA's risk management and uncertainties is available in the Annual Report.

Strategic and operative risks:

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators and a high degree of penetration of telecommunications solutions. DNA is increasing its emphasis on new business. Starting up new business operations always involves higher risks than conventional and established business operations. In addition, new services must be productised quickly and cost-efficiently. The rapid phase of technological development affects the entire telecommunication industry and DNA's operations.

Alongside traditional communications methods, technological development and new types of devices can create new revenue models. Customer behaviour can change rapidly if new services are reliable and easy to use.

As new methods of communication gain widespread popularity, they have an impact on the traditional business of operators. Applications, such as global IM applications, are changing the way people communicate. On the other hand, new methods of communication can provide new opportunities for operators by, for example, increasing the use of mobile data.

The competitive environment has changed quickly, in particular for entertainment services, as strong international players have entered the market. DNA faces competition from many providers of TV services: cable and terrestrial TV service providers similar to DNA as well as service providers that use other distribution channels, such as satellite and OTT services (Apple TV, GoogleTV and Netflix). DNA monitors the entertainment service market closely and continuously enhances its service offering to anticipate changes in the market.

Uncertainty related to the overall economic situation has not abated, affecting the demand for smart phone and TV services as well as the corporate market. General decline in purchasing power has a post-cyclical effect on the operator market.

System and network risks:

The nature of DNA's operations and customer expectations place high demands on DNA's systems and network infrastructure. DNA's business is capital-intensive, and the company's success depends on its ability to continuously maintain and improve its network infrastructure. To optimise the availability of its communications services, DNA employs a range of methods. These include establishing back-up solutions for critical transfer connections by using at least two different routes. Other methods involve duplicating and decentralising the main data centre and communication service systems in the company's equipment facilities.

Financing risks:

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

Damage risk:

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

Events after the reporting period

There have been no significant events after the financial year.

Outlook for 2015

Market outlook

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

Market competition is expected to remain intense in 2015, placing high demands on the quality and availability of operators' systems, network infrastructure and services.

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

It is anticipated that consumer demand for broadband and entertainment services in particular will increase. Fixed-network broadband customers are expected to continue to switch to housing company subscriptions and higher-speed connections. Competition in the housing company subscriptions market is anticipated to remain intense, and increased competition should lead to a further decrease of ARPU. In entertainment services, the role of traditional, linear pay-TV services in the terrestrial and cable networks will become less important, although they will still be popular, in particular for sports content. Growth areas in entertainment include on-demand video and programme library services as well as entertainment services that utilise several types of devices and distribution technologies.

Mobile broadband traffic volumes will reflect the growth and increased versatility in the use of smart phones and migration to the 4G technology. The strong growth of the variety of services and smart devices continues, and the best global services will gain a stronger foothold.

The market for fixed-network voice services is expected to continue declining. DNA anticipates that business operations in the terrestrial TV network and terrestrial network pay-TV will grow slowly.

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

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

DNA's outlook for 2015

Net sales is expected to increase slightly and operating profit excluding non-recurring items significantly in 2015.

The Group's financial position is expected to remain at a fairly healthy level.

Board of Directors' proposal on the distribution of profits

DNA Ltd's distributable funds in the financial statements amounted to EUR 170,921,535.47, of which profit for the financial year came to EUR 33,758,977.32. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 3.54 per share be paid. Based on the number of shares at the end of the year, the total dividend to be paid comes to EUR 30,041,194.02.

DNA Ltd
Board of Directors

Consolidated income statement, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net sales	6	833,530	766,431
Other operating income	7	1,837	2,404
Materials and services		-407,326	-370,218
Employee benefit expenses	10	-100,985	-85,427
Depreciation	9	-174,857	-147,094
Other operating expenses	8	-122,840	-122,445
Operating result, EBIT		29,360	43,651
Financial income	11	891	1,210
Financial expense	12	-11,342	-7,175
Share of associated companies' results	17	17	-33
Net profit before tax		18,926	37,653
Income tax	13	-3,523	-8,729
Net profit for the period		15,403	28,924
Attributable to:			
Owners of the parent		15,403	28,924
Earnings per share attributable to owners of the parent:			
Earnings per share, basic (EUR)	14	1.8	3.4
Average number of shares			
Basic		8,479	8,479

Consolidated statement of comprehensive income

Net profit for the period		15,403	28,924
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations		-535	67
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	12	179	647
Other comprehensive income, net of tax:		-356	714
Total comprehensive income		15,047	29,638
Attributable to:			
Owners of the parent		15,047	29,638

Notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position, IFRS

EUR 1,000	Note	31 Dec 2014	31 Dec 2013
Assets			
Non-current assets			
Goodwill	16	327,206	232,318
Other intangible assets	16	178,636	173,925
Property, plant and equipment	15	432,414	392,299
Investments in associates	17	2,155	2,142
Available-for-sale financial assets	18	215	215
Trade and other receivables	19	40,413	38,735
Deferred tax assets	20	31,190	31,847
Total non-current assets		1,012,229	871,481
Current assets			
Inventories	21	19,497	20,806
Trade and other receivables	19	193,133	159,181
Current income tax receivables		10,902	820
Cash and cash equivalents	22	10,599	27,055
Total current assets		234,131	207,861
Total assets		1,246,360	1,079,342
Shareholders' equity			
Equity attributable to owners of the parent			
Share capital	23, 24	72,702	72,702
Hedge fund	23	-112	-292
Unrestricted equity reserve	23	607,335	606,779
Treasury shares		-103,546	-103,546
Retained earnings		-83,620	-82,314
Profit for the year		15,403	28,924
Total equity		508,162	522,253

Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	27	327,105	225,845
Retirement benefit obligations	25	2,219	1,496
Provisions for other liabilities	26	20,057	7,579
Derivative financial instruments	30	0	476
Deferred income tax liabilities	20	32,872	38,961
Other non-current liabilities		19,553	21,725
Total non-current liabilities		401,806	296,083
Current liabilities			
Interest-bearing current liabilities	27	162,929	127,879
Provisions for other liabilities	26	3,137	203
Derivative financial instruments	30	150	0
Trade and other payables	28	170,087	132,825
Current income tax liabilities		90	100
Total current liabilities		336,393	261,007
Total liabilities		738,199	557,090
Total equity and liabilities		1,246,360	1,079,342

Notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows, IFRS

EUR 1,000	2014	2013
Cash flows from operating activities		
Profit for the period	15,403	28,924
Adjustments *)	191,587	159,948
Change in working capital **)	-119	-32,868
Dividends received	6	6
Interest paid	-8,307	-6,440
Interest received	580	461
Other financial items	-2,756	-1,600
Taxes	-13,543	-14,867
Net cash generated from operating activities	182,850	133,565
Cash flows from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	-149,608	-127,101
Proceeds from sale of PPE	131	460
Acquisition of subsidiaries and business transfers	-156,838	-40,496
Change in other investments	-400	0
Net cash used in investing activities	-306,715	-167,137
Cash flows from financing activities		
Proceeds from issuance of shares	734	0
Dividends paid	-30,014	-35,016
Borrowing of interest-bearing liabilities	544,010	307,093
Repayment of interest-bearing liabilities	-407,321	-219,674
Net cash used in financing activities	107,409	52,401
Change in cash and cash equivalents	-16,456	18,829
Cash and cash equivalents at beginning of year	27,055	8,224
Cash and cash equivalents at end of year	10,599	27,055

Adjustments*):		
Depreciation	174,857	147,094
Gains and losses on disposals of non-current assets	-131	-320
Other non-cash income and expense	269	-108
Financial income and expense	10,451	5,965
Taxes	3,523	8,729
Change in provisions	2,620	-1,412
Total adjustment	191,587	159,948
Change in working capital **):		
Change in receivables, non-interest bearing	-13,743	-6,834
Change in inventories	1,408	-3,065
Change in liabilities, non-interest bearing	12,216	-22,969
Change in working capital	-119	-32,868

Notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

EUR 1,000	Note	Share capital	Hedge fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2013		72,702	-939	606,779	-103,546	-47,200	527,797
Comprehensive income							
Profit for the period						28,924	28,924
Other comprehensive income							
Actuarial gains (losses) on defined benefit pension plans						67	67
Cash flow hedges, net of tax	12		647				647
Total other comprehensive income, net of tax			647			67	714
Total comprehensive income		0	647	0	0	28,991	29,638
Transactions with owners							
Employee share option scheme: granted options	24					-165	-165
Dividends relating to 2012	23					-35,016	-35,016
Total contribution by and distributions to owners						-35,181	-35,181
Balance at 1 January 2014		72,702	-292	606,779	-103,546	-53,390	522,253
Comprehensive income							
Profit for the period						15,403	15,403
Other comprehensive income							
Actuarial gains (losses) on defined benefit pension plans						-535	-535
Cash flow hedges, net of tax	12		179				179
Total other comprehensive income, net of tax			179			-535	-356
Total comprehensive income		0	179	0	0	14,868	15,047
Transactions with owners							
Share issue				557			557
Employee share option scheme: granted options	24					320	320
Dividends relating to 2013	23					-30,014	-30,014
Total contribution by and distributions to owners				557		-29,695	-29,138
Balance at 31 December 2014		72,702	-112	607,335	-103,546	-68,217	508,162

Notes to the consolidated financial statements

- [1. The Group in brief](#)
- [2. Accounting principles](#)
- [3. Financial risk management](#)
- [4. Segment information, IFRS 8](#)
- [5. Business combinations](#)
- [6. Net sales](#)
- [7. Other operating income](#)
- [8. Other operating expenses](#)
- [9. Depreciations and amortisations](#)
- [10. Employee benefits and number of personnel](#)
- [11. Financial income](#)
- [12. Financial expense](#)
- [13. Income tax](#)
- [14. Earnings per share](#)
- [15. Property, plant and equipment](#)
- [16. Intangible assets](#)
- [17. Investments in associates](#)
- [18. Available-for-sale financial assets](#)
- [19. Receivables](#)
- [20. Deferred tax assets and liabilities](#)
- [21. Inventories](#)
- [22. Cash and cash equivalents](#)
- [23. Shareholders' equity](#)
- [24. Share-based payments](#)
- [25. Defined benefit plan](#)
- [26. Provisions](#)
- [27. Financial liabilities](#)
- [28. Trade payables and other liabilities](#)
- [29. Fair value of financial liabilities](#)
- [30. Derivative financial instruments](#)
- [31. Operating lease agreements](#)

[32. Guarantees and contingent liabilities](#)

[33. Related party transactions](#)

[34. Events after the balance sheet date](#)

[35. Shares and shareholders](#)

1. The group in brief

DNA Group is a national supplier of mobile communication services. The Group parent company is DNA Ltd. The parent company's registered place of business is Helsinki, Finland, and registered address Läkkipäntie 21.

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

DNA Ltd's Board of Directors approved the release of these consolidated financial statements at a meeting on 5 February 2015. 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

This financial statements release has been prepared in accordance with IFRS recognition and measurement principles and it complies with the requirements of the IAS 34 Interim Financial Reporting standard. The release has been prepared in accordance with International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the Financial Statements of 31 December 2013 with the exception of the new and revised standards adopted 1 January 2014. This financial statements release should be read observing the 2013 financial statements. The information presented in this financial statement release is unaudited.

New and revised IFRS standards

New standards IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements came into force on 1 January 2014. The IFRS 10 standard or other changes that came into force on 1 January 2014 do not have a material effect on the Group. The network company, Suomen Yhteisverkko Oy, established during the accounting period will be accounted for in accordance to IFRS 11.

DNA Ltd and TeliaSonera Finland Oy have concluded a co-operation agreement to construct a joint mobile communications network in northern and eastern Finland. On 12 August 2014, they established a joint network company, Suomen Yhteisverkko Oy, to be responsible for constructing an all new joint network for mobile communications in northern and eastern Finland.

Suomen Yhteisverkko Oy operations and decision-making follow the principle of unanimity. DNA owns 49 per cent and Sonera 51 per cent of Suomen Yhteisverkko Oy shares.

The parties control the arrangement jointly. According to the contractual agreement, all decisions on essential operations of the company require unanimous agreement by both parties. The joint arrangement is classified as a joint operation. The contractual arrangement establishes the parties' rights to the assets and obligations for liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses. DNA will recognise its share of assets, liabilities, revenues and expenses in its consolidated financial statements.

3. Financial risk management

The main objectives of the Group's financing operations are funding, optimising capital expenditure and managing financing risks. Principles of risk managements are defined in the Group financing policy, approved by the parent company Board of Directors. The policy includes guidelines for raising capital, investing cash surplus and managing finance risk. The Group financing activities are centralised at the parent company treasury department which coordinates and monitors financing in the subsidiaries and reports to the Group management. The Group liquidity is centralised by using Group accounts and pooling systems. The parent company is responsible for investing the 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 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 manage liquidity risk. At the end of 2014, the Group had a strong liquidity position with cash and cash equivalents of EUR 10.6 million (27.1 million), and interest-bearing liabilities of EUR 490.0 million (353.7 million). In addition to cash and cash equivalents, the Group had unused credit limits and other committed credit limits of EUR 215.0 million (215.0 million). In addition, the company has a commercial paper programme of EUR 150.0 million (150.0 million), under which EUR 115.0 million (75.0 million) was drawn by the end of December. The unused credit limits totalled EUR 250.0 million (290.0 million). The Group's cash and cash equivalents and undrawn committed credit limits amounted to EUR 225.6 million (242.1 million). In November 2014, DNA Ltd issued an unlisted unsecured bond of EUR 150 million.

The bond will mature in six years and carries a coupon rate of 2.875 per cent. The expected repayments in 2015 total EUR 47 million without commercial papers.

Debt maturity analysis

2014

EUR 1,000	Less than 1 year		1-5 years		Over 5 years		Total		Total Cash flow
	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	
Interest-bearing liabilities (excl. finance lease liabilities)	6,205	161,919	26,586	179,139	8,625	150,000	41,416	491,058	532,475
Finance lease liabilities	49	1,129	64	627	4	92	117	1,848	1,965
Trade payables		71,100						71,100	71,100

2013

EUR 1,000	Less than 1 year		1-5 years		Over 5 years		Total		Total Cash flow
	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	
Interest-bearing liabilities (excl. finance lease liabilities)	5,853	126,384	14,037	222,645	12	3,810	19,902	352,839	372,741
Finance lease liabilities	94	1,619	104	1,558	13	222	211	3,399	3,610
Trade payables		50,456						50,456	50,456

Derivative financial instruments are specified in note 30.

The 2015 repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 1.1 per cent (1.5 per cent) and variable rate loans constituted 48 per cent (68 per cent) of the Group's interest-bearing liabilities. Interest-bearing liabilities from financial institutions have variable rates and bonds 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 check as part of the ordering process, and if any existing customers are found to have credit problems, unsecured new sales are not made. In 2014, the impairment loss of trade receivables totalled EUR 3.6 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. Customer with weaker solvency are required to pay the basic charges in advance as a deposit. Opposing party risk refers to a situation where the other party fails to meet its obligations under the financing agreement. To minimise and monitor the opposing party risk, investments and derivative instruments are managed within the framework for opposing party, financial instrument and maturity limits.

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

EUR 1,000	2014	2013
Undue trade receivables	151,081	133,689
Trade receivables 1-45 days overdue	9,609	11,015
Trade receivables 46-90 days overdue	502	623
Trade receivables 91-180 days overdue	974	891
Trade receivables more than 180 days overdue	2,628	2,180
Total	164,794	148,398

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 sale 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. The Group's interest-bearing liabilities have been spread between fixed- and variable-rate instruments. 6 per cent (28 per cent) of variable-rate loans are hedged.

At the end of 2014, the Group had interest rate derivatives at a nominal value of EUR 14 million (EUR 68 million), all of which fulfilled the hedge accounting criteria.

The Group is also exposed to fair value interest rate risk through fixed-rate bonds and finance lease liabilities. The share of fixed-rate loans amounted to 52 per cent (32 per cent) on the balance sheet date.

The effect on the Group's profit after taxes caused by a rise of one percentage point in the interest rate on the balance sheet date, all other factors remaining unchanged, would amount to EUR 1.7 million (EUR -1.2 million), and the effect from a corresponding drop in the interest rate would amount to EUR 1.7 million (+1.2 million). The sensitivity analysis covers the Group's variable-interest loans, 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 0.1 million (0.2 million) / negative impact of EUR 0.1 million (EUR 0.2 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 as well as the interest-bearing net debt/EBITDA ratio. These key indicators can be found in the key figures table. The Group's financing facilities include key indicator covenants as well as requiring a solvency ratio of at least 35 per cent and that net liabilities in relation to EBITDA should not exceed 3.50:1. These conditions have been met during the financial period. The solvency ratio on the balance sheet date was 41.5 per cent (49.4 per cent) and net liabilities in relation to EBITDA were 2.35:1 (1.71:1).

Financial instruments by class

2014

EUR 1,000	Loans and other receivables	Financial assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Assets					
Available-for-sale financial assets				215	215
Derivative financial instruments					
Trade and other receivables excluding prepayments 1)	213,715				213,715
Financial assets at fair value through profit or loss					
Cash and cash equivalents	10,599				10,599
Total	224,314	0	0	215	224,529

EUR 1,000		Financial liabilities at fair value through profit or loss	Derivatives used for hedging	Financial liabilities recognised at amortised cost	Total
Financial liabilities					
Borrowings (excluding finance lease liabilities 2)				488,186	488,186
Finance lease liabilities 2)				1,848	1,848
Derivative financial instruments			150		150
Trade and other payables excluding items outside financial liabilities 3)				189,640	189,640
Total		0	150	679,674	679,824

2013

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

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

1) Trade and other liabilities do not include prepayments because this analysis is only required for financial instruments.

2) The classification in this note is based on IAS 39. Financial lease liabilities are mainly outside the scope of IAS 39, but fall under application of IFRS 7. This is why financial lease liabilities are presented separately.

3) Trade and other payables do not include items other than financial liabilities because this analysis is only required for financial instruments.

4 Segment information

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

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

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

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

The DNA Group operates in Finland, domestic operations accounting for a majority of its net sales. In 2013, foreign operations accounted for EUR 15.1 million (EUR 16.3 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 2014
EUR 1,000

Business segments	Consumer segment	Corporate segment	Group total
Net sales	622,362	211,168	833,530
EBITDA	143,329	60,888	204,216
Depreciation	116,597	58,260	174,857
Operating result, EBIT	26,732	2,628	29,360
Net financial items			-10,451
Share of associates' result			17
Profit before tax			18,926
Profit for the period			15,403
Investments	98,748	46,053	144,801
Employees at end of year	1,039	709	1,748

1 Jan-31 Dec 2013
EUR 1,000

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

5 Business combinations

DNA Ltd acquired the entire capital stock of TDC Ltd Finland and TDC Hosting Ltd on 4 June 2014. TDC is a leading provider of corporate data networks in the Nordic countries especially for large and medium-sized enterprises. The purchase price was paid in cash. In the interim report of 30 June 2014, the transferred assets and liabilities were preliminary reported in the balance sheet. In this report, they have been measured at fair value at the date. Goodwill consists of synergy benefits, the expertise of the personnel of the acquired company and revenue from future customer accounts.

EUR million	Preliminary reported	Fair value at acquisition date
Intangible assets	4.1	40.7
Property, plant and equipment	35.8	35.2
Deferred tax asset	0.0	13.6
Inventory	0.1	0.1
Trade and other receivables	19.6	20.5
Cash and cash equivalents	12.7	12.7
Total assets	72.3	122.8
Deferred tax liabilities	0.0	8.1
Other non-current liabilities	4.9	3.7
Provisions	2.6	12.6
Trade and other liabilities	25.0	25.6
Total liabilities	32.5	50.0
Net assets	39.8	72.8
Acquisition cost		167.7
Goodwill		94.9

Direct costs of EUR 3.3 million have been recorded as other operating expenses.

The acquired subsidiary's net sales for 1 January to 31 May 2014 amounted to EUR 37.2 million and profits to EUR 0.8 million. If the acquisition had occurred on 1 January 2014, Group net sales would have been EUR 870.7 million and the Group would have made a profit of EUR 16.1 million.

6 Net sales

EUR 1,000	2014	2013
Sale of goods	114,073	110,489
Revenue from services	717,561	655,357
Revenue from construction contracts	1,896	585
Total	833,530	766,431

At the end of the period, the aggregate costs incurred and recognised profits from incomplete construction contracts (less recognised losses) totalled EUR 3.3 million (1.4 million). Advance payments in relation to construction contracts were EUR 0.2 million (0.0 million) at the end of 2014.

7 Other operating income

EUR 1,000	2014	2013
Gains on sale of property, plant and equipment	131	320
Rental income	585	689
Other income	1,121	1,395
Total	1,837	2,404

8. Other operating expenses

EUR 1,000	2014	2013
Maintenance expenses	34,286	31,974
Rental expenses	41,368	38,438
External services	8,607	8,017
Other expenses	38,579	44,016
Total	122,840	122,445

Auditor fees

	2014	2013
PricewaterhouseCoopers Oy		
Audit fees	257	254
Tax services	40	85
Other services	158	1,132
Total	455	1,471

Other expenses 2013 include costs of investigating the possibility of broadening the ownership base of the company.

9 Depreciation and amortisation

EUR 1,000	2014	2013
Depreciation and amortisation expenses consist of the following:		
Intangible assets		
Customer base	9,434	8,480
Brand	949	1,759
Other intangible assets	34,030	26,951
Total	44,413	37,189
Property, plant and equipment		
Buildings and constructions	2,246	2,100
Machinery and equipment	108,614	107,806
Total	110,860	109,905
Impairment expenses consist of the following:		
Intangible assets		
Brand	10,721	0
Other intangible assets	8,862	0
Total	19,583	0

The impairment expenses recognised in September 2014 mostly relate to the write-down of the discontinued PlusTV brand (EUR 10.3 million). The impairment expense for other intangible assets, EUR 8.9 million, is related to write-downs in relation to changes in information systems.

10 Employment benefits and number of personnel

EUR 1,000	2014	2013
Wages and salaries	81,694	69,386
Pension expenses – defined contribution plan	14,577	12,217
Pension expenses – defined benefit plan	114	-203
Employee share option scheme: granted options	286	141
Other personnel expenses	4,315	3,886
Total	100,985	85,427

Number of personnel, average		
Consumer business	1,072	1,052
Corporate business	584	454
Total	1,656	1,506

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

11 Financial income

EUR 1,000	2014	2013
Interest income from loans and other receivables	890	1,208
Dividend income on available-for-sale investments	2	2
Total	891	1,210

12 Financial expenses

EUR 1,000	2014	2013
Derivative fair value change, outside hedge accounting	-150	-107
Interest expense on financial liabilities	11,492	7,282
Total	11,342	7,175

Other comprehensive income

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

	2014				2013			
	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	376	-82	-115	179	754	54	-162	647
Total	376	-82	-115	179	754	54	-162	647

13 Income tax

EUR 1,000	2014	2013
Income tax, current year	-3,450	-14,613
Income tax, previous years	0	43
Change in deferred tax	-72	5,841
Total	-3,523	-8,729

Reconciliation of the income statement tax expense and the Group's taxes calculated at the domestic tax rate of 20.0 per cent:

Profit before tax	18,926	37,653
Income tax at Finnish tax rate 20 per cent	-3,785	-9,225
Tax effects of:		
Tax exempt profits	594	49
Non-deductible expenses	-389	-735
Use of previously unrecognised tax losses	5	0
Taxes from prior years	0	43
Tax losses of which no deferred income tax asset was recognised	-1	-411
Different tax rate of subsidiary	0	-8
Share of associated companies' results net of tax	3	-8
Re-measurement of deferred tax - change in tax rate	0	1,566
Additional deductible expenses	50	0
Tax charge	-3,523	-8,729

The Finnish corporate income tax rate that is used to calculate deferred tax changed in the year of comparison 2013 from 24.5 per cent to 20.0 per cent.

14 Earnings per share

EUR 1,000	2014	2013
Profit attributable to the equity holders of the company, continuing operations (EUR 1,000)	15,403	28,924
Weighted average number of shares (thousands)	8,479	8,479
Basic earnings per share (euros/share), continuing operations	1.82	3.41

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

15 Property, plant and equipment

EUR 1,000	Land and water	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
At 1 January 2013						
Cost	509	31,570	956,606	873	36,611	1,026,169
Accumulated depreciation at 1 January		-10,931	-609,711			-620,642
Net book amount	509	20,640	346,895	873	36,611	405,526
Year ended 31 December 2013						
Opening net book amount	509	20,640	346,895	873	36,611	405,526
Additions and transfers	21	935	99,328		-3,523	96,761
Business combinations (note 5)			24			24
Disposals		-28	-495			-523
Accumulated depreciation relating to disposals		15	402			417
Depreciation charge		-2,100	-107,806			-109,905
Closing net book amount	530	19,461	338,349	873	33,088	392,299
At 31 December 2013						
Cost	530	32,477	1,055,464	873	33,088	1,122,431
Accumulated depreciation		-13,016	-717,115			-730,131
Net book amount	530	19,461	338,349	873	33,088	392,299
Year ended 31 December 2013						
Cost	530	32,477	1,055,464	873	33,088	1,122,431
Accumulated depreciation		-13,016	-717,115			-730,131
Net book amount	530	19,461	338,349	873	33,088	392,299
Year ended 31 December 2013						
Opening net book amount	530	19,461	338,349	873	33,088	392,299
Additions and transfers		1,654	102,180		14,593	118,428
Business combinations (note 5)	187	900	34,075			35,162
Disposals			-727		-1,996	-2,723
Accumulated depreciation relating to disposals			108			108
Depreciation charge		-2,246	-108,614			-110,861
Closing net book amount	717	19,769	365,371	873	45,685	432,414
At 31 December 2014						
Cost	717	35,031	1,190,992	873	45,685	1,273,298
Accumulated depreciation		-15,262	-825,621			-840,883
Net book amount	717	19,769	365,371	873	45,685	432,414

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

EUR 1,000

Property, plant and equipment	2014	2013
Cost - capitalised finance leases	85,470	85,470
Accumulated depreciation	85,013	83,942
Net book amount	457	1,528

16 Intangible assets

EUR 1,000	Goodwill	Customer base	Brand	Other intangible assets	Total
At 1 January 2013					
Cost	325,559	82,913	28,982	240,573	678,027
Accumulated amortisation and impairment at 31 Dec	-104,479	-31,479	-2,449	-186,422	-324,830
Net book amount	221,080	51,434	26,533	54,151	353,198
Year ended 31 December 2013					
Opening net book amount	221,080	51,434	26,533	54,151	353,198
Additions				57,619	57,619
Business combination (note 5)	11,238	6,824	12837	1,748	32,647
Disposals				-121	-121
Accumulated amortisation relating to disposals				88	88
Amortisation charge		-8,480	-1,759	-26,951	-37,189
Closing net book amount	232,318	49,779	37,610	86,534	406,241
At 31 December 2013					
Cost	336,797	89,737	41,819	299,819	768,172
Accumulated amortisation and impairment	-104,479	-39,958	-4,208	-213,285	-361,930
Net book amount	232,318	49,779	37,610	86,534	406,241
At 1 January 2014					
Cost	336,797	89,737	41,819	299,819	768,172
Accumulated amortisation and impairment	-104,479	-39,958	-4,208	-213,285	-361,930
Net book amount	232,318	49,779	37,610	86,534	406,241
Year ended 31 December 2014					
Opening net book amount	232,318	49,779	37,610	86,534	406,241
Additions				27,970	27,970
Business combination (note 5)	94,888	40,738			135,626
Disposals				-29	-29
Accumulated amortisation relating to disposals				29	29
Amortisation charge		-9,434	-949	-34,030	-44,413
Impairments			-10,721	-8,862	-19,583
Closing net book amount	327,206	81,083	25,941	71,612	505,842
31 December 2014					
Cost	431,685	130,475	41,819	327,760	931,739
Accumulated amortisation and impairment	-104,479	-49,392	-15,878	-256,148	-425,897
Net book amount	327,206	81,083	25,941	71,612	505,843

The impairment expenses recognised in September 2014 mostly relate to the write-down of the discontinued PlusTV brand (EUR 10.3 million). The impairment expense for other intangible assets, EUR 8.9 million, is related to write-downs in relation to changes in information systems.

Goodwill allocation

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

EUR 1,000	2014	2013
Consumer	180,723	180,723
Corporate	146,483	51,595
Total	327,206	232,318

Impairment testing

In order to carry out impairment testing, goodwill is allocated to cash-generating units (CGUs) in accordance with DNA's business organisation. The balance sheet values of all CGUs are subjected to an annual impairment testing. Apart from goodwill, the Group does not have any other intangible assets with an unlimited useful life. The recoverable amount (the higher of an asset's fair value less costs to sell and its value in use) of each CGU is defined as the value in use according to the projected discounted cash flows (the DSC method). Cash flow projections are based on the plans approved by management, covering a five-year period. Management considers the projections to reflect development to date and other information available from external sources. The (before tax) discount rate (weighted average cost of capital, WACC) used in testing represents 10.4–10.6 per cent depending on the segment. The growth rate forecasted after five years was assumed to be 2.0 per cent.

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

The key assumptions used were growth in net sales, development of profitability, weighted average cost of capital (WACC) as well as the cash flow growth rate after the five-year forecast period. The major sensitivities in the result are associated with the forecasted revenues and levels of profitability.

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

Applied parameters and sensitivity analysis

Applied parameters in testing 2014

	Consumer segment	Corporate segment
Applied forecast parameters	2014	2014
Amount by which the book value is exceeded, EUR million	451	106
Average growth in net sales, %	0.3	5.7
Average operating margin, % *	26.7	32.8
Average investment, % of net sales *	13.8	18.0
Growth after the forecast period, %	2.0	2.0
WACC, %	10.6	10.4

* Five-year forecast period average

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

	Consumer segment	Corporate segment
Sensitivity analysis of forecast parameters	2014	2014
Average EBITDA, % of net sales	-3.8	-2.0
WACC, %	6.6	2.3

Applied parameters in testing 2013

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

* Five-year forecast period average

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

	Consumer segment	Corporate segment
Sensitivity analysis of forecast parameters	2013	2013
Average EBITDA, % of net sales	-0.9	-5.3
WACC, -%	1.6	8.8

17 Investments in associates

EUR 1,000	2014	2013
At 1 January	2,142	1,784
Share of the profit or loss for the financial period	17	-33
Additions	0	407
Decreases	-4	-16
At 31 December	2,155	2,142

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

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

EUR 1,000						
2014	Domicile	Assets	Liabilities	Net sales	Share of profit/loss	Group holding
Suomen Numerot Numpac Oy	Helsinki	793	355	1,514	10	25%
Booxmedia Oy	Helsinki	863	120	1,349	-174	27%
Kiinteistö Oy Otavankatu 3	Pori	2,967	501	303	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	347	7	37	0	38%
2013	Domicile	Assets	Liabilities	Net sales	Share of profit/loss	Group holding
Suomen Numerot Numpac Oy	Helsinki	618	208	1,305	20	25%
Booxmedia Oy	Helsinki	612	33	465	-139	27%
Kiinteistö Oy Otavankatu 3	Pori	2,500	84	300	0	36%
Kiinteistö Oy Siilinjärven Toritie	Siilinjärvi	344	5	41	0	38%

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.

Interest in a joint arrangement

The following table presents the assets, liabilities and net sales of Suomen Yhteisverkko Oy.

2014	Domicile	Assets	Liabilities	Net sales	Result for the period	Group holding
Suomen Yhteisverkko Oy	Helsinki	8,197	4,249	990	-521	49%

The joint arrangement is classified as a joint operation. The contractual arrangement establishes the parties' rights to the assets and obligations for liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding expenses.

DNA will recognise its share (40 per cent) of assets, liabilities, revenues and expenses in its consolidated financial statements.

18 Available-for-sale financial assets

EUR 1,000	2014	2013
Shares in non-listed companies	215	215
Total	215	215
Reconciliation of available-for-sale financial assets		
At 1 January	215	215
At 31 December	215	215

19 Receivables

EUR 1,000	2014	2013
Non-current receivables		
Trade and other receivables:		
Trade receivables	37,540	35,089
Accruals 1)	1,099	2,297
Receivables from construction contracts	0	315
Other non-current receivables	1,774	1,034
Total non-current receivables	40,413	38,735
Current receivables		
Trade and other receivables:		
Trade receivables	164,794	148,398
Accruals 1)	19,264	6,904
Income tax receivables	10,902	820
Other current receivables	9,075	3,879
Total	204,035	160,001

1) Accruals consist of: trade payables EUR 11.1 million (8.2 million), TyEL pension prepayment EUR 2.1 million (0.0 million) and other EUR 7.2 million (1.0 million).

The Group has recognised a receivable impairment loss of EUR 3.6 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 discounting is not material considering the maturity.

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

	2014	2013
At 1 January	9,370	14,461
Provision for impairment of receivables	3,299	6,790
Receivables written off during the year as uncollectible	-4,736	-11,880
At 31 December	7,933	9,370

20 Deferred tax assets and liabilities

EUR 1,000

Specification of deferred tax

Deferred tax assets 2014	1 Jan	Recognised in the income statement	Other comprehensive income	Business combinations	31 Dec
Financial assets	88	56	-115		29
Provisions	1,827	-5	134	2,568	4,524
Finance lease agreements	515	-100			415
Group eliminations	10,894	-2,420			8,474
Confirmed loss	18,371	-6,656			11,715
Other temporary differences	153	-5,183		11,064	6,034
Total	31,847	-14,308	19	13,632	31,190

Deferred tax liabilities 2014	1 Jan	Recognised in the income statement	Other comprehensive income	Business combinations	31 Dec
Fair value of assets through business combinations	28,507	-8,087		8,147	28,566
Accelerated depreciation	6,601	-6,524			78
Other temporary differences	3,853	375			4,228
Total	38,961	-14,236	0	8,147	32,872

Deferred tax assets 2013	1 Jan	Recognised in the income statement	Other comprehensive income	Business combinations	31 Dec
Financial assets	306	-56	-162		88
Provisions	2,596	-752	-17		1,827
Finance lease agreements	735	-220			514
Group eliminations	16,305	-5,411			10,894
Confirmed loss	0	-4,133		22,504	18,371
Other temporary differences	0	123		30	153
Total	19,941	-10,450	-178	22,534	31,847

Deferred tax liabilities 2013	1 Jan	Recognised in the income statement	Other comprehensive income	Business combinations	31 Dec
Fair value of assets through business combinations	38,626	-14,937		4,817	28,507
Accelerated depreciation	7,493	-891			6,602
Other temporary differences	4,316	-463		0	3,853
Total	50,436	-16,291	0	4,817	38,961

21 Inventories

EUR 1,000	2014	2013
Materials and supplies	19,497	20,806
Total	19,497	20,806

During the reporting period, an adjustment of EUR 1.3 million (3.3 million) was recognised in the income statement for materials and supplies by a change in finished goods.

22 Cash and cash equivalents

EUR 1,000	2014	2013
Cash and bank deposits	10,599	27,055
Total	10,599	27,055

23 Shareholders' equity

EUR 1,000	Number of shares (thousands)	Share capital	Unrestricted equity reserve
At 1 January 2013	9,611	72,702	606,779
At 31 December 2013	9,611	72,702	606,779
At 1 January 2014	9,611	72,702	606,779
Directed share issue	1		557
At 31 December 2014	9,611	72,702	607,335

Number of shares include 1,132,144 treasury shares.

DNA has one type of share. The total number of shares is 9,611,277 (9,610,676). The shares do not have a nominal value. DNA Oy's share capital amounts to EUR 72,702,226. All issued shares have been paid in full. On 31 December 2014, a total of 7,080 shares remained unregistered after the share issues directed to the Board of Directors and key personnel. These shares were registered in January 2015.

Rights issue to the Board of Directors

The rights issue is based on the decision of the Annual General Meeting to allow each member of the Board of Directors to decide whether their annual remuneration shall be paid entirely in cash, or partly in shares and partly in cash. During the reporting period, a total of 1,206 new shares were subscribed. Jarmo Leino subscribed 603 new shares, Anu Nissinen 201, Tero Ojanperä 201 and Jukka Ottela 201. The per-share subscription price was EUR 95.51. The new shares issued did not have a nominal value. 601 shares have been registered.

Rights issue to key personnel

During the accounting period, a total of 6,475 new shares were subscribed at the per-share subscription price of EUR 95.51. The CEO Jukka Leinonen subscribed 900 shares, other members of the executive team 2,175 and other personnel 3,400 shares. The new shares issued did not have a nominal value.

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.

	2014	2013
Hedge fund	-112	-292
Total	-112	-292

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 30,041,194.02 euros (30,014,003.28 euros).

Treasury shares

Treasury shares are presented separately in equity.

Date	Number of shares	Acquisition cost
1/1/2013	1,132,144	103,546,211.53
12/31/2013	1,132,144	103,546,211.53
1/1/2014	1,132,144	103,546,211.53
12/31/2014	1,132,144	103,546,211.53

24 Share-based payments

Rights issue against payment to Group key personnel in 2014

On 20 November 2014, the Board of Directors decided to introduce a new share-based reward plan in the incentive and commitment scheme of DNA and its subsidiaries.

The objective is to align the goals of DNA's owners and the participating key personnel in order to increase the value of DNA, ensure the commitment of the key personnel and to offer them a competitive reward plan based on earning and accumulating company shares.

Participation requires subscription in the directed rights issue

The prerequisite for participating in the plan is that a person participating in the plan acquires, against payment, shares up to the number determined by the Board of Directors.

Participants have the opportunity to receive a reward as DNA's shares or as cash in connection with stock-exchange listings or main shareholders' exit.

Receiving of the reward is tied to the continuance of participant's employment and ownership of shares up to the number determined by the Board of Directors upon reward payment.

The reward will consist of one share per each subscribed share (base matching shares). Additionally, it is possible to obtain a reward based on the listing or sale price (performance share). For stock-exchange listings, the value of the reward is based on the share price and for exits, on the sale price. If neither takes place by 31 May 2019 at the latest, or if the Board of Directors decides to extend the plan no later than 31 May 2021, the reward is based on the possible increase in the share value during the expected life.

The right to the reward is personal, and is payable only to named participants. Participants cannot transfer the right to the reward to another party.

The Board of Directors decides on all matters relating to the plan, such as a participant's right to the reward in case their duties within the Group should change or they leave the employment of DNA before the reward payment.

A maximum total of 128,000 new shares can be issued in the plan.

The share subscription period of the new shares was from 27 November to 12 December 2014.

Plan

Granting date	12 Dec 2014
Amount of granted instruments	6,475
Share price at granting date	95.51
Fair value	
Base matching share	95.51
Performance share	315.00
Valid until	31 May 2019
Expected life (years)	4 years
Implementation	As shares and cash

DNA's management expects the implementation to take place partly as shares and partly as cash.

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

The plan has not yet had an effect on the profit for the accounting period.

During the accounting period, a total of 6,475 new shares were subscribed at the per-share subscription price of EUR 95.51. The CEO Jukka Leinonen subscribed 900 shares, other members of the executive team 2,175 and other personnel 3,400 shares. The new shares issued did not have a nominal value.

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.

DNA's management has reassessed the implementation of the scheme according to its conditions. The implementation type has been reclassified as cash. The management is of the opinion that the result-based conditions of the scheme are not fulfilled.

Option scheme

Classification	2010A	2010B
Target group	Management and key personnel	Management and key personnel
Granting date	3/10/2010	3/1/2011
Amount of granted instruments	50,000	58,000
Share price at granting date	EUR 97,00	EUR 98,66
Subscription period	02.01.2013 - 30.4.2015	02.01.2014 - 30.04.2016
Expected life (years)	5 years	5 years
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Share options outstanding

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

	Number of shares
On 1 January	62,000
Granted options	
Forfeited options	3,000
Exercised options	
Expired options	
On 31 December	59,000

There were no new options granted in 2014.

25. Defined benefit plan

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

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

€1,000	2014	2013	
Liability recognised in the balance sheet:			
Funded defined benefit obligation	6,771	5,982	
Fair value of plan assets	-4,552	-4,485	
Surplus/deficit	2,219	1,496	
Liability recognised in the balance sheet	2,219	1,496	
	Present value of obligation	Fair value of plan assets	
	Total		
1 Jan 2013	6,689	-4,956	1,733
Current service cost	64		64
Interest cost/income	196	-146	50
	260	-146	114
Remeasurements recognised:			
Return on plan assets, excluding interest cost/income		123	123
Gain or loss arising from changes in financial assumptions	-112		-112
Experience adjustments	-95		-95
	-207	123	-84
Contributions:			
Contribution paid by employer		177	177
Benefits paid:			
Benefits	-316	316	0
Settlements	-444		-444
31 Dec 2014	5,982	-4,486	1,496

1 Jan 2014	5,982	-4,486	1,496
Current service cost	114		114
Interest cost/income	181	-137	44
	295	-137	158
Remeasurements recognised:			
Return on plan assets, excluding interest cost/income			
Actuarial gain or loss arising from changes in demographic assumptions	151	-88	63
Gain or loss arising from changes in financial assumptions	80		80
Experience adjustments	526		526
	757	-88	669
Contributions:			
Contribution paid by employer		-104	-104
Benefits paid:			
Benefits	-263	263	0
Settlements			
31 Dec 2014	6,771	-4,552	2,219

Principal actuarial assumptions:

	2014	2013
Discount rate	1.75%	3.10%
Rate of inflation	2.00%	2.00%
Rate of salary increase	3.50%	3.50%
Rate of benefit increase	2.10%	2.10%

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

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

The main actuarial assumptions (expresses as weighted averages):

	Effect to defined benefit		
	Change in assumption	Increase	Decrease
Discount rate	0.5%	-7.0%	8.0%
Rate of salary increase	0.5%	1.0%	-1.0%
Rate of benefit increase	0.5%	7.0%	-6.0%
		Addition of one year	
Life expectancy			5.00%

The above sensitivity analysis is based on a method where one actuarial assumption changes but the others remain unchanged. In practice, this is unlikely, and some changes in assumptions may be correlated.

The sensitivity analysis of the benefit based liability for each main actuarial assumption has been calculated with the same method used to calculate the liability recognised in the balance sheet (present value at period end calculated using the projected unit credit method).

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

Changes in the yield of bonds

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

Inflation risk

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

Salary risk

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

Longevity risk

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

Expected contributions to the post-employment benefit plan in 2015 are expected to total EUR 119,000.

The weighted average duration of the defined benefit obligation was 16 years.

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

1,000 €	Pension benefits
Less than 1 year	308
1-5 years	1,190
5-10 years	1,388
10-15 years	1,370
15-20 years	1,168
Over 20 years	3,762
Total	9,185

26 Provisions

EUR 1,000	1 Jan 2014	Additions	Provisions used	Provisions released	Business combinations	Discount effect	31 Dec 2014
Decommissioning provisions	6,810	310	0	0	548	1,543	9,211
Restructuring provisions	205	4,860	-2,967	0	15	0	2,113
Onerous contracts	767	174	-99	-668	11,607	0	11,781
Other provisions	0	0	0	0	89	0	89
	7,782	5,344	-3,066	-668	12,259	1,543	23,194

EUR 1,000	2013	2014
Non-current provisions	7,579	20,057
Current provisions	203	3,137
Total	7,782	23,194

Restructuring provisions

In August, DNA announced the merger of its DNA Business unit, its subsidiary Forte Netservices Oy focusing on corporate data security solutions, and TDC Ltd Finland and TDC Hosting Ltd, both acquired in early June, into one strong corporate business unit. In relation to the restructuring, TDC Hosting Ltd and Forte Netservices Oy merged with the parent company DNA Ltd on 31 October, and TDC Ltd Finland on 31 December, according to plan. The cooperation negotiations necessitated by the reorganisation opened in August and were completed on 14 October. A provision of EUR 4.9 million was recognised due to the negotiations. The restructuring provision includes a provision for termination costs. The provision related to termination costs will be realised during 2015.

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 some 15 years, and 25 years for data centres and masts. Realising the decommissioning costs do not involve any significant uncertainties.

Onerous contracts

The acquisition of TDC Ltd Finland increased the Group's provision for onerous contracts by EUR 12.1 million. This provision is mainly due to a non-voidable lease agreement. The provision covers the net loss for under-utilised premises in full. The provision is discounted. The non-voidable lease agreement will expire in 2025.

27 Financial liabilities

EUR 1,000	2014	2013
Non-current interest-bearing liabilities		
Loans from financial institutions	74,524	118,658
Other loan commitments	251,848	105,408
Finance lease liabilities	733	1,780
Total	327,105	225,845
Current interest-bearing liabilities		
Loans from financial institutions	44,134	47,113
Other loan commitments	117,681	79,146
Finance lease liabilities	1,115	1,619
Total	162,929	127,879
Finance lease liabilities		
EUR 1,000	2014	2013
Finance lease liabilities - minimum lease payments		
No later than 1 year	1,146	1,645
Later than 1 year and no later than 5 years	678	1,654
Later than 5 years	142	311
Total	1,965	3,610
Future finance charges of finance leases	-117	-211
Present value of finance lease payments	1,848	3,399
Finance lease liabilities - present value of minimum lease payments		
No later than 1 year	1,129	1,619
Later than 1 year and no later than 5 years	627	1,558
Later than 5 years	92	221
Total	1,848	3,399
Total finance lease liabilities	1,965	3,610

28 Trade payables and other liabilities

EUR 1,000	2014	2013
Current financial liabilities carried at amortised acquisition cost		
Trade payables	71,100	50,456
Accrued expenses 1)	64,768	53,018
Advances received	22,981	22,261
Other current liabilities	14,465	7,394
Interest rate derivatives, hedge accounting	150	0
Total current liabilities	173,463	133,128

1) Accrued expenses consist of: Holiday pay and bonuses including social expenses totalling EUR 18.1 million (15.6 million), interest expenses EUR 1.2 million (0.9 million), as well as other accrued operative expenses EUR 45.5 million (36.6 million).

29 Fair value of financial liabilities

Non-current financial liabilities

EUR 1,000	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	74,524	74,344	118,658	118,674
Other loan commitments	251,848	255,085	105,408	104,542
Financial lease agreements	733	733	1,780	1,780
Total	327,105	330,162	225,845	224,996

Current financial liabilities

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	44,134	44,119	47,113	47,109
Other loan commitments	117,681	117,759	79,146	79,230
Financial lease agreements	1,115	1,115	1,619	1,619
Total	162,930	162,993	127,878	127,958

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

30 Derivative financial instruments

2014

EUR, million

			< 1 year	1–5 years	> 5 years
Derivatives, outside hedge accounting					
Interest rate swaps	Nominal value		-	-	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	-	-
Derivatives, hedge accounting					
Interest rate swaps	Nominal value		14	-	-
	Positive	Fair value	-	-	-
	Negative	Fair value	0.1	-	-

In 2014, DNA applied cash flow hedge accounting using an interest rate swap at a nominal value of EUR 68.0 million (80.0 million). There was only one swap agreement outstanding at the end of 2014, and it was included in hedge accounting. This interest rate swap is reduced every six months as repayments are made. Testing for hedge effectiveness showed the hedge to be effective.

2013

EUR, million

			< 1 year	1–5 years	> 5 years
Derivatives, outside hedge accounting					
Interest rate swaps	Nominal value		-	-	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	-	-
Derivatives, hedge accounting					
Interest rate swaps	Nominal value		-	68	-
	Positive	Fair value	-	-	-
	Negative	Fair value	-	0.5	-

Derivative fair value measurement hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Other inputs observable either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Unobservable inputs

2014

Fair value measurement	Level 1	Level 2	Level 3
Interest rate swaps	-	-0.1	-

2013

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

At year end, the Group had no derivative agreements subject to a netting arrangement.

31 Operating lease agreements

EUR 1,000	2014	2013
Group as lessee		
Minimum lease amounts paid on the basis of non-voidable operating lease agreements		
Within one year	40,198	29,013
Longer than one year but no more than five years	36,267	20,762
After five years	38,706	6,766
Total	115,171	56,541

The Group leases premises, telecommunication premises, masts, vehicles etc. The lease periods are 1–6 years and normally include the opportunity to continue the agreement after the original end date. The 2014 income statement includes paid operating lease expenses of EUR 41.4 million (EUR 38.4 million). Relating to operating leases, the Group has made a provision of EUR 11.6 million (EUR 0.8 million). For more information see note 27 Provisions.

32 Guarantees and contingent liabilities

EUR 1,000	2014	2013
VAT refund liability	1,180	0

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

33 Related party transactions

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

Group structure 2014

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

The wholly owned subsidiary Forte Netservices Oy and TDC Hosting Oy were incorporated into DNA Ltd on 31 October 2014 and the wholly owned subsidiary TDC Ltd Finland on 31 December 2014.

Listing of associated companies is presented in note 17.

The following related party transactions were carried out:

EUR 1,000	Sales	Purchases	Receivables	Liabilities
2014				
Organisations exercising significant influence	27	3,859	2	2
Associated companies	0	617	0	2
2013				
Organisations exercising significant influence	50	4,338	3	34
Associated companies	0	518	0	80

Management employee benefits

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

EUR 1,000	2014	2013
Salaries and other short-term employee benefits	2,815	2,852
Termination benefits	293	0
Post-employment benefits	229	602
Share-based benefits	286	-141
Total	3,623	3,313

Management option rights (conditions are specified in note 24 Share-based payments).

EUR 1,000	2014	2013
Granted options	32	58
Forfeited options	0	26
Total number of shares management options entitle	32	32

In relation to the share-based remuneration system, management subscribed 3,075 shares (see note 24 Share-based payments).

EUR 1,000	2014	2013
Salaries and commissions:		
CEOs	1,418	1,242
Members and deputy members of the Board of Directors	544	494

Management's and CEOs' pension commitments

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

34 Events after the balance sheet date

The management of DNA Group is not aware of any significant events after the balance sheet date that would have an effect on the balance sheet.

35 Shares and shareholders

Shareholders 31 December 2014	%
Private companies	96.5%
Public companies	3.5%

Shareholder information	Number of shares	% of shares and votes
Finda Ltd	4,230,787	49.9%
PHP Holding Ltd	3,184,425	37.6%
Ilmarinen Mutual Pension Insurance Company	424,689	5.0%
Anvia Ltd	294,312	3.5%
Lohjan Puhelin Ltd	220,877	2.6%
Other shareholders	124,043	1.5%

PARENT COMPANY INCOME STATEMENT, FAS

EUR 1,000	Note	1 Jan - 31 Dec 2014		1 Jan - 31 Dec 2013	
INCOME STATEMENT	1	649,794		743,799	
Other operating income		7,389		3,405	
Materials and services					
Purchases		108,312		93,273	
Change in inventory		1,387		-15,739	
External services		225,235		334,933	
External services		334,933		304,568	
External services				382,102	
Employee expenses					
Salaries and commissions		61,564		63,254	
Social expenses					
Pensions		10,830		11,053	
Other social expenses		3,550		75,944	
Other social expenses		75,944		3,940	
Other social expenses				78,247	
Depreciation and impairments	2				
Depreciation according to plan		121,217		125,004	
Other operating expenses	3	102,052		120,186	
OPERATING PROFIT		23,037		41,666	
Financial income and expense	4				
Income from other investments		1		2	
Other interest and financial income		883		530	
Interest and other financial expenses		10,412		-9,527	
Interest and other financial expenses		-9,527		8,203	
Interest and other financial expenses				-7,671	

PROFIT BEFORE EXTRAORDINARY ITEMS		13,510	33,997
Extraordinary income	5	5,587	8,825
PROFIT BEFORE APPROPRIATIONS AND TAX		19,096	42,821
Appropriations	6	24,067	5,491
Income taxes	7	9,404	14,524
PROFIT FOR THE FINANCIAL PERIOD		33,759	33,787

PARENT COMPANY BALANCE SHEET, FAS

EUR 1,000

ASSETS	Note	31 Dec 2014		31 Dec 2013	
NON-CURRENT ASSETS					
Intangible assets	8				
Development costs		221		335	
Goodwill		128,462		479	
Intangible rights		85,178		99,408	
Other capitalised expenditure		27,546	241,407	40,559	140,780
Property, plant and equipment	8				
Land and water		717		530	
Buildings and constructions		8,178		8,528	
Machinery and equipment		271,513		285,026	
Other tangible assets		873		873	
Advances paid and construction in progress		41,625	322,906	32,943	327,900
Investments	9				
Holdings in Group companies		82,653		66,263	
Shares in associated companies		3,794		2,053	
Other shares and holdings		1,427	87,874	1,427	69,743
TOTAL NON-CURRENT ASSETS			652,187		538,423
CURRENT ASSETS					
Inventory					
Materials and supplies			19,466		20,693

Receivables					
Non-current receivables					
Trade receivables		37,540		35,089	
Receivables from Group companies		12,395			
Other receivables		3,795		4,664	
Deferred tax asset	18	7,336	61,066	815	40,568
Current receivables					
Trade receivables		144,983		144,107	
Receivables from Group companies	10	8,977		9,132	
Other receivables		7,404		728	
Accrued income and deferred expense	11	29,238	190,601	9,655	163,622
Cash and cash equivalents			9,336		25,569
TOTAL CURRENT ASSETS			280,469		250,452
TOTAL ASSETS			932,656		788,875
EQUITY AND LIABILITIES			31.12.2014		31.12.2013
SHAREHOLDERS' EQUITY	12				
Share capital			72,702		72,702
Unrestricted equity reserve			86,336		85,603
Retained earnings			50,826		47,053
Profit for the financial period			33,759		33,787
TOTAL SHAREHOLDERS' EQUITY			243,624		239,145
APPROPRIATIONS	13				32,977
Provisions	14		19,277		4,073

LIABILITIES				
Non-current liabilities	15			
Loans from financial institutions		329,139		226,454
Advances received		360		407
Other non-current liabilities		19,896	349,395	22,466 249,327
Current liabilities				
Loans from financial institutions		161,919		126,384
Advances		4,899		15,678
Trade payables		65,130		47,908
Liabilities to Group companies	16	27,596		23,209
Other current liabilities		7,531		5,315
Accruals	17	53,286	320,361	44,859 263,353
TOTAL LIABILITIES			669,756	512,680
TOTAL EQUITY AND LIABILITIES			932,657	788,875

PARENT COMPANY CASH FLOW STATEMENT, FAS

EUR 1,000	Parent company 1.1 - 31.12.2014	Parent company 1.1 - 31.12.2013
Cash flows from operations		
Profit for the period	33,759	33,787
Adjustments*)	109,772	137,386
Change in working capital	17,951	-37,600
Interest paid	-8,273	-6,348
Interest received	536	438
Taxes paid	-13,070	-14,491
Net cash flow from operations (A)	140,675	113,173
Cash flows from investments		
Investments in tangible and intangible assets	-126,160	-123,150
Tangible assets capital gain	-2	273
Acquired subsidiaries and business transfers	-156,496	-48,076
Other investments	-1,741	2,700
Loans granted	-2,400	0
Repayments of loan receivables	10,000	0
Total cash flows from investments (B)	-276,800	-168,253
Cash flows from financing		
Share issue	734	0
Dividend distribution	-30,014	-35,016
Borrowing of interest-bearing liabilities	544,099	319,954
Repayments of interest-bearing liabilities	-403,751	-217,800
Received and paid Group contribution	8,825	7,018
Total cash flows from financing (C)	119,892	74,156

Change in liquid assets (A+B+C)	-16,233	19,075
Liquid assets on 1 January	25,569	6,494
Liquid assets on 31 December	9,336	25,569
Adjustments*)		
Depreciation	121,217	125,004
Proceeds from disposal of tangible and intangible assets	-31	-223
Other non-cash income and expense	-28,807	-8,658
Interest and other financial expense	9,527	7,671
Taxes	9,404	14,524
Change in provisions	-1,539	-932
Total adjustments	109,772	137,386
Change in working capital:		
Change in trade receivables and other receivables	12,777	1,114
Change in inventory	-1,176	-15,739
Change in trade payables and other payables	6,350	-22,974
Total	17,951	-37,600

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 7,335,767.38 comprises obligatory provisions and deferred depreciation.

Valuation principles

Fixed assets

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

The depreciation/amortisation periods are:

Intangible rights	2-10 years
Goodwill	5-20 years
Other intangible assets	3-5 years
Buildings	25 years
Constructions	10-25 years
Machinery and equipment	3-15 years

The merger loss has been capitalised and its depreciation period is 20 years based on the management's view that the merger will generate economic benefit for a minimum of 20 years.

Inventory

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

Financial assets

Securities are recognised at market value. Valuation differences are recognised directly in the income statement.

Research and development

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

Pensions

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

Foreign currency translations

Items denominated in foreign currencies are translated using the Bank of Finland average rate.

Notes to the parent company financial statements

- [1. Net sales](#)
- [2. Depreciation and amortisation](#)
- [3. Other operating expenses](#)
- [4. Financial income and expense](#)
- [5. Extraordinary items](#)
- [6. Appropriations](#)
- [7. Direct taxes](#)
- [8. Non-current assets](#)
- [9. Investments](#)
- [10. Receivables from group companies](#)
- [11. Accrued income](#)
- [12. Shareholders' equity](#)
- [13. Accumulated appropriations](#)
- [14. Obligatory provisions](#)
- [15. Non-current liabilities](#)
- [16. Liabilities to group companies](#)
- [17. Accruals](#)
- [18. Deferred tax liability/asset](#)
- [19. Pledged assets and contingent liabilities](#)
- [20. Group and parent company holdings](#)
- [21. Statement of distributable earnings](#)

1 Net sales

EUR 1,000	2014	2013
Domestic	635,729	728,762
Foreign	14,065	15,037
Total	649,794	743,799

During the financial period, parent company employed personnel on average

Total	1,296	1,392
--------------	-------	-------

2 Depreciation and amortisation

EUR 1,000	2014	2013
Depreciation of intangible assets	47,722	35,356
Depreciation of intangible and tangible assets	73,495	89,648
Total	121,217	125,004

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

3 Other operating expenses

EUR 1,000	2014	2013
Operating and maintenance costs	31,295	31,107
Rental costs	35,871	36,048
External services	4,358	7,139
Other cost items	30,528	45,892
Total	102,052	120,186
Auditor fees		
PricewaterhouseCoopers Oy		
Auditing fees	233	194
Tax consulting	40	85
Other fees	158	1,132
Total	431	1,412

4 Financial income and expense

EUR 1,000	2014	2013
Dividends		
from associated companies	4	4
from others	1	2
Total dividends	5	6
Other interest and financial income		
Interest income from group companies	333	88
Interest income from others	534	438
Other financial income from others	12	
Total other interest and financial income	879	526
Total financial income	885	532
Other interest and financial expense		
Interest expense	8,284	6,437
Other financial expense	2,129	1,767
Total other interest and financial expense	10,412	8,203
Total financial income and expense	-9,527	-7,671

5 Extraordinary items

EUR 1,000	2014	2013
Group contributions	5,587	8,825
Total	5,587	8,825

6 Appropriations

EUR 1,000	2014	2013
Difference between planned depreciation and depreciation for taxation	24,067	5,491
Total	24,067	5,491

7 Direct taxes

EUR 1,000	2014	2013
Direct taxes	3,179	14,156
Change in deferred tax asset	0	-43
Change in deferred tax liability	6,225	412
Total taxes	9,404	14,524

8 Non-current assets

EUR 1,000	2014	2013
Development costs		
Acquisition cost 1 January	3,572	3,323
Transfers between items	169	250
Disposals	-53	0
Acquisition cost 31 December	3,689	3,572
Accumulated amortisation 1 January	3,238	2,586
Amortisation for the financial period	230	651
Accumulated amortisation 31 December	3,468	3,238
Book value 31 December	221	335
Intangible rights		
Acquisition cost 1 January	212,498	174,011
Additions from business combinations*	394	0
Transfers between items	7,913	38,487
Disposals	-2,432	0
Acquisition cost 31 December	218,372	212,498
Accumulated amortisation 1 January	113,091	94,700
Amortisation for the financial period	12,164	18,391
Amortisation relating to disposals	-2,432	0
Impairments***	10,372	0
Accumulated amortisation 31 December	133,194	113,091
Book value 31 December	85,178	99,408
Goodwill		
Acquisition cost 1 January	22,616	22,616
Additions from business combinations**	128,152	0
Acquisition cost 31 December	150,768	22,616

Accumulated amortisation 1 January	22,137	21,759
Amortisation for the financial period	169	378
Accumulated amortisation 31 December	22,306	22,137
Book value 31 December	128,462	479
Other non-current intangible assets		
Acquisition cost 1 January	149,525	132,370
Disposals	-12,784	0
Transfers between items	13,008	17,155
Acquisition cost 31 December	149,749	149,525
Accumulated amortisation 1 January	108,966	93,030
Amortisation for the financial period	15,925	15,936
Amortisation relating to disposals	-11,550	0
Impairments***	8,862	0
Accumulated amortisation 31 December	122,203	108,966
Book value 31 December	27,546	40,559
Land and water		
Acquisition cost 1 January	530	509
Additions from business combinations*	187	0
Transfers between items	0	21
Book value 31 December	717	530
Buildings and constructions		
Acquisition cost 1 January	13,886	12,980
Additions from business combinations*	796	0
Transfers between items	625	935
Disposals	-762	-28
Acquisition cost 31 December	14,545	13,886
Accumulated depreciation 1 January	5,358	4,351
Depreciation relating to transfers	0	-15
Depreciation for the financial period	1,008	1,021
Accumulated depreciation 31 December	6,366	5,358
Book value 31 December	8,178	8,528

Machinery and equipment		
Acquisition cost 1 January	771,748	674,944
Additions from business combinations*	33,953	0
Transfers between items	80,080	96,964
Disposals	-55,092	-159
Acquisition cost 31 December	830,689	771,748
Accumulated depreciation 1 January	486,722	398,218
Depreciation for the financial period	72,487	88,627
Depreciation relating to disposals	-33	-123
Accumulated depreciation 31 December	559,176	486,722
Book value 31 December	271,513	285,026
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	32,943	36,604
Additions	111,338	150,150
Additions from business combinations	282	0
Disposals	-1,144	0
Transfers between items	-101,795	-153,811
Acquisition cost 31 December	41,625	32,943

*Transfer of assets from merged subsidiaries.

**The merger loss arising from the merger of subsidiary TDC Ltd Finland to the parent company has been capitalised as goodwill.

***The impairment expenses recognised in September 2014 mostly relate to the write-down of the discontinued PlusTV brand (EUR 10.3 million).

The impairment expense for other intangible assets, EUR 8.9 million, is related to write-downs in relation to changes in information systems.

9 Investments

EUR 1,000	2014	2013
Holdings in Group companies		
Book value 1 January	66,263	26,012
Increase	197,607	47,669
Disposals	-181,216	-7,419
Book value 31 December	82,653	66,263
Shares in associated companies		
Book value 1 January	2,053	1,646
Increase	1,741	407
Book value 31 December	3,794	2,053
Other shares and holdings		
Book value 1 January	1,427	1,427
Book value 31 December	1,427	1,427

10 Receivables from Group companies

EUR 1,000	2014	2013
Sales receivables	12,395	0
Group account receivables	3,390	307
Group contribution receivables	5,587	8,825
Total	21,371	9,132

11 Accruals

EUR 1,000	2014	2013
Trade payables	8,578	5,289
Other receivables	20,660	4,366
Total	29,238	9,655

Unrecognised costs

Of the bond issue costs:

Remainder of the capitalised long-term deferred receivables	2,000	1,820
Remainder of the capitalised short-term deferred receivables	768	465
Total	2,768	2,285

12 Shareholders' equity

EUR 1,000	2014	2013
Share capital 1 January	72,702	72,702
Share capital 31 December	72,702	72,702
Unrestricted equity reserve 1 January	85,603	85,603
Shareissue*	734	0
Unrestricted equity reserve 31 December	86,336	85,603
Retained earnings 1 January	80,840	82,069
Dividend distribution	-30,014	-35,016
Treasury shares	0	0
Retained earnings 31 December	50,826	47,053
Profit for the financial period	33,759	33,787
Total shareholders' equity	243,624	239,145

*There were two directed share issues during the accounting period: the issue to the Board of Directors totalled EUR 115,185.06 and the issue to key personnel EUR 618,427.25. The per-share subscription price was EUR 95.51. The new shares issued did not have a nominal value.

13 Appropriations

EUR 1,000	2014	2013
Appropriations comprise accumulated depreciation difference	0	32,977
Total	0	32,977

14. Obligatory provisions

EUR 1,000	2014	2013
Estimated decommissioning costs of data centres and masts	5,468	3,199
Onerous contracts*	11,607	668
Pension provision	259	205
Restructuring provision	1,839	0
Other provision	104	0
Total obligatory provisions	19,277	4,073

The merger of TDC Ltd Finland to DNA Ltd increased the provisions.

*The provision covers the under-utilised premises for the full agreement term until 2025.

15 Non-current liabilities

EUR 1,000	2014	2013
Bonds	250,000	100,000
Loans from financial institutions	74,524	118,762
Other non-current liabilities	24,512	30,158
Accruals	360	407
Total	349,395	249,327

DNA Ltd issued an unlisted unsecured bond of EUR 150 million on 12 November 2014.

The bond will mature on 12 March 2021 and carries a coupon rate of 2.875 per cent.

Non-current liabilities, maturing in over 5 years

EIB	0	3,810
Bond	150,000	0
Total	150,000	3,810

16 Liabilities to Group companies

EUR 1,000	2014	2013
Trade payables	4,120	2,306
Accruals	10,646	10,202
Group account payables	12,830	10,702
Total	27,596	23,209

17 Accruals

EUR 1,000	2014	2013
Holiday pay and bonuses	15,877	14,476
Interest expenses	1,278	1,010
Other accruals	36,131	29,373
Total	53,286	44,859

18 Deferred tax liability/asset

EUR 1,000	2014	2013
Deferred tax asset from obligatory provisions	3,855	815
Deferred tax asset from deferred depreciation	3,480	'0
Total	7,336	815

The merger of TDC Ltd Finland to DNA Ltd increased the deferred tax asset.

19 PLEDGED ASSETS AND CONTINGENT LIABILITIES

EUR 1,000	2014	2013
Pledged assets		
Contingent liabilities and other liabilities		
Finance lease payments		
Payments due during the next financial period	1,731	1,212
Payments due at a later date	1,194	1,158
Total	2,925	2,369
Leasing contracts are made for three-year periods.		
Other contractual obligations		
Loan collaterals involve the application of covenants. The agreed covenants are related to the good financial position and liquidity of the Group. Violation of any covenants may result in increased financing costs or termination of the loan agreements. The Group monitors the covenants and they have been met during the financial period.		
Leasehold commitments	109,358	51,379
The merger of TDC Ltd Finland to DNA Ltd increased the leasehold commitments.		
VAT refund liability	1,180	0
Other obligations on behalf of Group companies		
Bank guarantee	858	814

Derivative financial instruments

Interest rate swaps, hedge accounting (Group)

	Fair value	-150	-476
	Nominal value	14,000	68,000

RELATED PARTY TRANSACTIONS

Management salaries and commissions	2014	2013
Board members and the CEO	1,417	1,303

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

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

20 Group and parent company holdings

	2014	2013
Group companies		
DNA Store Ltd	100%	100%
Huuked Labs Oy	100%	100%
DNA Welho Ltd	100%	100%
Forte Netservices Oy*	0%	100%

*Forte Netservices Oy was incorporated into DNA Ltd on 31 October 2014

TDC Hosting Ltd and Forte Netservices Oy that were acquired in 2014 merged with the parent company DNA Ltd on 31 October, and TDC Ltd Finland on 31 December 2014.

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

Associated companies		
Suomen Numerot Numpac Oy	25%	25%
Booxmedia Oy	27%	27%
Kiinteistö Oy Otavankatu 3	36%	36%
Kiinteistö Oy Siilinjärven Toritie	38%	38%

Suomen Numerot Numpac Oy and Booxmedia Oy have been combined to parent company financial statement.

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

21 Statement of distributable earnings 31 December

EUR 1,000	2014	2013
Retained earnings	50,826	47,053
Unrestricted equity reserve	86,336	85,603
Profit for the financial period	33,759	33,787
Total distributable funds	170,922	166,443

Consolidated key financial indicators

INCOME STATEMENT	12/31/2014	12/31/2013
Net sales (MEUR)	834	766
EBITDA (MEUR)	204	191
EBITDA, % of net sales	24.5%	24.9%
Operating result, EBIT (MEUR)	29	44
Operating result, EBIT % of net sales	3.5%	5.7%
Profit for the financial period (MEUR)	15	29
Return on equity (ROE), %	3.0%	5.5%
Return on investment (ROI), %	3.2%	5.4%
BALANCE SHEET		
Equity ratio, %	41.5	49.4
Net liabilities/EBITDA	2.35	1.71
Gearing, %	94.3	62.6
Balance sheet total (MEUR)	1,246	1,079
CAPITAL EXPENDITURE		
Gross investment (MEUR)	150	128
Gross investment, % of net sales	17.9%	16.8%
EMPLOYEES		
Average number of employees for the financial period	1,656	1,506

Per-share key indicators		
Earnings per share (EPS) (EUR)	1.8	3.4
Capital and reserves per share (EUR)	59.9	61.6
Dividend per share (EUR)	3.5	3.5
Dividend per earnings, %	0.2%	0.1%
Effective dividend yield, %		
Price/earnings ratio (P/E)		
Share price trend		
Market capitalisation		
Trading volume for the financial period		
Trading volume for the financial period, %		
Weighted average adjusted number of shares during the financial period (1,000)	8,479	8,479
Adjusted number of shares at the end of the financial period (1,000)	8,479	8,479

Calculation of key indicators

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

Board of Directors' proposal on the distribution of profits

DNA Ltd's distributable funds in the financial statements amounted to EUR 170,921,535.47, of which profit for the financial year came to EUR 33,758,977.32. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 3.54 per share be paid. Based on the number of shares at the end of the year, the total dividend to be paid comes to EUR 30,041,194.02.

DNA Ltd
Board of Directors

SIGNATURES OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Helsinki, on this 6th day of
February 2015

Jarmo Leino

Chairman of the Board of
Directors

Anu Nissinen

Member of the Board of
Directors

Kirsi Sormunen

Member of the Board of Directors

Jukka Ottela

Member of the Board of
Directors

Tero Ojanperä

Member of the Board of Directors

Anssi Soila

Member of the Board of
Directors

Jukka Leinonen

President and CEO

Auditors' Note

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

Helsinki, on this 12th day of
February 2015

PricewaterhouseCoopers Oy

Authorised Public Accountants

Johan Kronberg

Authorised Public Accountant

Auditor's Report

To the Annual General Meeting of DNA Oy

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of DNA Oy for the year ended 31 December, 2014. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, February 12, 2015

PricewaterhouseCoopers Oy

Authorised Public Accountants

Johan Kronberg

Authorised Public Accountant



DNA Ltd • Läkiksepäntie 21, 00620 Helsinki, Finland • www.dna.fi