ANNUAL REPORT 2012

Index

Growth and development on several fronts

Year 2012 was a time of change and growth for DNA. Competition remained intense, which set requirements on cost-efficiency and the quality of the network infrastructure.

Fast change of the telecommunications market is still underway. Continuous technological advances, the need for larger service concepts, new types of usage, faster data connections and the growing importance of mobile services represent new growth opportunities for DNA.

CONTINUOUS GROWTH

- Net sales EUR 769.2 million: growth 5.7%
- EBITDA EUR 190.7 million: growth 1.2%
- Number of subscriptions at the end of year 2012 was 3,455,000: growth 3.9%
- Personnel at the end of year 2012 was 1,427: growth 37.9%

MORE AGILE, EFFICIENT AND RESPONSIBLE DNA

- Organizational changes helped to streamline and improve operations. Our cost-efficiency and competitiveness improved and decision-making accelerated
- Corporate responsibility work was carried out in 2012–2014 in accordance with the corporate responsibility program

FASTER AND MORE EXTENSIVE SERVICES

- 3G network expanded and reaches now over five million Finns
- 4G-grade mobile services are available in more than 200 municipalities and are constantly reaching new areas
- Demand especially for mobile services is still growing
- DNA increased investments in network expansion and higher speeds. DNA invested a total of EUR 136.3 million (17.7% of net sales).

STRONG FOCUS ON CUSTOMER SERVICE

- DNA's customer service gained some 500 people. Now about every third DNA staff member is a customer service specialist.
- According to the international EPSI Rating study, DNA mobile broadband and DNA WELHO had the most satisfied consumer customers in Finland. DNA's service quality is considered the best, and customer value and loyalty are also at the highest level.

Strong foothold on growing markets

DNA Ltd is a Finnish telecommunications group providing high-quality, state-of-the-art voice, data, and TV services to private customers, corporations, communities, housing companies and the public sector.

DNA has gained a strong foothold on the growing telecommunications markets in Finland.

At the end of 2012, DNA had the following market shares:

- 25 per cent of mobile communication subscriptions
- 38 per cent of cable TV subscriptions
- 19 per cent of fixed-network subscriptions
- 13 per cent of fixed-network voice services.

DNA's 3G network reaches five million Finns and is constantly expanding. 4G-grade speeds are currently available in more than 200 Finnish municipalities and are reaching new cities and urban areas all the time. DNA Ltd has more than three million mobile communication and fixed network customer contracts.

The company is the leading TV operator in Finland. On the cable TV market, DNA is the largest operator, and DNA's terrestrial TV network covers 85 per cent of the population. DNA has the most extensive channel offering in both the cable and terrestrial networks, and the company is the only operator offering high-definition channels in the terrestrial network.

Customer satisfaction is the key

DNA operates in two business segments: consumer and corporate business. In 2012, the company integrated customer service functions into the consumer and corporate business segments to enhance service quality.

Customer satisfaction is a key consideration in all of DNA's operations. According to the results of the international EPSI Rating study in 2012, DNA has the most satisfied mobile broadband customers, while DNA WELHO has the most satisfied consumer customers in the pay-TV market in Finland. DNA WELHO pay-TV services also scored top positions in product quality and image. DNA will continue to develop its customer service further, promises to get things right the first time and interlinks customer service with sales and technologies.

DNA and WELHO are registered trademarks of DNA Ltd.

> Customer satisfaction is guaranteed by our promise to get things right the first time.

Steady growth continued

DNA's growth continued in 2012. We increased our net sales and operating profit in a challenging market environment. We also improved our customer satisfaction: according to the international EPSI Rating study, DNA mobile broadband and DNA WELHO pay-TV had the most satisfied consumer customers in Finland. This improvement builds on the continuous enhancement of our customer service processes and our fast, high-quality networks.

Straightforward business structure boosts operational efficiency

2012 was also a year of change. We renewed our business structure to simplify our operations. As a result, the organisation is now more effective and streamlined. We also developed our competitiveness in a business environment that requires ever growing agility and efficiency.

As part of this development, we strengthened our customer service structure. In June, we acquired a customer service operation from our outsourcing partner, GoExcellent. Our cooperation has spanned five years, and close to 500 customer service personnel have now become DNA employees. More than one in three DNA employees now work in customer service.

New head office supports our corporate culture

After the summer we moved into our new head office at Läkkisepäntie 21, Helsinki. At the same time, we introduced a new, more genuine way of working. At DNA, genuine way of working means that employees do not have dedicated desks but use mobile desks instead. We also plan to increase mobile working and will introduce interactive leadership practices.

Our new energy-efficient and flexible work environment enables us to be innovative in versatile and responsible ways. The change has been successful as indicated by the positive development of employee satisfaction as well as reduced levels of emissions from work-related travel. Personnel satisfaction was high across the entire organisation, at all locations.

> Our values – quickness, genuineness and boldness as well as showing respect for our customers and colleagues – are at the core of our corporate culture.

DNA continued to develop its corporate responsibility practices according to its corporate responsibility programme in 2012. GRI reporting was enhanced by including direct and indirect greenhouse gas emissions retrospectively for the past two years. DNA also continued to develop its supply chain management by introducing an ethical supplier appendix to new technological and logistics contracts.

Growth from growing data volumes and new services

Our industry is heading towards a significant shift. Global technology ecosystems, such as Google and Microsoft, are gaining ground and creating service entities that offer a perfect platform for small service designers.

Our networks offer thousands of new services and content types to our customers. This boosts traffic volumes and calls for investments to increase network capacity. DNA's competitive ability amidst the change is based on leanness, agility, cost-competitiveness as well as bold innovativeness. We enhance our productivity systematically by replacing old service systems, operating models and processes with new and robust ones. This also improves our service levels.

We believe that the industry will enter a new period of growth after the shift. Market growth will be driven by increased traffic volumes and new types of use. Network and terminal device technologies are developing at an increasing pace, fuelling new growth in the basic traffic and subscription business and driving new product, service and business innovations.

We will continue to invest in the speed, coverage and capacity of our broadband and TV networks in 2013. Our 4G network already reaches half of the population and HDTV offering covers some 1.5 million Finnish households. In addition to high-speed connections, we will keep introducing new, interesting products and services by establishing bold partnerships, such as our cooperation with Jolla, the developer of the Sailfish operating system and smart phones, as well as the sales of iPad tablets at DNA Stores. DNA is the only Finnish operator selling iPad tablets.

Towards new growth

2012 was a year of growth at DNA in more ways than one. DNA’s personnel and partners have contributed significantly to building our new growth. The company’s owners and the Board of Directors have worked systematically to support DNA’s long-term development. I would also like to take this opportunity to thank DNA’s customers for their continued support. Let’s work together to create new growth in 2013.

Riitta Tiuraniemi

President and CEO

Modern and strong operator, now and in the future

DNA is entering a period of new growth, generated by the demonstrated added value of DNA's services and mobility.

Our operating environment is undergoing a transformation. New players are entering the market, the pace of competition is intensifying and regulation is increasing. Operators must identify new growth opportunities, which is something we at DNA have always done.

To emerge successful and establish a sustainable operating model, DNA has selected the following key strategic factors: leanness, agility, cost-efficiency and innovativeness.

To achieve leanness, DNA makes bold and timely decisions on decommissioning old operating models, systems and products. To be agile, we have established a straightforward leadership model and a clear organisational structure.

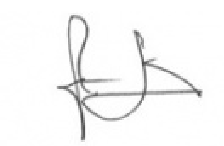
To be effective, we define processes accurately, employ business-savvy personnel and keep costs under control. To be innovative, we develop our basic operations continuously, but also establish new business models and create new, bold partnerships.

> We want to be a modern operator, now and in the future.

DNA has historically reported strong growth, which has been achieved by organic growth and business acquisitions. Growth is an integral part of DNA, and we aim to keep growing.

In 2013, DNA continues to operate as a strong industry player, with fast networks and the strength and ability to invest into network capacity. As a leading TV operator, we offer interesting contents nationwide through innovative services.

On behalf of the Board and myself, I would like to extend a heartfelt thank you to CEO Riitta Tiuraniemi, DNA management and the personnel for your great attitude and expertise! DNA's management and the Board continued their good cooperation in 2012. I would also like to thank the shareholders for their support and encouragement to DNA Board and management and the company's future direction.



Jarmo Leino

Chairman of the Board

Key events in 2012

JANUARY

DNA Oy and Wextra Oy, an ICT expert that operates in Helsinki, Seinäjoki and Pirkanmaa, agreed on cooperation in the provision of mobile and fixed-network services. As a local partner, Wextra will sell DNA's voice and data services to companies, associations and consumers.

DNA's mobile broadband product range was renewed: unlimited prioritised data transmission was included in DNA Liikkuva Laajakaista mobile broadband products from L subscriptions upwards.

FEBRUARY

DNA's service offering expanded with the introduction of DNA Dataprepaid, a subscription tailored for wireless data transfer. Suitable for occasional data transfer by mobile phone, the DNA Dataprepaid subscription does not carry a monthly fee. It is available from R-kiosks for example, and can be purchased without a contract. The subscription package includes 10 gigabytes of data transfer, which can be used within six months. Prepaid subscriptions remain popular among customers, who have been asking for an easy-to-use data transfer capability.

BookIT and DNA launched cooperation in intelligent SMS (iSMS®) solutions and M2M subscriptions. The companies aim to introduce new and convenient types of mobile and telecommunications services into the market.

MARCH

DNA was the first in Europe and Finland to introduce a 4G WLAN Mokkula modem. The modem connects up to ten devices, such as PCs, smart phones, TVs and Internet radios, to the 4G-grade speeds of Dual Carrier and LTE networks.

The largest IT distributor in Finland, Also Finland Oy, and DNA announced an agreement whereby a Dataprepaid subscription will accompany all iPad 3G tablets sold via Also. In the future, a DNA Dataprepaid subscription will be offered with other tablet models distributed by Also.

APRIL

Hundreds of additions were made to DNA's 4G network nationwide. DNA's top-speed 4G LTE network already comprises hundreds of base stations, and reaches over one million Finns. Both the 3G and 4G networks are expanded every month.

MAY

DNA's cable broadband customers enjoyed even higher speeds. DNA introduced higher broadband speeds to some 600,000 households in the Helsinki Metropolitan Area and around the cities of Oulu, Kuopio, Lahti, Lohja, Pori, Turku and Rauma. The new upload speeds, up to twice as fast as before, were implemented automatically during May. The company also introduced a new DNA WELHO XXL 350M cable broadband subscription (350/20 Mbit/s).

JUNE

DNA announced that it gained 470 new employees as GoExcellent's customer service personnel transferred to the employ of DNA. After the transfer, roughly one in three DNA employees is a customer service specialist.

DNA's terrestrial TV network was completed in full on 20 June, when the TV transmitter in Palomäki, Kouvola, was switched on. Today, DNA's network covers some 85 per cent of households and provides, among others, the versatile DNA WELHO pay-TV channel offering, with high definition channels.

DNA acquired 20 per cent ownership in Booxmedia Oy. Booxmedia Oy offers its BooxTV service, which enables online storage of television content on smart phones and tablets.

DNA renewed its business structure. Following corporate restructuring, DNA concluded the cooperation negotiations initiated in April. DNA's matrix organisation was dismantled in the organisational renewal process and was replaced by Consumer, Corporate and Technical units.

> Wireless data transfer in DNA's network has doubled over four consecutive years, and data transfer volumes continue to grow briskly. Network expansion remains high on the company's agenda.

JULY

DNA's high-definition broadcasts of the London Olympics on the Yle HD channel were available free of charge to some 1.5 million households served by DNA's terrestrial and cable network in Finland. The channel was available through DNA's networks free of charge and without a separate viewing card.

AUGUST

DNA's new energy-efficient office building, DNA House, was completed at Läkkisepäntie 21 in Helsinki. The new head office is part of DNA's new office concept. DNA has already implemented the new concept in Lahti (Hennalankatu office), Oulu and Kuopio. The idea is to create an inspiring and flexible workspace, which encourages the entire personnel to adopt versatile ways of working.

DNA and rental housing providers Kiinteistö-KYS Oy, Kuopio Student Housing Company (Kuopas) and Niiralan Kulma Oy signed an agreement on offering DNA's cable TV and broadband services to residents in Kuopio. The agreement covers in excess of 10,000 apartments. The project is the first major fixed-network broadband service development project in the Kuopio region in a long time.

SEPTEMBER

DNA announced that it will recruit 20 new installation and repair technicians to DNA WELHO. This is a natural extension to DNA's recent expansion of its customer interface functions.

Nets Oy (former Luottokunta) and DNA introduced the first 3G payment terminals in Finland. Faster and easier transactions are possible with a payment terminal that has been brought to market by Luottokunta. The terminal is 3G-enabled and equipped with a DNA connection.

DNA introduced a new and easy way to access the Internet while travelling abroad. The Goodspeed service and personal mobile hotspot allow the use of locally priced data transfer in Europe.

OCTOBER

According to the international EPSI Rating study, DNA mobile broadband and DNA WELHO pay-TV had the most satisfied consumer customers in Finland in 2012. DNA's service quality is considered the best, and customer value and loyalty are also at the highest level. DNA WELHO pay-TV services also scored top position in product quality and image.

NOVEMBER

DNA and Jolla announced cooperation in the sales and marketing of smart phones using a Sailfish-based operating system.

A HD voice pilot, which reduces background noise, was launched in DNA's 3G network. After a successful pilot, the feature was launched commercially in early 2013 with the commercial name "HD Voice".

DECEMBER

DNA announced that it will hire 40 new permanent customer service employees to its Taivalkoski office during 2013, bringing the number of customer service personnel from 45 to 85. The company also announced that it will hire 10 new employees to corporate technical support roles in Oulu.

> The most important quality of a modern mobile network is the ability to prioritise traffic.

DNA in figures

The Group's key figures

EUR million	2012	2011	change,%
Net sales	769.2	727.5	5.7%
EBITDA	190.7	188.4	1.2%
- % of net sales	24.8	25.9	
Depreciation	134.6	137.6	
Operating profit	56.1	50.8	10.4%
- % of net sales	7.3	7.0	
Profit for the financial period	36.0	35.8	0.5%
Return on investment (ROI), %*	7.2	6.6	
Return on equity (ROE), %*	6.3	5.7	
Mobile communication revenue per user (ARPU), EUR**	19.9	20.4	
Mobile communication subscription turnover rate (CHURN), %***	15.7	16.4	
Investments	136.3	119.5	
- % of net sales	17.7	16.4	
Cash flow after investments**	33.6	9.0	

* rolling 12 months

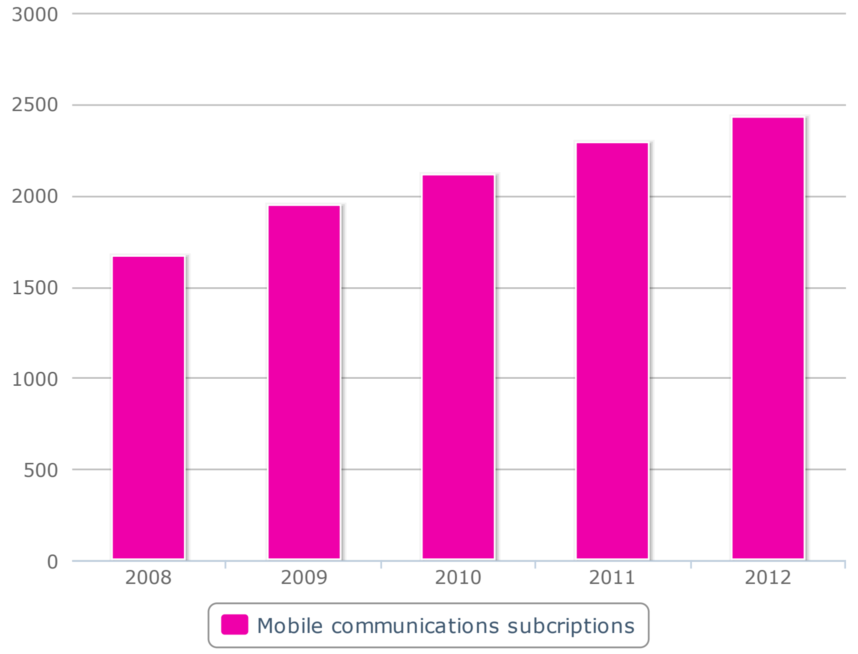
** includes business combinations

*** includes postpaid voice subscriptions

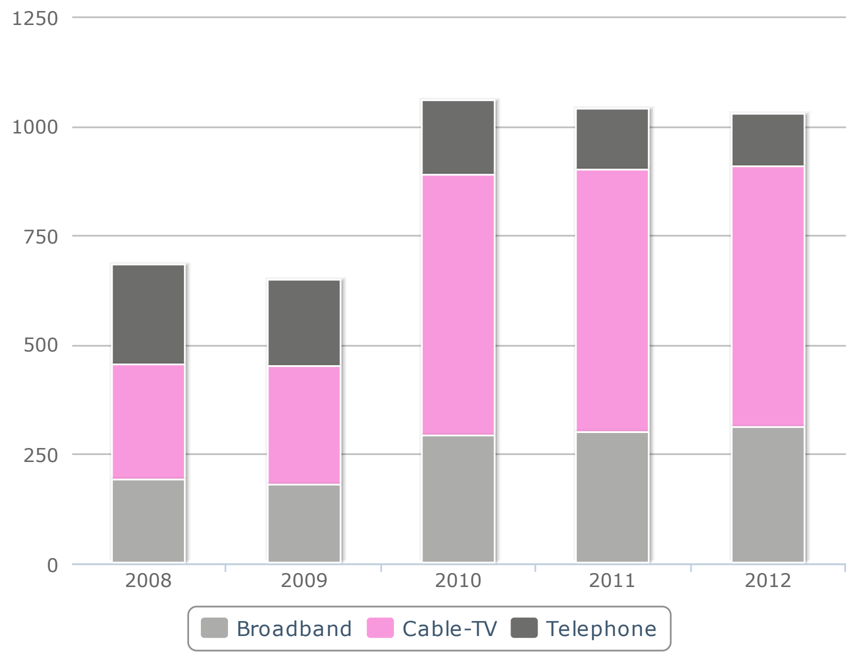
	31 Dec 2012	31 Dec 2011
Net debt, EUR million	257.7	153.2
Net debt/EBITDA	1.35	0.81
Gearing, %	48.7	24.5
Equity ratio, %	54.1	62.2
Personnel at the end of period	1,427	1,035

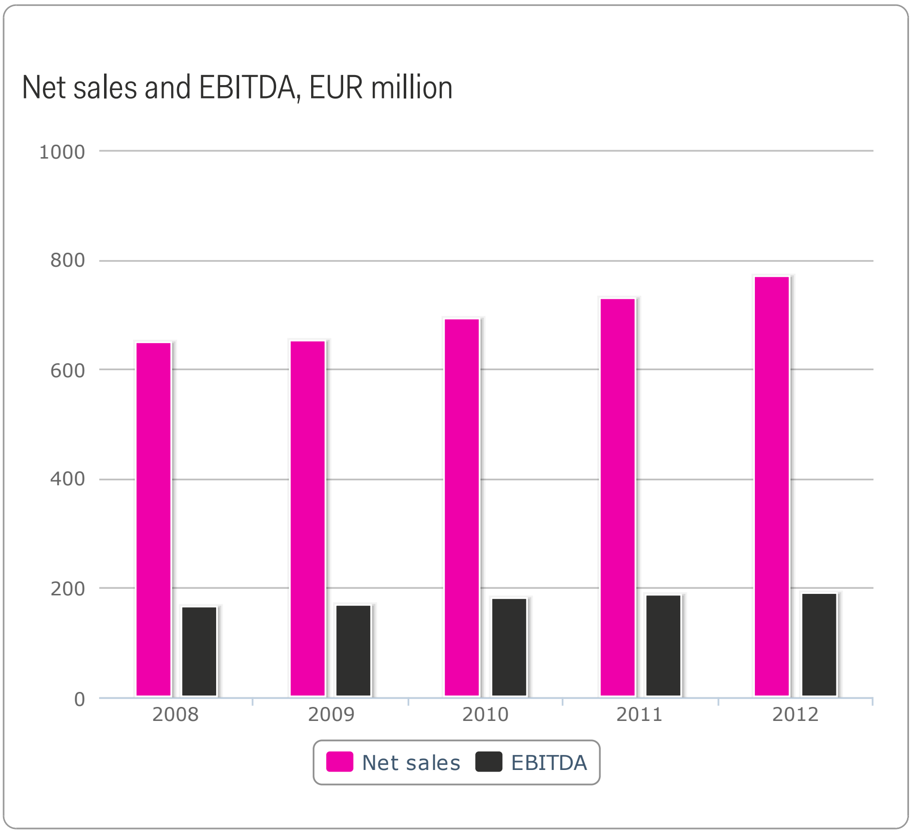
Mobile communications subcriptions* in thousands

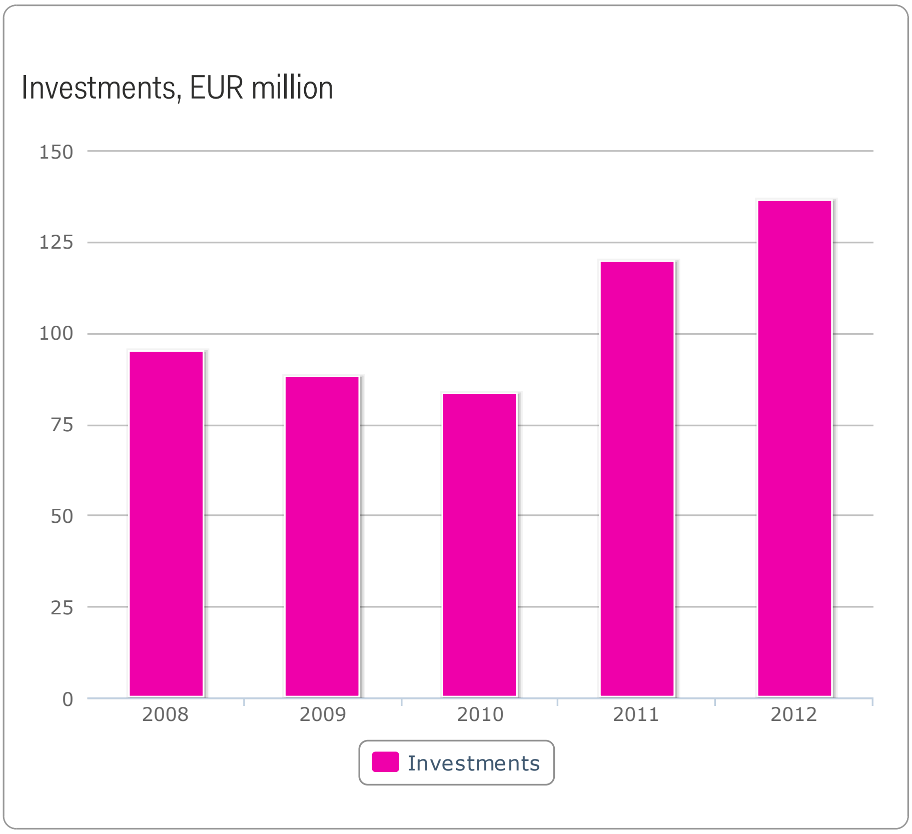
*voice and mobile broadband

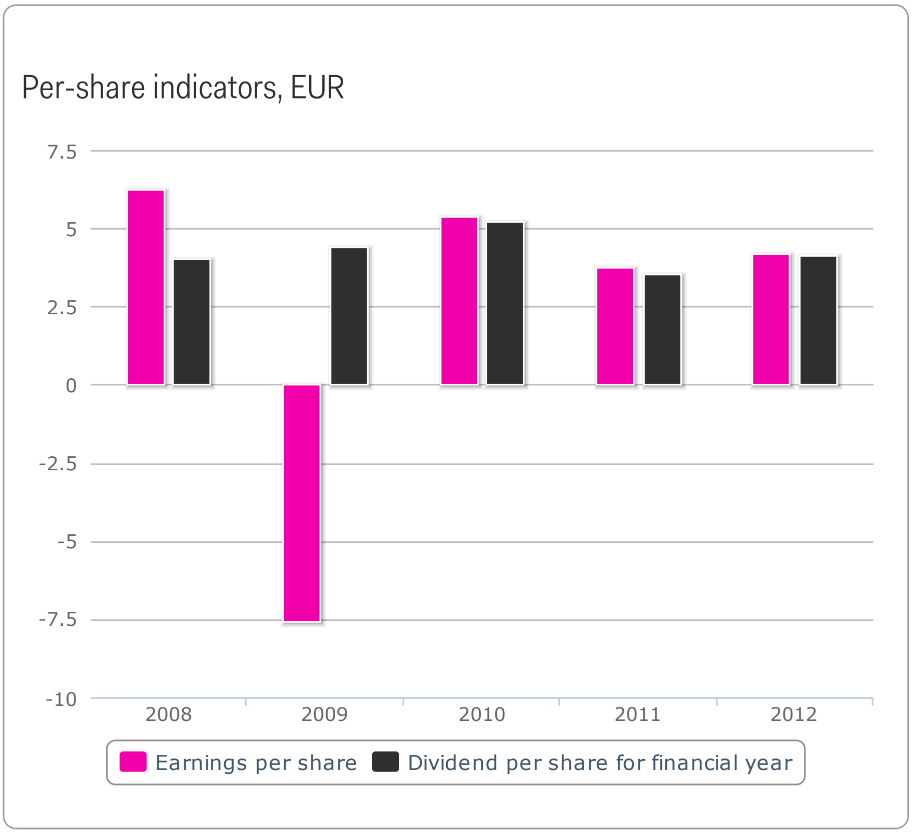


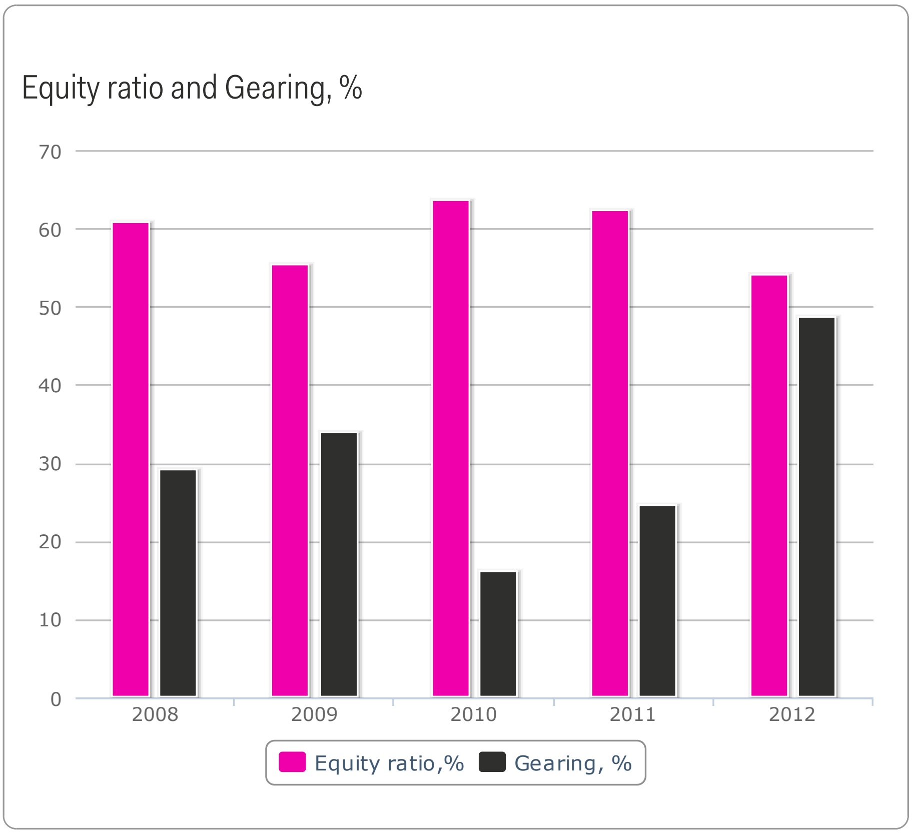
Fixed-network subscriptions, in thousands




Net sales and EBITDA, EUR million
1000
800
600
400
200
0
2008
2009
2010
2011
2012
Net sales
EBITDA

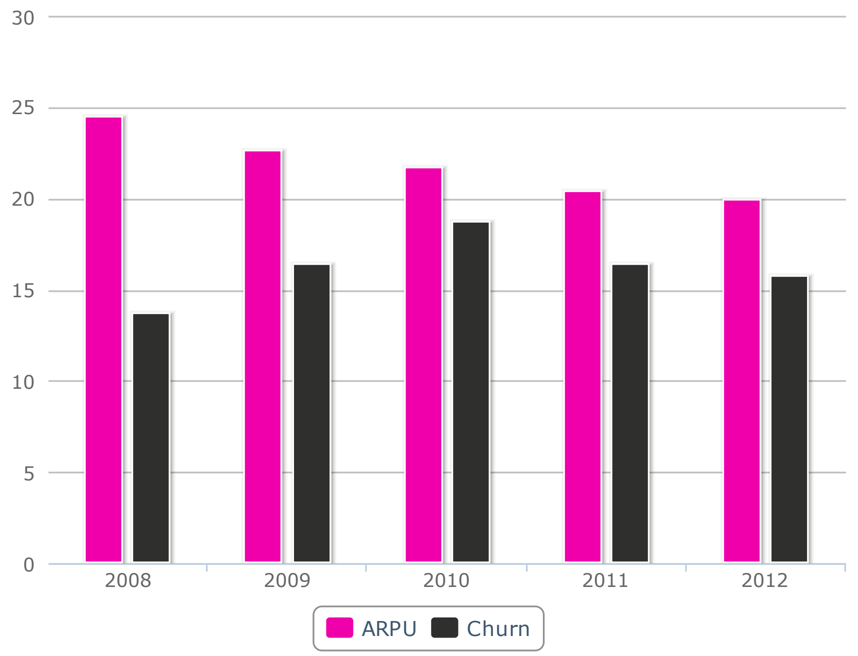

Investments, EUR million
150
125
100
75
50
25
0
2008
2009
2010
2011
2012
Investments


Per-share indicators, EUR
7.5
5
2.5
0
-2.5
-5
-7.5
-10
2008
2009
2010
2011
2012
Earnings per share
Dividend per share for financial year


Equity ratio and Gearing, %
70
60
50
40
30
20
10
0
2008
2009
2010
2011
2012
Equity ratio,%
Gearing, %

ARPU and Churn

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



Pace of change on the markets picking

DNA's operating environment is undergoing a change, requiring ever growing agility and efficiency. Competition remained intense in the Finnish telecommunications market in 2012. Intense market competition places high demands on cost competitiveness, but also the quality and availability of operators' systems and network infrastructure.

DNA enhances its operations and competitiveness in an environment that is undergoing a major change. As smart phones become more common, the market is increasingly driven by global web and application-based business models, rapidly increasing traffic volumes and related technology investments, higher cost of operations and increasingly strict regulation. Quickly evolving terminal devices, fast networks and new viewing habits modify the TV market.

Demand for smart phones remained strong in the consumer market in 2012. Demand for tablets also grew, and six times more tablets were connected to the Internet in 2012. Demand for mobile services, including mobile voice and mobile broadband, remained solid. The popularity of housing company broadband services increased, as a growing number of housing companies offers fixed-line broadband connections and TV services to their residents. Demand for pay-TV services followed normal seasonal fluctuation.

Mobile and versatile ways of working are reflected in corporate network solutions and communication services. In 2012, demand in the corporate market continued to switch from fixed-network voice services to mobile services as the volumes of mobile voice services increased and fixed-network voice services decreased. Demand for corporate fixed-network broadband services remained steady, and demand for mobile broadband services increased.

Operating environment in 2012

CONSUMER MARKET

- Competitive situation remained intense
- Demand for smartphones remained strong
- Demand for mobile broadband remained solid
- Popularity of housing company broadband services increased
- Growing number of housing companies offer fixed-line broadband connections to their residents
- Demand for pay-TV services followed normal seasonal fluctuation

CORPORATE MARKET

- Demand switched from fixed-network services to mobile services
  - > Increase in mobile voice services
  - > Decrease in the volumes of fixed-network voice services
- Demand for corporate fixed-network broadband services remained steady
- Mobile broadband services continued to grow strongly

REGULATION

- According to a Government briefing, 700 MHz frequency band will be re-allocated to mobile services in 2017
- 800 MHz frequency band will be auctioned to mobile broadband use
- Reform of legislation to information society code began
- Telemarketing of mobile phone subscriptions to new customers ended

DNA enhances its operations and competitiveness in an environment that is undergoing a major change.

Quickly changing consumer market

Quickly evolving terminal devices, fast networks and new viewing habits will modify the consumer market rapidly in the near future. Competition will remain intense.

Not only are services moving to the web, they are also becoming interlinked as voice, data, TV and other communication and entertainment services converge. Tablets in particular will gain ground.

Pay-TV services will become more popular at a steady pace, and competition in the provision of TV and movie content will intensify now that global players have set up operations in the Finnish market. HD viewing is rapidly increasing with the growth in the sales of HDTVs. This trend is also supported by the Communications Policy Programme for Electronic Media adopted by the Finnish government, stating that the pay-TV operations of terrestrial TV networks will migrate to HDTV networks in the beginning of 2017.

Mobile broadband and TV services provide DNA new opportunities for business growth. Fixed-network broadband customers are expected to continue to switch to housing company subscriptions and higher-speed connections.

DNA study in 2012:

The HD offering on TV channels meets customers' quality expectations

According to a HDTV study conducted by DNA, those watching HD channels enjoy the viewing experience and picture quality. They intend to keep watching HD channels because the picture quality surpasses that of standard channels.

About one third of the survey responders have subscribed to pay-TV channels and half of them had acquired a channel package that contains HD channels. At the moment, most HD channels are viewed in the cable network, as HD channels are only starting to appear in the terrestrial network. The potential customer base for HD channels is large, because DNA's terrestrial network reaches 85 per cent of Finnish households.

Touch screens boost Internet use on smart phones

According to a study conducted by DNA, more than 70 per cent of Finns are active users of the various functions of their smart phones. Touch screens are more user friendly, and are an important factor when consumers choose their phone. Smart phones typically have a fixed fee for data connection.

Smart phone owners are avid users of the Internet. Up to 40 per cent of them access the Internet daily with the phone, spending more than 15 minutes online. Smart phones are increasingly used for capturing photos, gaming and navigation.

Finnish smart phone users can be divided into the following user groups:

MEMORY MAKERS (29%)
use their smartphones for taking pictures and surfing the Internet. Almost all of them use social media but also the calendar and e-mail. Primary criteria in the choice of smartphone are price and touchscreen.

SUPER USERS (27%)
are predominantly male and younger than the other groups. They use their smartphones for a wide range of purposes. Primary criteria in the choice of smartphone are touchscreen, brand and operating system.

LIFESTYLE SIMPLIFIERS (15%)
want their phones to be useful and make their lives easier. Lifestyle simplifiers surf the Internet and use different applications. They use the calendar, e-mail and search services on their phone. Primary criteria in the choice of smartphone are price, touchscreen and brand.

PASSIVE USERS (29%)
have smartphones but would not actually need one. They use their smartphones for calling and sending text messages. Passive users are, on average, older than the other groups. Primary criteria in the choice of smartphone are price and brand.

Increasingly versatile working and communication methods in the corporate world

The corporate market is characterised by consumerisation and exponential growth of data volumes. New working methods increase remote and mobile working and the combination thereof.

Corporate networks will evolve into increasingly complex entities that comprise services from numerous service providers. The management and development of the network becomes vital. Reliable and efficiently managed ICT infrastructure service packages will become increasingly critical for companies' business.

As the corporate networks are accessed by an increasingly versatile array of terminal devices, communication becomes more effective, placing new emphasis on the importance of data security.

Competition in the corporate market is expected to remain tight. The demand for value added services including data security, management and monitoring services is expected to keep growing at a similar pace as in 2012. The shift from fixed-network voice services to mobile terminal-based voice services is expected to continue.

> Evolving technologies create new, more effective communication methods, which will become widespread if the workforce adopts them.

Authority regulation steers market

DNA operates on the telecommunications market, which is characterised by stringent regulation. The Ministry of Transport and Communications is the main regulator of the industry. Regulation can influence the cost and price structure of products and services as well as the grounds on which frequencies and licences are distributed.

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

> DNA actively promotes viable operating conditions for the industry.

New information society legislation

The Ministry of Transport and Communications has launched an initiative to bring together and clarify legislation pertaining to electronic communication and the provision of information services. Approximately ten acts will be consolidated to form a Code for Information Society and Communications Services. In 2012, the initiative proceeded in representative working groups and DNA was an active participant in their work.

Telemarketing ban for new customers

The ban on telemarketing of mobile phone subscriptions to new customers came into effect in August 2012. The ban applies to telemarketing to new customers.

Call and SMS price caps introduced in the EU area

Making and receiving mobile phone calls with DNA subscriptions in the EU and Norway, Iceland and Liechtenstein became more affordable in July 2012. The price revision follows a change in the EU roaming regulation, which sets price caps for making phone calls and sending text messages within the European Union.

Decisions on the future of TV and new frequencies

The Finnish government adopted a Communications Policy Programme for Electronic Media and submitted it to Parliament as a report in the autumn of 2012. Included in the programme is the decision that the 700 MHz frequency band, currently used for television broadcasts, will be allocated to wireless broadband in 2017. Pay-TV channels will migrate to T2 networks at the same time.

In October, the Finnish Parliament made a decision on the Act on auctioning the 800 MHz frequency band. This decision may affect competition, market concentration and end-user pricing. The auctioning process started in January 2013.

Strategic focus on cost competitiveness and growth

DNA's strategy aims at achieving sustainable cost competitiveness and growth. In 2012, DNA implemented this strategy by means such as introducing a more streamlined Group business structure.

The cornerstones of DNA's operations are cost-effectiveness, leanness, agility and innovativeness. The restructuring of DNA's business organisation in 2012 enhanced the company's cost competitiveness and decision-making process. DNA's matrix organisation was dismantled in the organisational renewal process and replaced by Consumer, Corporate and Technical units.

This new, lean operating model enables the company to continuously renew and reinvent itself. Quick and innovative, DNA continues to develop new and effective operative models and will be well equipped to operate on the market where competition is intensifying.

Focus on the customers

The customer interfacing functions, sales and customer service, play a key role in DNA's strategy. At the end of June 2012, DNA acquired a customer service entity from its outsourcing partner GoExcellent. According to company strategy, the entity was integrated into DNA's Consumer and Corporate business segments. The results were positive in terms of both customer satisfaction and cost structure development.

In September 2012, DNA WELHO's installation and repair operations were transferred to DNA proper. This is a natural extension of customer interface development for DNA WELHO's fixed broadband and cable network services.

In 2012, customer service aimed to achieve first-time resolution for all customer queries.

In 2013, DNA's Consumer business will focus on creating an entertainment service entity while Corporate business will focus on improving brand recognition and shorter turnaround in the sales of corporate communication services.

> Integrating customer service tightly into DNA's organisation improved customer satisfaction.

High-speed networks

Data transfer volumes continue to grow in the mobile communication networks. DNA's main investments in 2012 focused on network expansion and adoption of higher speeds.

In 2012, DNA expanded its network mainly with the 3G and Dual Carrier (DC) technologies, which are supported by most currently available terminal devices. DNA's 3G network covers 95 per cent of the population in Finland.

4G LTE is quickly gaining importance. More than half of the population resides in areas where DNA already provides 4G-grade speeds, enabled by the Dual Carrier and LTE technologies. Services that used to require fixed-network connections will in the future be available in the 4G mobile network. Fast fibre- and cable-based broadband connections also remain popular.

Industry change is set to continue in 2013. Network and terminal device technologies will continue to develop at an increasing pace, which will create new business opportunities and boost data use.

> Main investments focused on network expansion and adoption of higher speeds.

Industry change is followed by growth

MOBILE BROADBAND

- Increasing demand for smart phones and other smart devices
- Usage independent of time and location
- Social media
- Increasing number of devices and shorter life cycles
- Consumer electronics go online
- Corporate services available online, purchased as all-inclusive solutions
- Corporate mobile IT services

TV BUSINESS

- Time used for watching TV has increased
- Several devices to watch TV
- Smart devices: shared usage of web and TV, new services
- HDTV: most of the content already in HD, falling prices, growing TV size, over 400,000 TVs sold per year
- Pay-TV: sports already mainly on pay-TV channels, free channel offerings decreasing, online/on demand services. New domestic content and channels.

OPERATIVE EFFICIENCY

- Partnerships
- Price to quality ratio
- Marketing
- Customer service
- Distribution network
- Corporate culture
- Innovative services

Making DNA the preferred brand

DNA's consumer business aims to make DNA the preferred brand among consumers. DNA provides the most comprehensive store network in Finland: DNA Stores with their excellent customer service are at the heart of DNA's consumer business. This network is supported by a network of external sales partners.

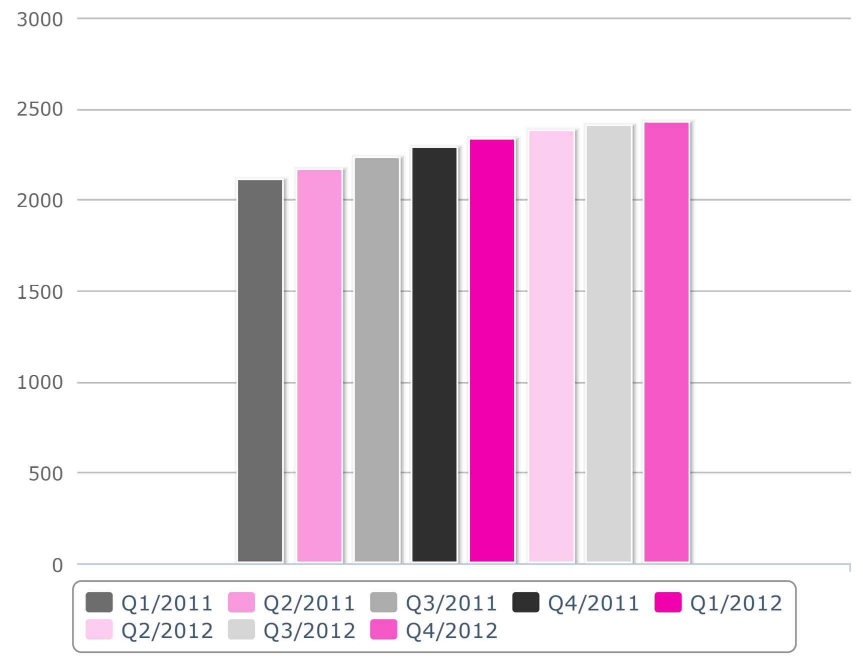
What makes DNA different is innovative partnerships and product packages. Customer service that gets things right the first time and systematic customer relationship management make it easy for consumers to choose DNA as their one-stop-shop.

Consumer business implemented its strategy in 2012 by increasing operational efficiency and reducing terminal subvention. The number of mobile subscriptions and sales increased during the year.

In 2013, consumer business seeks to provide added value to customers by means such as innovative partnerships.

Mobile communications* in thousands

* voice and mobile broadband subscribptions



DNA is the preferred mobile communication brand among consumers.

Clear-cut, partner-based services

DNA's corporate segment is in the business to provide the best customer experience on the market.

Important strategic factors in the corporate business include clear-cut service offering, partner-based operating model and providing good value for money. We are aiming to achieve growth in a competitive situation where corporate customers expect new types of customer service interaction.

Corporate business launched the sales of a new type of corporate communication solution at the end of 2012 by introducing “DNA Toimistoviestintä Microsoft”. By complementing the already available Google services with Microsoft’s, DNA provides a new and unique kind of office communication solution in Finland.

Corporate business will grow its presence in the office communication solutions market in 2013.

> Clear-cut service offering, partner-based operating model and good value for money.

Financial objectives

DNA's net sales grew to EUR 769.2 million in 2012. This growth was fuelled by the growth of net sales from subscriptions and terminal device sales. The company achieved most of its financial objectives in 2012.

DNA met all its financial objectives apart from its long-term EBITDA and ROE targets. The Group's financial position remained good although gearing increased due to the acquisition of own shares. DNA set its long-term financial objectives in 2011.

Financial objectives	Objective	2012	2011
Growth in net sales, %	> 5%	5.7%	5.4%
EBITDA, %	> 26%	24.8%	25.9%
Equity ratio, %	> 50%	54.1%	62.2%
Gearing, %	< 50%	48.7%	24.5%
Return on equity (ROE), %	> 9%	6.3%	5.7%
Net debt/EBITDA	< 1.5	1.35	0.81

Close to our customers

DNA fruitfully combines the latest know-how with decades of experience. Our operations are genuine, quick and reliable. Customer satisfaction is the measure of our success.

DNA's customers are served by Finland's largest operator store network: there are 73 DNA Stores in 43 cities. The network is complemented by hundreds of representatives, a phone-in service and an evolving online store.

Consumer business

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

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

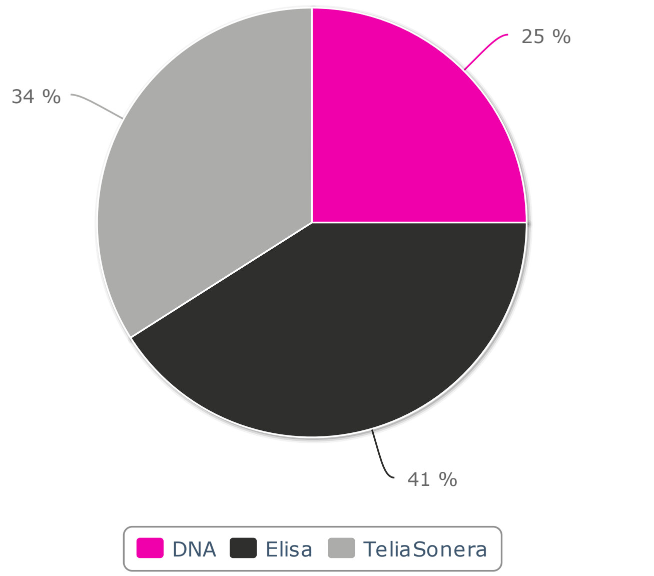
Corporate business

DNA's corporate business offers nationwide, standardised and user friendly communication and customer network services to companies and communities. The strengths of our corporate business include competitive nationwide services, a superb operating model and customer-oriented product development.

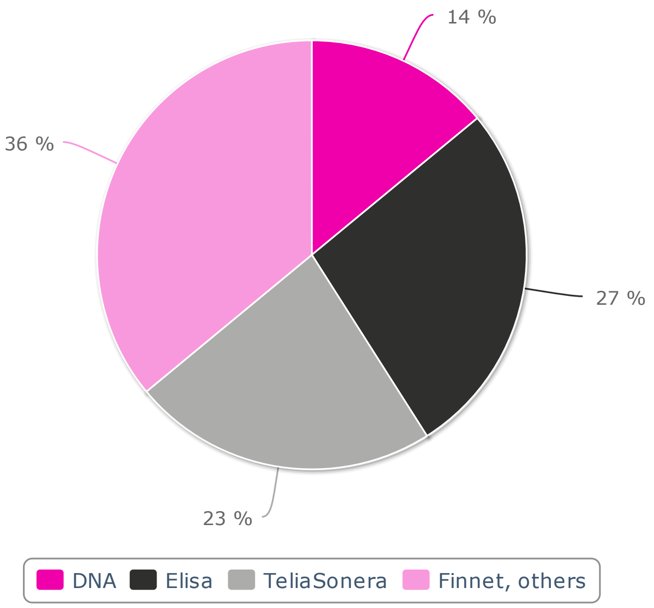
> More than one in three DNA employees now works in customer service.

Market share: Mobile communication

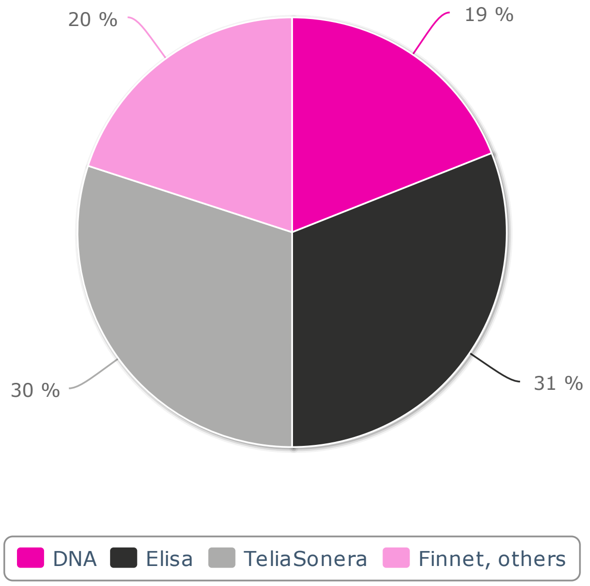
voice and broadband subscribptions



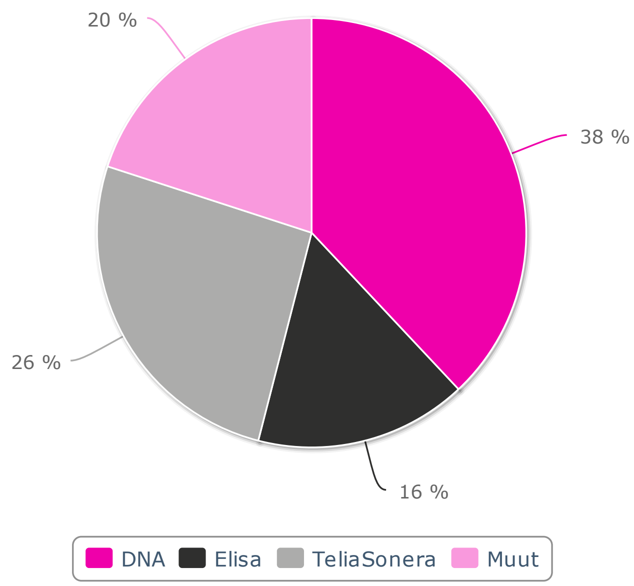
Market share: Fixed-line voice



Market share: Fixed-line broadband



Market share: Cable TV



Sources: operators' financial statements releases 2012, FiCom, DNA's estimates

DNA’s networks at the leading edge

DNA's 3G network already reaches five million Finns and was expanded further in 2012. The 4G network was made available in new cities and urban areas. The volume of mobile data traffic in DNA's networks more than doubled in 2012.

The strong growth in the number of smart phones and tablets boosted mobile broadband use. The annual MMS volume in DNA’s networks was up by 25 per cent and SMS volume more than five per cent from 2011.

Higher speeds for demanding users

DNA bases its 4G-grade speeds on two technologies that complement each other: LTE (Long Term Evolution) and DC (Dual Carrier). New base station technologies have increased the data transfer capacity manifold. The DNA Mokkula 4G WLAN modem connects up to ten devices at a time to the 4G-grade speeds.

Expanding networks provide higher speeds for a larger coverage area. 4G speeds are gaining ground alongside 3G, providing customers with even faster connections and better signal coverage, indoors and out.

DNA’s 4G LTE network was actively expanded in 2012, and several new base stations were commissioned in early 2013. The expansion of the LTE service will continue in 2013. DNA’s top-speed 4G LTE network already comprised hundreds of base stations at the end of 2012, reaching over one million Finns in more than 200 areas.

A HD voice pilot, which reduces background noise, was launched in DNA’s 3G network in November 2012. After a successful pilot, the feature was launched commercially in early 2013 with the commercial name “HD Voice”.

HD in terrestrial network

DNA’s terrestrial TV network covers some 85 per cent of households in Finland, providing a versatile pay-TV channel offering. DNA is the only operator offering consumers HD channels in the terrestrial network. DNA’s terrestrial network has a total of 19 channels, nine of which offer high-definition broadcasts. DNA’s cable network offers in excess of 160 TV channels, 30 of which offer high-definition broadcasts and one being a 3D channel.

> In the future, TV offering is viewed on multiple screens from large HDTVs to portable devices.

Reliable cable network

Optical fibre cable combines high capacity with great reliability and coverage. High-speed broadband is of benefit especially when there are several web-enabled devices in the household. DNA introduced even higher broadband speeds in its cable network in 2012 by implementing higher upload speeds automatically to all customers. The company also introduced a new high-speed DNA WELHO XXL 350M cable broadband subscription (350/20 Mbit/s).

The largest cable TV operator in Finland, DNA launched HIGH TV 3D channel broadcasts in its nationwide cable network on 1 March 2012.

Next-generation DVB-C2 transmission technology in the cable network

In September 2012, DNA commenced tests of second-generation digital cable transmission technology in the Helsinki Metropolitan Area in cooperation with Teleste. The new DVB-C2 technology allows highly efficient usage of network capacity, and increases the performance of the network in the future to comply with the new, increasingly bandwidth-intensive services. With the new technology, a bandwidth that currently transmits 10 TV channels can transmit 20 channels without compromising quality.

An advanced multiscreen technology under testing

DNA is testing an advanced multiscreen technology developed by Conax, a leading provider of pay-TV security solutions. Launched in September 2012, the pilot project distributes TV content to multiple devices by means of a new hybrid digital receiver and a broadband connection. DNA participates in the pilot to learn about end users' impressions of viewing TV offering in multiscreen environments.

> DNA's main investments remained the same in 2012: network expansion and adoption of higher speeds.

Focus on great customer service

2012 was a year of growth for consumer business, driven by an increase in mobile communication subscriptions and terminal devices, higher-speed broadband services and expansion of TV services and channel packages. Net sales increased by 6.7 per cent to EUR 591.2 million.

Finnish consumers avail of the high-speed mobile communication networks on their new, robust devices and via fixed-price mobile broadband connections. They use their devices for viewing content such as HD-grade videos. DNA renewed its mobile broadband product offering in 2012 to support effective use of the network. The DNA Liikkuva laajakaista mobile broadband subscriptions form L upwards offer an unlimited volume of prioritised data transmission over the network.

New innovations with partners

In September 2012, DNA introduced a new and easy way to access the Internet while travelling abroad. The Goodspeed service and personal mobile hotspot allow the use of locally priced data transfer in Europe.

DNA was the first Finnish operator to launch the sales of a tablet supporting the high-speed 4G LTE (Long Term Evolution) network in the summer of 2012. The Samsung tablet, as well as the fourth-generation iPad that became available in November, load games, HD videos and high-resolution images quickly in the 4G network area.

In June 2012, DNA acquired 20 per cent ownership in Booxmedia Oy and launched sales and marketing cooperation with the BooxTV service. BooxTV service enables real-time viewing and storage of online television content on smart phones and tablets, anytime and anywhere.

In November 2012, DNA and Jolla announced cooperation in the sales and marketing of smart phones using a Sailfish-based operating system. DNA Store and other DNA sales channels will be the first to sell and market Jolla smart phones in Finland.

Leading TV operator

DNA is the only operator providing HD channels in the terrestrial network. In 2012, DNA was the leading TV operator in Finland thanks to its extensive offering. DNA's terrestrial network has a total of 19 channels, nine of which offer high-definition broadcasts. DNA's cable network offers in excess of 160 TV channels, 30 of which offer high-definition broadcasts and one being a 3D channel. DNA's cable network covers close to 600,000 households. DNA holds 38 per cent of the Finnish cable TV market.

DNA's high-definition broadcasts of the London Olympics on the Yle HD channel were available free of charge in DNA's terrestrial and cable network. The sales of the ice hockey World Championship viewing package in DNA WELHO TV networks exceeded sales targets.

All matches were available also in HD via DNA's cable and terrestrial network.

> As Finland's leading TV operator and an advanced mobile operator, it is natural for us to expand our operations into offering television services also via mobile devices.

Broadband and TV services for residents

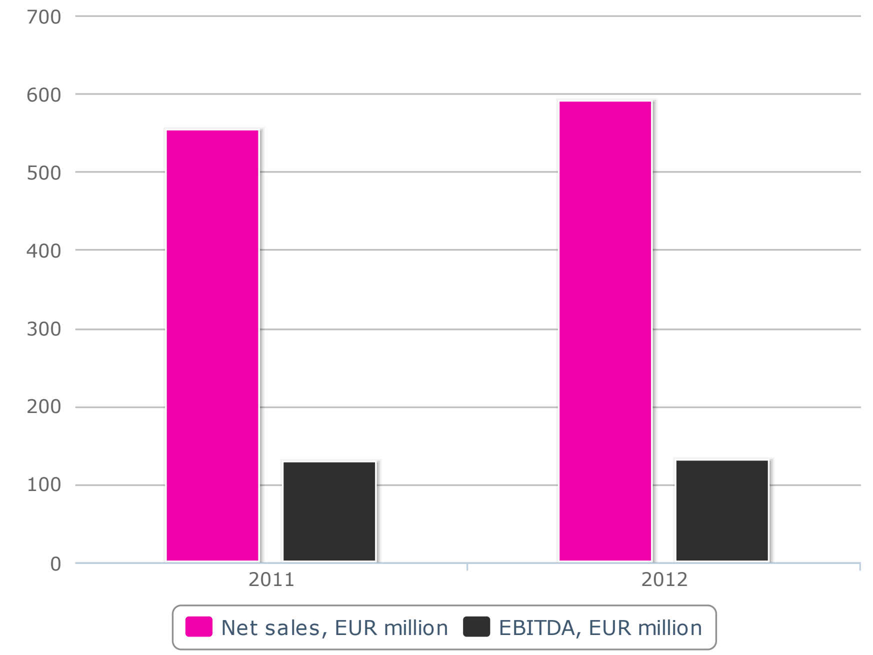
In 2012, an increasing number of housing companies provided residents with broadband services. Housing company broadband connection is a service that provides broadband connections to all apartments in the housing estate. The monthly service fee is included in the monthly housing company fee. The service provides an apartment-specific connection speed, which each household can adjust if necessary. The residents also get an opportunity to view the most extensive HD and TV channel offering in Finland.

Most satisfied broadband and pay-TV customers

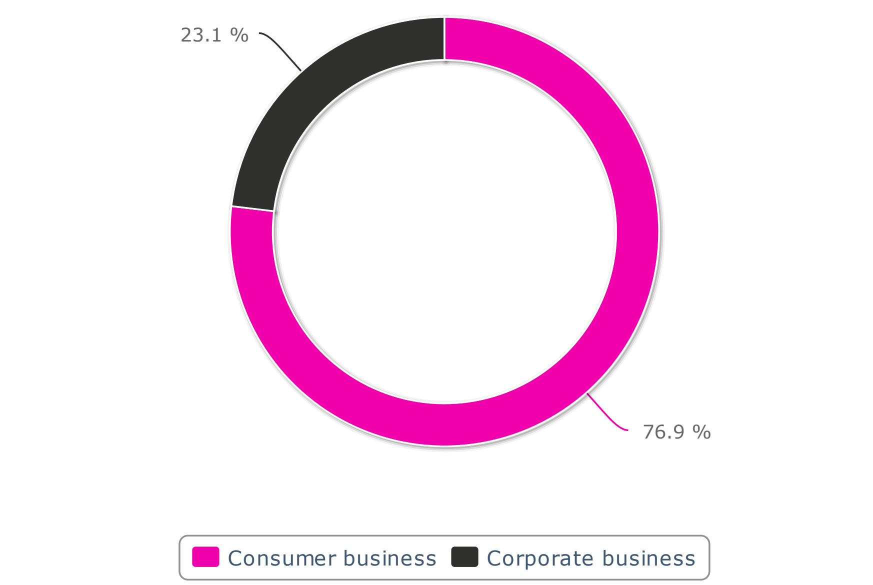
According to the international EPSI Rating study, DNA mobile broadband and DNA WELHO pay-TV had the most satisfied consumer customers in Finland in 2012. DNA's service quality is considered the best, and customer value and loyalty are also at the highest level. DNA WELHO pay-TV services also scored top position in product quality and image.

> Customer satisfaction is based on improved customer service and fast network.

Consumer business



% of net sales



Customer-driven service development in corporate business

DNA's corporate business supports the success of domestic companies and communities with secure and convenient ICT and server solutions.

DNA is also a strong player on the enterprise segment, tapping into Forte Netservices' customer and service expertise. Net sales increased by 2.6 per cent to EUR 178.0 million.

> 81 per cent of our customers would recommend us.

New way of working

The increase in mobile working and social media applications was clearly evident in corporations' network solutions in 2012. DNA provides effective email, document and web conferencing services to companies, supporting networked and mobile working. The offering includes Google's, and as of early 2013, Microsoft's applications.

Smart phones and tablets are used increasingly in business application use, and contain business-critical data. There is no room for compromises when it comes to the data security of company terminals, networks and services. DNA's management service accurately secures all the business data processed in phones' business applications.

Corporate Sales expanded the DNA Business service portfolio in April 2012 with a corporate version of the mobile broadband service. The revamped mobile switchboard offers versatile exchange tools, hunt groups and numbering options, making corporate communications much more effective.

Terminal device sales grew in 2012, and 81 per cent of the new terminals were smart phones. Tablet sales also grew.

Net sales grew thanks to the Forte Netservices Oy's value added services and the growth of mobile communication services.

> We want to act quickly and provide a genuinely good service.

Modern ICT and server solutions

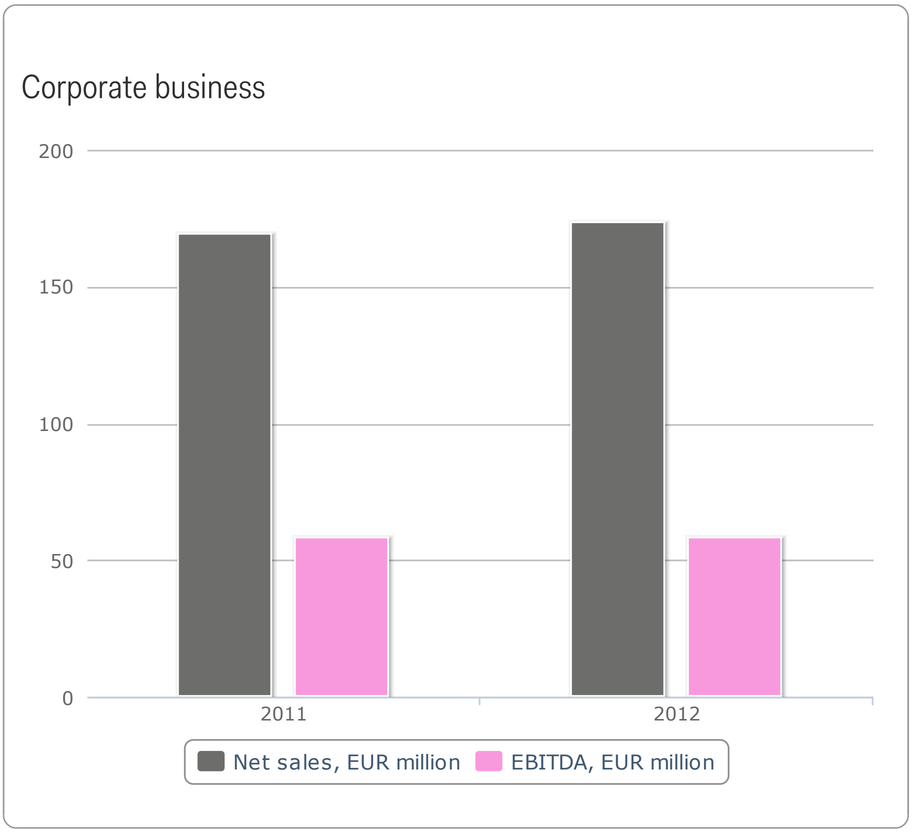
The versatility of company networks emphasises the importance of a reliable and robustly managed ICT network solution. Corporate networks comprise smart added value services that complement their communication and network solutions. Proactive management of the network environment and real-time reporting bring cost savings and improve the usability of the network and services.

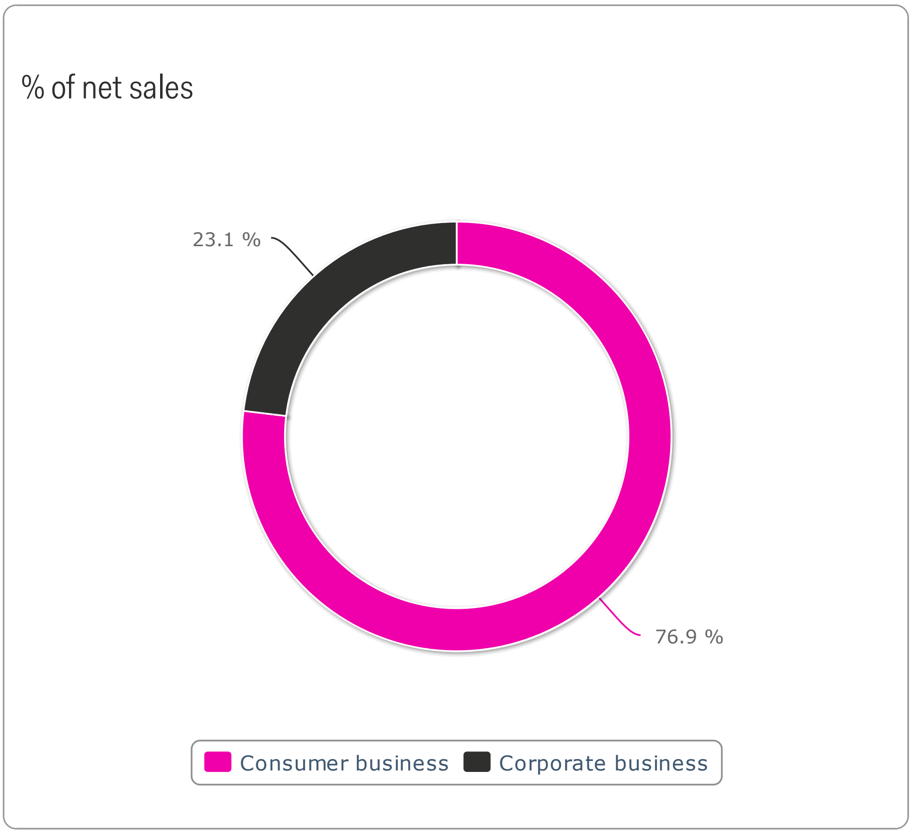
In 2012, DNA provided value added services for customer networks, such as data security, proactive network management and monitoring, as well as user management and integrated server solutions.

Finland's first 3G payment terminals

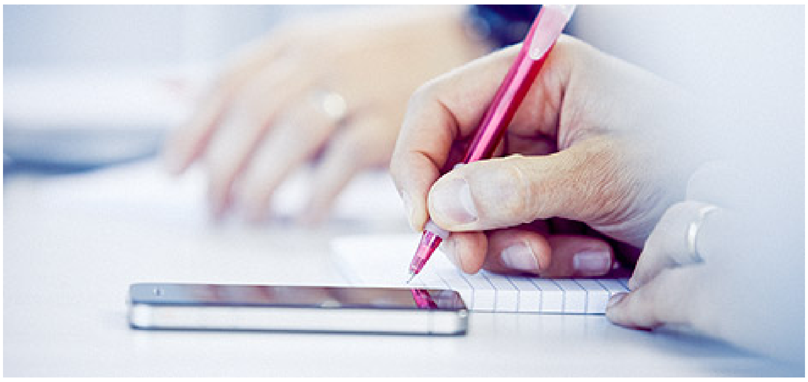
3G speeds are a new phenomenon in payment-terminal transactions, both in Finland and Europe. Faster and easier transactions are possible with a payment terminal that has been brought to market by Luottokunta. The terminal is 3G-enabled and equipped with a DNA connection. DNA has a strong track record in the provision of authenticated and closed data-communication connections for demanding conditions.

> Our products must be cost effective and reliable.


Corporate business
200
150
100
50
0
2011
2012
Net sales, EUR million
EBITDA, EUR million


% of net sales
23.1 %
76.9 %
Consumer business
Corporate business

Corporate Governance Statement



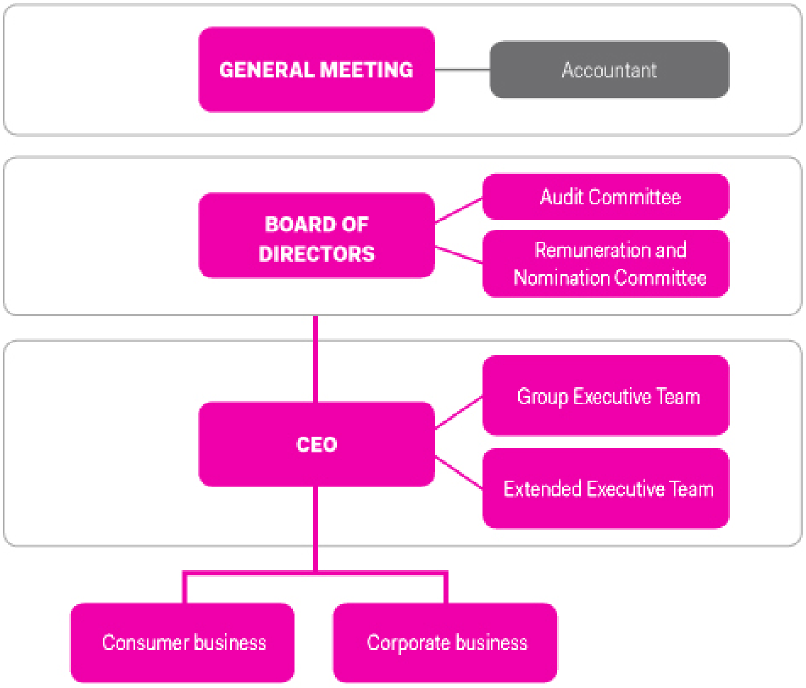
DNA Ltd (“DNA” or “company”) is a Finnish limited company. Parent company DNA Ltd and its subsidiaries form the DNA Group. The company is domiciled in Helsinki, Finland.

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

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

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

DNA's Governing Bodies



General Meeting

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

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

Notice and agenda of the General Meeting

Unless otherwise stipulated in the Finnish Limited Liability Companies Act, the notice of the Annual General Meeting is sent to shareholders no earlier than four weeks and no later than eight days before the General Meeting. Notices are posted as registered letters to the addresses listed in the shareholder list, or published as an announcement in at least one nationwide newspaper designated by the Board of Directors. The notice of the AGM includes the agenda for the meeting, including the Nomination Committee’s proposal on the members of the Board of Directors.

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, electing the Board of Directors and auditor and deciding the auditor’s remuneration.

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

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

Registration

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

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

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

Voting

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

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

General Meetings in 2012

The Annual General Meeting was held on 15 March 2012 in Vantaa. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2011. Due to the purchase of DNA shares, the Annual General Meeting adjusted the Board of Directors' proposal of EUR 3.10 per share and decided to pay a dividend of EUR 3.50 per share. The Annual General Meeting also decided to buy a total of 1,116,896 DNA shares in a directed purchase from Sanoma Entertainment Finland Ltd. The number of Board members was set at six. Juha Ala-Mursula, Director of Economic Development at City of Oulu, was elected as a new member to the Board of Directors. The AGM also chose an auditor and decided on the remuneration of the members of the Board of Directors and the company auditor.

The Annual General Meeting amended the number of the members of the Board of Directors specified in the Articles of Association to no less than five and no more than seven ordinary members. Previously, the number of members was specified as no less than six and no more than eight. The company domicile was changed to Helsinki. These changes came into force on 1 August 2012.

DNA Ltd's Extraordinary General Meeting was held in Vantaa on 19 July 2012. The meeting decided to repurchase the DNA shares held by the former Chief Financial Officer Ilkka Pitkänen who resigned in 2012.

Board of Directors

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

The term of office of a member of the Board of Directors begins immediately at the end of the Annual General Meeting and expires at the end of the Annual General Meeting following the election. If a membership becomes available in the middle of the term of office, a new member is elected for the remainder of the term.
The Board of Directors meets regularly around once per month, and as and when deemed necessary. A memo is written for each meeting.

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

Duties of the Board

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

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

- Seeing to the administration of the company and the appropriate organisation of its operations (general competence);
- Arranging the control of the company accounts and asset management in an appropriate manner;
- Electing the chairman from among the members for each term of office;
- Appointing and dismissing the Group CEO;
- Appointing the deputy CEO and Members of the Group Executive Team based on the CEO's proposal;
- Deciding on the salaries and remunerations of the above-mentioned persons and on 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 2012

The Board convened 16 times in 2012. The average participation rate of the Board of Directors in the meetings was 97 per cent. In addition to its regular duties in 2012, the Board focused on improving the competitiveness of DNA Ltd and streamlining the company's business structure. The Board of Directors conducted a self-evaluation in 2012.

Members of the Board of Directors

Isotalo Hannu
Member of DNA's Board of Directors

b. 1947

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

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

Main previous experience

Lujatalo Oy and Lujabetoni Oy, CEO 1974–2003

Main positions of trust

Enfo Oyj, Vice Chairman of the Board 1998–1999 and , 2007–, Chairman 1999–2007 , Etera Oy, deputy member of the Board 2007–2011, Member of DNA's Board of Directors 2004–2006 and again from 2007

No. of DNA shares: 0

Leino Jarmo
Chairman of the Board

b. 1951

Master of Laws, Trained at the bench
Finda Oy, CEO since 2010

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

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, Lohjan Puhelin Oy, Chairman of the Board since 2011, Member of DNA's Board of Directors since 2006, Chairman since 2010

No. of DNA shares: 0

Ottela Jukka
Member of DNA's Board of Directors

b. 1953

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

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

Main previous experience

Onninen Oy, managerial positions 1990–1994

Main positions of trust , PHP Holding Oy, Chairman of the Board since 2009, PHP Liiketoiminta Oyj, Chairman of the Board since 2009, Finnish Newspapers Association, Member of the Board since 2009, Member of DNA's Board of Directors since 2010

No. of DNA shares: 0

Ala-Mursula Juha
Member of DNA's Board of Directors

b. 1962

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

Independent of the company, not independent of major shareholders. Nominated to the Board by a major shareholder.

Main previous experience

Nokia Siemens Networks Oyj (NSN), Head of WCDMA HSP R&D 2009–2010, Nokia Siemens Networks Oyj (NSN), Head of Base Station (BTS) R&D 2007–2009, Nokia Networks /WCDMA Base Station, General Manager of WCDMA Base Station Site Product Management and General Manager WCDMA BTS R&D 2005–2006

Main positions of trust

Travel Marketing Oulu Ltd, Vice Chairman of the Board since 2010 , Pohto Foundation, Chairman since 2011, Astana Innovation (Kazakhstan), Member of the Board since 2011, Member of DNA's Board of Directors since 2012

No. of DNA shares: 0

Soila Anssi
Member of DNA's Board of Directors

b. 1949

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

Independent of the company and major shareholders.

Main previous experience

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

Main positions of trust

Normet Oy, Vice Chairman of the Board since 1999, Lindström Oy, Member of the Board since 1999, Attendo Ab, Member of the Board since 2007, Outotec Oyj, Member of the Board 2008–2012, Member of DNA's Board of Directors since 2008

No. of DNA shares: 3,813 (through a company controlled by Mr. Soila)

Soanjärvi Tuija
Member of DNA's Board of Directors

b. 1955

M.Sc. (Econ)

Independent of the company and major shareholders.

Main previous experience

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

Main positions of trust

The Central Chamber of Commerce of Finland, Member of the Auditing Board since 2010, Affecto PLC, Member of the Board since 2011, Silta Group Oy and Silta Oy, Member of the Board since 2012, VR-Group Ltd, Member of the Board since 2012, Member of DNA's Board of Directors since 2011

No. of DNA shares: 0

Audit Committee (AC)

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

Duties

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

The duties of the AC include the following:

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

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

Audit Committee (AC) in 2012

In 2012, the Audit Committee comprised of Tuija Soanjärvi (Chair), Jukka Ottela and David Nuutinen (until 15 March 2012). The AC convened six times in 2012, with the average participation rate of 78 per cent.

In 2012, the AC reviewed reports on the Group's financial position, including the Group's Financial Statements Release and interim reports, and made recommendations on them to the Board of Directors. The committee also reviewed reports issued by external and internal audit as well as risk management, and prepared the Board's proposal on the election of the auditor to the AGM.

Remuneration and Nomination Committee (RNC)

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

Duties

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

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

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

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

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

Remuneration and Nomination Committee (RNC) in 2012

The RNC committee members in 2012 included Jarmo Leino (Chair), Hannu Isotalo, Risto Siivola (until 15 March 2012), Anu Nissinen (until 15 March 2012) and Juha Ala-Mursula (since 29 March 2012). The remuneration and nomination committee convened three times, with an average participation rate of 75 per cent.

In 2012, the RNC prepared the calculation principles as well as the related objectives, metrics and weightings of the company's incentive and performance-based payment scheme for the Board of Directors. The committee also prepared the Board's proposals on the number, nomination and remuneration of the Members of the Board to the AGM.

The CEO and the Executive Team

CEO

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

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

The CEO has the following duties:

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

Group Executive Team

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

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

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

Extended Executive Team

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

Extended Executive Team in 2012

In 2012, the personnel was represented by Irene Lamberg (administrative personnel), Irmeli Vaittinen (managerial personnel) and Jari Vallinoja (service and production personnel) at the Extended Executive Team meetings. The Extended Executive Team convened six times in 2012.

Members of the Executive Team

Timo Karppinen
with DNA since 2012

b. 1964

M.Sc. (Econ)
CFO

Main previous experience

Ponsse Plc, Executive Director, Corporate Planning and Strategy, Nokia North America, CFO

Riitta Tiuraniemi
with DNA since 2001

b. 1962

M.Sc. (Tech)
President and CEO

Main previous experience

DNA Verkot, CEO, DNA Finland Ltd, CEO

Marko Rissanen
with DNA since 2003

b. 1974

Vocational Qualification in Business and Administration
Vice President, Human Resources

Main previous experience

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

Tommy Olenius
with DNA since 2003

b. 1962

B.Sc. (Tech)
Vice President, Technology

Main previous experience

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

Pekka Väisänen
with DNA since 2003

b. 1966

M.Sc. (Econ)
Vice President
Consumer business

Main previous experience

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

Jukka Leinonen
with DNA since 2010

b. 1962

M.Sc. (Tech)
Vice President
Corporate business

Main previous experience

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

Asta Rantanen
with DNA since 2003

b. 1962

Master of Laws
Vice President, Legal Affairs

Main previous experience

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

Insider administration

The company's insider administration is based on the guideline for insiders adopted by the Board of Directors. DNA complies with the Guidelines for Insiders issued by NASDAQ OMX Helsinki, except for maintaining a public insider register, because the company does not hold listed instruments.

Control of the financial reporting process

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

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

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

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

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

Principles of internal control

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

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

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

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

Internal audit

The Group's internal audit function supports the CEO, the Board of Directors and the operating management in their duty of control. The functions and principles of the company's internal audit have been defined in the Internal Audit Charter confirmed by the Board of Directors.

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

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

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

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

To ensure adequate audit coverage and coordination, regular contacts and communication 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 2012

In 2012, the main focus areas of internal audit included verifying the accuracy of mobile invoicing, analysing and verifying the operation of the new CRM invoicing systems and assisting the development of IT risk management. 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 auditor's report, as part of the financial statements in compliance with the legislation in force. The auditor reports regularly to the Board of Directors and the Audit Committee.

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

Auditing of the Accounts in 2012

The AGM selected PricewaterhouseCoopers as the company's auditor in March 2012. Authorised Public Accountant Pekka Loikkanen acted as the principal auditor until 15 March 2012 and Authorised Public Accountant Johan Kronberg after 15 March 2012. In 2012, the auditors' audit fees came to EUR 248,502.77 (EUR 209,271.74 in 2011) and other fees to EUR 359,619.95 (EUR 144,377.86 in 2011).

Risks and risk management

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

The risk management process provides reports on risks and their control methods to the executive management and Board of Directors, interim reports and strategy work. The risk management process is part of DNA’s management process. The Board of Directors is responsible for the company’s risk management and approves the risk management policy. The CEO is responsible for the practical implementation of risk management and maintenance of the risk management policy.

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

Significant risks

DNA operates in the Finnish telecommunications market, which is characterised by tough competition between established operators, and a high degree of penetration. DNA's business environment is very sensitive to change, and the changes happen fast.

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

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

Systems and networks

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

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

Regulatory risks

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

Financing risks

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

The Group's foreign interest risk is insignificant, since the majority of its cash flow is euro denominated. For more details on the management of financing risks, please refer to Note 3 Financial risk management.

Damage risk

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

Salary and remuneration report

Company's remunerations and compensation systems have been designed to support the strategic, financial and operative development of DNA, to motivate and to reward for good financial results.

Board of Directors' meetings and remuneration

The Board of Directors convened 16 times during the year.

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

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

Board of Directors' remuneration

Name	Board of Directors	*AC	**RNC	Total EUR
Jarmo Leino	Chairman		Chairman	157,500.00
Juha Ala-Mursula	Member 15 March-		Member 29 March-	46,987.50
Hannu Isotalo	Member		Member	61,375.00
Anu Nissinen	Member -15 March		Member -15 March	11,812.50
David Nuutinen	Member -15 March	Member -15 March		11,812.50
Jukka Ottela	Member	Member		61,425.00
Risto Siivola	Member -15 March		Member -15 March	12,862.50
Tuija Soanjärvi	Member	Chairman		65,100.00
Anssi Soila	Member			57,750.00

*AC=Audit Committee

**RNC=Remuneration and Nomination Committee

Remuneration of the CEO and Executive Team

Remuneration of the CEO

In 2012, the DNA Group CEO Riitta Tiuraniemi received a salary of EUR 455,421.65, which comprises a monthly salary that includes EUR 12,180.00 of taxable benefits and an incentive payment of EUR 75,099.80.

The CEO's period of notice is 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 annual salary in addition to the salary paid during the notice period.

The CEO has the right to retire at the age of 60. Supplementary pension rights are assessed based on payments. The premium of the supplementary pension insurance was EUR 79,112.05 in 2012. The CEO's pension includes vested rights.

Remuneration of the Executive Team

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

The members of the Executive Team are included in the company's long-term share option scheme.

In 2012, the total payment to the members of the Executive Team, excluding DNA Group CEO Riitta Tiuraniemi, amounted to EUR 1,660,827.39, which comprises a monthly salary that includes taxable benefits and an incentive payment.

Members of the DNA Executive Team, excluding the CEO, have the right to retire at the age of 62. Pensions are payment-based. The payments for the Executive Team members' supplementary pensions amounted to EUR 155,302.17. The Executive Team members' pensions include vested rights.

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

Personnel incentive scheme

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

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

Corporate responsibility management at DNA

A modern Finnish telecommunications Group, DNA is committed to continuous business development, taking account of the needs of its environment and stakeholders. DNA's corporate responsibility is based on its values, corporate culture and business objectives. DNA has made good progress in many aspects of corporate responsibility in 2012.

At DNA, corporate responsibility falls under the scope of the Board of Directors and the CEO; the Board discusses matters related to responsibility twice a year in its meetings. At Executive Team level, the Chief Financial Officer is in charge of practical work related to corporate responsibility. He heads a horizontal corporate responsibility group that coordinates and develops DNA's corporate responsibility. DNA's corporate responsibility expert is responsible for the practical side of things, and reports to the management team quarterly.

DNA considers it important to recognise the social and environmental impacts of its business. To identify the relevant areas of its corporate responsibility, DNA conducted a comprehensive stakeholder survey in 2011. The focus areas of DNA's corporate responsibility were formulated based on the survey results:

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

Shareholders:
- Adhering to competitive regulations
- Profitable business operations

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

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

Based on the results of the stakeholder survey, DNA's corporate responsibility group designed a corporate responsibility programme for 2012–2014. It covers four areas: economic responsibility, society, human resources, and the environment and technology.

The table below lists the achievements in 2012 and target-setting for 2013. Focus areas in 2013 include responsible partnership, energy efficiency and environment as well as being a responsible employer.

Corporate responsibility objectives for 2012–2013

Target 2012	Actions	Status	Target 2013
Specification of corporate responsibility focus areas and metrics	- Specified with the corporate responsibility group	Ongoing, updated annually	Personnel: e.g. integrating diversity aspect in everyday leadership
Creation of a corporate responsibility programme for 2012–2014	- Created with the corporate responsibility group	Complete, updated annually	Energy efficiency and the environment: e.g. improving energy efficiency in production and facilities
The 'Responsible Partner' programme	- An Ethical Supplier Code added to all new technological and logistics contracts	Ongoing	Fostering responsible partnerships: e.g. integrating an Ethical Supplier Code to contracts, updating corporate responsibility guidelines
Development of GRI reporting	- Development areas: environmental responsibility and human rights - Verification of energy-efficiency calculations	Ongoing	Continuous development of GRI reporting

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

Corporate responsibility focus areas specified in cooperation with stakeholders

DNA organised a comprehensive corporate responsibility materiality analysis in the autumn of 2011, inviting close to 5,000 stakeholder representatives to participate in a survey. The survey answer rate was approximately 14 per cent. It was sent to both internal and external stakeholders.

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

The stakeholder survey aimed to identify the stakeholders' views on DNA's corporate responsibility, identify focus areas and suitable communication methods. Participants also expressed a wish to see tangible and unambiguous corporate responsibility communication. They would like to see DNA use its website and emails for corporate responsibility communication.

Different stakeholder groups identified specific needs

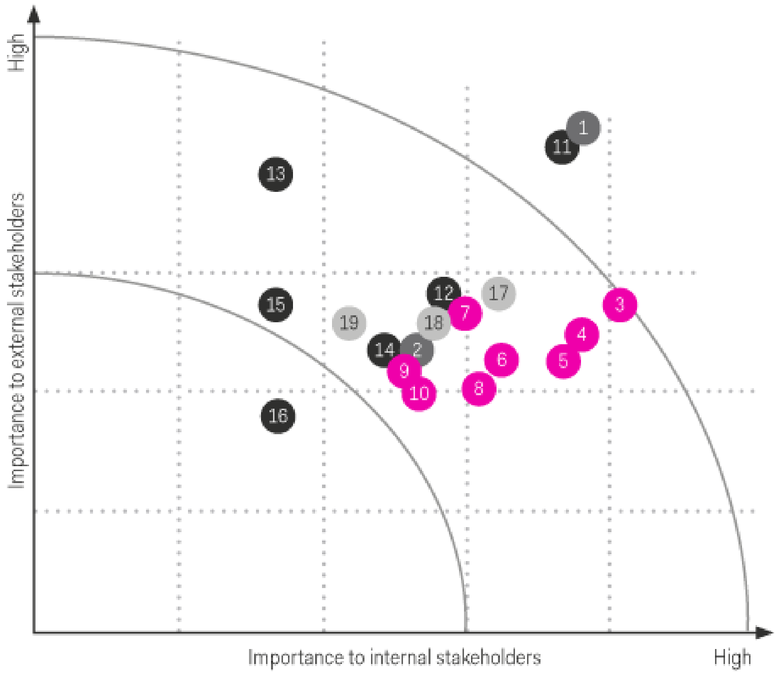
Based on the results of the survey, both external and internal stakeholders identified data security and network reliability as the most important aspects of DNA's corporate responsibility. They also valued investments in Finland, as well as the development of environmentally sound technological solutions.

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

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

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

Materiality matrix



INFRASTRUCTURE AND PURCHASING

1 Network reliability under all circumstances

2 Payments to service and goods providers

DNA

3 Employee satisfaction and well-being

4 Occupational health and safety

5 Equality

6 Remote work opportunities

7 Adhering to competitive regulations

8 Developing the competence of personnel

9 Corporate governance

10 Internal ethical guidelines

CUSTOMER

11 Data security

12 Development of electronic services

13 Customer service, honouring commitments

14 Online safety of young users

15 Responsibility for terminal usability

16 Services for ageing population

GENERAL

17 Investments and employment in Finland

18 Using and developing environmentally sound (technological) solutions

19 Promoting regional equality (personnel and services)

Profitability and competitiveness

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

Responsibility guides the company in meeting its financial objectives: open and transparent communication, corporate governance and taking environmental and social responsibility into consideration when making financial decisions. In addition, authority regulation has a strong impact on DNA's operating environment.

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

Domestic investments and employment

DNA's investments in 2012 came to EUR 136.3 million (EUR 119.5 million in 2011), or 17.7 per cent of net sales (16.4). Major individual items included investments in the fibre and transfer systems and the 3G and 4G networks.

Close to 100 per cent of DNA's operations take place in Finland. At the end of 2012, the company employed directly 1,427 employees and indirectly some 1,000 more. The number of DNA personnel increased by some 392 employees towards the end of 2012. The Group's business initially grew as a result of merger of local telephone companies and through establishing telephone service centres and outlet chains. DNA continues to have strong local presence in some hundred locations in Finland.

2012 delivered both good and bad tidings as regards employment. In the spring of 2012, the company announced the initiation of cooperation negotiations to improve operational efficiency. As result of this restructuring, 57 DNA employees were made redundant.

In July, DNA acquired a customer service entity from its outsourcing partner GoExcellent, increasing the number of employees by some 470. The business combination supports DNA's focus on customer service and cost efficiency.

In December, DNA announced that it will hire 40 new customer service employees at its Taivalkoski office during 2013, which will almost double the number of customer service personnel there. This decision is very important for employment in the municipality.

Christmas came early in Taivalkoski

In December, DNA announced that it will hire new customer service employees at its Taivalkoski office, thus almost doubling the number of employees there.

DNA's economic impact on its operating environment

FROM THE CUSTOMERS

Net sales
EUR 769.2 million
(727.5)

DNA

TO THE PERSONNEL

Salaries and remuneration
EUR 77.3 million (58.6)

Pension expenses EUR 11.8 million (7.7)

TO SUBCONTRACTORS

Materials and services
EUR 391.6 million (377.1)

Other operating expenses
EUR 111.9 million (107.4)

TO THE PUBLIC SECTOR

Income tax for 2012
EUR 12.2 million (10.4)

Personnel expenses
EUR 14.6 million (11.9)

TO THE FINANCIAL SECTOR

Interest expenses EUR 8.0 million (5.9)

TO THE OWNERS

Dividends for 2012
EUR 35.0 million* (29.7)

* The agenda of DNA's Annual General Meeting of 21 March 2013 includes a proposal to purchase the company's own shares. If the AGM will approve the proposal, it will be proposed to the AGM that the total amount of dividend is EUR 35.0 million, since no dividend will be paid on shares held by the company.

2012 was an eventful year

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

Year 2012 brought about many changes for the personnel, the most important of which included reorganisation, acquisition of the customer service operations function, renewal of the working environment and an interlinked change in the working methods as the company moves towards a more genuine way of working. Successful implementation of these changes was supported by the positive development of employee satisfaction at all measured areas.

After the cooperation negotiations that were initiated in April 2012, DNA's matrix organisation was dismantled and replaced by a line organisation. The new organisation entered into force on 10 June 2012. The spirit of the negotiations was good and constructive, and the restructuring of operations reduced the number of personnel significantly less than anticipated.

DNA's customer service expertise was strengthened further as DNA and GoExcellent agreed on a business transfer on 1 July 2012. The number of DNA personnel increased by 470 employees who were transferred from the employ of GoExcellent to DNA. After the transfer, roughly every third DNA employee is a customer service specialist.

In August, most of the DNA staff in the Helsinki Metropolitan Area relocated to DNA's new premises in Käpylä. This also marked the launch of the Genuine method of working pilot project, which establishes a more flexible and independent way of working: using the mobile workspaces, the personnel decides independently where they work without discussing this with their supervisor.

> According to DNA's HR vision, DNA is a company with future-oriented, skilled and motivated employees.

Positive employee satisfaction development

The general index of the annual employee satisfaction survey remained high in 2012, at 4.4, the maximum being 6.0. The positive development has continued for several consecutive years. The general leadership index improved slightly and came to 4.7. Employees gave positive feedback in particular for the work of their immediate supervisors.

The survey indicates that DNA has skilled and committed employees who build a positive working atmosphere and team spirit. According to the survey feedback, employees value the ability to manage their work life balance by means such as the new Genuine working method.

The new DNA House that was completed in the autumn of 2012 received a lot of positive feedback, as did the support for employee well-being. The personnel also welcomed the organisational change introduced earlier in the year. The new organisation enables a quick and more streamlined way of doing business.

Development of facilities emerged as a key development area from the survey. To support the development, an increasing number of employees will soon be able to use facilities that have been designed according to DNA's new working environment concept also outside the Käpylä premises in Helsinki.

> The new organisation enables a quick and more streamlined way of doing business.

Personnel development and leadership coaching

In 2012, DNA organised the JET qualification programme in leadership training. Participants included DNA Store employees, and all those in leadership roles at DNA can apply for the training. Customer service management also worked towards a further qualification in sales.

In 2012, the company emphasised skills development as part of everyday leadership. Managers were supported by comprehensive internal online training material.

Strong investments in well-being at work

DNA provides employees with a wide selection of healthcare services in excess of the level required by law. In 2012, the company continued to support the quit smoking campaign and implement the early response model. The model aims at systematic and long-term development of occupational well-being by addressing any problems as early as possible. It promotes the attitude of shared responsibility at the workplace, improves occupational safety and encourages and guides supervisors to address problems.

The popular well-being at work day was organised in the autumn of 2012. The event provided the employees tips for looking after their health and maintaining their working capacity.

In 2012, DNA supported the employees' awareness of the importance of office ergonomics in cooperation with occupational health services. Information sessions were organised at different facilities and information was also shared via the Intranet and the company magazine.

The DNA Liikkuu ('DNA Moves') card was launched in 2012. DNA offers targeted exercise campaigns in cooperation with a partner. In 2012, DNA organised a swimming and running technique course for adults, supporting employees in their training for a fun company marathon. Personnel clubs remained active at all DNA facilities.

DNA Peers organised various fun events in different locations. The Peers are volunteers who guide their fellow employees and share information with them, organising events and surprises to build team spirit at DNA premises.

Responsible employer

DNA was among the first signatories of the diversity commitment with 17 other companies at the event organised by the leading corporate responsibility network in Finland, FIBS, to mark the launch of Diversity Charter Finland.

Type of employment contract

Type of employment contract	2012*	2011	2010
Open-ended	1,403	1,015	955
Fixed-term	24	20	48
Total	1,427	1,035	1,003

* Includes GoExcellent as of 1 July 2012.

Type of employment

Type of employment	2012*	2011	2010
Full-time	1336	997	963
Part-time	91	38	40
Total	1,427	1,035	1,003

* Includes GoExcellent as of 1 July 2012.

Gender structure

By gender	2012*	2011	2010
Women	611	333	318
Men	816	702	685
Total	1,427	1,035	1,003

* Includes GoExcellent as of 1 July 2012.

Age structure

By age group	2012*	2011	2010
< 25	6%	3%	
25–34	31%	27%	34%
35–44	31%	37%	34%
45–54	23%	25%	24%
55–64	9%	8%	7%
Total	100%	100%	100%

* Includes GoExcellent as of 1 July 2012.

Share of women (%) per personnel group*

Personnel groups include women as follows:

Of management	25%
Of managerial employees	25%
Of administrative employees	36%
Of service and production employees	15%

* Does not include GoExcellent.

Close stakeholder engagement

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

The Internet-based customer panel is one of the main interaction channels for consumer customers. This panel provides DNA with quick feedback and information on our customers' opinions, expectations and values. DNA also has an active presence in the social media, in Facebook for example. Towards the end of 2012, DNA opened a customer service channel in the Twitter microblogging service.

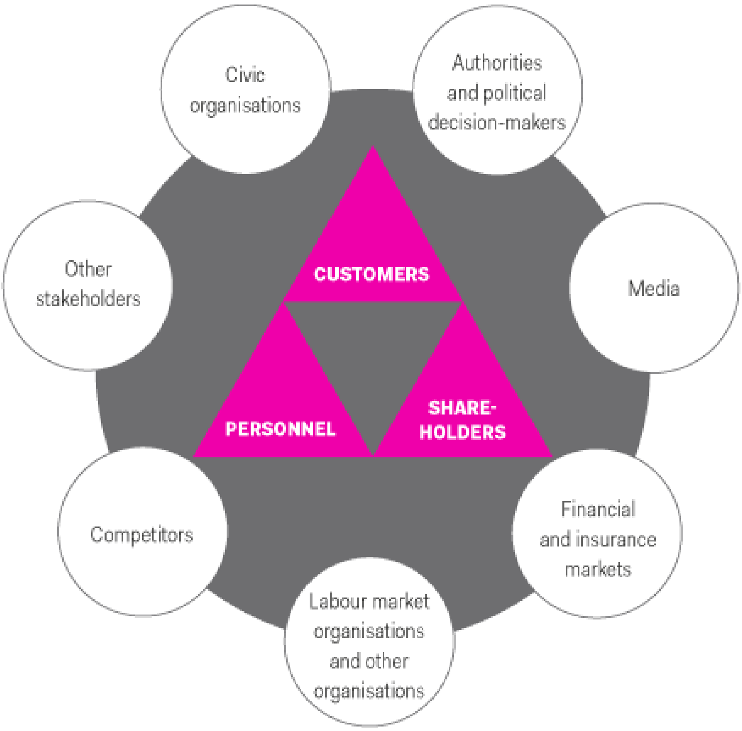
DNA is also an active participant in the work of associations and trade organisations, as well as in developing the industry and safeguarding its interests. DNA engages in active communication with various authorities and political decision-makers and is a member of various associations, including the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

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

DNA also engages in active discussion with non-governmental organisations. Finnwatch published a report on the responsibility of teleoperators, according to which the companies have progressed, but there is still room for improvement. Finnwatch studied the operators' subcontractors' ethical guidelines and monitoring thereof, reuse and recycling of terminals as well as customer privacy and disclosure of data. DNA considers the contents of the Finnwatch report very important. The company has reviewed the operator-specific recommendations included in the report in areas such as human rights.

In the summer of 2012, Greenpeace reviewed the energy efficiency of the cloud services provided by IT companies in Finland. The report will be published in the spring of 2013. DNA was an active participant in the review.

Stakeholder map



DNA has the most satisfied mobile broadband customers in Finland

According to the international EPSI Rating study, DNA mobile broadband and DNA WELHO pay-TV had the most satisfied customers in 2012. DNA's mobile broadband was strong across the board: its service quality is considered the best, and customer value and loyalty are also at the highest level. DNA WELHO remained number one on the pay-TV market, scoring top position in both product quality and image as in 2011.

Corporate customers' satisfaction with DNA's mobile services increased somewhat year-on-year. Satisfaction with service quality in particular improved from 2011. However, satisfaction among mobile consumer customers fell from the previous year.

DNA WELHO was a strong number two in fixed-network broadband services. Finnish consumers' satisfaction with fixed-network services increased notably year-on-year.

Customer satisfaction

Results of the EPSI Rating study, DNA and DNA WELHO*	2012	2011	2010
Mobile communication services for consumers (DNA)	72.9	73.8	73.6
Broadband services for consumers (DNA)	-	-	65.4
Broadband services for consumers (DNA WELHO)	71.9	69.4	-
Mobile communication services for corporations (DNA)	65.7	65.3	66.7
Broadband services for corporations (DNA)	65.8	65.8	64.3
Pay-TV (DNA WELHO)	71.3	67.4	-

*Information on DNA WELHO available since 2011

Second year of cooperation with SOS Children's Village

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

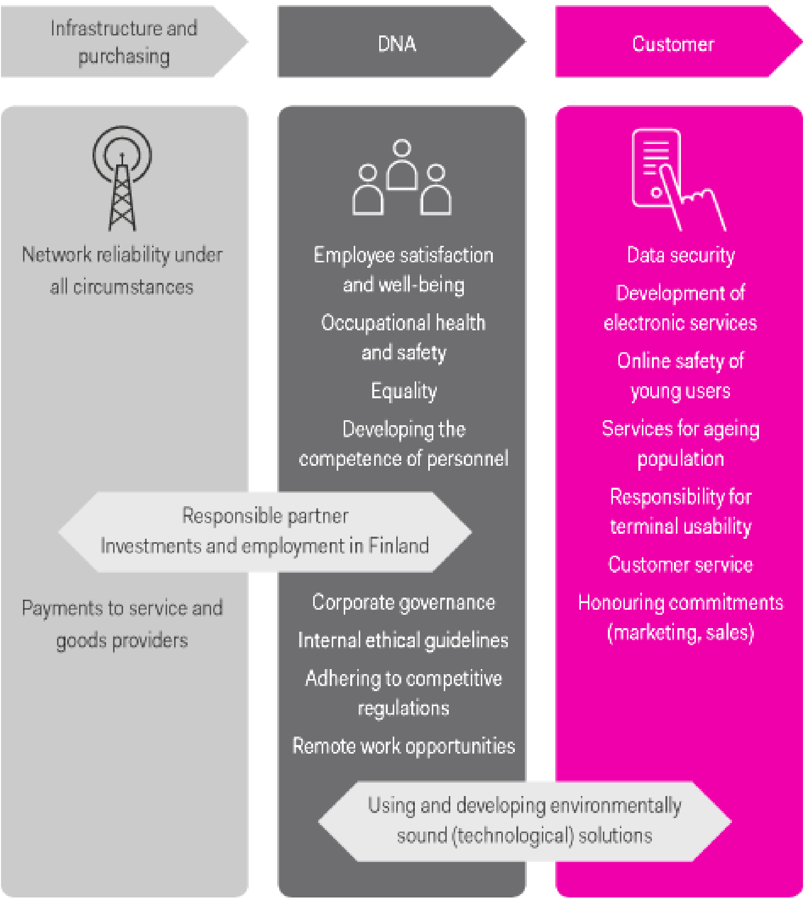
Responsible partnership

Responsible partnership was a key development area for DNA in 2012, and has also been included in the focus areas for 2013. To DNA, responsibility in partnerships means considering responsibility throughout the value chain, from infrastructure investments and purchases to the final product and service delivered to the customer. Corporate responsibility considerations are increasingly emphasised when entering into new purchase and cooperation agreements with partners.

As a responsible partner, DNA also expects its partners to take economic, environmental and social responsibility increasingly into consideration in their operations. In 2012, DNA placed special emphasis on supply chain management and ethical supplier guidelines. As of 2012, an Ethical Supplier Code has been added to all new technological and logistics contracts. The appendix is based on the UN Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work and also covers environmental responsibility considerations. The appendix also applies to the suppliers' subcontractors.

DNA's ethical principles apply to every DNA employee. They outline the Group's values as well as operating methods and also specify communication channels and actions to be taken when questions arise.

Corporate responsibility value chain



Responsible recycling with Kuusakoski

DNA continued the modernisation of its radio network in 2012, implementing next-generation base stations. The company wanted to make sure that the old, decommissioned base stations were recycled by a responsible, domestic partner.

Environmentally friendly solutions

DNA considers it important to recognise the environmental impacts and risks of its business, and to adapt operations according to the principles of sustainable development. The company honours its environmental responsibility by developing new, environmentally friendly technologies and by offering customers the opportunity to control environmental impacts through flexible Internet and mobile communication services that help reduce work-related travel.

DNA complies with current environmental legislation and expects the same from its subcontractors and partners.

> We develop environmentally sound and advanced technologies.

Energy-efficient DNA House

Towards the end of the summer 2012, DNA's headquarters relocated to DNA's new premises in Käpylä, Helsinki. The facilities were constructed by YIT according to its Energy genious concept. In the concept, energy-efficiency of offices is carefully considered already at the design and construction phase. This helps cut energy costs in comparison to standard offices. YIT is seeking an international LEED Gold certification for the sustainability of the Käpylä premises.

In connection with the relocation to the new premises, DNA launched a Genuine method of working pilot project with mobile workspaces. The personnel decides independently where they work without discussing this with their supervisor. According to a survey conducted among the pilot participants, work-related travel emissions were cut by 15 per cent during the project (on an annual level, this translates to 39 per cent when compared with the pre-pilot situation). The company supports mobile working and leverages solutions, such as phone and video conferencing, that help reduce the need to travel. The Genuine method of working will continue in 2013.

DNA emphasises the durability, life cycle and recovery of materials when making purchasing decisions. Materials are recycled and waste is sorted at the company's sites and retail outlets. DNA continued to develop its facilities according to the working environment concept in 2012. As part of the project, many locations relocated, cleaned up and emptied old storage facilities. Responsible recycling was a key consideration during the relocation and cleaning: the amount of landfill waste was minimised by recycling and reusing as much of the material as possible.

The company achieved many tangible, environmentally responsible milestones in 2012:

- Supporting remote working and avoiding work-related travel by using telephone and video conferencing;
- The CO2 emission limit of company cars was lowered to 140 g/km;
- Mapping the possibility of using renewable sources of energy in power generation for DNA's network, such as the possibility of using wind power at the Lohja mast location;

- Developing electronic services, by e.g. enouraging consumer customers to switch to electronic billing;
- Training personnel to be more energy efficient: using computers' sleep and print settings, switching off lights (Earth Day campaign), energy-efficient travel, reduced paper consumption;
- DNA participated in the annual Energy Saving Week, distributing information and energy saving tips for home and office use;
- The company created innovative solutions, such as integration of 2G, 3G and 4G base station systems and relocating the radio units from the equipment facilities to the masts;
- The 'Vempaimet vaihtoon' recycling campaign at DNA Stores;
- Active representation in key industry associations, such as FiCom's Green ICT working group.

DNA participates in the swim to protect Lake Vesijärvi

In August 2012, 13 brave swimmers gathered at the Lahti harbour and at the starting pistol sound, they were off to swim 5.1 kilometres in Lake Vesijärvi. They participated in the first 'Mega Enonsaari Challenge' event organised by the thriathlon association X-tri Lahti and the Lake Vesijärvi Foundation.

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

	2012*	2011	2010
Consumption of own vehicles (diesel, petrol)	approx. 6.34	approx. 5.83	approx. 5.07
Other fuel	approx. 1.61	approx. 0.89	approx. 1.29

* The energy consumption calculation principles have been adjusted in 2012. Due to this, the figures for 2011 and 2012 are not entirely comparable.

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

	2012*	2011	2010
District heating	19	29	14
Electricity	346	398	335

* The energy consumption calculation principles have been adjusted in 2012. Due to this, the figures for 2011 and 2012 are not entirely comparable.

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

	2012	2011
Scope 1	211	138
Scope 2	41,479	45,766

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

	2012	2011
Scope 3, business travel	721	934

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

Year 2012*	Weight (tonnes)
Total**	716.7
of which hazardous waste	14.1
of which WEEE (waste electrical and electronic equipment)	269.4
Average waste recycling and utilising rate***	87%

* The calculation and reporting methods of waste have been adjusted during 2012. Due to this, the figures are not entirely comparable with those reported for earlier years.
** The 2012 figures include waste generated during the facility relocation and storage facility clean up processes. The total amount of waste is thus higher than during a standard year. Responsible recycling of office furniture and other goods was a key consideration during the relocation and cleaning of facilities.
***Based on weighted average.

Energy consumption in focus

DNA also continued to develop its operational energy efficiency during 2012 by means such as upgrading the radio network technologies and mapping the possibility of using renewable sources of energy in power generation for DNA’s network. The company also initiated a project in which a third party verified the calculation methods and accuracy of DNA’s energy consumption calculations.

As part of a more detailed inventory of energy consumption, DNA initiated the calculation of its carbon dioxide emissions.The calculations are made according to the Greenhouse Gas Protocol Corporate Standard framework, a standard method for the inventory and reporting of emissions. Service production is responsible for a significant portion of DNA’s carbon dioxide emissions.

DNA continued the modernisation of its radio network in 2012, implementing next-generation base stations. The new system requires fewer devices, thereby reducing relative energy consumption. At an annual level, the new base station technologies transfer 3G data with 40 per cent less energy than base stations that use the old technology. During the network upgrade, hundreds of radio units have been relocated from inside the equipment facilities to the masts, omitting the need for mechanical cooling. This translates into significant energy savings.

Data traffic volumes are continuously increasing. To meet this demand, the number of devices must be increased, which will in turn increase absolute energy consumption. The growth trend was evident in 2012, as the volume of mobile data in DNA’s network has more than doubled since 2011.

The high-speed 4G LTE technologies reduces the relative per-data energy consumption through improved technical performance of the base station equipment.

DNA is also using existing mobile network masts to construct its terrestrial TV broadcasting networks energy-efficiently, while its broadcasts benefit from efficient use of frequencies. In 2011, DNA’s innovative terrestrial broadcast network was awarded at the annual IBC Awards Ceremony, the premier annual event for television and broadcasting professionals worldwide.

> We are mapping the possibility of using renewable sources of energy.

DNA and the society

DNA provides and maintains infrastructure that is critical to the operation of the society. The company needs to act as a reliable partner that develops, provides and maintains services to the modern information society. As a responsible operator, DNA considers the changing service needs of the society, such as the special needs of ageing population. DNA also considers it important to guide young users on the safe use of the Internet and mobile phones.

Click the image below to read how the DNA community works.

1. Modern communication services

The infrastructure of the information society with its increasingly high-speed broadband networks is evolving at a great pace. In addition to digital TVs, mobile phones, PCs and fixed broadband connections, a growing number of Finnish households is also using mobile broadband connections (Source: "DNA Elämysraportti" report 2011).

Our society is characterised by a continuous demand for up-to-date information. Consumers and companies alike depend on reliable connections and communication services. Increasingly, services are electronic and available anytime, anywhere.

DNA provides high-quality voice, data, mobile and TV services to homes, corporations and communities. DNA enables flexible solutions, such as remote work and web meetings. Corporate customers can avail of DNA's mobile exchange based voice solutions as well as flexible office and Internet-based communication services.

DNA Toimisto ('DNA Office') is an example of a flexible business solution with packaged services tailored to meet company-specific communication and data management needs. The service includes an option to deploy a cost-effective Google application that is used over the Internet in the cloud. This means that the company does not have to invest in hardware or software or worry about their maintenance.

2. Reliable partner

DNA takes pride in being a reliable partner to corporations and consumers. Close to 100 per cent of DNA's operations take place in Finland. In 2012, the company invested, in particular, in supply chain management.

DNA's corporate responsibility group has specified responsible partnerships as a key development area also in 2013. To DNA, responsible partnerships mean applying responsibility throughout the value chain from infrastructure investments and purchases to the final product and service delivered to the customer.

DNA wants to monitor and develop its own corporate responsibility, but also expects its partners to take economic, environmental and social responsibility increasingly into consideration in their operations.

DNA boasts the most extensive service network in Finland, bringing services close to the customer. It delivers local high-quality customer service with a genuine attitude. DNA serves consumers and corporations nationwide with its network of 80 DNA Stores, online store, phone-in service, external representatives and close to 100 corporate sales agents.

3. Development of critical infrastructure

DNA's most important undertaking as a member of the Finnish society is to provide and develop telecommunication connections. For its own part, DNA ensures that these connections will be available not only under normal conditions but also in the event of disruptions and during exceptional situations. By doing so, DNA, for its part, takes responsibility for securing functions that are vital to the society.

DNA provides and maintains infrastructure that is critical to the operation of the society. These include fixed broadband connections and radio masts vital for mobile communications as well as fibre optics based transfer connections. In recent years, DNA has focused on a comprehensible coverage of its terrestrial TV services in addition to cable TV network.

DNA considers it important to develop environmentally friendly technologies and to find new energy-efficient solutions. DNA continued the modernisation of its radio network in 2012, implementing next-generation base stations. The new base station technologies transfer 3G data with 40 per cent less energy than base stations that use the old technology.

4. Changing society, changing service needs

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

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

Services are increasingly becoming available online, and information is shared in electronic format. DNA meets these changing needs by developing versatile electronic services. DNA has been a frontrunner in the development of the M2M (Machine to Machine) technology. The technology enables a company, such as an electricity supplier, security service provider or transport company, to transfer data from one machine to another as part of a more extensive system or service. An example of M2M technology application is a remote electricity reader that enables real-time monitoring of electricity consumption.

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

DNA's dedicated telephone service takes account of senior customers' special needs. DNA also participates in the prevention of digital exclusion of senior citizens with FiCom, the Finnish Federation for Communications and Teleinformatics. Technical solutions, such as e-Health services, remote monitoring and automatic safety solutions (e.g. stove shut-off and safety bracelets), help the elderly to live at home for longer. The availability of electronic services reduces the need to go out when it is difficult to do so or when weather conditions are more dangerous. (Source: FiCom 2011)

5. Children and teenagers

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

In addition to promoting data security awareness, DNA has supported work with children and adolescents by participating in the prevention of bullying in schools. In the autumn of 2012, DNA joined the Innolukio project launched by the National Board of Education. The project aims to build a learning environment that encourages upper secondary school students towards creative thinking. This aim is supported by an idea and product development competition for the students, based on changing tasks issued by the project partners. One of the key aims of the Innolukio project is to promote the use of ICT and mobile phone technologies in the learning environment.

In October 2011, DNA and SOS Children's Village Association Finland agreed on three-year cooperation. As one of its main partners, DNA provides financial support and data communication connections to the organisation. In the first year of partnership, financial assistance was directed towards Theraplay therapy activities. In 2012, the assistance was directed at preventive family-friendly and family-based care. DNA's employees also support the Association's fund collection activities by volunteering.

> As a responsible operator, DNA considers the changing service needs of the society, such as the special needs of ageing population.

Sources (in Finnish):

DNA Suomalaiset ja viihde 2011 survey, FiCom ry's Toimialakatsaus 2011 (referred http://www.ficom.fi/toimialakatsaus/index.html)

Reporting according to GRI guidelines

In 2012, DNA Ltd continued to report on corporate responsibility according to the Global Reporting Initiative (GRI) reporting model. With a reporting period of one calendar year, DNA publishes this GRI-compliant corporate responsibility report annually. The previous report was published on 8 March 2012. The report at hand is the company's third GRI report. All the reports follow the Global Reporting Initiative's G3 (GRI version 3.1) guidelines.

DNA's corporate responsibility reporting is based on the guidelines, principles and calculation methods specified by GRI. The reporting includes DNA Ltd, DNA Store Ltd and Forte Netservices Oy. In early July, DNA acquired a customer service entity from an outsourcing partner GoExcellent. GoExcellent is included in the figures reported for economic and environmental responsibility and also in most of the social responsibility indicators. Any deviations from or changes to the calculation limits are mentioned with each key figure. Similarly, any changes in measurement technologies are mentioned with each figure.

The GRI reporting model relies on the principle of materiality: the company reports on those figures and indicators relevant to its business model. DNA conducted a survey among its main stakeholders towards the end of 2011; for more information on materiality, see Corporate responsibility management at DNA.

DNA increased the scope of its reporting in 2012 by reporting on the GHC protocol figures under environmental responsibility. Three new governance indicators were also included, as well as two new human rights indicators. The energy consumption indicators included into DNA's GRI report for 2012 have been verified by an external party.

These indicators have been reviewed by the Board of Director's Audit Committee. DNA's corporate responsibility group reviews and expands the reporting scope annually.

Contact information

DNA's Corporate Responsibility Specialist Noomi Lehtosaari is responsible for compiling the DNA Ltd corporate responsibility report, tel. +358 44 044 2345, .

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

Sources

EPSI Rating Customer Satisfaction (2012): Cellular phone satisfaction in Finland 2012 (in Finnish). Published 22 October 2012. Referred 7 December 2012.

Official Statistics of Finland (OSF) (2009): Population projection 2009–2060 [verkkojulkaisu]. ISSN=1798-5137. Helsinki: Statistics Finland.
Referred 5 January 2012.

FICORA (2011): Katsaus Viestintäviraston toimintaympäristöön 2012–2016 (in Finnish). Published 14 December 2011.

GRI Content Index

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

GRI	Indicator	Reference	Status of reporting
1. Strategy and Analysis			
1.1	Statement from the most senior decision maker in the organisation	CEO's review	●
1.2	Description of key impacts, risks and opportunities	CEO's review; Operating environment; Strategy; Board of Director's report	●
2. Organisational Profile			
2.1	Name of the reporting organisation	DNA Ltd	●
2.2	Primary brands, products and services	DNA and DNA WELHO	●
2.3	Operational structure of the organisation	DNA in brief; Events in 2012. See also the following notes to the consolidated financial statements: notes 18 Investments in associates and 34 Related party transactions.	●
2.4	Location of organisation's headquarters	Consolidated financial statements: note 1 The Group in brief.	●
2.5	Countries where the organisation operates	Almost 100 per cent of DNA's operations occur in Finland. In July 2011, DNA acquired Forte Netservices Oy. Forte mostly operates in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in notes to the consolidated financial statements, 34 Related party transactions.	●
2.6	Nature of ownership and legal form	DNA if figures. See also the note to the consolidated financial statements 36 Shares and shareholders.	●
2.7	Markets served	Almost 100 per cent of DNA's operations occur in Finland. In July 2011, DNA acquired Forte Netservices Oy. Forte mostly operates in Finland. Finnish operations are supported by some sales and service employees in other countries. See DNA's subsidiaries in note 34 Related party transactions.	●
2.8	Scale of the organisation	DNA in figures, DNA in brief	●
2.9	Significant changes during the reporting period regarding size, structure or ownership	Year 2012; Board of Directors' report	●
2.10	Awards received in the reporting period	DNA did not receive any awards in the reporting period.	◐
3. Report Parameters			
REPORT PROFILE			
3.1	Reporting period	The GRI report is published annually with the Annual Report.	●
3.2	Date of the most recent previous report	The previous report was published on 8 March 2012.	●
3.3	Reporting cycle	Annually	●
3.4	Contact point for questions regarding the report	Reporting	●

REPORT SCOPE AND BOUNDARY			
3.5	Process for defining report content (determining materiality, prioritising topics, identifying stakeholders expected to use the report)	Reporting	●
3.6	Boundary of the report	Reporting	●
3.7	Specific limitations on the scope or boundary of the report	Reporting	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities and outsourced entities	Reporting	●
3.9	Data measurement techniques and calculation principles	Reporting	◐
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	Any deviations from or changes to the calculation limits are mentioned with each key figure. See Reporting.	●
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	Any deviations from or changes to the calculation limits are mentioned with each key figure. See Reporting.	●
GRI INDEX			
3.12	Table identifying the location of the Standard Disclosures in the report (identifying links to relevant pages).	GRI Content index	●
ASSURANCE			
3.13	Policy and current practice with regard to seeking external assurance for the report	The energy consumption calculations in DNA's corporate responsibility report have been subject to external assurance.	◐
4. Governance, Commitments and Engagement			
GOVERNANCE			
4.1	Governance structure of the organisation	Governance	●
4.2	The Chairman of the Board's role in the organisation	The Chairman of DNA Ltd's Board of Directors is not an executive officer. See Board of Directors and Members of the Board of Directors.	●
4.3	Independent and/or non-executive board members	Members of the Board of Directors	●
4.4	Mechanisms for shareholders and employees to provide recommendations to the board	Shareholders exercise their shareholder power in the General Meeting. DNA's Board of Directors does not have an employee representative. Personnel representatives are invited to the meetings of the extended Group Executive Team. See Corporate governance and internal control.	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	DNA's remuneration principles do not specify a linkage between the organisation's corporate responsibility performance and compensation for members of the highest governance body, senior managers and executives. For more details on salaries and commissions see the following notes to the consolidated financial statements: 15 Earnings per share and 10 Employment benefits and number of personnel.	◐
4.6	Processes in place for the highest governance body, to ensure conflicts of interest are avoided	As stipulated by law, a member of the Board of Directors shall be disqualified from the consideration of a matter that involves a conflict of interest. For more information, see Board of Directors.	●
4.7	Processes for determining the qualifications and expertise of the highest governance body, for guiding the organisation's strategy on economic, environmental and social topics	DNA's Board of Directors has not assigned corporate responsibility to any members of the Board, nor does the company have a separate process for determining the qualifications and expertise of members regarding corporate responsibility. See Members of the Board of Directors.	●

4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance	Corporate responsibility management at DNA and Responsible partnership.	◐
4.9	Procedures of the Board for overseeing the organisation's sustainability work	The same principles apply to overseeing sustainability work as to overseeing the rest of the company's operations. See Board of Directors.	◐
4.10	Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	The Board of Directors carries out an internal self-evaluation of its operations once per year. See Board of Directors.	◐
COMMITMENTS TO EXTERNAL INITIATIVES			
4.11	Explanation of whether and how the precautionary principle is applied	Risks and risk management	◐
4.12	Endorsement of externally developed economic, environmental and social charters, principles or other initiatives	In autumn 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 by Younger Teenagers and Children. In 2012, DNA signed the diversity commitment and joined Diversity Charter Finland.	◐
4.13	Memberships in associations and advocacy organisations	DNA's main memberships: Service Sector Employers PALTA, GSM Association, European Competitive Telecommunications Association (ECTA) and Diversity Charter Finland. For more details on DNA's memberships, see Stakeholders.	●
STAKEHOLDER ENGAGEMENT			
4.14	List of stakeholder groups engaged by the organisation	Specified by the CR steering group as part of the materiality assessment. For more information, see Stakeholders.	●
4.15	Basis for identification and selection of stakeholders with whom to engage	Specified by the CR steering group as part of the materiality assessment. For more information, see Stakeholders.	●
4.16	Approaches to stakeholder engagement	Stakeholders	●
4.17	Key topics and concerns that have been raised through stakeholder engagement	Stakeholders	●
5. Management Approach and Performance Indicators			
Economic			
Disclosure of Management Approach		Economic responsibility	◐
Economic Performance Indicators			
ASPECT: ECONOMIC PERFORMANCE			
EC1	Direct economic value generated and distributed	DNA's economic impact on its operating environment. For more information, see consolidated income statement.	●
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Not reported in 2012.	○
EC3	Coverage of the organisation's defined benefit plan obligations	Notes to the consolidated financial statements: notes 2 Accounting principles and 26 Defined benefit plan.	●
EC4	Significant financial assistance received from government	DNA received no significant financial assistance from government or other administrative public bodies in 2012.	●
ASPECT: MARKET PRESENCE			
EC5	Range of ratios of standard entry level wage to local minimum wage at significant locations	Not reported in 2012.	○
EC6	Proportion of spending on locally based suppliers	Not reported in 2012.	○
EC7	Local hiring	Not reported in 2012.	○

ASPECT: INDIRECT ECONOMIC IMPACTS			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	Economic responsibility; Network infrastructure	◐
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Not reported in 2012.	○
Environmental			
Disclosure of Management Approach		Environmental responsibility	◐
Environmental Performance Indicators			
ASPECT: MATERIALS			
EN1	Materials used by weight or volume	Not reported in 2012.	○
EN2	Percentage of materials used that are recycled input materials	Not reported in 2012.	○
ASPECT: ENERGY			
EN3	Direct energy consumption by primary energy source	Environmental responsibility	◐
EN4	Indirect energy consumption by primary energy source	Environmental responsibility	◐
EN5	Energy saved due to conservation and efficiency improvements	DNA participated in the annual Energy Saving Week in the autumn of 2012, distributing information and energy saving tips for office and home use. See also Environmentally friendly solutions.	◐
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Energy consumption	◐
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Towards the end of the summer 2012, DNA's headquarters relocated to DNA's new premises in Käpylä, Helsinki. The facilities were constructed by YIT according to its Energy genius concept, which cuts energy consumption. See Environmentally friendly solutions.	◐
ASPECT: WATER			
EN8	Total water withdrawal by source	Not reported in 2012.	○
EN9	Water sources significantly affected by withdrawal of water	Not reported in 2012.	○
EN10	Percentage and total volume of water recycled and reused	Not reported in 2012.	○
ASPECT: BIODIVERSITY			
EN11	Location and size of land owned, leased managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Operation and ownership of the mobile communication network is an essential part of DNA's business. Some base stations are located in areas of high biodiversity value or nearby such areas (e.g. areas included in the Natura network). DNA pays special attention to biodiversity when operating in these areas, and adheres to current legislation.	◐
EN12	Description of significant impacts of activities on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Not reported in 2012.	○
EN13	Habitats protected or restored	Not reported in 2012.	○
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	Not reported in 2012.	○
EN15	Number of IUCN Red List species and national conversation list species with habitats in areas affected by operations, by level of extinction risk	Not reported in 2012.	○

ASPECT: EMISISONS, EFFLUENTS AND WASTE			
EN16	Total direct and indirect greenhouse gas emissions	Environmental responsibility	●
EN17	Other relevant indirect greenhouse gas emissions	Environmental responsibility	◐
EN18	Initiatives to reduce greenhouse gas emissions	In 2012, DNA launched a Genuine method of working pilot with mobile workspaces for personnel in the company's new headquarters. As a result, CO2 emissions decreased by15 per cent from the comparable period. See Environmentally friendly solutions.	◐
EN19	Emissions of ozone-depleting substances	Not reported in 2012.	○
EN20	NO, SO, and other significant air emissions by type	Not reported in 2012.	○
EN21	Total water discharge	Not reported in 2012.	○
EN22	Total weight of waste by type and disposal method	Environmental responsibility	◐
EN23	Total number and volume of significant spills	Not reported in 2012.	○
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous	Not reported in 2012.	○
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	Not reported in 2012.	○
ASPECT: PRODUCTS AND SERVICES			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental responsibility	◐
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported in 2012.	○
ASPECT: COMPLIANCE			
EN28	Monetary value of significant fines for non-compliance with environmental laws	DNA has not been subject to any fines or non-monetary sanctions for non-compliance with environmental laws during the reporting period.	●
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce	Not reported in 2012.	○
ASPECT: SUMMARY			
EN30	Total environmental protection expenditures and investments by type	Not reported in 2012.	○
Social Performance Indicators			
HR Management Approach		Social responsibility	◐
Social Performance Indicators			
ASPECT: EMPLOYMENT			
LA1	Total workforce by employment type, employment contract, and region	Social responsibility	●
LA2	Rate of employee turnover by age group, gender and region	DNA Group's rate of employee turnover was 9.9 per cent in 2012 (the 10.0 per cent turnover rate reported in 2011 was the rate of resignations). The figure does not include GoExcellent, fixed-term employment contracts or internal transfers.	◐
LA3	Benefits provided to employees by employment type	DNA Ltd provides the same benefits to all employees, regardless of employment type. The benefits and policies of DNA Store Ltd and Forte Netservices Oy apply to all employees regardless of employment type.	●

ASPECT: LABOUR/MANAGEMENT RELATIONS			
LA4	Percentage of employees covered by collective bargaining agreements	All DNA Group staff are covered by the applicable collective bargaining agreements specific to each employee category. Service and production employees are covered by the collective agreement in the energy-ICT-networks sector, and administrative and managerial employees by the collective agreement for salaried and senior salaried employees in the ICT sector. Forte Netservices staff are covered by the collective agreement for the Federation of Special Service and Clerical Employees ERTO.	●
LA5	Minimum notice period(s) regarding operational changes	At a minimum, DNA has observed the minimum notice periods for the applicable collective agreements during operational changes.	●
ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programmes	DNA Ltd has a statutory labour protection committee that consists of regional labour protection delegates. The committee members include ten labour protection delegates, including a DNA Store delegate, and the labour protection officer. The committee has quarterly meetings. Forte Netservices Oy has its own labour protection committee, the members of which include the labour protection delegate, two deputy delegates and the labour protection officer. The committee meets twice a year.	●
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	The Group-level relative rate of absenteeism was 3.9 per cent in 2012 (3.4 per cent in 2011). There were no work-related fatalities. There were 28 work time injuries (19 in 2011) and 113 working days were lost due to work-related reasons (136 in 2011). More than half of the work time injuries occurred on the way to or from work.	●
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members regarding serious diseases	DNA Ltd has a comprehensive occupational healthcare service agreement with Mehiläinen. In addition to statutory healthcare services, the agreement covers services provided by, for example, specialists as well as occupational physiotherapists and psychologists. DNA employees can visit any Mehiläinen branch, and occupational nurses are available monthly at DNA's main facilities. DNA organises an annual well-being at work theme day with occupational healthcare, and also organised a quit smoking campaign and provided guidance on office ergonomics. Age group based health checks are organised for those over 30. When necessary, Mehiläinen's 'Työkuntoon' model is used to help maintain employees' working capacity. Forte Netservices Oy has a healthcare service agreement with Diacor Oy and Suomen Terveystalo.	●
LA9	Health and safety topics covered in formal agreements with trade unions	DNA believes that statutory labour protection activities in Finland cover LA9 requirements. DNA's labour protection committee (2012–2014) has one labour protection delegate per office, a labour protection officer as well as representatives of office and human resource management. The committee meets once a quarter. A typical agenda includes reviewing areas such as accident, sick leave and overtime statistics, as well as dealing with possible occupational safety issues. Forte's labour protection committee (2012–2014) has one labour protection delegate, two deputy delegates and the labour protection officer. The committee meets twice a year. A typical agenda includes reviewing change items such as employee benefits and operating models, as well as reviewing any employee feedback to the labour protection delegate.	●

ASPECT: TRAINING			
LA10	Average hours of training per year per employee	Average hours of training/employee in 2012 (DNA Ltd, not reported for DNA Store): Senior salaried employees 30.8 Salaried employees 22.5 Workers 19.3 Average/person 17.9. Forte Netservices Oy 34.4 (all employees are salaried employees).	◐
LA11	Programmes for skills management and lifelong learning that support employees' career development	DNA Ltd currently organises leadership coaching. Participants in the JET qualification programme in leadership training include participants from DNA Store Ltd (two JET groups, total of some 30 participants). There have been three previous JET groups, with some 45 participants. Managers are supported by comprehensive internal online training material. It is used in the training of new managers and also serves as useful reference material for experienced managers. DNA plans to organise four events for supervisors in 2013. Two groups from DNA Store Ltd are about to complete the qualification programme in store supervision (a total of some 30 participants). DNA customer service management employees worked towards a further qualification in sales (a total of some 15 participants). Competence development featured actively in performance reviews and everyday supervision during the year. For more information, see Personnel.	◐
LA12	Percentage of employees receiving regular performance and career development reviews	DNA Ltd and Forte Netservices Oy conducted performance reviews with 100 per cent attendance for all permanently employed persons not on leave and temporary employees whose employment continues until the end of the year under review. DNA Store Ltd arranges sales-related performance reviews with employees, as required. These reviews focus on the development of sales skills and competence.	◐
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			
LA13	Composition of governance bodies and employees according to diversity indicators	In early 2012, two of the eight members of DNA's Board of Directors were women. There Annual General Meeting of 15 March 2012 introduced some changes, after which one of the six members of DNA's Board of Directors was a woman. In early 2012, three of the eleven members of the Executive Team were women. Changes were introduced on 7 June 2012, after which two of the seven members of the Executive Team were women. The Acting CFO from 28 June to 30 November 2012 was a woman. For more information, see Personnel.	◐
LA14	Ratio of basic salary of men to women by employee category	Not reported in 2012.	○
Human Rights			
Human rights Management Approach		Not reported in 2012.	○
Human Rights Performance Indicators			
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			
HR1	Investment agreements that include human rights clauses	Not reported in 2012.	○
HR2	Suppliers and contractors that have undergone screening on human rights, and actions taken	In 2012, DNA introduced an Ethical Supplier Code to all new technological and logistics contracts. See Responsible partnership.	◐
HR3	Total hours of employees training on policies and procedures concerning aspects of human rights that are relevant to operations	DNA's Group-level ethical principles build on DNA's standard operating practices, including the consideration of equality and non-discrimination at all times. Personnel receives regular training on ethical principles and the principles apply throughout the organisation. See Responsible	◐

		partnership.	
ASPECT: NON-DISCRIMINATION			
HR4	Total number of incidents of discrimination and actions taken	No incidents of discrimination occurred at DNA in 2012.	●
ASPECT: FREEDOMA OF ASSOCIATION AND COLLECTIVE BARGAINING			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	DNA has not identified any business divisions where the right to exercise freedom of association and collective bargaining may be at risk. DNA respects employees' right to freedom of association and union representation in collective agreement negotiations.	●
ASPECT: CHILD LABOUR			
HR6	Operations identified as bearing a significant risk of use of child labour, and actions taken	Not reported in 2012.	○
ASPECT: FORCED AND COMPULSORY LABOUR			
HR7	Operations identified as bearing a significant risk of use of forced or compulsory labour, and actions taken	Not reported in 2012.	○
ASPECT: SECURITY PRACTICES			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	Not reported in 2012.	○
ASPECT: INDIGENOUS RIGHTS			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Not reported in 2012.	○
Society			
Social Management Approach		DNA and the society	◐
Society Performance Indicators			
ASPECT: COMMUNITY			
SO1	Programmes that assess and manage the impacts of operations on communities	Not reported in 2012.	○
ASPECT: CORRUPTION			
SO2	Percentage and total number of business units analysed for risks related to corruption	Not reported in 2012.	○
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	DNA's corporate responsibility specialist has trained DNA personnel in DNA Group's anti-corruption policies and procedures. The Group's ethical principles have been implemented in practice throughout the organisation, including guidelines related to corruption. See Responsible partnership.	●
SO4	Actions taken in response to incidents of corruption	There were no incidents of corruption at DNA in 2012.	●
ASPECT: PUBLIC POLICY			
SO5	Participation in public policy development and lobbying	DNA is an active participant in the development of the Finnish information society by stating its opinions on proposed legislation with an impact on DNA's operations. The company has prepared instructions for employees on how to interact with administrative public bodies. DNA's legal department maintains a list of the company's representatives on public working groups.	●
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	DNA Group does not support any political parties, politicians or similar institutions. According to this policy, DNA did not provide any financial and in-kind contributions to such parties in 2012.	●

ASPECT: ANTI-COMPETITIVE BEHAVIOUR			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices	DNA Ltd operates according to competitive regulations. During the reporting period, neither the Group nor any of its wholly-owned subsidiaries were subject to legal actions for anti-competitive behaviour, anti-trust and monopoly practices.	●
ASPECT: COMPLIANCE			
SO8	Monetary value of fines and total number of non-monetary sanctions for non-compliance with laws and regulations	DNA has not been subject to any such fines or non-monetary sanctions.	●
Product Responsibility			
Product responsibility Management Approach		Not reported in 2012.	○
Product Responsibility Performance Indicators			
ASPECT: CUSTOMER HEALTH AND SAFETY			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	Not reported in 2012.	○
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	Not reported in 2012.	○
ASPECT: PRODUCT AND SERVICE LABELLING			
PR3	Type of products and service information required by procedures, and percentage of products subject to such information requirements	Not reported in 2012.	○
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome	Not reported in 2012.	○
PR5	Practices related to customer satisfaction and results of surveys measuring customer satisfaction	EPSI rating results, see Stakeholders.	●
ASPECT: MARKETING COMMUNICATIONS			
PR6	Programmes for adherence to laws, standards and voluntary codes for marketing communications (including advertising and sponsorship)	As part of its operating principles, DNA Ltd adheres to laws related to marketing communications. When designing marketing communications, DNA Ltd takes account of the Consolidated ICC Code of Advertising and Marketing Communication Practice as well as other instructions applied on the Finnish market, such as the ‘fair play’ rules of the Finnish Direct Marketing Association. DNA Ltd marketing and legal departments work in cooperation to ensure the accuracy of marketing communications.	●
PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	No rulings were issued against DNA Ltd’s marketing in 2012, nor was DNA subject to any conditional fines ordered by the Finnish Market Court.	●
ASPECT: CUSTOMER PRIVACY			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Not reported in 2012.	○
ASPECT: COMPLIANCE			
PR9	Monetary value of significant fines for non-compliance with regulations concerning the provision and use of products and services	DNA has not been ordered to pay any major fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2012.	●

Introduction

DNA's net sales increased by 5.7 per cent to EUR 769.2 million in 2012. This growth was fuelled by the growth of net sales from subscriptions and terminal device sales. EBITDA increased to EUR 190.7 million and operating profit to EUR 56.1 million. The positive development was due to restructuring of operations and reduced sales costs in particular. Operating profit grew due to increased operational efficiency and a decrease in depreciation.

DNA Ltd is a Finnish telecommunications company providing high-quality, state-of-the-art voice, data, and TV services to private customers and corporations. DNA’s 3G network reaches five million Finns and is constantly expanding, and the 4G networks are reaching new cities and urban areas all the time. DNA Ltd has more than three million mobile communications and fixed network customer contracts.

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

DNA Group’s internal organisation was restructured as of the beginning of June 2012. Business segment cost allocation principles were specified in more detail due to the organisational change. The changes were mainly introduced to add clarity to product and customer service responsibilities with the aim of making processes more efficient. Allocation of depreciation to segments is now also more detailed, to better match the segments’ matching principles for both old and new investments. These changes have been implemented in the financial statements. Due to these changes, DNA has adjusted the respective items in the segment information provided for the comparable period 2011 and the first three quarters of 2012.

Operating environment

DNA’s operating environment is undergoing a change, requiring ever growing agility and efficiency. Competition remained intense in the Finnish telecommunications market in 2012.

Demand for smart phones remained strong in the consumer market. Demand for tablets also grew. Demand for mobile services, including mobile voice and mobile broadband, remained solid. The popularity of housing company broadband services increased, as a growing number of housing companies offers fixed-line broadband connections and TV services to their residents. Demand for pay-TV services followed normal seasonal fluctuation.

Mobile and versatile ways of working are reflected in corporate network solutions and communication services. Demand in the corporate market continued to switch from fixed-network voice services to mobile services as the volumes of mobile voice services increased and fixed-network voice services decreased. Demand for corporate fixed-network broadband services remained at a similar level, and demand for mobile broadband services increased.

In October, the Finnish Parliament made a decision on the Act on auctioning the 800 MHz frequency band. This decision may affect competition, market concentration and end-user pricing.

Net sales and profit

Net sales

DNA’s net sales for the January-December period grew by 5.7 per cent year-on-year and came to EUR 769.2 million (727.5 million).

This growth was fuelled by the growth of net sales from subscriptions and terminal device sales.

During the reporting period, 76.9 per cent (76.2 per cent) of net sales was generated by consumer business and 23.1 per cent (23.8 per cent) by corporate business.

Profit

DNA's EBITDA for the year 2012 grew by 1.2 per cent to EUR 190.7 million (188.4 million), accounting for 24.8 per cent of net sales (25.9 per cent). Operating profit increased by 10.4 per cent to EUR 56.1 million (50.8 million), or 7.3 per cent of net sales (7.0 per cent).

The positive EBITDA development was due to increased operational efficiency and reduced sales costs. The positive operating profit development was due to increased operational efficiency and a decrease in depreciation.

Profit before tax in January–December came to EUR 48.3 million (46.2 million).

Financial income and expenses amounted to EUR -7.8 million (-4.7 million). Income tax for the period was EUR 12.2 million (10.4 million), and profit increased to EUR 36.1 million (35.8 million). Earnings per share came to EUR 4.15 (3.73).

Consolidated key figures

Consolidated key figures

EUR million	**2012**	**2011**	**2010**
Net sales	769.2	727.5	690.5
EBITDA	190.7	188.4	182.1
- % of net sales	24.8%	25.9%	26.4%
Depreciation	134.6	137.6	116.8
Operating profit	56.1	50.8	65.2
- % of net sales	7.3%	7.0%	9.4%
Profit before tax	48.3	46.2	60.6
Profit for the financial period	36.0	35.8	46.0
Return on investment (ROI), %*	7.2	6.6	9.6
Return on equity (ROE), %*	6.3	5.7	8.7
Investments	136.3	119.5	83.4
Cash flow after investments**	33.6	9.0	71.8
Personnel at the end of period	1,427	1,035	1,003
* rolling 12 months			
** includes business combinations			

Key operative indicators

	31 Dec 2012	31 Dec 2011	31 Dec 2010
Number of mobile communication network subscriptions*	2,428,000	2,285,000	2,108,000
- Revenue per user (ARPU), EUR**	19.9	20.5	21.4
- Customer CHURN rate, %**	15.7	16.5	19.4
Number of fixed-network subscriptions	1,027,000	1 039 000	1 060 000

*includes voice and mobile broadband
**includes postpaid subscriptions

Cash flow and financial position

In 2012, cash flow after investments increased to EUR 33.6 million (9.0 million) due to efficient management of working capital and the acquisition of Forte Netservices Oy in 2011.

During the reporting period, DNA drew a loan of EUR 80 million, based on the credit facility agreement negotiated with the European Investment Bank in September 2010. The maturity of the loan is seven years. In addition, the company has a commercial paper programme worth EUR 150.0 million (150.0 million), under which EUR 50.0 million (25.0 million) was drawn by the end of December. DNA also has a EUR 200 million revolving credit facility that remained undrawn at the end of the review period.

The financial position was good although gearing increased to 48.7 per cent (24.5 per cent) at the period end, due to acquisition of own shares in March. At the end of December, the Group's liquid assets amounted to EUR 8.2 million (28.4 million), and interest-bearing liabilities to EUR 265.9 million (181.6 million).

On 15 March 2012, the company acquired 1,116,896 DNA shares from Sanoma Entertainment Finland Ltd. The total price of the shares was EUR 99,999,962.51 (excluding transfer tax and other acquisition-related costs).

The Group’s liquid assets and undrawn committed credit limits amounted to EUR 223.2 million (243.4 million).

The net debt/EBITDA ratio was 1.35 (0.81).

The balance sheet remained strong, with the end-of-period equity ratio totalling 54.1 per cent (62.2 per cent).

Cash flow and financial key figures

Cash flow and financial key figures

	1–12/2012	1–12/2011	1–12/2010
Cash flow after investments, EUR million	33.6	9.0	71.8

	12/31/2012	12/31/2011	12/31/2010
Net debt, EUR million	257.7	153.2	102.4
Net debt/EBITDA	1.35	0.81	0.56
Gearing, %	48.7	24.5	16.1
Equity ratio, %	54.1	62.2	63.6

Development per business segment

Business segment cost allocation principles were specified in more detail after the restructuring of DNA's organisation in June 2012. The figures for the comparable period have been updated to match the new calculation principles.

Consumer business

In 2012, consumer business net sales increased by 6.7 per cent year-on-year to EUR 591.2 million (554.0 million). The growth was fuelled by the increase in terminal device sales, the mobile communication subscription base and pay-TV services.

EBITDA increased to EUR 130.8 million (128.7 million), or 22.1 per cent of net sales (23.2 per cent). Operating profit increased to EUR 42.0 million (38.0 million), accounting for 7.1 per cent of net sales (6.9 per cent).

The positive EBITDA and operating profit development were due to an increase in the number of mobile subscriptions, a decrease in sales costs and improved operational efficiency.

DNA launched the presales of the Nokia LUMIA 800 smart phone in January 2012.

DNA's mobile broadband product range was renewed on 31 January 2012 by including unlimited prioritised data transmission in DNA's mobile broadband products from L subscriptions upwards. Moreover, the XL and XXL subscriptions use 4G speeds, and two 4G Mokkula modems were added to DNA's product portfolio.

On 20 March 2012, DNA announced the introduction of a 4G WLAN Mokkula modem on the market. The modem connects up to ten devices to the 4G-grade speeds of Dual Carrier and LTE networks. DNA is the first European operator to bring Sierra Wireless's device to the market and sells it exclusively in Finland.

The consumer product offering expanded on 24 February 2012 with the introduction of DNA Dataprepaid, a subscription tailored for wireless data transfer. The largest IT distributor in Finland, Also Finland Oy, and DNA announced on 6 March 2012 an agreement whereby a Dataprepaid subscription will accompany all iPad 3G tablets sold via Also. In the future, the subscription will be offered with other tablet models distributed by Also.

DNA launched HIGH TV 3D channel broadcasts in its nationwide cable network on 1 March 2012.

On 2 April 2012, DNA and MTV MEDIA agreed on the broadcasting of the ice hockey world championships in the terrestrial network, also in HDTV. The distribution agreement covers the entire country and includes both standard-quality and HDTV broadcasts. The broadcasts will also be transmitted in DNA's cable network.

In May, DNA launched sales of the Nokia LUMIA 900 and Samsung Galaxy S III smart phones. The Samsung S III immediately became DNA's most-sold phone during the early summer.

In June, DNA launched sales of the Samsung Galaxy Tab 8.9 LTE, a new tablet that supports LTE speeds. It is the first tablet available in Finland to utilise the 4G LTE network and the fastest mobile connections on offer. Designed for mobile use and moving images, this tablet highlights the benefits of top-grade network speeds.

DNA acquired a 20 per cent share of Booxmedia Oy in June. Booxmedia Oy provides the booxTV service, which enables online storage of television content on smart phones and tablets.

DNA introduced an easy and less expensive way of accessing the Internet all over Europe: a new mobile solution that provides significant cost savings in data usage. Developed by Uros Ltd, the Goodspeed service and personal mobile hotspot allow the use of locally priced data transfer while one is travelling, making mobile work easier. The size of a smart phone, the device holds up to 10 SIM cards. As many as five devices, such as laptops or smart phones, can be simultaneously connected to it.

DNA Ltd and rental housing providers Kiinteistö-KYS Oy, Kuopio Student Housing Company (Kuopas) and Niiralan Kulma Oy have signed an agreement on offering DNA's cable TV and broadband services to residents in Kuopio. The agreement covers in excess of 10,000 apartments.

According to the international EPSI Rating study published in October, DNA mobile broadband and DNA WELHO pay-TV had the most satisfied consumer customers in Finland in 2012. DNA's service quality is considered the best, and customer value and loyalty are also at the highest level. DNA WELHO pay-TV services also scored top positions in product quality and image, just as in 2011. The study shows that DNA mobile broadband has gained a significant boost in customer satisfaction.

DNA will almost double the number of customer service personnel at its Taivalkoski office: in December, DNA announced the recruitment of 40 new customer service employees under a permanent employment contract, bringing the number of customer service personnel from 45 to 85.

DNA launched the sales of two new iPad models. DNA is the only Finnish operator that sells iPads.

On 21 November 2012, DNA and Jolla announced a cooperation agreement specifying that DNA Store and other DNA sales channels will sell and market Jolla smart phones in Finland as soon as they enter the market in 2013. The upcoming Jolla smart phones use an open Sailfish operating system which is based on the MeeGo operating system.

Corporate business

In 2012, DNA's consumer business net sales increased to EUR 178.0 million (173.5 million).Net sales grew thanks to the Forte Netservices Oy's value added services and the growth of mobile communication services.

EBITDA increased to EUR 59.9 million (59.7 million), or 33.7 per cent of net sales (34.4 per cent). Operating profit increased to EUR 14.1 million (12.8 million), or 7.9 per cent of net sales (7.4 per cent).

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

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

BookIT and DNA announced their partnership on 15 February 2012. BookIT, a developer of intelligent SMS services (iSMS), uses DNA's mobile and M2M subscriptions. The companies aim to produce new mobile and telecommunications services, among other things.

Corporate Sales expanded the DNA Business service portfolio in April, with a corporate version of the mobile broadband service.

3G speeds are a new phenomenon in payment-terminal transactions, not only in Finland but across the whole of Europe. Faster and easier transactions are possible with a payment terminal that has been brought to the marketplace by Luottokunta in September. The terminal is 3G-enabled and equipped with a DNA connection. The introduction of new features was natural, because advanced mobile-network technologies enable diverse versatile wireless service communication in Finland.

DNA Ltd and Marski Data Oy agreed on sales cooperation. Marski Data will serve DNA customers in all its stores in the cities of Joensuu, Mikkeli and Savonlinna. Marski Data will sell DNA's mobile and fixed-network voice and data services to companies, associations and consumers.

DNA's corporate business will gain at least ten new employees once the scope and operating model of corporate customers' technical support is revamped. The first of the new recruits will start in their new roles in early 2013. These recruitments are due to the renewed, more extensive DNA corporate service portfolio.

Key indicators per business segment

Key indicators per business segment

		Consumer business	
EUR million	**1–12/2012**	**1–12/2011**	Change, %
Net sales	591.2	554.0	6.7%
EBITDA	130.8	128.7	1.7%
- % of net sales	22.1%	23.2%	
Operating profit	42.0	38.0	10.5%
- % of net sales	7.1%	6.9%	

EUR million	Corporate business		
	1–12/2012	**1–12/2011**	Change, %
Net sales	178.0	173.5	2.6%
EBITDA	59.9	59.7	0.3%
- % of net sales	33.7%	34.4%	
Operating profit	14.1	12.8	10.1%
- % of net sales	7.9%	7.4%	

Investments

Investments in the year amounted to EUR 136.3 million (119.5 million), or 17.7 per cent of net sales (16.4 per cent).

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

Investments

EUR million	2012	2011	Change, %
Consumer business	96.6	84.2	14.7%
Corporate business	36.8	31.2	18.0%
Non-allocated	2.9	4.2	-30.4%
Total investments	136.3	119.5	14.0%

Research and development

In 2012, the Group invested EUR 1.6 million (1.0 million) in research and development, representing 0.0 per cent (0.1) of net sales. The majority of research and development costs have been capitalised in the balance sheet.

Network infrastructure

The volume of mobile data traffic more than doubled from 2011 to 2012. The increase in mobile traffic volumes is a result of the growing popularity of smart phones and tablets in particular. These new devices are actively used for viewing content such as HD-grade videos.

The role of the top-speed 4G LTE technology will gain importance, and DNA’s 4G LTE is likely to continue to expand. DNA’s 4G-grade speeds are currently available in more than 200 Finnish municipalities. DNA’s 4G LTE network comprises hundreds of base stations, and reaches approximately one million Finns.

HD voice was launched in DNA’s 3G network on 12 November 2012. It is available throughout the DNA 3G network, which reaches five million Finns.

DNA’s terrestrial TV network covers some 85 per cent of households in Finland, providing the versatile DNA WELHO pay-TV channel offering. DNA is the only operator offering high-definition channels in the terrestrial network. At the end of 2012, DNA's terrestrial network (VHF band) had a total of 19 channels, nine of which offer high-definition broadcasts. DNA’s cable network offers in excess of 160 TV channels, 30 of which offer high-definition broadcasts and one being a 3D channel.

Personnel

At the end of December, DNA had 1,427 employees (1,035). Year-on-year, the figure grew by 392 employees. The average number of DNA employees in 2012 was 1,285 (1,008). At the end of the year, DNA employed 611 women (333) and 816 men (702).

Salaries and employee benefit expenses paid during the year amounted to EUR 77.3 million (58.6 million). The increase is due to the transfer of GoExcellent customer service personnel to the employ of DNA on 1 July 2012.

On 30 March 2012, DNA announced the initiation of cooperation negotiations on 10 April 2012 to restructure its business operations. The negotiations involved the entire staff of DNA Ltd, excluding the company's subsidiaries DNA Kauppa Oy and Forte Netservices Oy. The restructuring streamlined the organisation, improving the efficiency and competitiveness of operations. DNA's matrix organisation was dismantled in this organisational renewal process, to be replaced by Consumer, Corporate and Technical units. As result of this restructuring, 57 employees were made redundant.

DNA and GoExcellent agreed on a business transfer on 27 June. DNA gained 481 new employees, as customer service personnel were transferred from GoExcellent and became DNA employees.

In December 2012, DNA's corporate business announced that it will gain at least ten new employees once the scope and operating model of corporate customers' technical support is revamped in early 2013. DNA also announced that it will recruit 40 new customer service employees to its Taivalkoski office during 2013. The total number of customer service employees at the Taivalkoski office will be 85.

More detailed information on DNA's personnel is included in the Corporate Responsibility Report for 2012.

Personnel by business segment

	31 Dec 2012	31 Dec 2011	31 Dec 2010
Consumer business	979	654	697
Corporate business	448	381	306
Total personnel	1,427	1,035	1,003

Note! The 2012 and 2011 figures have been reallocated, similar allocation cannot be done for the 2010 figures.

Personnel by age group

	31 Dec 2011	31 Dec 2011	31 Dec 2010
–25 years	86	31	
25–34 years	437	284	342
35–44 years	447	382	345
45–54 years	327	257	242
55–64 years	130	81	74
Total personnel	1,427	1,035	1,003

Key personnel indicators

	2012	2011	2010
Average number of personnel	1,285	1,008	934
Salaries and remunerations, EUR million	77.3	58.6	63.1

Changes in the Group structure

There were no changes in the Group structure during the review period.

Significant litigation matters

On 28 June 2012, the Helsinki District Court ordered that DNA block some domain names and IP addresses that direct subscribers to the Pirate Bay service. This order was issued to prevent the public from accessing copyright-protected material via Pirate Bay. The order came into effect once those seeking the ban set the security specified in the ruling and delivered the required documents to the District Court. DNA implemented the blocks to the Pirate Bay service as ordered by the Court on 31 July 2012.

Management and governance

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

General Meeting

The Annual General Meeting of 15 March 2012 confirmed the Board of Directors to comprise six members. Re-elected members of the Board include Hannu Isotalo, Jarmo Leino, Jukka Ottela, Tuija Soanjärvi and Anssi Soila. Juha Ala-Mursula was elected a new member.

PricewaterhouseCoopers continued as the company's auditor during the review period, with Authorised Public Accountant Pekka Loikkanen as the principal auditor until 15 March 2012 and Authorised Public Accountant Johan Kronberg after 15 March 2012.

The Annual General Meeting amended the number of the members of the Board of Directors specified in the Articles of Association to no less than five and no more than seven ordinary members. The company is domiciled in Helsinki. The changes came into force on 1 August 2012.

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

DNA Ltd’s Extraordinary General Meeting was held in Vantaa on 19 July 2012. The meeting decided to repurchase the DNA shares held by the former Chief Financial Officer Ilkka Pitkänen who resigned in 2012.

Board of Directors

DNA Ltd’s Board of Directors had the following members in 2012:

- From 1 January to 15 March 2012: Jarmo Leino (Chairman), Hannu Isotalo, David Nuutinen, Anu Nissinen, Jukka Ottela, Risto Siivola, Tuija Soanjärvi and Anssi Soila
- From 15 March to 31 December 2012: Jarmo Leino (Chairman), Juha Ala-Mursula, Hannu Isotalo, Jukka Ottela, Tuija Soanjärvi and Anssi Soila

During the year under review, the Board of Directors convened 16 times. The participation rate of the Board of Directors in the meetings was 97 per cent. The audit committee convened six times, with a participation rate of 78 per cent. The remuneration and nomination committee convened three times, with a participation rate of 75 per cent.

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

Executive Team

DNA Ltd’s Chief Executive Officer was Riitta Tiuraniemi.

DNA Ltd has a line organisation, comprising of Consumer, Corporate and Technical units.

DNA’s Executive Team comprises Riitta Tiuraniemi (CEO), Pekka Väisänen (Vice President, Consumer Business), Jukka Leinonen (Vice President, Corporate Business), Tommy Olenius (Vice President, Technology), Marko Rissanen (Vice President, Human Resources), Asta Rantanen (Vice President, Legal Affairs) and as of 1 December, Timo Karppinen (Chief Financial Officer). Director of Accounting Maria Strömberg-Hyry attended the Executive Team meetings as Acting CFO from 28 June to 30 November 2012. Chief Financial Officer Ilkka Pitkänen resigned at the end of June 2012.

Minna Miettinen acted as DNA Vice President, Products & Content, and member of the Executive Team from 16 January to 10 June 2012. Her predecessor Timo Varsila was the member of the Executive Team until the end of 2011.

Shares and shareholders

DNA Ltd's major shareholders 31 December 2012

	No. of shares	No. of votes	Share, %
Finda Oy	2,760,969	2,760,969	32.6%
Oulun ICT Oy	1,879,742	1,879,742	22.2%
PHP Liiketoiminta Oyj	1,674,905	1,674,905	19.8%
KPY Sijoitus Oy	1,099,596	1,099,596	13.0%
Ilmarinen Mutual Pension Insurance Company	424,689	424,689	5.0%
Anvia Oyj	294,312	294,312	3.5%
Lohjan Puhelin Oy	220,877	220,877	2.6%
Others	123,442	123,442	1.3%

Shares

The Annual General Meeting of 15 March 2012 decided to buy a total of 1,116,896 DNA shares from Sanoma Entertainment Finland Ltd. The total purchase price came to EUR 99,999,962.51. The purchase was financed using DNA's unrestricted equity reserve on 16 March 2012.

The Annual General Meeting of 15 March 2012 authorised the Board of Directors to decide on repurchasing a maximum of 950,000 shares own shares using the company's unrestricted shareholders' equity. The authorisation includes a right to decide on all terms of the share repurchase. The authorisation is effective until 30 June 2013 and cancels the previous authorisation. The Annual General Meeting authorised the Board to decide on issuing a maximum of 950,000 shares and special rights entitling to shares. The authorisation includes a right to decide on all terms related to the issuance of shares and special rights. The authorisation is effective until 30 June 2017 and cancels the previous authorisation. The Board of Directors was also authorised to make a decision on a conveyance of a maximum of 950,000 acquired shares. The authorisation includes a right to decide on all terms related to the conveyance. The authorisation will be effective until 30 June 2017.

The Extraordinary General Meeting of 19 July 2012 decided to repurchase a total of 2,500 DNA shares from Ilkka Pitkänen according to the management agreement binding both parties. The total purchase price came to EUR 169,750. The purchase was financed using DNA's unrestricted equity reserve on 20 July 2012.

Pursuant to the authorisation to decide on repurchasing DNA shares, the Board decided on 20 November 2012 to repurchase the DNA shares held by Riitta Tiuraniemi and Asta Rantanen according to the management agreement binding both parties. The total purchase price came to EUR 682,240. The purchase was financed using DNA's unrestricted equity reserve on 19 December 2012. After the repurchase, the Board has a remaining authorisation to repurchase 944,752 DNA shares.

At the end of the review year, the company's shares totalled 9,610,676 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. There was no change in the number of shares or the share capital during the review period. The company holds 1,132,144 treasury shares (see note 24 Shareholders' equity).

Corporate responsibility

DNA continued to develop its corporate responsibility practices according to its corporate responsibility programme. GRI reporting was enhanced by including direct and indirect greenhouse gas emissions retrospectively for the past two years and by having an external party verify the energy consumption calculations. As regards social responsibility, DNA continued to develop its supply chain management by introducing an ethical supplier appendix to its new technological and logistics contracts.

In October, DNA was among the first companies to join the Diversity Charter Finland and sign a diversity commitment. 2012 marked the second year of cooperation with SOS Children's Village. Among other activities, DNA personnel participated in a collection on the Universal Children’s Day in November for SOS Children's Village.

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

Significant risks and uncertainties

Risk management is part of DNA's strategy process and corporate governance. It is guided by the risk management policy approved by the Board of Directors. A more detailed description of DNA's risk management and uncertainties is available in the Annual Report at www.dna.fi/annualreporting. There have been no significant changes in near-term risks and uncertainties in 2012.

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 always involves higher risks than conventional and established business operations. Intense market competition places high demands on the quality and availability of operators' systems and network infrastructure. In addition, they must productise new services quickly and cost-efficiently.

The Finnish telecommunications market is characterised by stringent regulation. Regulation, and in particular, the authorities' ability to influence the price level of DNA's products and services, cost structure and the grounds on which frequencies are distributed, may also have an impact on DNA's business. In October 2012, the Finnish Parliament made a decision on the Act on auctioning the 800 MHz frequency band. This decision may affect competition, market concentration and end-user pricing.

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

Events after the review period

The already mentioned auctioning of the 800 MHz frequency band has started. There have been no other significant events after the review period.

Outlook for 2013

Market outlook

The economic situation in Finland and Europe is expected to remain turbulent, and the economies to enter a long period of slow growth. The impact of the economic situation will be slow and post-cyclical in the telecommunications market.

The Finnish telecommunications market is undergoing a change, which DNA expects to be followed by a period of new growth. The growth of the market will be driven by increased traffic volumes and new types of use.

Network and terminal device technologies are developing at an increasingly fast pace, fuelling new growth in the basic traffic and subscription business and driving new product, service and business innovations. Intense market competition places high demands on the quality and availability of operators' systems and network infrastructure.

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

It is anticipated that consumer demand for DNA's mobile broadband services will increase. Fixed-network broadband customers are expected to continue to switch to housing company subscriptions and higher-speed connections. Competition in the housing company subscription market is expected to remain intense, but the price erosion that has been characteristic of the market is expected to ease off. Intensifying competition in the housing company subscriptions market should lead to a lowering of ARPU.

The value of fixed-network voice services is expected to continue falling. DNA anticipates that business operations in the terrestrial TV network and terrestrial network pay-TV will grow slowly. As regards TV and movie content, competition is increasing as global players (HBO and Netflix) set up operations in the Finnish market.

The corporate market is characterised by consumerisation and exponential growth of data volumes as new technologies become more commonly adopted. Mobile work and versatile ways of working will gain importance. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses. Smart value added services will become a more important consideration when corporations select service providers for their networks.

Competition in the corporate market is expected to remain tight. The total value of the communication service market is expected to fall slightly, and the shift from fixed-network voice services to mobile terminal-based voice services is forecast to continue. The demand for value added services and mobility-related services are expected to enjoy growing demand.

Expansion of DNA's fixed broadband and TV networks, expansion of DNA's mobile networks and adoption of 4G-grade speeds will remain the main investments areas in 2013. DNA meets the market need by strong focus on network coverage and capacity. At the end of 2012, DNA's 4G network reached half of the Finnish population. The 3G network reaches five million Finns. At the end of 2012, DNA's HDTV broadcasts reached 85 percent of Finnish households. This is the largest coverage in Finland.

Outlook for 2013

Net sales are expected to remain at the same level, and, due to an increase in depreciation in 2013, operating profit is forecast to fall slightly. The Group's financial position is expected to remain at the same healthy level.

Board of Directors’ proposal on the distribution of profits

DNA Ltd’s distributable funds in the financial statements amounted to EUR 167,672,038.88, of which profit for the financial year came to EUR 51,155,121.39. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 4.13 per share be paid. Based on the number of shares at the end of 2012, the total dividend to be paid comes to EUR 35,016,337.16.

DNA Ltd
Board of Directors

Consolidated income statement, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2012	1 Jan–31 Dec 2011
Net sales	6	**769,200**	**727,531**
Other operating income	7	2,383	3,891
Materials and services		-391,599	-377,067
Employee benefit expenses	10	-77,339	-58,600
Depreciation	9	-134,600	-137,564
Other operating expenses	8, 11	-111,902	-107,351
Operating result, EBIT		**56,143**	**50,839**
Financial income	12	1,509	1,555
Financial expense	13	-9,321	-6,245
Share of associated companies' results	18	-14	11
Net profit before tax		**48,316**	**46,161**
Income tax	14	-12,180	-10,365
Net profit for the period		**36,136**	**35,796**
Attributable to:			
Owners of the parent		36,136	35,796
Earnings per share attributable to owners of the parent:			
Earnings per share, basic (EUR)	15	4.1	3.7

Consolidated statement of comprehensive income

Net profit for the period		36,136	35,796
Other comprehensive income:			
Cash flow hedges	13	-658	353
Other comprehensive income, net of tax:		-658	353
Total comprehensive income		35,478	36,149
Attributable to:			
Owners of the parent		35,478	36,149

Notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position, IFRS

EUR 1,000	Note	31 Dec 2012	31 Dec 2011
Assets			
Non-current assets			
Goodwill	17	221,080	220,404
Other intangible assets	17	132,118	129,658
Property, plant and equipment	16	405,526	415,362
Investments in associates	18	1,784	1,147
Available-for-sale financial assets	19	215	157
Trade and other receivables	20	21,233	16,582
Deferred tax assets	21	19,564	21,805
Total non-current assets		**801,520**	**805,115**
Current assets			
Inventories	22	17,741	13,998
Trade and other receivables	20	168,151	171,018
Cash and cash equivalents	23	8,224	28,448
Total current assets		**194,116**	**213,464**
Total assets		**995,636**	**1,018,579**
Shareholders' equity			
Equity attributable to owners of the parent			
Share capital	24, 25	72,702	72,702
Hedge fund	24	-939	-280
Unrestricted equity reserve	24	606,779	605,927
Treasury shares		-103,546	-876
Retained earnings		-82,127	-88,061
Profit for the year		36,136	35,796
Total equity		**529,006**	**625,208**
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	28	180,937	135,099
Retirement benefit obligations	26	147	203
Provisions for other liabilities	27	8,053	5,740
Derivative financial instruments	31	2,896	724
Deferred income tax liabilities	21	50,435	58,161
Other non-current liabilities		2,730	1,397
Total non-current liabilities		**245,199**	**201,324**
Current liabilities			
Interest-bearing current liabilities	28	84,965	46,502
Provisions for other liabilities	27	987	116
Trade and other payables	29	135,461	144,546
Current income tax liabilities		18	884

Total current liabilities	**221,432**	**192,048**
Total liabilities	**466,631**	**393,372**
Total equity and liabilities	**995,636**	**1,018,579**

Notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows, IFRS

EUR 1,000		2012	2011
Cash flows from operating activities			
Profit for the period		36,136	35,796
	Adjustments *)	157,566	144,953
	Change in working capital **)	1,608	-7,892
	Dividends received	8	7
	Interest paid	-6,264	-5,267
	Interest received	633	1,000
	Other financial items	-885	-425
	Taxes	-18,760	-27,234
Net cash generated from operating activities		**170,043**	**140,937**
Cash flows from investing activities			
	Investments in property, plant and equipment (PPE) and intangible assets	-134,814	-118,365
	Proceeds from sale of PPE	281	463
	Acquisition of subsidiaries and business transfers	-1,200	-14,129
	Change in other investments	-710	105
Net cash used in investing activities		**-136,443**	**-131,926**
Cash flows from financing activities			
	Dividends paid	-29,702	-49,937
	Acquisition of treasury shares	-102,671	0
	Borrowing of interest-bearing liabilities	80,001	100,000
	Repayment of interest-bearing liabilities	-21,702	-97,775
	Commercial papers, net	24,910	24,893
	Change in non-current receivables	-4,660	-7,211
Net cash used in financing activities		**-53,824**	**-30,030**
Change in cash and cash equivalents		-20,223	-21,019
Cash and cash equivalents at beginning of year		28,448	49,466
Cash and cash			

equivalents at end of year		8,224	28,448
Adjustments*):			
	Depreciation	134,600	137,564
	Gains and losses on disposals of non-current assets	-10	-245
	Other non-cash income and expense	-145	1,301
	Financial income and expense	7,813	4,690
	Taxes	12,180	10,365
	Change in provisions	3,129	-8,722
Total adjustment		**157,566**	**144,953**
Change in working capital **):			
	Change in receivables, non-interest bearing	12,605	-12,032
	Change in inventories	-3,743	-1,372
	Change in liabilities, non-interest bearing	-7,254	5,512
Change in working capital		**1,608**	**-7,892**

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 2011		**72,702**	**-634**	**605,927**	**-876**	**-39,437**	**637,682**
Comprehensive income							
Profit for the period						35,796	35,796
Other comprehensive income							
Cash flow hedges, net of tax	13		353				353
Total other comprehensive income, net of tax			353			35,796	36,149
Total comprehensive income		**0**	**353**	**0**		**35,796**	**36,149**
Transactions with owners							
Employee share option scheme: granted options	25					1,313	1,313
Dividends relating to 2010	24					-49,937	-49,937
Total contribution by and distributions to owners		0	0	0	0	-48,624	-48,624
Balance at 1 January 2012		**72,702**	**-280**	**605,927**	**-876**	**-52,265**	**625,208**
Comprehensive income							
Profit for the period						36,136	36,136
Other comprehensive income							
Cash flow hedges, net of tax	13		-658				-658
Total other comprehensive income, net of tax			-658			36,136	35,478
Total comprehensive income		**0**	**-658**	**0**	**0**	**36,136**	**35,478**
Transactions with owners							
Acquisition of treasury shares				852	-102,671		-101,819
Employee share option scheme: granted options	25					-159	-159
Dividends relating to 2011	24					-29,702	-29,702
Total contribution by and distributions to owners		0	0	852	-102,671	-29,861	-131,679
Balance at 31 December 2012		**72,702**	**-939**	**606,779**	**-103,547**	**-45,989**	**529,005**

Notes to the consolidated financial statements

1. The group in brief

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

Copies of the Consolidated Financial Statements are available online at www.dna.fi or at the Group parent company head office at Läkkisepäntie 21, 01044 Helsinki, Finland.

DNA Ltd's Board of Directors approved the release of these consolidated financial statements at a meeting on 7 February 2013. Under the Finnish Limited Liability Companies Act, shareholders can approve or disapprove the consolidated financial statements in the Annual General Meeting held after the release. The Annual General Meeting is also entitled to amend the consolidated financial statements.

2. Accounting principles

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The statements are based on the IAS and IFRS standards and the SIC and IFRS interpretations effective on 31 December 2012. International Financial Reporting Standards refer to standards and interpretations that comply with the Finnish Accounting Act and regulations issued by virtue thereof and the procedure adopted for application in the European Union according to the IAS Regulation (EC) No 1606/2002. The notes to the consolidated financial statements also comply with Finnish accounting legislation and Community legislation that supplement the IRFS.

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

New and amended standards adopted by the Group

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2012 that would be expected to have a material impact on the Group.

Subsidiaries

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

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

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

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

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

Associated companies

Associated companies are companies in which the Group has a significant influence. A significant influence is realised if the Group holds more than 20 per cent of the voting rights or otherwise has a significance influence without exercising full control. Associated companies are consolidated using the equity method. If the Group's share of the associated companies' losses exceeds the carrying amount of the investment, the investment is recognised in the balance sheet at zero value and the portion of the losses exceeding the carrying amount is not consolidated unless the Group has agreed to meet the associated companies’ obligations. Unrealised profits between the Group and its associated companies are eliminated to the extent of the Group's share of ownership. The investment in each associated company includes goodwill arising from the acquisition. The Group's share of the associated companies' profit or loss for the financial year corresponding the Group's share of ownership is recognised separately below the operating profit line. The Group’s share of its associates’ movements in other comprehensive income is recognised in the Group’s other comprehensive income. The Group’s associates have not had any such items during the 2011-2012 financial periods.

Segment reporting

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

Foreign currency translation

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

Foreign currency transactions

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

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

Property, plant and equipment

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

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

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

The depreciation periods are as follows:

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

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

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

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

Intangible assets

Goodwill

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

Research and development expenditure

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

Contractual customer base

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

Other intangible assets

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

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

The useful lives of other intangible assets are as follows:

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

Inventories

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

Lease agreements

Group as a lessee

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

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

Group as a lessor

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

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

Lease income is recognised in the income statement over the lease term on a straight-line basis.

Impairment of property, plant and equipment and intangible assets

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

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

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

Employee benefits

Retirement benefit obligations

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

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

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

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

Share-based payments

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

Provisions and contingent liabilities

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

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

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

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

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

Income taxes

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

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

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

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

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

Revenue recognition

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

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

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

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

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

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

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

Interest and dividend

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

Borrowing costs

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

Financial assets and liabilities

Financial assets

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

Financial assets recognised at fair value against profit or loss represent financial assets that have been acquired to be held for trading or that are designated to this group when initially recognised. Financial assets recognised at fair value against profit or loss are measured at fair value against profit or loss. Changes in fair value are recognised as finance income or finance expenses. An item comprises derivatives not fulfilling the hedge accounting criteria.

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

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

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

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

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

Borrowings

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

Derivative instruments and hedge accounting

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

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

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

Share capital

Outstanding ordinary shares are presented in share capital.

Operating result (EBIT)

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

EBITDA

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

Accounting principles requiring management judgement and uncertainty factors related to estimates

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

Measuring fair value of assets in business combinations

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

Impairment testing

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

Provisions

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

Adoption of new and amended IFRS standards and IFRIC interpretations

IASB has issued the following new or revised standards and amendments, which the Group has not yet adopted. The Group will adopt them as of the effective date, or if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

- IAS 1 (amendment) Presentation of financial statement (effective on or after 1 July 2012). The main amendment is the requirement to group items presented in other comprehensive income based on whether they are potentially re-classifiable to profit or loss subsequently.

- IAS 19 (amendment) Employee benefits (effective on or after 1 January 2013). The main amendments include recognition of all actuarial gains and losses in OCI as they occur, in other words eliminating the corridor approach and financing costs are determined on a net funding basis. The Group estimates that the elimination of the corridor approach and the new determination method of financing costs will have the following effect (EUR 1.5 million on the balance sheet of 31 December 2012):

  Long-term liabilities 1.5
  Equity attributable to equity holders of the parent company -1.1
  Deferred tax assets 0.4

- IFRS 9 Financial instruments and its amendments (effective on or after 1 January 2015). Once completed, the initially three-year project launched by IASB will replace the current IAS 39 standard, Financial Instruments: Recognition and Measurement. The first phase of IFRS 9, Classification and measurement, was published in November 2009 and contains requirements for the classification and measurement of financial instruments. According to IFRS 9, the basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Requirements for financial liabilities were added to IFRS 9 in October 2010. Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. The remaining, unfinished phases of IFRS 9 contain impairment and hedge accounting requirements. Due to some parts being unfinished, the Group cannot at this time provide an estimate of the final effect of the standard on the Group's balance sheet. The standard is still subject to EU endorsement.

- IFRS 10 Consolidated financial statements (effective on or after 1 January 2014). The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The amendment is not expected to have a material effect on the Group's consolidated financial statements.

- IFRS 12 Disclosures of interest in other entities (effective on or after 1 January 2014). The standard includes disclosure requirements for different interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. The new standard will expand the information on investment entities presented in the notes of the Group's consolidated financial accounts. There are no other published but not yet valid IFRS standards or IFRIC interpretations that are expected to have a material impact on the Group.

Financial risk management

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

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

Liquidity risk

Liquidity risk refers to situations where the Group's financial assets and extra funding opportunities fall short of the Group's requirements or the cost of raising liquid assets is higher than the market cost. Creating cash flow forecasts and determining any related uncertainties are the key measures to managing liquidity risk. At the end of 2012, the Group had a strong liquidity position with cash and cash equivalents of EUR 8.2 million (28.4 million), and interest-bearing liabilities of EUR 265.9 million (EUR 181.6 million). In addition to cash and cash equivalents, the Group had unused credit limits and other committed credit limits of EUR 215.0 million (EUR 215.0 million) In February 2012, DNA drew a loan of EUR 80 million, based on the credit facility agreement negotiated with the European Investment Bank in September 2010. The availability of the draw down expired in March 2012. The maturity of the loan was seven years. In addition, the company has a commercial paper programme of EUR 150.0 million (EUR 150.0 million),under which EUR 50.0 million (25.0 million) was drawn by the end of December. The unused credit limits totalled EUR 315.0 million (EUR 460.0 million). The Group’s cash and cash equivalents and undrawn committed credit limits amounted to EUR 223.2 million (EUR 243.4 million) at the end of December. The expected repayments 2013 total EUR 33 million without commercial papers.

Debt maturity analysis

2012

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

2011

EUR 1,000	Less than 1 year		1-5 years		Over 5 years		Total		**Total**
	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	Interest payment	Repayment	**Cash flow**
Interest-bearing liabilities (excl. finance lease liabilities)	4,707	44,339	9,128	130,044	43	1,538	13,878	175,922	**189,800**
Finance lease liabilities	192	2,163	277	3,049	45	467	514	5,679	**6,194**
Trade payables		84,975						84,975	**84,975**

Derivative financial instruments are specified in note 31.

The 2013 repayments are included in current liabilities. At balance sheet date, the average rate of variable rate loans was 1.5 per cent (2.6 per cent) and variable rate loans constituted 94 per cent (88 per cent) of the Group's interest-bearing liabilities.Interest-bearing liabilities from financial institutions have variable rates and TyEL repayment loans have fixed rates.

Credit risk

The Group has a large number of customers and the individual receivable amounts are small, and as such the credit risk is evenly spread. New customers are subjected to credit checks as part of the ordering process, and if any existing customers are found to have credit problems, unsecured new sales are not made. In 2012, the impairment loss of trade receivables totalled EUR 7.2 million (EUR 1.7 million). The trade receivable impairment provision recognised in the financial statements is considered to correspond to the future impairment loss from trade receivables. Customers with weaker solvency are required to pay the basic charges in advance as deposit. Opposing party risk refers to a situation where the other party fails to meet its obligations under the financing agreement. To minimise and monitor the opposing party risk, investments and derivative instruments are managed within the framework for opposing party, financial instrument and maturity limits.

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

EUR 1,000	2012	2011
Undue trade receivables	125,579	122,859
Trade receivables 1-45 days overdue	9,420	11,071
Trade receivables 46-90 days overdue	2,025	1,239
Trade receivables 91-180 days overdue	2,636	2,814
Trade receivables more than 180 days overdue	15,842	5,183
Total	**155,503**	**143,166**

Interest risk

The Group interest rate risk primarily comprises interest rate sensitivity of financial items, referring to the direct effect of changes in the interest rate level on financial items, such as interest-bearing loans, investments and derivative instruments. The interest rate sensitivity of the Group's business operations refers to the indirect effect of the interest rate level on purchase and sales prices, salaries and other operative items on the balance sheet. In order to manage the interest rate risk, some of the loans taken out by the Group have been hedged. The Group applies hedge accounting in accordance with IAS 39, and the Group's normal interest rate swaps fulfil the criteria set by hedge accounting. The Group's interest-bearing liabilities have been spread between fixed- and variable-rate instruments. 49 per cent (52 per cent) of the variable-rate loans are hedged.
At the end of 2012, the Group had interest rate derivatives at a nominal value of EUR 120 million (EUR 80 million), of which EUR 80 million fulfilled the hedge accounting criteria. The EUR 40 million structured interest rate swap did not fulfil the hedge accounting criteria.
The Group is also exposed to fair value interest rate risk through fixed-rate reborrowing of TyEL pension contributions and finance lease liabilities. The share of fixed-rate loans amounted to 6 per cent (12 per cent) on the balance sheet date.
The effect on the Group's profit after taxes caused by a rise of one percentage point in the interest rate on the balance sheet date, all other factors remaining unchanged, would amount to EUR 0.2 million (EUR 0.5 million), and the negative effect from a corresponding drop in the interest rate would amount to EUR 0.2 million (EUR 0.5 million). The sensitivity analysis covers the Group's variable-interest loans and cash and cash equivalents.

A one percentage point increase/decrease in interest rates, all other factors remaining unchanged, would result in a positive impact of EUR 0.8 million (0.8 million) / negative impact of EUR 0.8 million (EUR 0.8 million) in equity due to the change in fair value of the hedge accounting interest rate swaps.

Capital management

The objective of the Group's capital management is to support the business operations by optimising the capital structure and ensuring normal operating conditions, as well as increasing shareholder value by maximising return on equity.
The capital structure can be influenced through dividend distribution, repayment of capital and investment planning. The Group management monitors the development of the capital structure through gearing and solvency ratios. These key indicators can be found in the key indicator table. The Group's financing facilities include key indicator covenants as well as requiring a solvency ratio of at least 35% 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 54.1% (62.2 %) and net liabilities in relation to EBITDA were 1.35:1 (0.81:1).

Financial instruments by class
2012

EUR 1,000	Loans and other receivables	Financial assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Assets					
Available-for-sale financial assets				215	**215**
Derivative financial instruments					**0**
Trade and other receivables excluding prepayments 1)	188,942				**188,942**
Financial assets at fair value through profit or loss					**0**

Cash and cash equivalents	8,224				**8,224**
Total	**197,166**	**0**	**0**	**215**	**197,381**

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

2011

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				157	**157**
Derivative financial instruments					**0**
Trade and other receivables excluding prepayments 1)	187,600				**187,600**
Financial assets at fair value through profit or loss					**0**
Cash and cash equivalents	28,448				**28,448**
Total	**216,048**	**0**	**0**	**157**	**216,205**

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)				175,922	**175,922**
Finance lease liabilities 2)				5,679	**5,679**
Derivative financial instruments		352	371		**723**
Trade and other payables excluding items outside financial liabilities 3)				145,943	**145,943**
Total	**0**	**352**	**371**	**327,544**	**328,267**

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 2012, foreign operations accounted for EUR 17.0 million (EUR 16.9 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 2012

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**591,210**	**177,990**	**769,200**
EBITDA	**130,826**	**59,917**	**190,743**
Depreciation	88,831	45,769	**134,600**
Operating result, EBIT	**41,995**	**14,148**	**56,143**
Net financial items			-7,813
Share of associates' result			-14
Profit before tax			48,316
Profit for the period			**36,136**
Investments	96,620	36,763	133,383
Employees at end of year	979	448	1,427

1 Jan-31 Dec 2011

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**554,035**	**173,497**	**727,531**
EBITDA	**128,692**	**59,711**	**188,403**
Depreciation	90,703	46,861	137,564
Operating result, EBIT	**37,989**	**12,850**	**50,839**
Net financial items			-4,690
Share of associates' results			11
Profit before tax			46,160
Profit for the period			**35,796**
Investments	84,200	31,184	115,384
Employees at end of year	654	381	1,035

4 Business combinations

On 30 June 2012, DNA Ltd acquired DNA customer service functions from GoExcellent South Oy and Go Excellent Finland North Oy. The purchase price for the business transfer was EUR 1.2 million. Assets and liabilities transferred have been recognised at their fair value. The goodwill recognised is attributable to expected synergy effects and the knowledge of the personnel transferred.

EUR 1,000	Fair value
Property, plant and equipment	523.8
Total assets	**523.8**
Net assets	523.8
Acquisition cost	1,200.00
Goodwill	**676.2**
Forte acquisition	

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

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

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

6 Net sales

EUR 1,000	2012	2011
Sale of goods	57,250	24,217
Revenue from services	711,074	702,364
Revenue from construction contracts	875	951
Total	**769,200**	**727,531**

At the end of the period, the aggregate costs incurred and recognised profits from incomplete construction contracts (less recognised losses) totalled EUR 0.9 million (EUR 1.0 million). Progressed billings in relation to construction contracts were EUR 0.9 million (EUR 0.8 million).

7 Other operating income

EUR 1,000	2012	2011
Gains on sale of property, plant and equipment	10	245
Rental income	1,122	1,032
Other income	1,251	2,613
Total	**2,383**	**3,891**

8. Other operating expenses

EUR 1,000	2012	2011
Maintenance expenses	31,378	36,295
Rental expenses	37,565	33,498
External services	4,500	3,330
Other expenses	38,459	34,228
Total	**111,902**	**107,351**

Auditor fees

	2012	2011
PricewaterhouseCoopers Oy		
Audit fees	249	209
Tax services	30	29
Other services	330	102
	608	340
Other		
Audit fees	0	8
Other services	0	14
	0	22

9 Depreciation and amortisation

EUR 1,000	2012	2011
Depreciation and amortisation expenses consist of the following:		
Intangible assets		
Customer base	8,266	8,027
Brand	1000	975
Other intangible assets	22,151	23,079
Total	**31,417**	**32,081**
Property, plant and equipment		
Buildings and constructions	2,034	2,007
Machinery and equipment	101,149	103,475
Total	**103,183**	**105,482**

10 Employment benefits and number of personnel

EUR 1,000	2012	2011
Wages and salaries	62,543	47,999
Pension expenses – defined contribution plan	11,803	7,711
Pension expenses – defined benefit plan	107	73
Employee share option scheme: granted options	-159	1,313
Other personnel expenses	3,045	1,504
Total	**77,339**	**58,600**

Number of personnel, average		
Consumer business	979	654
Corporate business	448	381
Total	**1,427**	**1,035**

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

11 Research and development

EUR 1,000	**2012**	**2011**
Research and development costs recognised as expense	0	1,004
Capitalised development costs	1,569	41
Total	1,569	1045

12 Financial income

EUR 1,000	2012	2011
Interest income from loans and other receivables	1,505	1,552
Dividend income on available-for-sale investments	4	3
Total	**1,509**	**1,555**

13 Financial expense

EUR 1,000	**2012**	**2011**
Derivative fair value change, outside hedge accounting	1,301	352
Interest expense on financial liabilities	8,020	5,893
Total	**9,321**	**6,245**

Other comprehensive income

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

	2012				**2011**			
	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	402	-1,274	214	-658	858	-374	-131	353
Total	**402**	**-1,274**	**214**	**-658**	**858**	**-374**	**-131**	**353**

14 Income tax

EUR 1,000	**2012**	**2011**
Income tax, current year	-17,540	-19,042
Income tax, previous years	87	97
Change in deferred tax	5,272	8,580
Total	**-12,180**	**-10,365**

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

Profit before tax	48,316	46,161
Income tax at Finnish tax rate 26%	-11,837	-12,002
Tax effects of:		
Tax exempt profits	2	2
Non-deductible expenses	-409	-651
Taxes from prior years	87	97
Tax losses of which no deferred income tax asset was recognised	-50	-30
Different tax rate of subsidiary	27	-7
Re-measurement of deferred tax - change in tax rate	0	2,226
Tax charge	**-12,180**	**-10,365**

15 Earnings per share

EUR 1,000	2012	2011
Profit attributable to the equity holders of the company, continuing operations (EUR 1,000)	36,136	35,796
Weighted average number of shares (thousands)	8,714	9,603
Basic earnings per share (euros/share), continuing operations	4.15	3.73

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.

16 Property, plant and equipment

EUR 1,000	Land and water	Buildings and constructions	Machinery and equipment	Other property, plant and equipment	Prepayments and non-current assets under construction	Total
At 1 January 2011						
Cost	509	30,439	768,085	873	25,550	825,456
Accumulated depreciation at 1 Jan	0	-6,889	-405,942	0	0	-412,831
Net book amount	**509**	**23,549**	**362,143**	**873**	**25,550**	**412,623**
Year ended 31 December 2011						
Opening net book amount	509	23,549	362,143	873	25,550	412,623
Additions and transfers		981	67,195		39,482	107,658
Business combinations (note 5)			791			791
Disposals			-702		-48	-750
Accumulated depreciation relating to disposals			523			523
Depreciation charge		-2,007	-103,475			-105,482
Closing net book amount	**509**	**22,522**	**326,475**	**873**	**64,984**	**415,362**
At 31 December 2011						
Cost	509	31,419	835,369	873	64,984	933,154
Accumulated depreciation	0	-8,897	-508,894	0	0	-517,791
Net book amount	**509**	**22,522**	**326,475**	**873**	**64,984**	**415,362**
Year ended 31 December 2012						
Opening net book amount	509	22,522	326,475	873	64,984	415,362
Additions and transfers		151	121,309		-28,373	93,087
Business combinations (note 5)			524			524
Disposals			-596			-596
Accumulated depreciation relating to disposals			332			332
Depreciation charge		-2,034	-101,149			-103,183
Closing net book amount	**509**	**20,639**	**346,895**	**873**	**36,611**	**405,526**
At 31 December 2012						
Cost	509	31,570	956,606	873	36,611	1,026,169
Accumulated depreciation	0	-10,931	-609,711	0	0	-620,642
Net book amount	**509**	**20,639**	**346,895**	**873**	**36,611**	**405,526**

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

EUR 1,000

Property, plant and equipment	**2012**	**2011**
Cost - capitalised finance leases	84,799	83,048
Accumulated depreciation	82,242	80,184
Net book amount	**2,557**	**2,864**

17 Intangible assets

EUR 1,000	Goodwill	Customer base	Brand	Other intangible assets	Total
At 1 January 2011					
Cost	314,246	78,139	28,466	184,612	605,462
Accumulated amortisation and impairment at 31 Dec	-104,479	-15,186	-474	-141,201	-261,340
Net book amount	**209,767**	**62,953**	27,992	**43,411**	**344,122**
Year ended 31 December 2011					
Opening net book amount	209,767	62,953	27,992	43,411	344,122
Additions				22,050	22,050
Business combination (note 5)	10,637	4,774	516	43	15,970
Amortisation charge		-8,027	-975	-23,079	-32,081
Closing net book amount	**220,404**	**59,700**	**27,533**	**42,425**	**350,062**
At 31 December 2011					
Cost	324,883	82,913	28,982	207,352	644,130
Accumulated amortisation and impairment	-104,479	-23,213	-1,449	-164,280	-293,421
Net book amount	**220,404**	**59,700**	**27,533**	**43,072**	**350,062**
Year ended 31 December 2012					
Opening net book amount	220,404	59,700	27,533	43,072	350,062
Additions				33,236	33,236
Business combination (note 5)	676				676
Disposals				-15	-15
Accumulated depreciation relating to disposals				9	9
Amortisation charge		-8,266	-1000	-22,151	-31,417
Closing net book amount	**221,080**	**51,434**	**26,533**	**54,151**	**353,198**
31 December 2012					
Cost	325,559	82,913	28,982	240,573	678,027
Accumulated amortisation and impairment	-104,479	-31,479	-2,449	-186,422	-324,830
Net book amount	**221,080**	**51,434**	**26,533**	**54,151**	**353,198**

Goodwill allocation

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

EUR 1,000	2012	2011
Consumer	169,485	168,959
Corporate	51,595	51,445
Total	**221,080**	**220,404**

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 11.6–12.7 per cent depending on the segment. The growth rate forecasted after five years was assumed to be 2.0 per cent.

The impairment test indicated that the recoverable amounts of the CGUs exceeded their balance sheet values and their goodwill have not been impaired. 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 2012

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

* Five-year forecast period average

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

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

Applied parameters in testing 2011

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

* 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	**2011**	**2011**
Average EBITDA, % of net sales	-1.8	-8.3
WACC, -%	1.9	8.5

18 Investments in associates

EUR 1,000	2012	2011
At 1 January	1,147	1,139
Share of the profit or loss for the financial period	-14	11
Additions	655	0
Decreases	-4	-4
At 31 December	**1,784**	**1,147**

There was no goodwill related to associated companies in 2012 and 2011.

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

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

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

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

19 Available-for-sale financial assets

EUR 1,000	2012	2011
Shares in non-listed companies	215	157
Total	**215**	**157**

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

20 Receivables

EUR 1,000	2012	2011
Non-current receivables		
Trade and other receivables:		
Trade receivables	17,642	12,982
Accruals 1)	1,658	1,810
Receivables from construction contracts	901	758
Other non-current receivables	1,033	1,032
Total non-current receivables	**21,233**	**16,582**
Current receivables		
Trade and other receivables:		
Trade receivables	155,503	143,166
Finance lease receivables	0	2
Accruals 1)	10,902	8,859
Income tax receivables	442	0
Other current receivables	1,304	18,991
Total	**168,151**	**171,018**

1) Accruals consist of: trade payables EUR 8.9 million (EUR 7.2 million), TYEL prepayment EUR 0.7 million (EUR 0.1 million) and other EUR 2.2 million (EUR 3.4 million).

The Group has recognised a receivable impairment loss of EUR 7.2 million (EUR 1.7 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.

Finance lease receivable maturities

EUR 1,000	2012	2011
Finance lease receivable maturities – total value of minimum lease payments		
Within one year	0	3
After one year but for a maximum of five years	0	0
Total	**0**	**3**
Finance lease receivables – present value of minimum lease payments		
Within one year	0	2
After one year but for a maximum of five years	0	0
Total	**0**	**2**
Receivables accrued in the future	0	1
Total finance lease receivables	**0**	**3**

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

	2012	2011
At 1 January	9,333	9,686

Provision for impairment of receivables	6,532	6,929
Receivables written off during the year as uncollectible	-1,404	-4,646
Unused amount reversed	0	-2,636
At 31 December	**14,461**	**9,333**

21 Deferred tax assets and liabilities

EUR 1,000

Specification of deferred tax

Deferred tax assets 2012	1 Jan	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	31 Dec
Financial assets	92		214			306
Provisions	1,435	785				2,220
Finance lease agreements	910	-175				735
Group eliminations	19,277	-2,972				16,305
Other temporary differences	91	-91				0
Total	**21,805**	**-2,454**	**214**	**0**	**0**	**19,564**

Deferred tax liabilities 2012	1 Jan	Recognised in the income statement	Other comprehensive income	Recognised in equity	Business combinations	31 Dec
Fair value of assets through business combinations	45,088	-6,462				38,626
Accelerated depreciation	8,374	-881				7,493
Other temporary differences	4,698	-382				4,316
Total	**58,161**	**-7,726**	**0**	**0**	**0**	**50,435**

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

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

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax liability of EUR 0.1 million (0.0 million) has not been recognised.

22 Inventories

EUR 1,000	2012	2011
Materials and supplies	17,741	13,998
Total	**17,741**	**13,998**

In the financial year, EUR 3.4 million (-1.2 million) was recognised as an expense through a change in materials and supplies.

23 Cash and cash equivalents

EUR 1,000	2012	2011
Cash and bank deposits	8,224	28,448
Total	**8,224**	**28,448**

24 Shareholders' equity

EUR 1,000	Number of shares (thousands)	Share capital	Unrestricted equity reserve
At 1 January 2011	**9,611**	**72,702**	**605,927**
At 31 December 2011	**9,611**	**72,702**	**605,927**
At 1 January 2012	**9,611**	**72,702**	**605,927**
Transfer, treasury share acquisition			852
At 31 December 2012	**9,611**	**72,702**	**606,779**

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

Shareholders’ equity reserves are described as follows:

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

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

Dividends
After the balance sheet date, the Board of Directors proposed to distribute a dividend of EUR 35,016,337.16 (EUR 29,769,845.60).

Treasury shares
The company acquired 1,116,896 treasury shares following the decision made at the Annual General Meeting 15 March 2012. The cost of the acquisition including transfer tax and other acquisition related costs totalled EUR 101,804,978,94. Following the decision made at the Extraordinary Annual General Meeting on 18 July 2012, the company acquired 2,500 treasury shares at a total acquisition cost, including transfer tax and other acquisition related costs, of EUR 172,466. The company acquired 5,248 treasury shares following the decision made at the Board of Directors meeting on 20 November 2012. The cost of the acquisition including transfer tax and other acquisition related costs totalled EUR 696,155.84. In total, the company acquired 1,124,644 treasury shares during the financial year.

The acquisition of treasury shares was deducted from retained earnings. Treasury shares are presented separately in equity.

Date	Number of shares	Acquisition cost
1 January 2011	**7,500**	**875,610.75**
31 December 2011	**7,500**	**875,610.75**
1 January 2012	**7,500**	**875,610.75**
16 March 2012	1,116,896	101,804,978.94
20 July 2012	2,500	172,466.00
19 December 2012	5,248	693,155.84
31 December 2012	**1,132,144**	**103,546,211.53**

Treasury shares acquired during the financial year represent 11.7 per cent of the votes (treasury shares in total representing 11.8 per cent of the votes).

25 Share-based payments

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

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

Option scheme

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

Share options outstanding

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

Number of shares	2012	2011
On 1 January	108,000	50,000
Granted options		58,000
Forfeited options	20,000	
Exercised options		
Expired options		
On 31 December	**88,000**	**108,000**

There were no new options granted in 2012. The weighted average fair value of options granted in 2011 was EUR 38.73 per option. The fair value of the options was determined by using a valuation model. The significant inputs of the model were the share price of EUR 98.66, exercise price shown above less dividends paid in 2010 of EUR 4.35, volatility of 38 per cent, an expected option life of two years and a risk-free interest rate of 2.82 per cent.

Share-based incentive plan

The Group did not have any new share-based incentive plans in 2012. During 2010, DNA Ltd continued the previously introduced share-based incentive programme for key employees. Based on the plan, the management held 7,748 shares on 31 December 2011. The Group has repurchased these shares from the management during 2012. The shares owned by management were classified as cash-settled share-based payments and due to the repurchase of shares the corresponding liability recognised in the statement of financial position is EUR 0 (31 December 2011 EUR 794,756).

Conditions of share-based incentive plan

The subscription price was EUR 97 per share. The programme did not have an earning period. The shares were subjected to two prohibition periods with regard to share transfer. The first prohibition period (“Transfer Prohibition 1”) was valid for two years from the time of subscription and the second prohibition period (“Transfer Prohibition 2”) was valid for two years from the end of Transfer Prohibition 1. Key employees were not allowed to transfer shares without advance written consent by the DNA's Board of Directors during the Transfer Prohibition 1. During Transfer Prohibition 2, key employees were not allowed to transfer more than 30 per cent of their shares without advance written consent by the DNA's Board of Directors.
The Transfer Prohibitions were not to apply should all DNA's shares be sold to a third party. Key employees might also have to sell part or all of their shares in the initial public offering (IPO). In this case, the Transfer Prohibition would not apply to the shares sold at the time.

26 Defined benefit plan

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

EUR 1,000	2012	2011
Liability recognised in the balance sheet:		
Funded defined benefit obligation	6,689	5,439
Fair value of plan assets	-4,956	-4,467
Surplus/deficit	1,733	972
Unrecognised actuarial gains (+) / losses (–)	-1,586	-769
Net liability	147	203
Liability recognised		
in the balance sheet	147	203

EUR 1,000	2012	2011
Expense recognised in profit or loss:		
Current service cost	41	39
Interest cost	250	244
Expected return of plan assets	-203	-216
Net actuarial gain (+) / loss (-) recognised	20	6
Effect of settlement	0	0
Effect of curtailment	-1	0
Total	107	73

See note 10

EUR 1,000	2012	2011
Movements in present value of defined benefit obligation		
Defined benefit obligation at beginning of year	5,439	5,560
Current service cost	41	39
Interest costs	250	244
Benefits paid	-305	-325
Settlements	0	0
Curtailments	-1	0
Actuarial gains (+) / losses (-) on obligation	1,265	-79
Defined benefit obligation at the end of the year	6,689	5,439

EUR 1,000	2012	2011
Fair value of plan assets		
Fair values of plan assets at beginning of year	4,467	4,695
Expected return on plan assets	203	216
Actuarial gains (+) / losses (-) on plan assets	428	-225
Contributions	163	106
Benefits paid	-305	-325
Fair value of plan assets at end of year	4,956	4,467

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

Principal actuarial assumptions at end of financial period	2012	2011
Discount rate	3.0%	4.7%
Expected rate of return of plan assets	3.0%	4.7%
Rate of salary increase	3.5%	3.5%
Rate of benefit increase	2.1%	2.1%
Rate of inflation	2.0%	2.0%
Average remaining service (years)	11	11

EUR 1,000	2012	2011	2010
The amounts for the current financial year and the two previous financial years are as follows:			
Present value of obligation	6,689	5,439	5,560
Fair value of plan assets	-4,956	-4,467	-4,695
Surplus/deficit	1,733	972	865
Actuarial loss on obligation due to experience adjustments	-102	45	28
Actuarial gain on plan assets due to experience adjustments	428	-225	363

Expected contributions to the defined benefit plan in 2013 total EUR 0.2 million.

27 Provisions

EUR 1,000	1 Jan 2012	Additions	Provisions used	Provisions released	Discount effect	31 Dec 2012
Decommissioning provisions	4,292				2,227	6,519
Restructuring provisions	753	3,230	-1,825	-708		1,450
Onerous contracts	811	568	-112	-218	24	1,072
	5,856	**3,798**	**-1,937**	**-926**	**2,251**	**9,041**

EUR 1,000	2011	2012
Non-current provisions	5,740	8,053
Current provisions	116	987
Total	**5,856**	**9,041**

Restructuring provisions
At the end of March 2012, personnel were informed of the reorganisation of DNA's business structure, resulting in the initiation of cooperation negotiations on 10 April 2012 that involved the entire staff of DNA Ltd. A EUR 3.2 million provision was recognised due to the negotiations. At the completion of the cooperation negotiations, a reversal of EUR 0.7 was realised. The restructuring provision includes a provision for termination costs, which was mainly realised during 2012. The provision also includes unemployment insurance costs for terminated employment contracts.

Decommissioning provisions
The decommissioning provision comprise the estimated decommissioning costs of data centres, masts and telephone poles. The estimated decommissioning period for telephone poles is 15 years, and 10 years for data centres and masts. Realising the decommissioning costs do not involve any significant uncertainties. The provisions are discounted to present value, which is also their fair value.

Onerous contracts
Following restructurings, the Group has partially under-utilised premises, which have non-voidable lease agreements. The Group has let part of the under-utilised premises, while some of the premises have been reoccupied by the Group. The provision for onerous contracts covers the net loss for under-utilised premises in full. The provision is discounted to present value, which is also the fair value. The non-voidable lease agreements will expire between 2013 and 2020.

28 Financial liabilities

EUR 1,000	2012	2011
Non-current interest-bearing liabilities		
Loans from financial institutions	165,771	115,000
Other loan commitments	12,138	16,583
Finance lease liabilities	3,028	3,516
Total	**180,937**	**135,099**
Current interest-bearing liabilities		
Loans from financial institutions	28,875	15,000
Other loan commitments	54,249	29,339
Finance lease liabilities	1,841	2,163
Total	**84,965**	**46,502**

Finance lease liabilities	**2012**	**2011**
EUR 1,000		
Finance lease liabilities – minimum lease payments		
No later than 1 year	1,876	2,203
Later than 1 year and no later than 5 years	2,876	3,341
Later than 5 years	480	649
Total	**5,232**	**6,193**
Future finance charges of finance leases	-364	-515
Present value of finance lease payments	**4,869**	**5,679**
Finance lease liabilities – present value of minimum lease payments		
No later than 1 year	1,841	2,163
Later than 1 year and no later than 5 years	2,682	3,049
Later than 5 years	346	467
Total	**4,869**	**5,679**
Total finance lease liabilities	**5,232**	**6,193**

29 Trade payables and other liabilities

EUR 1,000	2012	2011
Current financial liabilities carried at amortised acquisition cost		
Trade payables	72,939	84,975
Accrued expenses 1)	37,412	43,394
Advances received	17,850	13,287
Other current liabilities	7,261	2,890
Total current liabilities	**135,461**	**144,546**

1) Accrued expenses consist of: Holiday pay and bonuses including social expenses totalling EUR 14.2 million (EUR 11.0 million), interest expenses EUR 1.2 million (EUR 0.8 million), as well as other accrued operative expenses EUR 22.1 million (EUR 31.6 million).

30 Fair value of financial liabilities

Non-current financial liabilities

	2012		2011	
EUR 1,000	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Loans from financial institutions	165,771	165,959	115,000	115,421
Other loan commitments	12,138	13,124	16,583	16,655
Financial lease agreements	3,028	3,028	3,516	3,516
Total	**180,937**	**182,111**	**135,099**	**135,592**

Current financial liabilities

	2012		2011	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Loans from financial institutions	28,875	28,938	15,000	15,000
Other loan commitments	54,249	54,338	29,339	29,318
Financial lease agreements	1,841	1,841	2,163	2,163
Total	**84,965**	**85,117**	**46,502**	**46,481**

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

31 Derivative financial instruments

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

In 2012, DNA applied cash flow hedge accounting using an interest rate swap at a nominal value of EUR 90.0 million (EUR 50.0 million). One of the interest rate swaps under hedge accounting is reduced every six months as repayments are made. Testing for hedge effectiveness showed the hedge to be effective. Hedge accounting was not applied to the EUR 40 million nominal valued structured interest rate swap.

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

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

2012			
Fair value measurement	Level 1	Level 2	Level 3
Interest rate swaps	-	-2.9	-

2011			
Fair value measurement	Level 1	Level 2	Level 3

Interest rate swaps	-	-0.7	-

32 Operating lease agreements

EUR 1,000	2012	2011
Group as lessee		
Minimum lease amounts paid on the basis of non-voidable operating lease agreements		
Within one year	29,681	24,052
Longer than one year but no more than five years	19,084	19,826
After five years	8,718	6,692
Total	57,483	50,570

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 2012 income statement includes paid operating lease expenses of EUR 38.3 million (EUR 36.3 million). Relating to operating leases, the Group has made a provision of EUR 0.8 million (EUR 0.8 million). For more information see note 27 Provisions.

33 Guarantees and contingent liabilities

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

34 Related party transactions

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

Group structure 2012

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

Listing of associated companies is presented in note 18.

The following related party transactions were carried out:

EUR 1,000	**Sales**	**Purchases**	**Receivables**	**Liabilities**
2012				
Organisations exercising significant influence	87	5,086	9	285
Associated companies	0	261	0	22
2011				
Organisations exercising significant influence	8,842	2,915	1	8
Associated companies	0	197	0	0

Management employee benefits

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

EUR 1,000	**2012**	**2011**
Salaries and other short-term employee benefits	2,896	3,422
Termination benefits	133	0
Post-employment benefits	680	795
Share-based benefits	-102	887
Total	**3,607**	**5,104**

No share options were granted in 2012 (37,000 options). The management option rights include the same conditions as options granted to other personnel. The fair value of the options is presented in note 25 Share-based payments.

(1,000)	**2012**	**2011**
Granted options	0	37
of which exercisable		
Forfeited options	15	
Fair value of options	0	1,433
Total number of shares management options entitle	58	73

EUR 1,000	2012	2011
Salaries and commissions:		
CEOs	856	934
Members and deputy members of the Board of Directors	457	592

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.

35 Events after the balance sheet date

DNA has participated in the auction of the 800 MHz frequency band. There were no other significant events after the balance sheet date.

36 Shares and shareholders

Shareholders 31 December 2012	%
Private companies	79.5%
Public companies	20.5%

Shareholder information	Number of shares	% of shares and votes
Finda Oy	2,760,969	32.6%
Oulun ICT Oy	1,879,742	22.2%
PHP Liiketoiminta Oyj	1,674,905	19.8%
KPY Sijoitus Oy	1,099,596	13.0%
Ilmarinen Mutual Pension Insurance Company	424,689	5.0%
Anvia Oyj	294,312	3.5%
Lohjan Puhelin Oy	220,877	2.6%
Other shareholders	123,442	1.3%

Parent company income statement, FAS

INCOME STATEMENT

Eur 1,000	**Note**		**1 Jan - 31 Dec 2012**		**1 Jan - 31 Dec 2011**
NET SALES	1		**769,155**		**715,007**
Other operating income			3,758		18,950
Materials and services					
Purchases		69,220		49,722	
Change in inventory		-1,703		-1,275	
External services		349,391	416,908	348,789	397,236
Employee expenses					
Salaries and commissions		57,537		44,424	
Social expenses					
Pensions		10,980		7,210	
Other social expenses		3,305	71,822	1,050	52,684
Depreciation and impairments	2				
Depreciation according to plan			113,022		113,982
Other operating expenses	3		106,545		106,191
OPERATING PROFIT			64,617		63,865
Financial income and expense					
Income from other investments		4		3	
Other interest and financial income		650		895	
Interest and other financial expenses		8,170	-7,516	5,469	-4,572
PROFIT BEFORE EXTRAORDINARY ITEMS			57,101		59,293
Extraordinary income	4		7,018		4,033
PROFIT BEFORE APPROPRIATIONS AND TAX			64,119		63,326
Appropriations	5		3,597		17,181
Income taxes	6		16,560		20,933
PROFIT FOR THE FINANCIAL PERIOD			51,155		59,574

Parent company balanse sheet, FAS

Eur 1,000					
ASSETS	**Note**		**31 Dec 2012**		**31 Dec 2011**
NON-CURRENT ASSETS					
Intangible assets	7				
Development costs		736		1,008	
Goodwill		857		593	
Intangible rights		79,311		91,416	
Other capitalised expenditure		39,340	120,244	25,258	118,275
Property, plant and equipment	7				
Land and water		509		509	
Buildings and constructions		8,628		9,432	
Machinery and equipment		276,726		241,019	
Other tangible assets		873		873	
Advances paid and construction in progress		36,604	323,340	64,974	316,807
Investments	8				
Holdings in Group companies		26,012		26,012	
Shares in associated companies		1,646		991	
Other shares and holdings		1,427	29,086	1,370	28,374
TOTAL NON-CURRENT ASSETS			472,670		463,455
CURRENT ASSETS					
Inventory					
Materials and supplies			4,953		4,564
Receivables					
Non-current receivables					
Trade receivables		17,642		12,982	
Other receivables		2,790		2,569	
Deferred tax asset	17	1,226	21,657	665	16,216
Current receivables					
Trade receivables		149,454		139,827	
Receivables from Group companies	9	25,103		16,949	
Other receivables		1,752		18,622	
Accrued income and deferred expense	10	8,257	184,566	7,030	182,429
Cash and cash equivalents			6,494		27,368
TOTAL CURRENT ASSETS			217,671		230,577
TOTAL ASSETS			690,341		694,032

EQUITY AND LIABILITIES			31 Dec 2012		31 Dec 2011
SHAREHOLDERS' EQUITY	11				
Share capital			72,702		72,702
Unrestricted equity reserve			85,603		85,603
Retained earnings			30,914		103,713
Profit for the financial period			51,155		59,574
TOTAL SHAREHOLDERS' EQUITY			240,374		321,592
APPROPRIATIONS	12		38,468		42,065
Provisions	13		5,005		2,714
LIABILITIES					
Non-current liabilities					
Loans from financial institutions	14	178,138		131,583	
Advances received		470		520	
Other non-current liabilities		2,260	180,868	876	132,980
Current liabilities					
Loans from financial institutions		83,249		44,339	
Advances		16,559		12,111	
Trade payables		69,530		80,399	
Liabilities to Group companies	15	16,279		14,542	
Other current liabilities		4,144		2,166	
Accruals	16	35,865	225,627	41,126	194,683
TOTAL LIABILITIES			406,495		327,662
TOTAL EQUITY AND LIABILITIES			690,341		694,032

Parent company cash flow statement, FAS

Eur 1,000		
	Parent company	**Parent company**
	1.1 - 31.12.2012	**1.1 - 31.12.2011**
Cash flows from operations		
Profit for the period	51,155	59,574
Adjustments*)	127,277	110,171
Change in working capital	5,454	-14,006
Interest paid	-6,661	-5,469
Interest received	628	973
Taxes paid	-18,419	-27,154
Net cash flow from operations (A)	**159,435**	**124,090**
Cash flows from investments		
Investments in tangible and intangible assets	-130,323	-111,305
Tangible assets capital gain	77	375
Acquired subsidiaries and business transfers	-1,855	-15,334
Other investments	-672	2,888
Total cash flows from investments (B)	**-132,774**	**-123,376**
Cash flows from financing		
Dividend distribution	-29,702	-49,937
Treasury shares	-102,671	0
Borrowing of interest-bearing liabilities	80,000	100,000
Repayments of interest-bearing liabilities	-19,445	-93,269
Commercial papers, net	24,910	24,893
Change in non-current receivables	-4,660	-7,211
Received and paid Group contribution	4,033	3,119
Total cash flows from financing (C)	**-47,535**	**-22,405**
Change in liquid assets (A+B+C)	-20,874	-21,690
Liquid assets on 1 January	27,368	49,059
Liquid assets on 31 December	6,494	27,368
Adjustments*)		
Depreciation	113,022	113,982
Other non-cash income and expense	-9,821	-29,315
Interest and other financial expense	7,516	4,572
Taxes	16,560	20,933
Total adjustments	**127,277**	**110,171**
Change in working capital:		
Change in trade receivables and other receivables	11,615	-22,124
Change in inventory	-390	-1,278
Change in trade payables and other payables	-5,771	9,396

	5,454	**-14,006**

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 1,2 million comprises obligatory provisions in the financial statements.

Valuation principles

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

The depreciation/amortisation periods are:		
	Intangible rights	2-10 years
	Goodwill	5-10 years
	Other intangible assets	3-5 years
	Buildings	25 years
	Constructions	10-25 years
	Machinery and equipment	3-15 years

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

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

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

Pensions

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

Foreign currency translations

Items denominated in foreign currencies are translated using the Bank of Finland average rate valid on 31 December 2012.

Notes to the parent company financial statements

1 Net sales

Eur 1,000	2012	2011
Domestic	752,503	698,695
Foreign	16,652	16,312
Total	769,155	715,007
During the financial period,		
the Group and parent company employed personnel on average		
Total	936	891

2 Depreciation and amortisation

Eur 1,000	**2012**	**2011**
Depreciation of intangible assets	30,448	30,949
Depreciation of intangible and tangible assets	82,573	83,033
Total	113,022	113,982

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

3 Other operating expenses

Eur 1,000	**2012**	**2011**
Operating and maintenance costs	31,056	36,248
Rental costs	36,213	32,958
External services	4,256	2,971
Other cost items	35,020	34,013
Total	106,545	106,191

Auditor fees		
PricewaterhouseCoopers Oy		
Auditing fees	222	189
Tax consulting	30	29
Other fees	330	102

4 Extraordinary items

Eur 1,000	2012	2011
Group contributions	7,018	4,033
Total	7,018	4,033

5 Appropriations

Eur 1,000	2012	2011
Difference between planned depreciation and depreciation for taxation	3,597	17,181

6 Direct taxes

Eur 1,000	2012	2011
Direct taxes	17,209	18,933
Change in deferred tax asset	-87	-96
Change in deferred tax liability	-561	2,097
Total taxes	16,560	20,933

7 Non-current assets

	2012	2011
Eur 1,000		
Development costs		
Acquisition cost 1 January	2,818	2,778
Transfers between items	504	41
Acquisition cost 31 December	**3,323**	**2,818**
Accumulated amortisation 1 January	1,810	1,144
Amortisation for the financial period	776	667
Accumulated amortisation 31 December	2,586	1,810
Book value 31 December	**736**	**1,008**
Intangible rights		
Acquisition cost 1 January	166,210	159,100
Transfers between items	7,801	7,111
Acquisition cost 31 December	**174,011**	**166,210**
Accumulated amortisation 1 January	74,795	53,935
Amortisation for the financial period	19,905	20,859
Accumulated amortisation 31 December	94,700	74,795
Book value 31 December	**79,311**	**91,416**
Goodwill		
Acquisition cost 1 January	21,940	21,940
Transfers between items	676	0
Acquisition cost 31 December	**22,616**	**21,940**
Accumulated amortisation 1 January	21,347	20,604
Amortisation for the financial period	412	743
Accumulated amortisation 31 December	21,759	21,347
Book value 31 December	**857**	**593**
Other non-current intangible assets		
Acquisition cost 1 January	108,934	97,867
Transfers between items	23,436	11,067
Acquisition cost 31 December	**132,370**	**108,934**
Accumulated amortisation 1 January	83,675	74,995
Amortisation for the financial period	9,355	8,680
Accumulated amortisation 31 December	93,030	83,675
Book value 31 December	**39,339**	**25,258**

Land and water		
Acquisition cost 1 January	509	509
Book value 31 December	**509**	**509**
Buildings and constructions		
Acquisition cost 1 January	12,828	11,848
Transfers between items	151	981
Acquisition cost 31 December	**12,980**	**12,828**
Accumulated depreciation 1 January	3,396	2,467
Depreciation for the financial period	956	929
Accumulated depreciation 31 December	4,351	3,396
Book value 31 December	**8,628**	**9,432**
Machinery and equipment		
Acquisition cost 1 January	557,717	495,535
Transfers between items	117,387	62,574
Disposals	-161	-392
Acquisition cost 31 December	**674,944**	**557,717**
Accumulated depreciation 1 January	241,019	234,851
Depreciation for the financial period	81,618	82,104
Depreciation relating to disposals	75,582	-256
Accumulated depreciation 31 December	398,218	316,698
Book value 31 December	**276,726**	**241,019**
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	64,974	25,544
Additions	131,569	121,241
Additions from business combinations	54	11
Disposals	-100	-48
Transfers between items	-159,893	-81,774
Acquisition cost 31 December	**36,604**	**64,974**

8 Investments

	2012	2011
Eur 1,000		
Holdings in Group companies		
Book value 1 January	26,012	10,678
Increase	0	15,334
Book value 31 December	**26,012**	**26,012**
Shares in associated companies		
Book value 1 January	991	991
Increase	655	0
Vähennykset	0.00	0.00
Book value 31 December	**1,646**	**991**
Other shares and holdings		
Book value 1 January	1,370	1,343
Increase	57	28
Lisäykset yritysjärjestelyistä	0.00	0.00
Decrease	0	-1
Book value 31 December	**1,427**	**1,370**

9 Receivables from Group companies

Eur 1,000	2012	2011
Sales receivables	15,386	10,504
Accruals	0	327
Group account receivables	2,700	2,085
Group contribution receivables	7,018	4,033
Total	**25,103**	**16,949**

10 Accruals

Eur 1,000	2012	2011
Trade payables	5,401	4,603
Other receivables	2,857	2,428
Total	**8,257**	**7,030**

11 Shareholders' equity

Eur 1,000	2012	2011
Share capital 1 January	72,702	72,702
Share capital 31 December	**72,702**	**72,702**
Unrestricted equity reserve 1 January	85,603	85,603
Unrestricted equity reserve 31 December	**85,603**	**85,603**
Retained earnings 1 January	163,287	154,525
Dividend distribution	-29,702	-49,937
Treasury shares	-102,671	-876
Retained earnings 31 December	**30,914**	**103,713**
Profit for the financial period	**51,155**	**59,574**
Total shareholders’ equity	**240,374**	**321,592**

12 Appropriations

Eur 1,000	2012	2011
Appropriations comprise accumulated depreciation difference	38,468	42,065

13. Obligatory provisions

Eur 1,000	2012	2011
Estimated decommissioning costs of data centres and masts	2,778	1,150
Onerous contracts	778	812
Pension provision	763	752
Restructuring provision	686	0
Total obligatory provisions	**5,005**	**2,714**

14. Non-current liabilities, maturing in over 5 years

Eur 1,000	2012	2011
EIB	19,048	0
Ilmarinen	0	1,538
Total	**19,048**	**1,538**

15 Liabilities to Group companies

Eur 1,000	2012	2011
Trade payables	2,724	1,459
Accruals	13,556	13,083
Total	**16,279**	**14,542**

16 Accruals

Eur 1,000	2012	2011
Holiday pay and bonuses	11,433	10,394
Interest expenses	1,158	818
Other accruals	23,274	29,914
Total	**35,865**	**41,126**

17 Deferred tax liability/asset

Eur 1,000	2012	2011
Deferred tax asset from obligatory provisions	1,226	665

18 Pledged assets and contingent liagilities

Eur 1,000	2012	2011
Pledged assets		
Contingent liabilities and other liabilities		
Finance lease payments		
Payments due during the next financial period	976	1,749
Payments due at a later date	890	1,176
Total	**1,866**	**2,925**
Leasing contracts are made for three-year periods.		
Other contractual obligations		

Loan collaterals involve the application of covenants. The agreed covenants are related to the good financial position and liquidity of the Group. Violation of any covenants may result in increased financing costs or termination of the loan agreements. The Group monitors the covenants and they have been met during the financial period.

Leasehold commitments	51,541	44,162
Other obligations on behalf of Group companies		
Bank guarantee	610	576

Derivative financial instruments		**2012**	**2011**
Interest rate swaps, hedge accounting (Group)			
	Fair value	-1,243	-371
	Nominal value	80,000	50,000
Interest rate swaps, outside hedge accounting (Group)			
	Fair value	-1,653	-352
	Nominal value	40,000	30,000

RELATED PARTY TRANSACTIONS

Management salaries and commissions	**2012**	**2011**
Board members and the CEO	2,116	1,145

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.

19 Group and parent company holdings

	2012	2011
Group companies		
DNA Store Ltd	100%	100%
Huuked Labs Oy	100%	100%
Forte Groupservices Oy	100%	100%
All Group companies are included in the parent company consolidated accounts.		
Associated companies		
Suomen Numerot Numpac Oy	25%	25%
Booxmedia Oy	20%	0%
Kiinteistö Oy Otavankatu 3	36%	36%
Kiinteistö Oy Siilinjärven Toritie	38%	38%

Suomen Numerot Numpac Oy and Booxmedia Oy are included in the parent company consolidated accounts.
The real estate companies are not included in the consolidated financial statements as their exclusion does not have any significant effect on the Group's financial position.

20 Statement of distributable earnings 31 December

Eur 1,000	2012	2011
Retained earnings	30,914	103,713
Unrestricted equity reserve	85,603	85,603
Profit for the financial period	51,155	59,574
Total distributable funds	**167,672**	**248,889**

INCOME STATEMENT	12/31/2012	12/31/2011
Net sales (MEUR)	769	728
EBITDA (MEUR)	191	188
EBITDA, % of net sales	24.8%	25.9%
Operating result, EBIT (MEUR)	56	51
Operating result, EBIT % of net sales	7.3%	7.0%
Profit for the financial period (MEUR)	36	36
Return on equity (ROE), %	6.3%	5.7%
Return on investment (ROI), %	7.2%	6.6%
BALANCE SHEET		
Equity ratio, %	54.1	62.2%
Net liabilities/EBITDA	1.35	0.81
Gearing, %	48.7	24.5%
Balance sheet total (MEUR)	996	1,019
CAPITAL EXPENDITURE		
Gross investment (MEUR)	136	120
Gross investment, % of net sales	17.7%	16.4%
EMPLOYEES		
Average number of employees for the financial period	1,285	1,008
Per-share key indicators		
Earnings per share (EPS) (EUR)	4.15	3.73
Capital and reserves per share (EUR)	60.7	65.1
Dividend per share (EUR)	4.13	3.10
Dividend per earnings, %	99.5%	83.1%
Effective divident yield, %		-
Price/earnings ratio (P/E)		-
Share price trend		-
Market capitalisation		-
Trading volume for the financial period		-
Trading volume for the financial period, %		-
Weighted average adjusted number of shares during the financial period (1,000)	9,611	9,611
Adjusted number of shares at the end of the financial period (1,000)	9,611	9,611

Calculation of key indicators

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

Calculation of Per-share Key Indicators

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

Board of Directors' proposal on the distribution of profits

DNA Ltd's distributable funds in the financial statements amounted to EUR 167,672,038.88, of which profit for the financial year came to EUR 51,155,121.39. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 4.13 per share be paid. Based on the number of shares at the end of 2012, the total dividend to be paid comes to EUR 35,016,337.16.

DNA Ltd
Board of Directors

Signatures of the annual report and financial statements

Helsinki, on this 15 day of February 2013

Jarmo Leino	Juha Ala-Mursula
Chairman of the Board of Directors	Member of the Board of Directors
Hannu Isotalo	Jukka Ottela
Member of the Board of Directors	Member of the Board of Directors
Tuija Soanjärvi	Anssi Soila
Member of the Board of Directors	Member of the Board of Directors
Riitta Tiuraniemi	
President and CEO	

Auditors' Note

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

Helsinki, on this 15th day of February 2013

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Kronberg
Authorised Public Accountant

Auditor’s Report

To the Annual General Meeting of DNA Ltd

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of DNA Ltd for the financial year from 1 January to 31 December 2012. The financial statements comprise the consolidated 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 CEO

The Board of Directors and the CEO 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 CEO 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 CEO 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 judgement, 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, 15th March, 2013

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Kronberg
Authorised Public Accountant

Signatures of the annual report and financial statements

Helsinki, on this 15 day of February 2013

Jarmo Leino	Juha Ala-Mursula
Chairman of the Board of Directors	Member of the Board of Directors
Hannu Isotalo	Jukka Ottela
Member of the Board of Directors	Member of the Board of Directors
Tuija Soanjärvi	Anssi Soila
Member of the Board of Directors	Member of the Board of Directors
Riitta Tiuraniemi	
President and CEO	

Auditors' Note

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

Helsinki, on this 15th day of February 2013

PricewaterhouseCoopers Oy
Authorised Public Accountants

Johan Kronberg
Authorised Public Accountant

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