Interim Report

January–March 2011

DNA

28 April 2011

DNA’s EBITDA grew

Summary

- Net sales increased by 8.5 per cent year-on-year to EUR 175.2 million (161.4 million). From 1 July 2010 onwards, net sales growth was particularly fuelled by incorporation of the Welho business.
- DNA’s EBITDA improved by 10.1 per cent to EUR 51.8 million (47.1 million), or 29.6 per cent of net sales. Due to an increase in depreciation, operating profit fell by 18.4 per cent to EUR 16.3 million (20.0 million), or 9.3 per cent of net sales.
- On 31 March 2011, the Council of State granted DNA Ltd a nationwide network operating licence in multiplex VHF C in the terrestrial network. The new licence allows DNA to add a notable number of new channels to its offering in the terrestrial network.

- The DNA mobile communication subscription base grew by 7.8 per cent year-on-year, reaching 2,112,000 in total (1,960,000).
  - Revenue per user (ARPU) for mobile communications amounted to EUR 21.0 (21.5).
  - Mobile communication subscription turnover rate (CHURN) was 19.1 per cent (20.8 per cent).
- DNA’s fixed-line network subscription base grew by 64.7 per cent year-on-year, reaching a total of 1,051,000 voice, broadband and cable TV subscriptions, particularly due to the incorporation of the Welho business.

Key figures

Figures are unaudited.

EUR million	1–3/2011	1–3/2010
Net sales	**175.2**	161.4
EBITDA	**51.8**	47.1
– % of net sales	**29.6**	29.2
Operating profit (EBIT)	**16.3**	20.0
– % of net sales	**9.3**	12.4
Profit before tax	**15.3**	17.8
Profit/loss for the financial period	**11.3**	13.4
Return on investment (ROI), %*	**8.8**	13.9
Return on equity (ROE), %*	**7.3**	12.9
Investments	**15.6**	8.3
Cash flow after investments	**25.9**	24.0

	31 March 2011	31 March 2010
Net debt, EUR million	**128.7**	117.0
Net debt/EBITDA	**0.62**	0.62
Gearing, %	**21.5**	29.0
Equity ratio, %	**65.2**	53.9
Personnel at end of period (persons)	**982**	819

*12-month average

Additional information: Riitta Tiuraniemi, President and CEO, tel. +358 44 044 1000, riitta.tiuraniemi@dna.fi
Ilkka Pitkänen, CFO, tel. +358 44 044 4001, ilkka.pitkanen@dna.fi
Minna Robertson, Financial Communications Manager, tel. +358 44 044 9877, minna.robertson@dna.fi

Distribution: Key media

www.dna.fi

CEO's review

> "Terrestrial network licences speed up industry development."

In the first quarter of the year, our net sales grew by 8.5 per cent year-on-year and came to EUR 175.2 million (161.4 million). EBITDA for the period amounted to EUR 51.8 million, accounting for 29.6 per cent of net sales (29.2 per cent). Operating profit came to EUR 16.3 million, accounting for 9.3 per cent of net sales (12.4 per cent). Gearing decreased, and our net debt/EBITDA ratio was 0.62 (0.62).

The merger of DNA and Welho's businesses proceeded as planned. Cooperative negotiations were concluded on 17 February 2011, and the entire personnel now operates under one organisation. After the review period, we introduced the S, M, L and XL broadband product offering, already familiar to Welho's customers, to all customers in our fixed network. Our mobile broadband product offering has also undergone an overhaul to adopt a similar, clearer structure. The new, unified DNA will continue to launch more products in the spring.

The Council of State granted DNA the third national network operating licence in the terrestrial network in March. DNA also obtained very appealing programme content for its network. The network licence and programme licence package granted by the Council of State allows us to provide a broad and competitive pay-TV service offering in our terrestrial network as well as to conduct profitable business as a network supplier to other pay-TV operators in the terrestrial network.

Due to the new licence decisions, the Finnish TV market is changing rapidly. Network competition makes the construction of networks much more effective and improves the utilisation of the limited – and thus very valuable – frequency capacity. This makes it possible to introduce much bigger channel capacity, which in turn provides new opportunities for TV content providers and promotes the use of pay-TV services. This also makes the introduction of hybrid IP technology solutions more profitable in the nationwide market.

The extensive renewal of our customer information system in October 2010 caused temporary service disruptions at the beginning of 2011 and required additional resources. The integration of the new system is now in the final phase, and our service levels have returned to normal. As of this spring, we will be able to utilise the full capacity of the system and can provide high-quality products and services to our customers and improve our operational efficiency further.

The Group's financial position is expected to remain good in 2011 and net sales to grow by 5 to 6 per cent mainly due to the integration of the Welho business. EBITDA is estimated to remain at the same level as in 2010 or to improve slightly. Due to an increase in depreciation, operating profit is estimated to be lower than in 2010.

Riitta Tiuraniemi

Interim Report *January–March 2011*

Accounting principles

This interim report has been prepared in accordance with IFRS recognition and measurement principles. For more detailed information on the accounting principles, please see note 1 (Accounting principles).

Unless otherwise stated, the comparison figures in brackets refer to the equivalent period in the previous year. The information presented in this interim report is unaudited.

Market situation and business environment

The overall economic situation improved during the first quarter of the year; however, competition increased further in the telecommunications consumer market. The demand for smart phones increased, and the demand for mobile communication services, particularly for mobile broadband, was strong. The mobile broadband turnover rate remained high. Fixed-line broadband customers were actively switching to higher-speed connections. Demand for television services and mobile voice communication, which constitutes the largest individual market, remained steady.

Competition remained intense in the corporate market. During the review period, demand kept switching from fixed-network services to mobile services. This was reflected in particular in the decreasing volumes of fixed-network operator services and voice services. Demand for mobile communication services increased, while that for fixed-network broadband services remained steady.

The Council of State granted new licences in the terrestrial network on 31 March 2011. FiCom (the Finnish Federation for Communications and Teleinformatics), the Finnish Communications Regulatory Authority and the Finnish Consumer Agency finalised the general delivery terms for teleoperators' consumer business. Mobile network termination charges between operators fell from January-March 2010.

Net sales

DNA's net sales for the January-March period amounted to EUR 175.2 million (161.4 million), increasing by 8.5 per cent on last year. The growth was fuelled in particular by the incorporation of the Welho business into DNA's consumer business. The main brake on net sales growth was a slower than expected growth of mobile subscription volumes, price erosion caused by intensifying competition, falling demand for fixed-network services and the reduction in mobile network termination charges.

During the review period, 75.4 per cent (72.5 per cent) of net sales were generated by consumer business and 24.6 per cent (27.5 per cent) by corporate business.

Result

DNA's EBITDA in January-March amounted to EUR 51.8 million (47.1 million), accounting for 29.6 per cent of net sales (29.2 per cent). Operating profit decreased to EUR 16.3 million (20.0 million), or 9.3 per cent of net sales (12.4 per cent).

The growth in EBITDA was mainly attributable to the growth of consumer business net sales and lower than expected integration costs. EBITDA and operating profit were burdened by the increase in consumer business material costs and actions necessitated by intensifying competition. In addition, operating profit was largely burdened by an increase in depreciation, which totalled EUR 35.5 million (27.1 million). This increase was mainly caused by bigger investments in the data communication network and shorter useful lives of data communication networks.

DNA's profit before taxes in January-March came to EUR 15.3 million (17.8 million). Earnings per share came to EUR 1.18 (1.76).

Financial profits and expenses amounted to EUR -1.0 million (-2.2 million). Income tax for the review period was EUR 4.0 million (4.4 million) and profit decreased to EUR 11.3 million (13.4 million).

Group key indicators

EUR million	1-3/2011	1-3/2010
Net sales	**175.2**	161.4
EBITDA	**51.8**	47.1
- % of net sales	**29.6**	29.2
Operating profit (EBIT)	**16.3**	20.0
- % of net sales	**9.3**	12.4
Profit before tax	**15.3**	17.8
Profit/loss for the financial period	**11.3**	13.4
Return on investment (ROI), % *	**8.8**	13.9
Return on equity (ROE), % *	**7.3**	12.9
Cash flow after investments	**25.9**	24.0

*12-month average

Key operative indicators

	1-3/2011		1-3/2010
Number* of mobile communication network subscriptions at end of period	**2,112,000**		1,960,000
– Revenue per user (ARPU), EUR**	**21.0**		21.5
– Customer CHURN rate, %**	**19.1**		20.8
Number of fixed-network subscriptions at end of period	**1,051,000**	***	638,000

* includes mobile broadband
** includes postpaid subscriptions only
*** includes Welho subscriptions

Cash flow and financial position

Cash flow after investments in January-March improved year-on-year to EUR 25.9 million (24.0 million). The financial position improved, and gearing was 21.5 per cent at the end of the period (29.0 per cent).

At the end of the period, the Group's liquid assets amounted to EUR 5.1 million (36.6 million) and interest-bearing liabilities to EUR 133.7 million (153.6 million). Undrawn credit limits, including the loan of EUR 120 million maximum negotiated with the European Investment Bank, came to EUR 185.0 million (90.0 million). In addition, the Group has an undrawn commercial paper programme worth EUR 150.0 million (150.0 million).

Net debt/EBITDA ratio was 0.62 (0.62).

The balance sheet remained strong, with the end-of-period equity ratio totalling 65.2 per cent (53.9 per cent).

Cash flow and financial key figures

	1-3/2011	1-3/2010
Cash flow after investments, EUR million	**25.9**	24.0

	31 March 2011	31 March 2010
Net debt, EUR million	**128.7**	117.0
Net debt/EBITDA	**0.62**	0.62
Gearing, %	**21.5**	29.0
Equity ratio, %	**65.2**	53.9

Development per business segment

Consumer business

DNA's consumer business net sales for the review period increased to EUR 132.1 million (117.0 million) mainly due to the Welho acquisition and the slightly positive development in mobile communication services.

EBITDA improved to EUR 36.8 million (30.4 million) and operating profit fell to EUR 14.0 million (15.0 million).

Operating profit improved through growth from the Welho acquisition and the slightly higher volume of mobile services. EBITDA and operating profit were burdened by the increase in material costs and actions necessitated by intensifying competition. Operating profit was also burdened in particular by the increase in depreciation, of which EUR 22.8 million was allocated to consumer business (15.4 million).

DNA continued the construction of its terrestrial network during the period. Test HDTV broadcasting via DNA's terrestrial network continued on 1 January 2011, under the DVB-T2 standard as required by the company's network operating licence. On 31 March 2011, the Council of State granted DNA a nationwide network operating licence in multiplex VHF C in the terrestrial network. The licence will be valid until 31 December 2016. The new licence is an important addition to the nationwide network licences for the VHF A and VHF B multiplexes, granted to DNA in 2009, allowing the company to add a significant number of new channels to its offering in the terrestrial network.

Corporate business

Corporate business net sales for the review period fell to EUR 43.1 million (44.4 million) due to decreased volumes in operator sales. Net sales decreased in fixed-network voice services and increased in mobile communication services.

EBITDA amounted to EUR 15.0 million (16.7 million) and operating profit to EUR 2.3 million (5.0 million).

EBITDA was burdened by the decrease in net sales. Operating profit was also burdened by the increase in depreciation, of which EUR 12.7 million was allocated to corporate business (11.7 million).

On 28 March 2011, DNA and G4S, the world's leading provider of security solutions, announced the use of DNA's network for G4S security services. The agreement covers several thousand subscriptions and both fixed and wireless connections. The mobile subscriptions covered by the agreement are M2M subscriptions for devices.

Key indicators per business segment

EUR million		Consumer business		Corporate business
	1-3/2011	1-3/2010	1-3/2011	1-3/2010
Net sales	**132.1**	117.0	**43.1**	44.4
EBITDA	**36.8**	30.4	**15.0**	16.7
- % of net sales	**27.9%**	26.0%	**34.8%**	37.5%
Operating profit/loss	**14.0**	15.0	**2.3**	5.0
- % of net sales	**10.6%**	12.8%	**5.4%**	11.2%

Investments

Investments in January-March amounted to EUR 15.6 million (8.3 million), or 8.9 per cent of net sales (5.1 per cent). Major individual items included investments in the 3G network and fibre and transfer systems.

On 10 January 2011, DNA announced that it is extending the cooperation with long-term partner Ericsson to include all 3G/HSPA+ network and the technology needed to build and launch DNA's 4G network. The agreement also covers further expansion of DNA's 3G network. The contract period is three years.

During the review period, DNA announced the establishment of new customer call service centres in the cities of Kajaani, Tornio, Turku, Helsinki and Lahti. The new centres bring the total number of DNA's call centres to 15.

Investments

EUR million	1-3/2011	1-3/2010
Consumer business	**10,995**	5,677
Corporate business	**4,613**	2,632
Total investments	**15,608**	8,309

Research and development

During the review period, the Group invested EUR 0.1 million (0.0 million) in research and product development. The investments represented 0.0 per cent (0.0) of net sales, of which EUR 0.0 million (0.0 million) was entered in the balance sheet.

Personnel

At the end of March, DNA employed 982 (819) personnel. The year-on-year increase of 19.9 per cent was attributable to the Welho acquisition. Personnel were distributed as follows: 681 (512) in the consumer business and 301 (307) in the corporate business.

The average number of employees in January-March was 987 (820). Wages and salaries paid during the period amounted to EUR 9.9 million (10.0).

As part of the incorporation of the Welho business into DNA, cooperation negotiations were organised between 3 January and 17 February 2011, resulting in 23 redundancies. In addition, the positions of 27 employees will be relocated.

On 7 February 2011, DNA announced the construction of a new office building in Käpylä, Helsinki. All DNA staff in the Helsinki Metropolitan Area, a total of around 600 employees, will relocate to the new premises. The building will be completed in late summer 2012.

Number of personnel

	31 March 2011	31 March 2010
Consumer business	**681**	512
Corporate business	**301**	307
Total personnel	**982**	819

Changes in the Group structure

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

Significant litigation matters

There were no significant litigation matters during the review period.

Management and governance

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

DNA Ltd's Annual General Meeting of 10 March 2011 adopted the financial statements and discharged the Board of Directors and the CEO from liability for the financial period from 1 January to 31 December 2010.

The Annual General Meeting confirmed the Board of Directors to comprise eight members. Mr Hannu Isotalo, Mr Jarmo Leino, Ms Anu Nissinen, Mr David Nuutinen, Mr Jukka Ottela, Mr Risto Siivola and Mr Anssi Soila continue as members of the Board. Ms Tuija Soanjärvi, Senior Vice President, CFO of Itella Corporation, was elected a new Board member. PricewaterhouseCoopers Ltd continue as the company's auditor.

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

On 31 March 2011, the Board of Directors decided to establish an audit committee that will primarily be in charge of DNA Ltd's financial reporting and control and preparation of audit-related matters. The Board elected Ms Tuija Soanjärvi as Chairman and Mr David Nuutinen and Mr Jukka Ottela as members of the audit committee.

DNA Ltd's corporate governance principles are described in more detail in the company's Annual Report 2010.

Shares and shareholders

Shareholders

The 10 largest shareholders of DNA Ltd on 31 March 2011 included Finda Oy, Sanoma Television Oy, Oulu ICT Oy, PHP Liiketoiminta Oyj, Osuuskunta KPY, Anvia Plc, Lohjan Puhelin Oy, Ilmarinen Mutual Pension Insurance Company, Pietarsaaren Seudun Puhelin Oy and Karjaan Puhelin Oy. They owned a total of 99.5 per cent of DNA's shares and share capital. The mergers of Kuopion Puhelin Oy into Osuuskunta KPY and Kokkolan Puhelin Oy into Anvia Plc were entered into the DNA share and shareholder register on 13 January 2011. The merger of Sanoma Television Oy into Sanoma Entertainment Finland Oy was entered in the share and shareholder register on 7 February 2011.

Dividend

In accordance to the proposal by the Board of Directors, the Annual General Meeting of 10 March 2011 decided to pay a dividend of EUR 5.20 per share, at a total of EUR 49,936,515.20, to DNA's shareholders.

Shares

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

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

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

Share issues and option rights

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

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

Corporate responsibility

The Board of Directors approved DNA's ethical principles on 13 January 2011.

The mobile radio network has been identified as the main source of DNA's environmental impacts. Base stations are currently being updated, and the new equipment will cut the energy consumption of DNA's GSM and 3G networks by 50 per cent. A more extensive equipment upgrade is scheduled to begin in the second half of 2011.

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

DNA continued the corporate responsibility development project, which is based on the Global Reporting Initiative (GRI) reporting model. The reporting model will be implemented in stages, selecting those GRI metrics that are most relevant to DNA's business. DNA's first corporate responsibility report based on the GRI reporting model is included in the Annual Report 2010. As part of corporate responsibility reporting, DNA published a wider GRI content index on the company website.

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. For a more detailed description of DNA's risk management and risks, please see the Board of Directors Report in the Annual Report.

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

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

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

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

The Finnish telecommunications market is characterised by stringent regulation. Regulation and, in particular, the authorities' ability to influence the price level of products and services, cost structure as well as the grounds on which frequencies are distributed, may also have an impact on DNA's business. For example, changes in legislation may have an effect on the depreciation periods of plant, property and equipment.

The operators' business environment is very sensitive to change, and the pace of change is increasing. Technological development can create new communications methods alongside the traditional ones offered by telecom operators. Customer behaviour can change rapidly if new communications methods are sufficiently reliable and easy to use. If such services gain widespread popularity, they can have an overall impact on the traditional business of operators.

Intense market competition places high demands on the operators' systems. They must be able to provide usable and high-quality tools and to productise services quickly and cost-efficiently.

In order to manage the Group interest rate risk, some of the loans taken by the Group have been hedged and 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.

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

Events after the review period

On 6 April 2011, DNA announced the completion of an extensive upgrade in its fixed broadband network and availability of high-speed broadband connections, familiar from Welho's network, to nearly a million Finnish households in May. The speed of the connections in DNA's cable network vary between 10 Mbps and 200 Mbps. DNA's ADSL subscriptions were also revamped. More than 900,000 Finnish households are covered by DNA's upgraded fixed broadband network, two thirds of which are within the cable network. DNA is also introducing customer promises for its broadband products, promoting high customer satisfaction with regard to connection speeds and terms of service.

On 6 April 2011, DNA became the first operator to adopt the new general delivery terms for teleoperators' consumer business in its sales for new customers. The terms were finalised by FiCom (the Finnish Federation for Communications and Teleinformatics), the Finnish Communications Regulatory Authority and the Finnish Consumer Agency.

On 8 April 2011, DNA announced fixed-fee mobile phone and mobile broadband subscriber connections. The new mobile subscriptions can be flexibly adjusted to meet user needs for a fixed monthly fee that includes a selected combined number of calls and text messages. Each new mobile broadband subscription has a dedicated maximum transmission speed and a defined volume of prioritised data transmission over the 3G network. The new subscriptions will be the only subscriptions available to new customers, replacing the old fixed-fee offering.

On 19 April 2011, DNA announced the expansion of its 3G network, having added 200 new base stations during the winter and early spring. The network covers almost five million Finns, and will be expanded further.

Outlook for 2011

Market outlook

It is estimated that the total value of the Finnish telecommunications market will remain unchanged. Areas likely to experience growth include mobile broadband and TV services. The value of fixed-line broadband business is anticipated to remain unchanged and the value of fixed-line voice services to decrease.

In addition to the overall economic situation, net sales and profitability of the industry are affected by market development in general, pricing pressures, increased competition in the mobile communication market in particular and the reduction in mobile termination charges in December 2010. The overall economic situation is expected to continue improving.

The Finnish Communications Regulatory Authority (FICORA) is currently reviewing future reductions in mobile termination charges. This may have an effect on teleoperators' future net sales levels.

The changes made to the Telecommunications Act in accordance with the EU directives on electronic communication will come into effect in 2011. The most important change will be the possibility of number porting in fixed-term contracts, which will further increase competition between teleoperators.

DNA's outlook

Competition in the consumer market is expected to increase further due to the change in the Telecommunications Act in particular. DNA anticipates that its business operations will be launched in terrestrial TV networks and the pay-TV business. Demand for the company's mobile broadband services is anticipated to increase, and it is estimated that fixed-network broadband customers will continue to actively switch to higher-speed connections.

Competition in the corporate market is expected to remain tight. Demand for DNA's mobile communication services is expected to grow, whereas demand for fixed-network services is expected to decrease.

DNA's current terrestrial HDTV network is estimated to cover 80 per cent of the Finnish population in 2011. The company anticipates that the multiplex VHF C, for which the Council of State granted DNA an operating licence on 31 March 2011, will reach similar coverage by the end of 2012 at the latest.

DNA intends to invest heavily in the construction and deployment of the 4G network in 2011. During the three-year contract between DNA and Ericsson, DNA expects to begin offering 4G services in major cities and to launch 4G commercially in 2011. The agreement also includes further expansion of DNA's 3G network to achieve nationwide coverage.

The Group's financial position is expected to remain good in 2011 and net sales to grow by 5 to 6 per cent mainly due to the integration of the Welho business. EBITDA is estimated to remain at the same level as in 2010 or to improve slightly. Due to an increase in depreciation, operating profit is estimated to be lower than in 2010.

DNA Ltd
Board of Directors

Publication schedule for DNA's financial information at 10 am:

Interim report January-June	21 July 2011
Interim report January-September	27 October 2011

Interim Financial Statements

The interim report has been prepared in accordance with IFRS regulations and measurement principles. However, the report does not fully comply with all requirements of the IAS 34 Interim Financial Reporting standard. The information has been prepared in accordance with the valid International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the financial statements of 31 December 2010. This interim report should be read observing the 2010 financial statements.

Consolidated statement of comprehensive income, IFRS

EUR million	1-3/2011	1-3/2010	1-12/2010
Net sales	**175.2**	161.4	690.5
Other operating income	**1.1**	0.9	3.7
Materials and services	**-86.8**	-81.1	-350.8
Employee benefit expenses	**-12.3**	-12.3	-63.1
Depreciation	**-35.5**	-27.1	-116.8
Other operating expenses	**-25.4**	-21.8	-98.2
Operating result	**16.3**	20.0	65.2
Financial income	**0.5**	0.3	1.4
Financial expense	**-1.4**	-2.5	-6.1
Share of associated companies' results	**0.0**	0.0	0.0
Net profit/loss before tax	**15.3**	17.8	60.6
Income tax	**-4.0**	-4.4	-14.5
Net profit/loss for the period	**11.3**	13.4	46.0
Other comprehensive income			
Cash flow hedges	**0.2**	0.0	0.6
Other comprehensive income, net of tax	**0.2**	0.0	0.6
Total comprehensive income	**11.5**	13.4	46.6
Net profit/loss attributable to:			
Owners of the parent	**11.3**	13.4	46.0
Comprehensive income attributable to:			
Owners of the parent	**11.5**	13.4	46.6
Earnings per share of the profit attributable to equity holders of the parent company			
Basic earnings per share, EUR	**1.18**	1.76	5.35
Average number of shares			
-Basic	**9,603**	7,584	8,604

Consolidated statement of financial position, IFRS

Assets

EUR million	31 March 2011	31 March 2010	31 December 2010
NON-CURRENT ASSETS			
Goodwill	**209.8**	96.7	209.8
Other intangible assets	**134.4**	58.7	134.4
Property, plant and equipment	**394.0**	380.4	412.6
Investments in associates	**1.1**	1.1	1.1
Available-for-sale financial assets	**0.2**	0.2	0.2
Trade and other receivables	**9.9**	7.6	7.9
Deferred income tax assets	**26.0**	30.3	28.5
TOTAL NON-CURRENT ASSETS	**775.3**	575.0	794.4
CURRENT ASSETS			
Inventories	**9.9**	7.0	12.5
Trade and other receivables	**145.4**	135.2	158.1
Cash and cash equivalents	**5.1**	36.6	49.5
TOTAL CURRENT ASSETS	**160.4**	178.8	220.0
TOTAL ASSETS	**935.7**	753.8	1,014.4

Equity and liabilities

EUR million	31 March 2011	31 March 2010	31 December 2010
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	**72.7**	72.7	72.7
Reserves	**605.5**	404.7	605.3
Retained earnings	**-78.8**	-73.4	-40.3
Equity attributable to owners of the parent	**599.4**	404.0	637.7
Total equity	**599.4**	404.0	637.7
LIABILITIES			
Non-current liabilities			
Deferred tax liabilites	**68.1**	52.6	71.9
Interest-bearing non-current liabilities	**82.5**	104.6	100.3
Derivative financial instruments	**0.8**	1.7	1.1
Provisions for other liabilities	**7.1**	8.5	8.0
Retirement benefit obligations	**0.2**	0.3	0.2
Other non-current liabilities	**1.4**	1.4	1.4
Total non-current liabilities	**160.2**	169.0	183.0
Current liabilities			
Interest-bearing current liabilities	**51.2**	49.0	51.6
Derivative financial instruments	**0.0**	0.3	0.0
Provisions for other liabilities	**1.4**	2.7	6.5
Income tax liabilities	**12.1**	0.2	9.2
Trade and other payables	**111.4**	128.7	126.5
Total current liabilities	**176.1**	180.8	193.8
Total equity and liabilities	**935.7**	753.8	1,014.4

IFRS=International Financial Reporting Standards

Condensed consolidated statement of cash flows

EUR million	1-3/2011	1-3/2010	1-12/2010
Cash flows from operating activities			
Profit/loss for the period	**11.3**	13.4	46.0
Adjustments			
Depreciation	**35.5**	27.1	116.8
Change in working capital	**-0.2**	-3.9	-13.6
Other adjustments	**-4.3**	-3.3	5.7
Net cash generated from operating activities	**42.4**	33.2	154.9
Cash flows from investing activities			
Investments in tangible and intangible assets	**-16.7**	-9.6	-83.4
Proceeds from sale of assets	**0.2**	0.1	0.3
Acquisition of subsidiaries and business transfers	**0.0**	0.0	0.0
Change in other shares	**0.0**	0.2	0.0
Loan repayments received	**0.0**	0.0	0.0
Change in other investments	**0.0**	0.0	0.0
Net cash used in investing activities	**-16.5**	-9.2	-83.0
Cash flows from financing activities			
Dividends paid	**-49.9**	0.0	-33.0
Repayments of current interest-bearing liabilities	**-18.4**	0.0	0.0
Borrowing of non-current interest-bearing liabilities	**0.0**	10.0	30.0
Repayments of non-current interest-bearing liabilities	**0.0**	-27.0	-19.0
Change in non-current receivables	**-1.9**	3.2	3.3
Net cash used in financing activities	**-70.3**	-13.7	-18.6
Change in cash and cash equivalents	**-44.4**	10.2	23.2
Cash and cash equivalents at beginning of period	**49.5**	26.3	26.3
Cash and cash equivalents at end of period	**5.1**	36.6	49.5

Consolidated statement of changes in equity

EUR 1,000	Share capital	Hedge fund	Unrestricted equity reserve	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2010	72.7	-1.2	407.0	-53.8	0.0	424.6
Comprehensive income						
Profit/loss	0.0	0.0	0.0	13.4	0.0	13.4
Other comprehensive income						
Cash flow hedges, net of tax		0.0				0.0
Total other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	0.0	0.0	0.0	13.4	0.0	13.4
Transactions with owners						
Acquisitions				0.0	0.0	0.0
Other changes			-1.0	0.0		-1.0
Dividends relating to 2009				-33.0		-33.0
Total contributions by and distributions to owners	0.0	0.0	-1.0	-33.0	0.0	-34.0
Balance at 31 March 2010	72.7	-1.2	405.9	-73.4	0.0	404.0

EUR 1,000	Share capital	Hedge fund	Unrestricted equity reserve	Retained earnings	Non-controlling interest	Total equity
Balance at 1 January 2011	72.7	-0.6	605.9	-40.3	0.0	637.7
Comprehensive income						
Profit/loss	0.0	0.0	0.0	11.3	0.0	11.3
Other comprehensive income						
Cash flow hedges, net of tax		0.2				0.2
Total other comprehensive income	0.0	0.2	0.0	0.0	0.0	0.2
Total comprehensive income for the period	0.0	0.2	0.0	11.3	0.0	11.5
Transactions with owners						
Employee share option scheme: granted options				0.1		0.1
Dividends relating to 2010				-49.9		-49.9
Total contributions by and distributions to owners	0.0	0.0	0.0	-49.8	0.0	-49.8
Balance at 31 March 2011	72.7	-0.4	605.9	-78.8	0.0	599.4

Notes to the interim financial statements

1. Accounting principles

The interim report has been prepared in accordance with IFRS regulations and measurement principles. However, the report does not fully comply with all requirements of the IAS 34 Interim Financial Reporting standard. The information has been prepared in accordance with the valid International Financial Reporting Standards, as approved for application throughout the European Union. The accounting principles are identical to those applied to the financial statements of 31 December 2010. This interim report should be read observing the 2010 financial statements.

2. Segment information under IFRS 8

There were no unallocated items in 2011 and 2010.

EUR 1,000
1 Jan-31 Mar 2011

Business Segments	Consumer	Corporate	Group total
Net sales	**132,073**	**43,117**	**175,190**
EBITDA	**36,787**	**15,022**	**51,809**
Depreciation	**22,823**	**12,692**	**35,515**
Profit	**13,964**	**2,330**	**16,294**
Financial items			**-962**
Profit/loss before tax			**15,336**
Profit/loss for the financial period			**11,305**
Investments	**10,995**	**4,613**	**15,608**
Personnel at end of period	**681**	**301**	**982**

EUR 1,000
1 Jan-31 Mar 2010

Business Segments	Consumer	Corporate	Group total
Net sales	116,996	44,417	161,413
EBITDA	30,407	16,653	47,060
Depreciation	15,404	11,688	27,092
Profit	15,004	4,695	19,969
Financial items			-2,194
Profit/loss before tax			17,778
Profit/loss for the financial period			13,381
Investments	5,677	2,632	8,309
Personnel at end of period	512	307	819

EUR 1,000
1 Jan-31 Mar 2010

Business Segments	Consumer	Corporate	Group total
Net sales	513,440	177,053	690,492
EBITDA	125,721	56,333	182,054
Depreciation	73,063	43,765	116,828
Profit	52,658	12,568	65,225
Financial items			-4,681
Profit/loss before tax			60,555
Profit/loss for the financial period			46,032
Investments	60,610	22,764	83,373
Personnel at end of period	697	306	1,003

3. Investments

EUR 1,000	1-3/2011	1-3/2010	1-12/2010
Capital expenditure			
Intangible assets	**3,718**	2,409	21,055
Tangible assets	**11,891**	5,900	62,318
Total	**15,608**	8,309	83,373

4. Shareholders' equity

Notes to Shareholders' equity:

EUR 1,000	Number of shares *	Share capital	Unrestriced equity reserve
1 January 2010	7,581	72,702	406,956
Directed share issue	3		
Other changes			- 1,029
31 March 2010	7,584	72,702	405,927
1 January 2011	9,603	72,702	605,927
31 March 2011	9,603	72,702	605,927

* Number of shares include 7,500 treasury shares.

Payment of dividend

DNA Ltd's Annual General Meeting of 10 March 2011 approved a payment of dividend (EUR 5.20 per share) totalling EUR 49,936,515.20. The dividend was paid on 23 March 2011.

Treasury shares

No treasury shares were redeemed during the financial period.

Date	Amount	Payment, EUR
7 April 2010	5,000	588,402
4 August 2009	2,500	287,209
Total	7,500	875,611

Treasury shares in total represent 0.1 per cent of the votes. The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

The shares do not have nominal value.

5. Net liabilities

EUR 1,000	31 March 2011	31 March 2010	31 Dec 2010
Non-current and current interest-bearing liabilities	**133,736**	153,585	151,876
Less short-term investments, cash and bank balances	**5,066**	36,553	49,466
Total	**128,670**	117,032	102,410

6. Provisions

EUR 1,000	Decommissioning provision	Onerous contracts	Restructuring provision	Other provisions
Provisions 1 January 2011	**4,683**	**3,786**	**6,076**	**0**
Additions				
Provisions used		**-279**	**-527**	
Other changes/discount effect	**-228**	**-710**	**-4307**	
Provisions 31 March 2011	**4,455**	**2,799**	**1,241**	**0**
Provisions 1 January 2010	4,667	4,636	3,710	0
Additions				
Provisions used		-206	-428	
Other changes/discount effect	-64	-559	-546	
Provisions 31 March 2010	4,603	3,871	2,736	0
Provisions 1 January 2010	4,667	4,636	3,710	0
Additions		767	4,587	
Business combinations		704		200
Provisions used	-113	-888	-2,221	-100
Other changes/discount effect	130	-1,433		-100
Provisions 31 December 2010	4,683	3,786	6,076	0

7. Related party transactions

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

The following related party transactions were carried out during the period:

EUR 1,000 3/2011	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	**2,528**	**585**	**920**	**32**
Associated companies	**0**	**32**	**0**	**0**
Other related parties	**0**	**0**	**0**	**0**

EUR 1,000 3/2010	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	14	764	5	0
Associated companies	0	52	0	0
Other related parties	0	33	0	0

EUR 1,000 12/2010	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	7,447	5,176	2,224	771
Associated companies	0	185	0	0
Other related parties	0	81	0	0

8. Rights issues

There were no rights issues during the financial period. A rights issue was targeted at management as part of their incentive scheme in 2010, and a total of 2,748 new shares were subscribed to at a per-share subscription price of EUR 97. Riitta Tiuraniemi subscribed to 180 shares and other members of the company's management subscribed to 2,568 shares. The new shares issued did not have a nominal value.

9. Share-based payments

Conditions of share-based incentive scheme

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

Option scheme

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

Option scheme

Classification	2010A	2010B
Target group	Management and key personnel	Management and key personnel
Granting date	10 March 2010	1 March 2011
Amount of granted instruments	50,000	58,000
Exercise price	EUR 97.00	EUR 97.00
Share price at granting date	EUR 97.00	EUR 98.66
Subscription period	2 Jan 2013-30 April 2015	2 Jan 2014-30 April 2016
Expected life (years)	5 years	5 years
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Share options outstanding

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

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

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

Key figures

	1-3/2011	1-3/2010	1-12/2010
Equity per share, EUR	**62.4**	53.3	66.4
Interest-bearing net liabilities, EUR million	**128.7**	117.0	102.4
Gearing, %	**21.5**	29.0	16.1
Equity ratio, %	**65.2**	53.9	63.6
Net debt / EBITDA	**0.62**	0.62	0.56
Return on investment (ROI), %	**8.8**	13.9	9.6
Return on equity (ROE), %	**7.3**	12.9	8.7
Investments, EUR million	**15.6**	8.3	83.4
Investments, % of net sales	**8.9**	5.1	12.1
Personnel at end of period	**982**	819	1,003

Key operative indicators

Mobile communication network subscription volumes:

Number of:	3/2011	3/2010	12/2010
Subscriptions (incl. mobile broadband)	**2,112,000**	1,960,000	2,108,000
DNA's own customers	**2,014,000**	1,857,000	1,999,000

	1-3/2011	1-3/2010	1-12/2010
Revenue per subscription (ARPU), EUR *	**21.0**	21.5	21.4
Customer churn rate, % *	**19.1**	20.8	19.4

* Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	3/2011	3/2010	12/2010
Broadband subscriptions	**297,000**	178,000	291,000
Cable TV subscriptions	**602,000**	271,000	598,000
Telephone subscriptions	**152,000**	189,000	171,000

Calculation of key figures

$$\text{Equity per share (in euros)} = \frac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of outstanding shares at end of period}}$$

$$\text{Interest-bearing net liabilities (in euros)} = \text{Interest-bearing liabilities – liquid assets}$$

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

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

$$\text{EBITDA (in euros)} = \text{Operating result + depreciation and amortisation}$$

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

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

$$\text{Interest-bearing net debt} = \text{Interest-bearing liabilities – money-market investments – liquid assets}$$

$$\text{Interest-bearing net debt / EBITDA*} = \frac{\text{Interest-bearing net debt}}{\text{EBIT + depreciation + amortisation}}$$

* 12-month adjusted EBITDA