interim report

January–September 2010

DNA's good performance continued despite the demanding market development

Key figures

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	181	167	508	487	652
EBITDA	48	47	142	118	167
EBITDA, per cent	26.6	28.4	28.7	22.1	25.6
EBITDA excluding non-recurring items	49	49	143	135	179
EBITDA, per cent excluding non-recurring items	26.9	29.5	28.7	26.7	27.5
EBIT	18	15	58	32	-44
EBIT, per cent	9.7	9.2	12.3	5.1	-6.7
EBIT excluding non-recurring items	18	17	58	48	63
EBIT, per cent excluding non-recurring items	10.1	10.3	12.3	9.8	10.3
Profit before tax	16	19	54	34	-43
Profit/loss for the financial period	12	13	40	25	-57
Return on investment (ROI), per cent *)	9.0	8.9	11.3	6.6	-1.0
Capital expenditure	15	11	40	56	88
Cash flow after investments	28	29	75	38	52
Personnel at period-end (persons)	1,005	899	1,005	899	818

*) 12-month average

EUR million	30.9.2010	30.9.2009	31.12.2009
Net debt	103	187	147
Net debt / EBITDA	0.54	1.19	0.88
Gearing, per cent	16.3	36.9	34.5
Equity ratio, per cent	64.1	57.6	55.3

Figures are unaudited.

Welho business was incorporated into the balance sheet of DNA Ltd on 30 June 2010, and into the profit and loss account from 1 July to 30 September 2010. Welho's personnel transferred to the employ of DNA as existing employees.

summary

JULY–SEPTEMBER: EBIT GREW BY 14 PER CENT

- DNA's net sales amounted to EUR 181 million (7-9/2007: 167 million), an 8.4 per cent year-on-year increase. This was mainly due to the Welho acquisition. Welho's figures are included in the profit and loss account from 1 July to 30 September 2010.
- EBITDA remained at last year's level at EUR 48 million, accounting for 26.6 per cent of net sales (7-9/2009: 47 million, 28.4 per cent).
- Compared to last year, EBIT improved and came to EUR 18 million, accounting for 9.7 per cent of net sales (7-9/2009: 15 million, 9.2 per cent).
- Profit before tax was EUR 16 million (7-9/2009: 19 million).
- Cash flow after investments was EUR 28 million (7-9/2009: 29 million).
- The DNA mobile communication subscription base (including mobile broadband) grew by 50,000 subscriptions in Q3. Due to checks on the customer base conducted in connection with the change in the customer information system, the number of subscriptions has been lowered by 32,000. DNA therefore has 2,078,000 mobile communication subscriptions (9/2009:1,891,000; 6/2010 2,060,000).
- Revenue per user (ARPU) for mobile communications amounted to EUR 21.0 (7–9/2009: 22.3; 4–6/2010: 22.3).
- The subscription turnover rate (churn) decreased from the previous quarter and was 16 per cent (7–9/2009: 14.5 per cent; 4–6/2010: 17.9 per cent).
- At the end of September, DNA's fixed-line network had 1,059,000 telephone, broadband, and cable TV subscriptions (9/2009: 689,000; 3/2010: 1,068,000).

JANUARY–SEPTEMBER: EBIT GREW BY 82 PER CENT

- DNA's net sales amounted to EUR 508 million (1-9/2009: 487 million), a 4.4 per cent year-on-year increase. The increase is due to organic growth and the Welho acquisition. Welho's figures are included in the profit and loss account from 1 July to 30 September 2010.
- EBITDA increased to EUR 142 million, accounting for 28.7 per cent of net sales (1-9/2009: 118 million, 22.1 per cent).
- EBIT amounted to EUR 58 million, accounting for 12.3 per cent of net sales (1-9/2009: 32 million, 5.1 per cent).
- Profit before tax grew 61 per cent and was EUR 54 million (1–9/2009: 34 million).
- Cash flow after investments improved significantly and was EUR 75 million (1–9/2009: 38 million).

Riitta Tiuraniemi, President and CEO:

"Profitable growth continued, and the Welho acquisition made DNA into a leading TV operator."

In picture: CEO RIITTA TIURANIEMI

The growth of DNA's EBIT continued. Our EBITDA has improved from last year, but was affected in July-September by actions necessitated by intensifying competition, and a non-recurring item due to an expense provision for office facilities. In July-September our net sales increased by over 8 per cent from the equivalent period in the previous year. Cash flow remained good, and our financial position improved further: gearing decreased and the balance sheet remained solid. Our net debt/EBITDA ratio improved notably, coming to 0.54 (1.19).

In July-September, our mobile communication subscription base grew by 50,000 subscriptions. Due to checks on the customer base conducted in connection with the change in the customer information system, the number of subscriptions has been lowered by 32,000. DNA therefore has 2,078,000 mobile communication subscriptions. This means 187,000 more mobile communication subscriptions than in the equivalent period in 2009. The subscription turnover rate (churn) decreased during Q3, but revenue per user (ARPU) was weakened somewhat by increased competition. Due to the Welho acquisition, the number of fixed-line subscriptions grew from last year.

Welho is now a part of DNA's business. After the acquisition that took place in June, DNA has over 3 million customers and a much stronger foothold in the Finnish data communication market, in particular in the Helsinki Metropolitan Area.

The Welho acquisition has also made DNA into a leading TV operator. In the future, we will focus on the development of the TV business, improving both cable TV services and the antenna network. This will strengthen our position as a leading national TV operator. We are currently building our terrestrial HDTV antenna network; 1.5 million Finns will be able to receive HDTV services via their antennas by the end of 2010.

DNA is the first operator in Finland to launch cooperation with Google in the B-to-B market. DNA and Google have agreed on broad-based cooperation: DNA will integrate its services and Google Apps into a cost-efficient business solution that is easy to acquire and deploy.

DNA yet again received top marks among large Finnish operators in the international EPSI Rating study. DNA's ratings were above industry averages across the board. DNA is seen as providing the best value for money.

In a buying habits survey commissioned from Taloustutkimus, DNA was the most frequently mentioned mobile phone vendor. With a total of 77 outlets, DNA Store is Finland's largest retail chain selling mobile phones. The increasing popularity of smartphones is also being witnessed by DNA Stores, where more than one third of phones sold are smartphones.

DNA will continue to expand the capacity of its 3G network. At the moment, our 3G services suitable for wireless Internet access are available to almost 5 million people in Finland.

We will also work on further improving the quality of our customer service. To this end, we have renewed our customer information system. With the resulting new and improved tools, our sales and customer service agents are better equipped to provide improved levels of customer service. We have also established three new service centres in order to provide a growing number of customers with the excellent level of customer service expected from DNA.

DNA estimates that in 2010 Group net sales will grow over 5 percent. Gross margin and EBIT excluding non-recurring items in Q4 2010 is estimated to be lower than in Q4 2009. The total cost of the extensive renewal of our customer information system and the increasing competition especially in the mobile market will impact the gross margin and EBIT in Q4 2010. Gross margin and EBIT excluding non-recurring items in 2010 is estimated to grow compared to 2009. Net sales growth is impacted by the Welho acquisition and by organic growth. Net sales is furthermore impacted by the increased competition, general market development, the reduction in mobile network termination charges in December 2009 and the decrease in the number of fixed-line voice subscriptions.

Interim Report, January-September 2010

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with IFRS recognition 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 2009. This interim report should be read observing the 2009 financial statements. The interim report also takes account of the requirement of the revised IAS 1 standard on presenting changes in shareholders' equity. The revised IFRS 3 and IAS 27 standards were applied to the Welho business combination and will have an impact on future business combinations.

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.

FINANCIAL DEVELOPMENT OF THE GROUP

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	181	167	508	487	652
EBITDA	48	47	142	118	167
EBITDA, per cent	26.6	28.4	28.7	22.1	25.6
EBITDA excluding non-recurring items	49	49	143	135	179
EBITDA, per cent excluding non-recurring items	26.9	29.5	28.7	26.7	27.5
EBIT	18	15	58	32	-44
EBIT, per cent	9.7	9.2	12.3	5.1	-6.7
EBIT excluding non-recurring items	18	17	58	48	63
EBIT, per cent excluding non-recurring items	10.1	10.3	12.3	9.8	10.3
Profit before tax	16	19	54	34	-43
Profit/loss for the financial period	12	13	40	25	-57
Return on investment (ROI), per cent *)	9.0	8.9	11.3	6.6	-1.0
Cash flow after investments	28	29	75	38	52

*) 12-month average

Welho business was incorporated into the balance sheet of DNA Ltd on 30 June 2010, and into the profit and loss account from 1 July to 30 September 2010. Welho's personnel transferred to the employ of DNA as existing employees.

EBIT increased by the Welho acquisition

DNA's net sales for July–September amounted to EUR 181 million (167 million), representing 8.4 per cent growth in comparison to the equivalent period last year. This was mainly due to the Welho acquisition. During the reporting period, 76 per cent (72 per cent) of net sales were generated by consumer business and 24 per cent (28 per cent) by corporate business.

DNA's net sales for January–September amounted to EUR 508 million (487 million), representing growth of 4.4 per cent in comparison to the equivalent period last year. During the reporting period, 74 per cent (72 per cent) of net sales were generated by consumer business and 26 per cent (28 per cent) by corporate business.

EBIT grew by 14 per cent in July-September

DNA's EBITDA between July and September remained at previous year's level at EUR 48 million (47 million), accounting for 26.6 per cent of net sales (28.4 per cent). EBITDA was weakened by the non-recurring item due to the expense provision for office facilities. EBITDA excluding non-recurring items came to EUR 49 million (49 million).

The EBIT figure grew, coming to EUR 18 million (15 million). The EBIT per cent improved and was 9.7 (9.2 per cent). EBIT excluding non-recurring items came to EUR 18 million; as a percentage, excluding non-recurring items EBIT came to 10.1(17 million; 10.3 per cent).

DNA's profit before tax in July–September came to EUR 16 million (19 million).

Financial profits and expenses amounted to EUR 1 million (-3 million). Income tax for the period under review was EUR 4 million (5 million). Profit for Q3 was EUR 12 million (13 million).

DNA's EBITDA between January and September increased to EUR 142 million (118 million), accounting for 28.7 per cent of net sales (22.1 per cent). EBITDA improved as a result of increased net sales, greater operational efficiency and implemented cost savings. EBITDA excluding non-recurring items came to EUR 143 million (135 million).

The EBIT figure grew, coming to EUR 58 million (32 million). The EBIT per cent improved and was 12.3 (5.1 per cent). EBIT excluding non-recurring items came to EUR 58 million, and EBIT per cent excluding non-recurring item was 12.3 (48 million; 9.8 per cent).

DNA's profit before tax in January–September grew by 61 per cent and came to EUR 54 million (34 million).

Profits and expenses for January–September amounted to EUR 4 million (-2 million). Income tax for the period under review was EUR 14 million (9 million). Profit for the financial year was EUR 40 million (25 million).

CASH FLOW REMAINED SOLID

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Cash flow after investments	28	29	75	38	52

EUR million	30.9.2010	30.9.2009	31.12.2009
Net debt	103	187	147
Net debt / EBITDA	0.54	1.19	0.88
Gearing, per cent	16.3	36.9	34.5
Equity ratio, per cent	64.1	57.6	55.3

Cash flow after investments remained at a good level in Q3, totalling EUR 28 million (29 million). Cash flow after investments for January-September increased to EUR 75 million (38 million). Our financial position improved, and gearing was 16.3 per cent at the end of the period (36.9 per cent).

At the end of the period, the Group's liquid assets amounted to EUR 56 million (17 million), and interest-bearing liabilities to EUR 159 million (204 million). Undrawn credit limits came to EUR 180 million (55 million). In addition, the Group has an undrawn commercial paper programme worth EUR 150 million.

The net debt/EBITDA ratio improved significantly to 0.54 (1.19).

The balance sheet remained healthy, with equity ratio at end of period totalling 64.1 per cent (57.6 per cent).

DEVELOPMENT PER BUSINESS SEGMENT

Consumer business: EBIT growth continued

Consumer business key indicators

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	137	119	376	351	471
EBITDA	35	32	97	79	113
EBITDA, per cent	25.7	26.6	25.9	22.7	24.0
EBITDA excluding non-recurring items	36	33	97	88	119
EBITDA, per cent excluding non-recurring items	26.0	27.5	25.9	25.0	25.3
EBIT	16	9	45	21	21
EBIT, per cent	11.3	7.9	12.0	6.1	4.5
EBIT excluding non-recurring items	16	10	45	30	40
EBIT, per cent excluding non-recurring items	11.5	8.8	12.1	8.4	8.5

DNA's consumer business net sales for July–September amounted to EUR 137 million (119 million), representing 15 per cent growth compared to the equivalent period last year. This growth was due to the Welho acquisition and the positive development in mobile services. In January–September, the consumer business net sales grew to EUR 376 million (351 million).

EBITDA totalled EUR 35 million (32 million) in July–September and EBIT came to EUR 16 million (9 million). The EBIT figure was improved through growth from the Welho acquisition, the higher volume of mobile services, and cost savings. In January–September, EBITDA amounted to EUR 97 million (79 million), and EBIT was EUR 45 million (21 million).

Corporate business: net sales decreased for fixed-line voice services and increased for mobile services

Corporate business key indicators

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Net sales	44	47	133	136	181
EBITDA	13	16	45	39	54
EBITDA, per cent	29.1	33.1	33.9	28.5	30.1
EBITDA excluding non-recurring items	13	16	45	47	61
EBITDA, per cent excluding non-recurring items	29.9	34.5	34.2	34.8	33.5
EBIT	2	6	13	11	-65
EBIT, per cent	4.7	12.7	9.6	7.7	-35.7
EBIT excluding non-recurring items	2	7	13	19	23
EBIT, per cent excluding non-recurring items	5.5	14.1	9.8	14.0	13.0

DNA's corporate business net sales for July-September amounted to EUR 44 million (47 million), which decreased from last year. Net sales decreased in fixed-network voice services and increased in mobile services. Corporate business recorded net sales of EUR 133 million (136 million) in January-September.

In July-September, EBITDA amounted to EUR 13 million (16 million), and EBIT was EUR 2 million (6 million). In January-September, EBITDA amounted to EUR 45 million (39 million), and EBIT was EUR 13 million (11 million).

Investments

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Consumer business	11	8	28	38	60
Corporate business	4	3	12	18	28
Total investments in fixed assets	15	11	40	56	88

DNA's capital expenditure for July-September totalled EUR 15 million (11 million), which is 8.3 per cent of net sales (6.6 per cent). Consumer-business investment amounted to EUR 11 million (8 million) and investment in corporate business to EUR 4 million (3 million). The exceptionally low level of investments in 2010 is due to an equipment supplier's delivery and component problems, and ongoing competitive bidding among equipment suppliers.

Major individual items include the 3G network investments, as well as investments in the fibre and transfer system.

Investments for January-September amounted to EUR 40 million (56 million), which is 7.9 per cent of net sales (11.5 per cent).

Personnel

Personnel at end of period	9/2010	6/2010	3/2010	12/2009	9/2009	Change from 9/2009 to 9/2010
Consumer business	703	737	512	511	560	143
Corporate business	302	320	307	307	339	-37
Total personnel	1 005	1 057	819	818	899	106

At the end of September, DNA employed 1,005 (899) people, a year-on-year increase of 11.8 per cent. The increase is due to the Welho acquisition. Personnel were distributed as follows: 703 in the consumer business and 302 in the corporate business. In total, 225 people transferred from Welho to the employ of DNA as existing employees on 30 June 2010, mainly to the consumer business.

The average number of employees in January-September was 911 (952).

EVENTS IN Q3

New DNA service centres
DNA has established new service centres in Mikkeli, Vaasa and Joensuu. These centres deal with DNA customers' orders and other issues related to subscription agreements, as well as selling DNA services. New service centres were established in order to maintain the good level of customer service for which DNA is known and to serve the growing number of DNA customers.

DNA's terrestrial HDTV antenna network serves 1.5 million Finns
DNA is currently building a terrestrial HDTV antenna network. By the end of the year, 1.5 million Finns will be able to receive HDTV services via their antennas. By the end of 2010, the network is set to cover the Helsinki, Espoo, Vantaa, Turku, Lahti, Hämeenlinna and Tampere regions. The network will be extended further; its coverage will exceed 60 per cent of the population by the end of 2011, a requirement for holding the operating licence.

DNA and Sivakka group sign and agreement for broadband and cable TV services in Oulu
DNA will provide connections for cable TV, broadband, and building automation to a total of 6,800 apartments owned by Sivakka group in Oulu. DNA's broadband connection and cable TV services will be available to residents by the beginning of 2011. The agreement covers rental apartments owned by the Sivakka group, Oulun Sivakka Oy and Oulun Tervatalot Oy.

Further expansion of DNA's 3G network
DNA's 3G network has been extended to cover Suomenniemi, Toivakka, Halsua, Juupajoki, Keitele, Pornainen, Koski TL and Marttila. DNA's 3G services, which are suitable for wireless Internet access, are available to almost 5 million people in Finland.

DNA launches a remote backup service
DNA Backup is a remote backup service, using which all backups for the customer's computers can be specified, managed and implemented centrally with one tool. Designed for business customers, DNA Backup is part of DNA's network-based ICT infrastructure services.

DNA the most popular mobile phone vendor
According to a buying habits survey commissioned from Taloustutkimus, DNA was the most frequently mentioned player in terms of awareness of mobile phone vendors. Elisa was the second-most mentioned, with Gigantti coming third. With a total of 77 outlets, DNA Store is Finland's largest retail chain selling mobile phones. The increasing popularity of smartphones is also being witnessed by DNA Stores, where more than one third of phones sold are smartphones.

Changes to DNA's executive team
President of Welho Johan Flykt, 45, was appointed DNA Vice President, Customer Processes and a member of the Executive Team on 5 August. He will be responsible for the management of DNA's customer service, invoicing and order processing functions, reporting to DNA Chief Operating Officer Petteri Niemi.

SIGNIFICANT LITIGATION MATTERS
Significant litigation matters remained unchanged during the reporting period.

CORPORATE RESPONSIBILITY
In the autumn of 2009, DNA launched a corporate responsibility development project, which is based on the Global Reporting Initiative (GRI) reporting model. We will implement the reporting model in stages, selecting those GRI metrics that are appropriate for our business. At a minimum, we aim to reach GRI level C in 2010.

EVENTS AFTER THE REVIEW PERIOD

DNA renews its customer information system
The customer information system of DNA's mobile communication customer service was renewed in October. With this new system and the related tools, customer service and sales personnel can serve DNA's customers even better.

DNA provides reasonably-priced broadband services to sparsely populated areas
DNA offers affordable broadband services which also cover sparsely populated areas. The pricing of DNA's universal service subscription takes account of the Communications Minister and the Ministry of Transport and Communications' observations on reasonable pricing. In 90 per cent of the subscriptions provided, the acquisition cost of the universal service subscription is between EUR 200 and EUR 1,000 at a maximum. Thanks to the operators' commitment to reasonable pricing, Finland avoided having to introduce price regulation and telecommunication taxation that would have increased service prices.

DNA and Google launch major cooperation
DNA was the first operator in Finland to launch cooperation with Google in the B-to-B market. DNA and Google have agreed on broad-based cooperation: DNA will integrate its services and Google Apps into a cost-efficient business solution that is easy to acquire and deploy.

Samsung Galaxy Tab now available at DNA Stores
A recent addition to DNA Store's offer, Samsung Galaxy Tab became available for delivery on Monday 25 October. Flexible use of Google Apps for Business is one of its many features.

Customers satisfied with the value for money DNA provides
In the international EPSI Rating study, DNA yet again received top marks among large Finnish operators; DNA's ratings were above the industry averages across the board. DNA is seen as providing the best value for money.

SIGNIFICANT RISKS AND UNCERTAINTIES

The most significant risks and uncertainties and their management is defined in DNA's risk management policy. For a more detailed description of the risks, please see the Board of Directors' Report in the annual report.

DNA operates in the Finnish telecommunications market, which has a limited number of users and is characterised by tough competition and a high degree of penetration. Telecommunications net sales may decrease, in particular in the fixed-network voice subscriptions. This would have a negative effect on DNA's financial performance. If the economic situation remains volatile, it may affect demand for DNA's products and services. On the other hand, increased price awareness among customers may provide opportunities for operators who can offer competitive pricing.

Rapid technological development within the industry may have an effect on DNA's business operations and economic performance.

The Finnish telecommunications market is heavily regulated. Regulation – particularly the authorities' ability to influence the price level and cost structure of DNA's products and services – may also have an impact on DNA's business operations and financial performance.

Thanks to its large number of customers, the Group has no significant concentrations of credit risk related to sales receivables.

The Group's borrowings have been spread between fixed- and variable-rate instruments. DNA Group's currency risk is insignificant. In order to manage liquidity risk, the company uses committed credit limits in addition to liquid assets.

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

MARKET PROSPECTS

Competition has increased in the consumer telecommunication market during the autumn; DNA expects the competition to become even more intense towards late 2010 and early 2011. We expect mobile broadband to continue enjoying strong demand. Fixed-line broadband customers are actively switching to higher-speed Internet connections.

General market conditions in the corporate market have remained tight. Because of the recession, use per subscription decreased somewhat for voice services and switches from fixed-network services to mobile services have decelerated. On the other hand, we expect mobile broadband to continue enjoying strong demand and keep growing.

The overall economic situation is expected to improve gradually in Finland. In previous recessions, there has been a clear delay in the effect of economic cycles on the telecommunications sector.

There have been signs of tighter regulation of the Finnish telecommunications market over the autumn. Operators committed to the price levels that the Finnish Communications Regulatory Authority (FICORA) and Ministry of Transport and Communications set for universal service subscriptions. Also the implementation of EU telecoms package to the Communications Market Act will increase competition and bring new cost elements to the operator.

PROSPECTS

DNA estimates that Group net sales will grow over 5 percent in 2010. We expect our gross margin and EBIT excluding non-recurring items for Q4 to be lower than in Q4 2009. Both the gross margin and EBIT excluding non-recurring items for 2010 should improve from 2009.

Net sales are growing due to the organic growth and the Welho acquisition. On the other hand, net sales are also being influenced by market development in general, increased competition, the reduction in mobile network termination charges in December 2009 and the fall in the number of fixed-line voice subscriptions. The total cost of the extensive renewal of our customer information system and the increasing competition especially in the mobile market will affect the gross margin and EBIT for Q4 in 2010.

DNA Ltd.
Board of Directors

further information

Further information:

Riitta Tiuraniemi, President and CEO, tel. +358 44 220 3201, riitta.tiuraniemi@dna.fi
Ilkka Pitkänen, CFO, tel. +358 44 044 4001, ilkka.pitkanen@dna.fi
Vilhelmiina Wahlbeck, Vice President for Corporate Communications,
tel. +358 44 040 1671, vilhelmiina.wahlbeck@dna.fi

Distribution:

Key media

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

Financial performance 2010	8 February 2011
Interim report January–March	28 April 2011
Interim report January–June	21 July 2011
Interim report, January–September	27 October 2011

The Annual Report including financial statements for 2010 will be published on week 10/2011.
The Annual General Meeting will be held on March 10, 2011.

www.dna.fi

Interim Report Financials

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Comprehensive consolidated income statement

EUR million	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
NET SALES	181	167	508	487	652
Other operating income	1	1	3	2	5
Materials and services	–95	–83	–259	–243	–324
Employee benefit expenses	–14	–12	–39	–49	–63
Depreciation	–30	–32	–84	–86	–116
Goodwill impairment					–95
Other operating expenses	–25	–24	–71	–79	–102
Operating result	18	15	58	32	–44
Financial income	0	0	1	3	4
Loss/Gain on financial assets recognised at fair value against profit or loss		4		2	2
Financial expense	–1	–1	–5	–4	–5
Share of associated companies' results	0	0	0	0	0
Net profit/loss before tax	16	19	54	34	–43
Income tax	–4	–5	–14	–9	–14
Net profit/loss for the period	12	13	40	25	–57
Other comprehensive income					
Available-for-sale financial assets	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Other comprehensive income, net of tax	0	0	0	0	0
Total comprehensive income	12	13	41	24	–57
Net profit/loss attributable to:					
Equity holders of the parent	12	13	40	25	–57
Non-controlling interest	0	0	0	0	0
	12	13	40	25	–57
Comprehensive income attributable to:					
Equity holders of the parent	12	13	41	24	–57
Non-controlling interest	0	0	0	0	0
	12	13	41	24	–57
Earnings per share of the profit attributable to equity holders of the parent company					
Basic earnings per share (EUR)	1.26	1.73	4.85	3.26	–7.46
Average number of shares (1,000):					
-basic	9,603	7,581	8,268	7,581	7,581

Consolidated balance sheet

EUR million	30.9.2010	30.9.2009	31.12.2009
Assets			
Non-current assets			
Goodwill	210	192	97
Other intangible assets	120	57	59
Property, plant and equipment	420	393	398
Investments in associates	1	1	1
Available-for-sale financial assets	1	15	0
Trade and other receivables	11	9	11
Deferred income tax assets	29	33	32
Total non-current assets	791	701	597
Current assets			
Inventories	10	6	8
Trade and other receivables	141	158	140
Cash and cash equivalents	56	17	26
Total current assets	207	181	174
Total assets	998	882	772

EUR million	30.9.2010	30.9.2009	31.12.2009
Equity attributable to the owners of the parent			
Share capital	73	73	73
Share premium		0	0
Fair value reserve and other reserves			
	605	406	406
Retained earnings	-46	27	-54
Equity attributable to owners of the parent	631	506	425
Total equity	631	506	425
Non-current liabilities			
Deferred income tax liability	74	57	55
Borrowings	112	129	123
Provisions	9	12	9
Retirement benefit obligations	0	1	0
Other non-current liabilities	1	2	1
Total non-current liabilities	196	201	189
Current liabilities			
Borrowings	49	74	49
Provisions	2	3	4
Trade and other payables	119	98	105
Total current liabilities	171	175	158
Total equity and liabilities	998	882	772

Consolidated statement of changes in equity (IFRS)

Changes in consolidated equity, 1-9/2009, EUR million	Share capital	Share premium	Fair value reserve	Hedge fund	Invested unrestricted equity reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total equity
SHAREHOLDERS' EQUITY ON 1 January 2009	72	42	0	-1	407	33	553	0	553
Dividends paid		-42				-30	-72	0	-72
Share issue	0				0		0	0	
Treasury shares						0	0		0
Transfers in equity		-0			0			0	
Net profit for the period						25	25		25
Available-for-sale financial assets							0		
Cash flow hedges							0		
Total comprehensive income for the period			0	0		25	24	0	24
Shareholders' equity on 30 June 2009	73	-	0	-1	407	27	506	0	506

Changes in consolidated equity, 1-9/2010, EUR million	Share capital	Share premium	Fair value reserve	Hedge fund	Invested unrestricted equity reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total equity
SHAREHOLDERS' EQUITY ON 1 January 2010	73			-1	407	-54	425	0	425
Dividends paid						-33	-33		-33
Share issue					200		200		200
Transfers in equity							0	0	0
Employee share option scheme: granted options						0	0		0
Acquisitions						0	0		0
Other changes					-1	0	-1		-1
Net profit for the period						40	40		40
Cash flow hedges				0			0		0
Total comprehensive income for the period				0		40	41		41
Shareholders' equity on 30 September 2010	73			-1	606	-46	631	0	631

Condensed Consolidated Statement of Cash Flows

EUR million	1-9/2010	1-9/2009	1-12/2009
Cash flows from operating activities			
Profit for the period	40	25	–57
Adjustments			
Depreciation and impairments	84	86	211
Change in working capital	–4	–27	–17
Other adjustments	–2	12	–11
Net cash generated from operating activities	119	96	126
Cash flows from investing activities			
Purchases of tangible and intangible assets	–45	–55	–88
Proceeds from sales of tangible and intangible assets	0	0	2
Sales of shares		0	14
Change in other shares		–2	–2
Change in other investments			0
Net cash used in investing activities	–44	–58	–73
Cash flows from financing activities			
Dividends paid	–33	–10	–10
Capital refund		–42	–42
Repayments of current borrowings		–41	–62
Repayments of non-current borrowings, net	–12	67	66
Increase/decrease in non-current receivables		–3	–5
Other			19
Net cash used in financing activities	–44	–29	–34
Change in cash and cash equivalents	30	10	19
Cash and cash equivalents at beginning of period	26	7	7
Cash and cash equivalents at end of period	56	17	26

Notes to the interim report

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 2009. This interim report should be read observing the 2009 financial statements.

This interim report also takes account of the requirement of the revised IAS 1 standard on presenting changes in shareholders' equity. The revised IFRS 3 and IAS 27 standards were applied to the Welho business combination and will have an impact on future business combinations.

1 SEGMENT INFORMATION UNDER IFRS 8

DNA's internal organisational and management structure is based on a customer-focused operating model, whereby the reporting segments comprise consumer customers and corporate customers.

DNA's consumer business offers consumers diverse telecommunication services, such as voice and data services for communication and information retrieval, and telecommunication services for security and entertainment.

DNA's corporate business offers nationwide, standardised, and easy-to-use telecommunication, communication, and networking solutions. Our operator services are part of the corporate business.

There were no unallocated items in 2010. In previous periods group-level items have not been allocated.

The Welho acquisition has mainly been allocated to the consumer business segment. More information on the acquisition is provided in section 9. Business combinations.

1 July – 30 September 2010

Business segments EUR 1,000	Consumer	Corporate	Unallocated	Group total
Net sales	136,968	43,857	0	180,825
EBITDA	35,260	12,765	0	48,025
Depreciation	19,759	10,708	0	30,467
Profit/loss	15,501	2,057	0	17,558
Financial items				1,068
Profit before tax				16,490
Profit/loss for the financial period				12,131
Investments	10,745	4,325	0	15,070
Personnel at end of period	703	302	0	1,005

1 July – 30 September 2009

Business segments EUR 1,000	Consumer	Corporate	Unallocated	Group total
Net sales	119,312	47,457	0	166,769
EBITDA	31,751	15,708	–22	47,437
Depreciation	22,375	9,689	–8	32,056
Profit/loss	9,376	6,019	–14	15,381
Financial items				3147
Profit before tax				18,528
Profit/loss for the financial period				13,152
Investments	7,566	3,481	0	11,047
Personnel at end of period	560	399	0	899

1 January – 30 September 2010

Business segments EUR 1,000	Consumer	Corporate	Unallocated	Group total
Net sales	375,788	132,673	0	508,460
EBITDA	97,184	44,981	0	142,165
Depreciation	52,130	32,288	0	84,417
Profit/loss	45,055	12,693	0	57,748
Financial items				3,840
Profit before tax				53,908
Profit/loss for the financial period				40,095
Investments	27,920	12,287	0	40,207
Personnel at end of period	703	302	0	1,005

1 January – 30 September 2009

Business segments EUR 1,000	Consumer	Corporate	Unallocated	Group total
Net sales	350,545	136,326	88	486,958
EBITDA	79,495	38,902	-219	118,178
Depreciation	58,030	28,348	-16	86,362
Profit/loss	21,465	10,555	-203	31,816
Financial items				1,724
Profit before tax				33,540
Profit/loss for the financial period				24,704
Investments	38,222	17,750	143	56,116
Personnel at end of period	560	339	0	899

Business segments
1 January – 31 December 2009

Business segments EUR 1,000	Consumer	Corporate	Unallocated	Group total
Net sales	471,022	181,052	88	652,162
EBITDA	112,992	54,435	–271	167,155
Depreciation	91,924	119,048	–21	210,951,
Profit/loss	21,068	–64,614	–250	–43,796
Financial items				1,024
Profit before tax				–42,772
Profit/loss for the financial period				–56,550
Investments	59,945	27,788	143	87,876
Personnel at end of period	511	307	0	818

All items for the period 2010 are allocated to segments. In previous periods, items general to the Group could not be allocated between business segments.

2 INVESTMENTS

EUR 1,000

Capital expenditure	7–9/2010	7–9/2009	1–9/2010	1–9/2009	1–12/2009
Intangible assets	123	1,230	4,526	6,449	14,554
Tangible assets	14,947	9,818	35,681	49,667	73,322
Total	15,070	11,047	40,207	56,116	87,876

3 SHAREHOLDERS' EQUITY

Dividend payment

DNA Ltd's Annual General Meeting of 31 March 2010 approved a payment of dividends (EUR 4.35 per share) totalling EUR 32,954,560.35. The dividend was paid on 15 April 2010.

Treasury shares

Treasury shares redeemed during the financial period represent 0.07 per cent of the votes (treasury shares in total representing 0.01 per cent of the votes). The purchase of treasury shares did not materially affect the structure of ownership and voting power in the company.

Date	Number	Payment
7 April 2010	5,000.00	588,402.16
4 August 2009	2,500.00	287,208.75
Total	7,500.00	875,611.91

The shares have no nominal value.

4 NET LIABILITY (EUR 1,000)

	30.9.2010	30.9.2009	31.12.2009
Non-current and current borrowings	160,796	203,337	172,969
Less short-term investments and cash in hand and at bank	56,345	16,888	26,304
	104,451	186,449	146,665

5 PROVISIONS (EUR 1,000)

	Decommissioning provision	Provision for onerous contracts	Restructuring provision	Other provisions
Provisions 1 January 2010	4,667	4,636	3,710	0.0
Additions	0	1,326	0	200.0
Provisions used/discount effect	544	–1,482	–2,142	
Provisions 30 September 2010	5,210	4,480	1,568	200.0
Provisions 1 January 2009	4,482	704	1,699	
Additions	0	8,283	5,661	
Provisions used/discount effect	–567	–1,606	–3,694	
Provisions 30 September 2009	3,915	7,381	3,666	
Provisions 1 January 2009	4,482	704	1,699	
Additions	0	7,712	6,371	
Provisions used/discount effect	185	–3,780	–4,360	
Provisions 31 December 2009	4,667	4,636	3,710	

6 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 her deputy).

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

EUR 1,000

9/2010	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	4,765	3,745	1,287	749
Associated companies	0	195	0	0
Other related parties	0	109	0	0

EUR 1,000

9/2009	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	53	2,922	5	0
Associated companies		203		0
Other related parties		18		0

EUR 1,000

12/2009	Sales	Purchases	Receivables	Liabilities
Organisations exercising significant influence	53	3,671	0	0
Associated companies	0	290	0	9
Other related parties	0	42	0	0

7 RIGHTS ISSUE FOR THE MANAGEMENT

A rights issue was targeted at management as part of their incentive scheme. During the reporting period, a total of 2,748 new shares were subscribed at a per-share subscription price of EUR 97. Riitta Tiuraniemi subscribed for 180 shares and other members of the company's management subscribed for 2,568 shares. The new shares issued did not have a nominal value.

8 SHARE-BASED PAYMENT

Conditions of the share-based incentive scheme

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

The 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 will be issued, of which at most 51,000 option rights will be 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 100,000 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 matching day 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	Key personnel	Key personnel
Granting date	10 March 2010	not granted
Number of instruments granted	50,000	-
Exercise price	EUR 97	EUR 97
Share price at granting date	EUR 97	EUR 97
Subscription period	2 January 2013 – 30 April 2015	2 January 2014 – 30 April 2016
Expected life (years)	5 years	
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Outstanding share options

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

	Number of option
On 1 January	
Options granted	50,000.00
Forfeited options	
Exercised options	
Expired options	
On 30 September	50,000.00

The weighted average fair value of options granted during the period was EUR 35.47 per option. The fair value of the options was determined by means of a valuation model. The significant inputs to the model were the share price as of 30 June 2010, of EUR 98.66; the exercise price shown above; volatility of 38 per cent; an expected option life of three years; and an annual risk-free interest rate of 2.49 per cent.

9 BUSINESS COMBINATIONS

Welho acquisition

DNA Oy acquired Welho's business operations from Sanoma Group through a directed share issue on June 30, 2010.

A total of 2,027,167 new shares were issued, equivalent to 21% of the company's total shares. The shares issued were determined to have a value of EUR 200 million (EUR 98.66 per share).

The assets and liabilities were recorded on June 30, 2010 at their carrying amount and have now been adjusted to their fair value. The goodwill is mainly based on synergy benefits expected.

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

The acquired business' net sales for the period 1 January 2010 – 30 September 2010 amounted to EUR 52 million. If the acquisition had occurred on 1 January 2010, group net sales would have been EUR 543 million. Net sales for the period 1 July – 30 September 2010 amounted to EUR 17 million.

EUR 1,000	Carrying amount on acquisition	Fair value
Intangible assets	1,074	68,956
Property, Plant and equipment	35,301	53,539
Deferred tax assets	52	258
AFS Financial assets	908	1,275
Inventories	904	818
Trade and other receivables	5,879	5,879
Cash and cash equivalents	8	8
Total assets	**44,127**	**130,733**
Provisions	200	904
Deferred tax liabilities	2050	24,533
Trade and other liabilities	18,363	18,363
Total liabilities	**20,613**	**43,800**
Net assets	**23,514**	**86,933**
Acquisition cost (shares)		**200,000**
Goodwill		**113,067**

10 NOTES ON SHAREHOLDERS' EQUITY

EUR 1,000	Number of shares *)	Share capital	Share premium	Invested unrestricted equity reserve
1 January 2009	7,581	72,375	41,689	407,213
Share issue		327		–327
Share premium refund			–41,618	
Other changes			–71	71
31 December 2009	7,581	72,702	0	406,956
Share-based incentive scheme				
Directed share issue	3			
Welho's acquisition (see note 9)	2,027			200,000
Other changes				–1,029
30 September 2010	9,611	72,702	0	605,927

*) Includes 7,500 treasury shares.

Key figures

	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Equity per share	66	67	66	67	56
Interest-bearing net liabilities	103	187	103	187	147
Gearing, per cent	16.3	36.9	16.3	36.9	34.5
Equity ratio, per cent	64.1	57.6	64.1	57.6	55.3
Net debt / EBITDA	0.54	0.98	0.54	1.19	0.88
Return on investment (ROI), per cent	9.0	8.9	11.3	6.6	–1.0
Return on equity (ROE), per cent	7.7	10.5	10.1	6.2	–1.9
Gross investments, in millions of euros	15	11	40	56	88
Gross investment, per cent of net sales	8.3	6.6	7.7	14.1	13.5
Personnel at end of period	1,005	899	1,005	899	818

Key operative indicators

Mobile communication network subscription volumes:

Number of:	9/2010	9/2009	6/2010	6/2009	12/2009
Subscriptions (incl. mobile broadband)	2,078,000	1,891,000	2,060,000	1,817,000	1,947,000
DNA's own customers	1,968,000*	1,788,0000	1,954,000	1,709,000	1,846,000

	7-9/2010	7-9/2009	1-9/2010	1-9/2009	1-12/2009
Revenue per subscription (ARPU), in euros	21.0	22.3	21.3	22.5	22.4
Customer churn rate, per cent	16.0	14.5	17.9	16.7	16.2

* During the third quarter, DNA's mobile communication base grew by 50,000 subscriptions. Due to checks on the customer base conducted in connection with the change in the customer information system, the number of subscriptions has been lowered by 32,000.

Fixed-network subscription volumes:

Number of:	9/2010	9/2009	6/2010	6/2009	12/2009
Broadband subscriptions	289,000	186,000	290,000	187,000	180,000
Cable TV subscriptions	596,000	267,000	596,000	267,000	270,000
Telephone subscriptions	174,000	209,000	182,000	215,000	197,000

Calculation of key figures

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

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

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

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

$$\text{EBITDA (EUR)} = \text{Profit + depreciation and amortisation}$$

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

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

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

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

* 12-month adjusted EBITDA