DNA LTD'S

FINANCIAL STATEMENTS

2014

Index

DNA's net sales and EBITDA increased in 2014 – mobile data traffic volumes expanded by more than 90 per cent in 2014

Summary

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period in the previous year (reference period).

October–December 2014

- Net sales increased by 5.3 per cent and came to EUR 216.3 million (205.4 million).
- EBITDA increased by 1.9 per cent to EUR 47.7 million (46.8 million), accounting for 22.0 per cent of net sales (22.8 per cent).
- EBITDA excluding non-recurring items came to EUR 47.7 million (47.6 million), or 22.0 per cent of net sales (23.2 per cent).
- Operating profit decreased by -6.7 per cent to EUR 7.6 million (8.1 million), or 3.5 per cent of net sales (4.0 per cent).
- Operating profit excluding non-recurring items came to EUR 7.6 million (8.9 million), or 3.5 per cent of net sales (4.3 per cent).
- The mobile communication subscription base grew by 2.2 per cent, reaching 2,505,000 in total (2,450,000).
    - Revenue per user (ARPU) for mobile communications amounted to EUR 16.7 (18.0).
- Mobile communication subscription turnover rate (CHURN) was 16.8 per cent (16.9 per cent).
  Fixed-network subscription base (voice, broadband and cable television) came to 1,108,000 subscriptions at the end of the fourth quarter (1,016,000).

January–December 2014

- Net sales increased by 8.8 per cent and came to EUR 833.5 million (766.4 million).
- EBITDA increased by 7.1 per cent to EUR 204.2 million (190.7 million), accounting for 24.5 per cent of net sales (24.9 per cent).
- EBITDA excluding non-recurring items came to EUR 210.1 million (195.8 million), or 25.2 per cent of net sales (25.5 per cent).
- Operating profit decreased by 32.7 per cent to EUR 29.4 million (43.7 million), or 3.5 per cent of net sales (5.7 per cent).
- Operating profit excluding non-recurring items came to EUR 54.8 million (48.7 million), or 6.6 per cent of net sales (6.4 per cent).
- The mobile communication subscription base grew by 2.2 per cent, reaching 2,505,000 in total (2,450,000).
    - Revenue per user (ARPU) for mobile communications amounted to EUR 17.6 (18.2).
    - Mobile communication subscription turnover rate (CHURN) was 16.9 per cent (17.1 per cent).

DNA's outlook for 2015

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

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

Key figures

Figures are unaudited.

EUR million	10–12/2014	10–12/2013	Change, %	1–12/2014	1–12/2013	Change, %
Net sales	**216.3**	205.4	5.3%	**833.5**	766.4	8.8%
EBITDA	**47.7**	46.8	1.9%	**204.2**	190.7	7.1%
- % of net sales	**22.0%**	22.8%		**24.5%**	24.9%	
EBITDA without non-recurring items	**47.7**	47.6	0.3%	**210.1**	195.8	7.3%
- % of net sales	**22.0%**	23.2%		**25.2%**	25.5%	
Depreciation and impairment charges	**40.1**	38.7		**174.9**	147.1	
Operating profit	**7.6**	8.1	-6.7%	**29.4**	43.7	-32.7%
- % of net sales	**3.5%**	4.0%		**3.5%**	5.7%	
Operating profit without non-recurring items	**7.6**	8.9	-14.5%	**54.8**	48.7	12.5%
- % of net sales	**3.5%**	4.3%		**6.6%**	6.4%	
Profit before tax	**4.4**	5.3	-18.2%	**18.9**	37.7	-49.8%
Profit for the financial period	**3.4**	5.6	-38.7%	**15.4**	28.9	-46.7%
Return on investment (ROI), %*	**3.2**	3.9		**3.2**	5.4	
Return on equity (ROE), %*	**2.7**	4.3		**3.0**	5.5	
Investments	**66.9**	40.5	65.2%	**149.6**	128.4	16.5%
Cash flow after investments**	**-8.7**	-8.2		**-123.9**	-33.6	

Interest bearing net debt, EUR million	**479.4**	326.7	46.8%	**479.4**	326.7	46.8%
Interest bearing net debt/EBITDA	**2.51**	1.74		**2.35**	1.71	
Net gearing, %	**94.3**	62.6		**94.3**	62.6	
Equity ratio, %	**41.5**	49.4		**41.5**	49.4	
Personnel at the end of period	**1,748**	1,563	11.8%	**1,748**	1,563	11.8%

* rolling 12 months
** includes business combinations and business transfers

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CEO’s review

Our net sales and EBITDA developed strongly in 2014: net sales increased by 8.8 per cent to EUR 833.5 million and our EBITDA by 7.1 per cent to EUR 204.2 million. The overall economic situation remained challenging throughout 2014, which increased uncertainty also in the telecommunications industry. General decline in consumer purchasing power and the consumer confidence index had a particular effect on the demand of traditional pay-TV services. Due to the overall economic situation, the corporate services market also remained cautious and companies postponed their investment decisions. Nonetheless, our operations developed positively and we can be satisfied with the development of our finances in 2014. According to the latest EPSI Rating study, our continued focus on customer satisfaction is proving fruitful.

Net sales for 2014 were boosted by the expansion of our corporate business due to the acquisition of TDC Oy Finland and TDC Hosting Oy as well as the positive development of fixed-network and mobile broadband sales. Our operating profit excluding non-recurring items increased by 12.5 per cent to EUR 54.8 million. However, non-recurring items burdened our operating profit in 2014, decreasing it to EUR 29.4 million. Most of these non-recurring items do not affect cash flow, but are related to the write-down of the PlusTV brand, write-downs in relation to changes in information systems as well as a provision recognised due to cooperation negotiations. The acquisition of TDC’s Finnish operations contributed to the change in our financial position in 2014.

DNA’s mobile communication subscriptions base reached the milestone of 2.5 million in December. The base grew by 55,000 subscriptions in total in 2014, and came to 2,505,000. Fixed-network subscription base increased by 92,000, totalling 1,108,000 subscriptions at the end of the year. The positive development is due to an increase in the number of broadband subscriptions and the number of new subscriptions DNA gained after the acquisition of TDC’s Finnish operations. The number of housing company broadband subscriptions in particular increased in 2014.

The TDC acquisition in 2014 marks an important step in the development of DNA’s corporate business. In August, we started the merger of our DNA Business unit, our subsidiary Forte Netservices Oy, and TDC Ltd Finland and TDC Hosting Ltd, into one strong corporate business unit. We have combined their best practices to establish a new and unified provider of data communications, server centre and data security services. Corporate business underwent great changes in 2014, and I would like to extend a warm thank you to all those involved in the process. We can be very satisfied with the result, which makes us well equipped to develop our operations further in 2015.

According to the EPSI Rating survey on mobile operators’ customer satisfaction that was published in November, DNA’s active service development is proving successful among both consumer and business customers. DNA Business placed first in mobile broadband and mobile voice. In fixed-network data, TDC Oy Finland, which is part of DNA, placed first, and DNA Business second. According to the survey, DNA Welho's fixed-network broadband services have the most satisfied private customers. As previously, DNA Welho has the most satisfied and the most loyal customers in the pay-TV market.

The demand for faster and better-quality connections is growing at an increasing pace. We focused on the expansion of our 4G network in 2014, increasing our capital expenditure by 14.7 per cent from the previous year. At the end of 2014, DNA’s 4G LTE network reached over 4.5 million Finns, double the coverage in terms of population since the beginning of the year. In 2014, in excess of 300 per cent more data was transferred in DNA’s 4G network than the year before. In the third quarter, DNA and Sonera signed a cooperation agreement on the construction of a mobile communications network in Northern and Eastern Finland. To undertake the project, they established a joint network company, Suomen Yhteisverkko Oy, responsible for constructing an all new mobile communications network.Tthe new network will cover approximately 50 per cent of the country, and around 15 per cent of the population.

While mobile data transfer volumes grew significantly in 2014, DNA’s average data speed increased by almost 20 per cent. According to a study* published by telecommunications expert Omnitele Oy in November, DNA’s mobile broadband offers the greatest inbound average speed in nine of Finland’s ten most populated cities. Mobile data traffic volumes will continue to grow in the future, which underscores the importance of assigning the 700-megahertz frequency band that will be allocated to wireless broadband to three operators to promote competition.

We will continue the systematic implementation of our strategy in 2015 with the aim of having the most satisfied customers. We will measure the attainment of this goal with customer loyalty, positive development of our financial result, faster than average market growth and personnel satisfaction.

Jukka Leinonen
President and CEO

Operating environment

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

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

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

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

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

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

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

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

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

Net sales and profit

October–December 2014

Net sales increased by 5.3 per cent and came to EUR 216.3 million (205.4 million). Net sales were fuelled by the growth of corporate business as a result of the acquisition of TDC's Finnish operations in the second quarter. The increase was also due to the positive development of mobile and fixed-network broadband sales. The weak economic situation affected the demand for traditional pay-TV services and mobile devices in particular. During the review period, 71.6 per cent (78.8 per cent) of net sales was generated by consumer business and 28.4 per cent (21.2 per cent) by corporate business.

EBITDA increased to EUR 47.7 million (46.8 million), The EBITDA percentage of net sales dropped slightly and came to 22.0 per cent (22.8 per cent). EBITDA excluding non-recurring items came to EUR 47.7 million (47.6 million), or 22.0 per cent of net sales (23.2 per cent).

Operating profit fell to EUR 7.6 million (8.1 million) due to increased depreciation. Operating profit accounted for 3.5 per cent of net sales (4.0 per cent). Operating profit excluding non-recurring items decreased by 14.5 per cent to EUR 7.6 million (8.9 million), accounting for 3.5 per cent of net sales (4.3 per cent).

Financial income and expenses amounted to EUR -3.2 million (-2.8 million). Income tax for the period was EUR 1.0 million (0.3 million). Profit weakened in the fourth quarter and came to EUR 3.4 million (5.6 million). Earnings per share came to EUR 0.4 (0.7).

January–December 2014

DNA's net sales for 2014 grew by 8.8 per cent and came to EUR 833.5 million (766.4 million). Net sales were fuelled by the acquisition of TDC's Finnish operations in the second quarter. The increase was also due to the positive development of mobile and fixed-network broadband sales.

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

Operating profit decreased by 32.7 per cent to EUR 29.4 million (43.7 million), or 3.5 per cent of net sales (5.7 per cent). Operating profit excluding non-recurring items increased by 12.5 per cent and came to EUR 54.8 million (48.7 million), or 6.6 per cent of net sales (6.4 per cent). Operating profit was mostly burdenedby significant non-recurring items. The non-recurring items affecting EBITDA between January and December were EUR 5.9 million in total, and the items affecting the profit EUR 25.5 million Most of the non-recurring items were related to the write-down of the PlusTV brand after the introduction of the DNA Welho brand, write-downs in relation to renewals in information systems as well as a provision recognised in the period due to cooperation negotiations.

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

Consolidated key figures

EUR million	10–12/2014	10–12/2013	Change, %	1–12/2014	1–12/2013	Change, %
Net sales	**216.3**	205.4	5.3%	**833.5**	766.4	8.8%
EBITDA	**47.7**	46.8	1.9%	**204.2**	190.7	7.1%
- % of net sales	**22.0%**	22.8%		**24.5%**	24.9%	
EBITDA without non-recurring items	**47.7**	47.6	0.3%	**210.1**	195.8	7.3%
- % of net sales	**22.0%**	23.2%		**25.2%**	25.5%	
Operating profit	**7.6**	8.1	-6.7%	**29.4**	43.7	-32.7%
- % of net sales	**3.5%**	4.0%		**3.5%**	5.7%	
Operating profit without non-recurring items	**7.6**	8.9	-14.5%	**54.8**	48.7	12.5%
- % of net sales	**3.5%**	4.3%		**6.6%**	6.4%	
Profit for the financial period	**3.4**	5.6	-38.7%	**15.4**	28.9	-46.7%

Key operative indicators

	10–12/2014	10–12/2013	Change, %	1–12/2014	1–12/2013	Change, %
Number of mobile communication network subscriptions at end of period*	**2,505,000**	2,450,000	2.2%	**2,505,000**	2,450,000	2.2%
- Revenue per user (ARPU), EUR**	**16.7**	18.0	-7.1%	**17.6**	18.2	-3.5%
- Customer CHURN rate, %**	**16.8**	16.9	-0.5%	**16.9**	17.1	-1.5%
Number of fixed line subscriptions at end of period	**1,108,000**	1,016,000	9.1%	**1,108,000**	1,016,000	9.1%

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

Cash flow and financial position

October–December 2014

Cash flow after investments was EUR -8.7 million (-8.2 million).

January–December 2014

Cash flow after investments decreased to EUR -123.9 million (-33.6 million). This is particularly due to the acquisition of TDC Ltd Finland and TDC Hosting Ltd.
DNA has a EUR 200 million revolving credit facility, of which EUR 200 million (200 million) remain undrawn, and a EUR 15.0 million (15.0 million) credit facility. The revolving credit facility was used to finance the acquisition of TDC's Finnish operations. In addition, the company has a commercial paper programme worth EUR 150.0 million (150.0 million), under which EUR 115.0 million (75.0 million) was drawn by the end of the review period.

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

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

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

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

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

Cash flow and financial key figures

	10–12/2014	10–12/2013	1–12/2014	1–12/2013
Cash flow after investments, EUR million	**-8.7**	-8.2	-123.9	-33.6

	12/31/2014	12/31/2013
Interest bearing net debt, EUR million	**479.4**	326.7
Interest bearing net debt/EBITDA	**2.35**	1.71
Net gearing, %	**94.3**	62.6
Equity ratio, %	**41.5**	49.4

Development per business segment

Consumer business

October–December 2014

Consumer business net sales decreased by 4.3 per cent to EUR 154.9 million (162.0 million). This was mostly due to weaker demand for pay-TV and mobile devices as well as the decrease in interconnection prices. EBITDA decreased by 6.2 per cent and came to EUR 31.4 million (33.5 million). The EBITDA percentage of net sales dropped to 20.3 per cent (20.7 per cent). Operating profit decreased to EUR 6.9 million (7.8 million), or 4.4 per cent of consumer business net sales (4.8 per cent). Depreciation to the amount of EUR 24.5 million (25.7 million) was allocated to consumer business.

In October, DNA launched the new DNA Täpäkkä Credit solution created by DNA and Visa that works in smart phones and on the Internet. The physical card can be used in brick and mortar stores, since it has an NFC feature.

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

In December, DNA and Samsung launched a new Samsung Experience Store in Turku. The store showcases Samsung’s products, such as smart phones, tablets and accessories to consumers. DNA’s voice and broadband subscriptions and entertainment services at available at the store.

January–December 2014

Consumer business net sales increased by 4.9 per cent to EUR 622.4 million (593.4 million). This growth was due to the positive development of broadband and mobile services. Housing company subscriptions in particular enjoyed strong growth in fixed-network broadband. EBITDA increased by 7.6 per cent to EUR 143.3 million (133.3 million), or 23.0 per cent of net sales (22.4 per cent). The increase was fuelled by growth in net sales and improved operational efficiency. Burdened by non-recurring items, operating profit decreased by 25.2 per cent and came to EUR 26.7 million (35.7 million), or 4.3 per cent of net sales (6.0 per cent). Operating profit excluding non-recurring items increased by 17.6 per cent and came to EUR 45.8 million (38.9 million).

Consumer business

EUR million	10–12/2014	10–12/2013	Change, %	1–12/2014	1–12/2013	Change, %
Net sales	**154.9**	162.0	-4.3%	**622.4**	593.4	4.9%
EBITDA	**31.4**	33.5	-6.2%	**143.3**	133.3	7.6%
- % of net sales	**20.3%**	20.7%		**23.0%**	22.4%	
EBITDA without non-recurring items	**31.4**	34.2	-8.2%	**145.0**	137.2	5.7%
- % of net sales	**20.3%**	21.1%		**23.3%**	23.1%	
Operating profit/loss	**6.9**	7.8	-12.0%	**26.7**	35.7	-25.2%
- % of net sales	**4.4%**	4.8%		**4.3%**	6.0%	
Operating profit without non-recurring items	**6.9**	8.6	-19.7%	**45.8**	38.9	17.6%
- % of net sales	**4.4%**	5.3%		**7.4%**	6.6%	

Corporate business

October–December 2014

Corporate business net sales increased by 41.3 per cent to EUR 61.4 million (43.5 million). This positive development is due to the acquisition of TDC's Finnish operations. EBITDA increased by 22.0 per cent to EUR 16.3 million (13.3 million), or 26.5 per cent of net sales (30.7 per cent). Operating profit grew to EUR 0.7 million (0.3 million), or 1.2 per cent of net sales (0.8 per cent). Depreciation to the amount of EUR 15.5 million (13.0 million) was allocated to corporate business.

According to plan, DNA merged its DNA Business unit, its subsidiary Forte Netservices Oy focusing on corporate data security solutions, and TDC Oy Finland and TDC Hosting Oy, both acquired in early June, into one strong corporate business unit. TDC Hosting Ltd and Forte Netservices Oy merged with the parent company DNA Ltd on 31 October 2014, and TDC Ltd Finland on 31 December 2014. The cooperation negotiations necessitated by the reorganisation opened in August and were completed on 14 October 2014.

The new business entity adopted the unified DNA Business brand in all its products and services at the end of 2014. The expertise and customer-base structure of the companies complement each other well, and the merger has created a very competitive business unit.

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

January–December 2014

Corporate business net sales increased by 22.1 per cent to EUR 211.2 million (173.0 million). This positive development is due to the acquisition of TDC's Finnish operations in the second quarter. EBITDA increased by 5.9 per cent and came to EUR 60.9 million (57.5 million), accounting for 28.8 per cent of net sales (33.2 per cent). Operating profit decreased to EUR 2.6 million (7.9 million), or 1.2 per cent of net sales (4.6 per cent). Operating profit was burdened by significant non-recurring items. Operating profit excluding non-recurring items came to EUR 9.0 million (9.0 million).

Corporate business

EUR million	10–12/2014	10–12/2013	Change, %	1–12/2014	1–12/2013	Change, %
Net sales	**61.4**	43.5	41.3%	**211.2**	173.0	22.1%
EBITDA	**16.3**	13.3	22.0%	**60.9**	57.5	5.9%
- % of net sales	**26.5%**	30.7%		**28.8%**	33.2%	
EBITDA without non-recurring items	**16.3**	13.3	22.0%	**65.1**	58.6	11.0%
- % of net sales	**26.5%**	30.7%		**30.8%**	33.9%	
Operating profit/loss	**0.7**	0.3	120.6%	**2.6**	7.9	-66.8%
- % of net sales	**1.2%**	0.8%		**1.2%**	4.6%	
Operating profit without non-recurring items	**0.7**	0.3	120.6%	**9.0**	9.0	-0.4%
- % of net sales	**1.2%**	0.8%		**4.3%**	5.2%	

Investments

October–December 2014

Investments amounted to EUR 66.9 million (40.5 million), or 30.9 per cent of net sales (19.7 per cent). Capital expenditure (including licenses) came to EUR 65.4 million (39.6 million), or 30.2 per cent of net sales (19.3 per cent). Investments in licenses in the fourth quarter amounted to EUR 6.7 million in both 2013 and 2014. Capital expenditure increased by 65.2 per cent year-on-year.

January–December 2014

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

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

Investments

EUR million	10–12/2014	10–12/2013	Change, %	1–12/2014	1–12/2013	Change, %
Consumer business	45.3	28.2	60.8%	98.7	91.2	8.3%
Corporate business	20.1	11.4	75.9%	46.1	35.0	31.6%
Un-allocated	1.5	0.9	67.9%	4.8	2.2	116.0%
Total investments	**66.9**	40.5	65.2%	**149.6**	128.4	16.5%

Network infrastructure

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

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

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

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

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

Personnel

At the end of 2014, DNA Group had 1,748 employees (1,563 employees), of which 721 were women (667) and 1,027 men (896). The increase is due to the transfer of TDC's Finnish personnel to the employ of DNA.

Salaries and employee benefit expenses paid during the fourth quarter amounted to EUR 26.8 million (22.0 million).

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

Personnel by business segment

	12/31/2014	12/31/2013	Change, %
Consumer business	1,039	1,104	-5.9%
Corporate business	709	459	54.5%
Total personnel	**1,748**	1,563	11.8%

Changes in the Group structure and significant litigation matters

Changes in the Group structure

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

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

Significant litigation matters

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

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

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

Management and governance

Group Executive Team

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

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

Decisions of the Annual General Meeting of 2014

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

Board members and remuneration

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

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

The Board’s share repurchase authorisation

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

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

Shares and shareholders

Shareholders

Owners (10 biggest):

	12/31/2014
Finda Oy	49.90%
PHP Holding Oy	37.56%
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	5.01%
Anvia Oyj	3.47%
Lohjan Puhelin Oy	2.60%
Pietarsaaren Seudun Puhelin Oy	0.83%
Karjaan Puhelin Oy	0.20%
Vakka-Suomen Puhelin Oy	0.15%
Puhelinosuuskunta IPY	0.13%
Orox Oy	0.04%
TOTAL	99.89%

On 31 December 2014, the ten largest shareholders of DNA Ltd were Finda Oy (49.90 per cent), PHP Holding Oy (37.56 per cent), Ilmarinen Mutual Pension Insurance Company (5.01 per cent), Anvia Oyj (3.47 per cent) and Lohjan Puhelin Oy (2.61 per cent). At the end of the review period, they held a total of 98.55 per cent of DNA's shares and voting rights. The holdings were calculated based on the number of outstanding shares. At the end of the review period, the company held 1,132,144 treasury shares (1,132,144 on 31 December 2013).

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

Shares

At the end of the review period, the company's shares totalled 9,611,277 (9,610,676 on 31 December 2013) and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65 (EUR 72,702,225,65 on 31 December 2013). At the end of the review period, the company held 1,132,144 treasury shares (1,132,144 on 31 December 2013), or 11.78 per cent of all shares.

DNA's new share-based reward system

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

Corporate responsibility

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

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

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

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

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

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

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

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

Near-term risks and uncertainties

Risk management is part of DNA's strategy process and corporate governance. It is guided by the risk management policy approved by the Board of Directors. The risk management process provides reports on risks and their control methods to the executive management and Board of Directors. Operational plans for the management of significant risks are drafted based on risk management reports, and the Executive Team monitors the implementation of these plans. According to the company, there have been no significant changes in near-term risks and uncertainties in the review period. A more detailed description of DNA's risk management and uncertainties is available in the Annual Report, which will be published on 6 March 2015.

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

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

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

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

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

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

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

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

Events after the review period

There have been no significant events after the review period.

Outlook for 2015

Market outlook

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

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

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

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

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

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

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

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

DNA's outlook for 2015

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

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

DNA Ltd
Board of Directors

DNA's financial publications in 2015:

24 April 2015	DNA Ltd's Interim Report January−March
17 July 2015	DNA Ltd's Interim Report January−June
23 October 2015	DNA Ltd's Interim Report January−September

Consolidated income statement, IFRS

EUR million	1 Oct–31 Dec 2014	1 Oct–31 Dec 2013	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Net sales	**216.3**	**205.4**	**833.5**	**766.4**
Other operating income	0.3	0.7	1.8	2.4
Materials and services	-107.2	-106.7	-407.3	-370.2
Employee benefit expenses	-26.8	-22.0	-101.0	-85.4
Depreciation	-40.1	-38.7	-174.9	-147.1
Other operating expenses	-34.9	-30.6	-122.8	-122.4
Operating result, EBIT	**7.6**	**8.1**	**29.4**	**43.7**
Financial income	0.2	0.3	0.9	1.2
Financial expense	-3.4	-3.1	-11.3	-7.2
Share of associated companies' results	0.1	0,0	0.0	-0.0
Net profit before tax	**4.4**	**5.3**	**18.9**	**37.7**
Income tax	-1.0	0.3	-3.5	-8.7
Net profit for the period	**3.4**	**5.6**	**15.4**	**28.9**
Net profit attributable to:				
Owners of the parent	3.4	5.6	15.4	28.9
Earnings per share of the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.4	0.7	1.8	3.4
Average number of shares				
- Basic	8,479	8,479	8,479	8,479

Consolidated statement of comprehensive income

Net profit for the period	3.4	5.6	15.4	28.9
Items that will not be reclassified to profit or loss:				
Actuarian gains (losses) on defined benefit pension plans	-0.4	-0.1	-0.5	0.1
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges	0.1	0.1	0.2	0.6
Other comprehensive income, net of tax	-0.3	0.1	-0.4	0.7

Total comprehensive income	**3.1**	**5.7**	**15.0**	**29.6**
Comprehensive income attributable to:				
Owners of the parent	3.1	5.7	15.0	29.6

Consolidated statement of financial position, IFRS

EUR million	31 Dec 2014	31 Dec 2013
Assets		
Non-current assets		
Goodwill	327.2	232.3
Other intangible assets	178.6	173.9
Property, plant and equipment	432.4	392.3
Investments in associates	2.2	2.1
Available-for-sale financial assets	0.2	0.2
Trade and other receivables	40.4	38.7
Deferred tax assets	31.2	31.8
Total non-current assets	**1,012.2**	**871.5**
Current assets		
Inventories	19.5	20.8
Trade and other receivables	193.1	159.2
Tax receivable	10.9	0.8
Cash and cash equivalents	10.6	27.1
Total current assets	**234.1**	**207.9**
Total assets	**1,246.4**	**1,079.3**
Shareholders' equity		
Equity attributable to owners of the parent		
Share capital	72.7	72.7
Other reserves	607.2	606.5
Treasury shares	-103.5	-103.5
Retained earnings	-83.6	-82.3
Profit for the year	15.4	28.9
Total equity	**508.2**	**522.3**
Liabilities		
Non-current liabilities		
Interest-bearing non-current liabilities	327.1	225.8
Retirement benefit obligations	2.2	1.5
Provision for other liabilities	20.1	7.6
Derivative financial instruments	0,0	0.5
Deferred income tax liabilities	32.9	39.0
Other non-current liabilities	19.6	21.7
Total non-current liabilities	**401.8**	**296.1**
Current liabilities		
Interest-bearing current liabilities	162.9	127.9
Derivative financial instruments	3.1	0.2

Provisions for other liabilities	0.1	0,0
Trade and other payables	170.1	132.8
Current income tax liabilities	0.1	0.1
Total current liabilities	**336.4**	**261.0**
Total liabilities	**738.2**	**557.1**
Total equity and liabilities	**1,246.4**	**1,079.3**

Condensed consolidated statement of cash flows, IFRS

EUR million	1–12/2014	1–12/2013
Cash flows from operating activities		
Profit for the period	15.4	28.9
Depreciation	174.9	147.1
Change in working capital	-0.1	-32.9
Other adjustments	-7.3	-9.6
Net cash generated from operating activities (A)	**182.9**	**133.6**
Cash flows from investing activities		
Investments in property, plant and equipment (PPE) and intangible assets	-149.6	-127.1
Proceeds from sale of PPE	0.1	0.5
Acquisition of subsidiaries and business transfers	-156.8	-40.5
Change in other investments	-0.4	0.0
Net cash used in investing activities (B)	**-306.7**	**-167.1**
Cash flows from financing activities		
Share issue	0.7	0.0
Dividend payment	-30.0	-35.0
Borrowing of interest-bearing liabilities	544.0	307.1
Repayment of interest-bearing liabilities	-407.3	-219.7
Net cash used in financing activities (C)	**107.4**	**52.4**
Change in cash and cash equivalents (A+B+C)	-16.5	18.8
Cash and cash equivalents at beginning of year	27.1	8.2
Cash and cash		

equivalents at end of year	10.6	27.1

Consolidated statement of changes in equity

EUR million	Share capital	Hedge fund	Unrestricted equity reserve	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2013	**72.7**	**-0.9**	**606.8**	**-103.5**	**-47.2**	**527.8**
Comprehensive income						
Profit for the period					28.9	28.9
Other comprehensive income						
Actuarian gains (losses) on defined benefit pension plans					0.1	0.1
Cash flow hedges, net of tax		0.6				0.6
Total other comprehensive income, net of tax		**0.6**			**0.1**	**0.7**
Total comprehensive income	**0.0**	**0.6**	**0.0**	**0.0**	**29.0**	**29.6**
Transactions with owners						
Employee share option scheme: granted options					-0.2	-0.2
Dividends relating to 2012					-35.0	-35.0
Total contribution by and distributions to owners	**0.0**	**0.0**	**0.0**	**0.0**	**-35.2**	**-35.2**
Balance at 31 December 2013	**72.7**	**-0.3**	**606.8**	**-103.5**	**-53.4**	**522.3**
Balance at 1 January 2014	**72.7**	**-0.3**	**606.8**	**-103.5**	**-53.4**	**522.3**
Comprehensive income						
Profit for the period					15.4	15.4
Other comprehensive income						
Actuarian gains (losses) on defined benefit pension plans					-0.5	-0.5
Cash flow hedges, net of tax		0.2				0.2
Total other comprehensive income, net of tax		**0.2**			**-0.5**	**-0.4**
Total comprehensive income	**0.0**	**0.2**	**0.0**	**0.0**	**14.9**	**15.0**
Transactions with owners						
Share issue			0.6			0.6
Employee share option scheme: granted options					0.3	0.3
Dividends relating to 2013					-30.0	-30.0
Total contribution by and distributions to owners	**0,0**	**0,0**	**0.6**	**0.0**	**-29.7**	**-29.2**
Balance at 31 December 2014	**72.7**	**-0.1**	**607.3**	**-103.5**	**-68.2**	**508.2**

Notes

Contents

1 Accounting principles

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

New and revised IFRS standards

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

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

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

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

2 Segment information

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

1 Oct–31 Dec 2014

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**154,935**	**61,386**	**216,321**
EBITDA	**31,419**	**16,269**	**47,689**
Depreciation	24,545	15,541	40,085
Operating result, EBIT	**6,875**	**729**	**7,603**
Net financial items			-3,230
Share of associated companies' results			61
Profit before tax			4,435
Profit for the period			**3,426**
Investments	45,354	20,005	65,359
Employees at end of period	1,039	709	1,748

1 Oct–31 Dec 2013

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**161,963**	**43,456**	**205,419**
EBITDA	**33,484**	**13,334**	**46,818**
Depreciation	25,668	13,003	38,671
Operating result, EBIT	**7,817**	**330**	**8,147**
Net financial items			-2,803
Share of associated companies' results			-6
Profit before tax			5,339
Profit for the period			**5,591**
Investments	28,082	11,279	39,361
Employees at end of period	1,104	459	1,563

1 Jan–31 Dec 2014

EUR 1,000

Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**622,362**	**211,168**	**833,530**
EBITDA	**143,329**	**60,888**	**204,216**
Depreciation	116,597	58,260	174,857
Operating result, EBIT	**26,732**	**2,628**	**29,360**
Net financial items			-10,451
Share of associated companies' results			17
Profit before tax			18,926
Profit for the period			**15,403**

Investments	98,748	46,053	144,801
Employees at end of period	1,039	709	1,748

1 Jan–31 Dec 2013			
EUR 1,000			
Business segments	**Consumer segment**	**Corporate segment**	**Group total**
Net sales	**593,429**	**173,003**	**766,431**
EBITDA	**133,259**	**57,486**	**190,745**
Depreciation	97,524	49,571	147,094
Operating result, EBIT	**35,736**	**7,915**	**43,651**
Net financial items			-5,965
Share of associated companies' results			-33
Profit before tax			37,653
Profit for the period			**28,924**
Investments	91,151	34,988	126,138
Employees at end of period	1,104	459	1,563

3 Investments

EUR 1,000	Oct–Dec 2014	Oct–Dec 2013	Jan–Dec 2014	Jan–Dec 2013
Capital expenditure				
Intangible assets	13,378	3,399	32,312	23,839
Property, plant and equipment	53,492	37,132	117,241	104,575
Total	66,870	40,532	149,553	128,415

All items of capital expenditure have not been allocated to business segments in management reporting (for example financial leases).

4 Shareholders' equity

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

Number of shares include 1,132,144 treasury shares.
DNA Ltd has one share type. The total number of shares is 9,611,277 (9,610,676). The shares do not have a nominal value. DNA Ltd's share capital amounts to EUR 72,702,226. All issued shares have been paid in full. Of the rights issues to the Board of Directors and key employees, a total of 7,080 shares remain unsubscribed. The shares were registered in January 2015.

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

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

Dividends
DNA Ltd's Annual General Meeting of 20 March 2014 approved a payment of dividend (EUR 3.54 per share) totalling EUR 30,014,003.28. The dividend was paid on 2 April 2014.

5 Net liabilities

EUR 1,000	31 December 2014	31 December 2013
Non-current and current interest-bearing liabilities	490,034	353,724
Less short-term investments, cash and bank balances	10,599	27,054
Total	479,435	326,670

6 Provisions for other liabilities

EUR 1,000	1 Jan 2014	Additions	Provisions used	Other changes/Discount effect	31 Dec 2014
Decommissioning provisions	6,810	310	0	2,091	**9,211**
Restructuring provisions	206	4,860	-2,967	15	**2,114**
Onerous contracts	766	174	-99	10,939	**11,780**
Other provisions	0	0	0	89	**89**
Total	**7,782**	**5,344**	**-3,066**	**13,134**	**23,194**

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

Onerous contracts
The acquisition of TDC Oy Finland increased DNA's provision for onerous contracts by EUR 12.1 million. This provision is mainly for a non-voidable lease agreement and covers future leases of unused premises. The provision has been discounted. The non-voidable lease agreement expires in 2025.

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.

EUR 1,000	**Sales**	**Purchases**	**Receivables**	**Liabilities**
12/2014				
Organisations exercising significant influence	27	3,859	2	2
Associated companies	0	617	0	2

EUR 1,000	**Sales**	**Purchases**	**Receivables**	**Liabilities**
12/2013				
Organisations exercising significant influence	50	4,338	3	34
Associated companies	0	518	0	80

Rights issue to the Board of Directors, see Note 4 Shareholders' equity.

8 Share-based payments

New rights issue against payment to Group key personnel in 2014

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

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

Participation requires subscription in the directed rights issue
The prerequisite for participating in the plan is that a person participating in the plan acquires, against payment, shares up to the number determined by the Board of Directors.
Participants have the opportunity to receive a reward as DNA’s shares or as cash in connection with stock-exchange listings or main shareholders’ exit. Receiving of the reward is tied to the continuance of participant´s employment and ownership of shares up to the number determined by the Board of Directors upon reward payment.

The reward will consist of one share per each subscribed share (base matching shares). Additionally, it is possible to obtain a reward based on the listing or sale price (performance share). For stock-exchange listings, the value of the reward is based on the share price and for exits, on the sale price. If neither takes place by 31 May 2019 at the latest, or if the Board of Directors decides to extend the plan no later than 31 May 2021, the reward is based on the possible increase in the share value during the expected life.
The right to the reward is personal, and is payable only to named participants. Participants cannot transfer the right to the reward to another party. The Board of Directors decides on all matters relating to the plan, such as a participant’s right to the reward in case their duties within the Group should change or they leave the employment of DNA before the reward payment.

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

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

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

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

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

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

Conditions of share-based incentive scheme

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

Option scheme
As proposed by the Board of Directors, the Annual General Meeting decided that a long-term incentive scheme for the management and other key personnel be introduced in March 2010. If the option rights holder's employment with a Group company ends, his or her option rights will immediately transfer to the company or its order. A total of 100,000 option rights was issued (2010). During spring 2011, it was decided to grant an additional 8,000 option rights. At most, 50,000 option rights are classified as 2010A and 58,000 option rights as 2010B.

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

Option scheme

Classification	2010A	2010B
Target group	Management and key personnel	Management and key personnel
Granting date	10 March 2010	1 March 2011
Amount of granted instruments	50,000	58,000
Share price at granting date	EUR 97.00	EUR 98.66
Subscription/Expected life (years)	2 Jan 2013–30 April 2015	2 Jan 2014–30 April 2016
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 2014	62,000
Granted options	
Forfeited options	3,000
Exercised options	
Expired options	
On 31 December 2014	59,000

There were no new options granted during 2014.

9 Derivative fair value measurement hierarchy

The market value of the interest rate swaps have been determined by discounting market interest rates.
No hierarchy transfers have been made

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

31 December 2014

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Derivatives hedge accounting		150	
Total		150	

31 December 2013

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Derivatives hedge accounting		476	
Total		476	

10 Business combinations

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

EUR million	Preliminary reported	Fair value at acquisition date
Intangible assets	4.1	40.7
Property, plant and equipment	35.8	35.2
Deferred tax assets	0.0	13.6
Inventory	0.1	0.1
Trade and other receivables	19.6	20.5
Cash and cash equivalents	12.7	12.7
Total assets	**72.3**	**122.8**
Deferred tax liabilities	0.0	8.1
Other non-current debt	4.9	3.7
Provisions	2.6	12.6
Trade and other payables	25.0	25.5
Total liabilities	**32.5**	**50.0**
Net assets	**39.8**	**72.8**
Total consideration transferred		167.7
Goodwill		94.9

Direct costs of EUR 3.3 million have been recorded as other operating expenses.
The acquired subsidiaries' net sales for 1 January to 31 May amounted to EUR 37.2 million and profits to EUR 0.8 million. If the acquisition had occurred on 1 January 2014, Group net sales would have been EUR 870.7 million and the Group would have made a profit of EUR 16.1 million.

11 Impairments

EUR 1,000	31 Dec 2014
Impairment charges for intangible assets	
Intangible rights	10,721
Other intangible assets	8,862
Total	**19,583**

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

Key figures

	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Equity per share, EUR	59.9	61.6	59.9	61.6
Interest bearing net liabilities, EUR million	479.4	326.7	479.4	326.7
Net gearing, %	94.3%	62.6%	94.3%	62.6%
Equity ratio, %	41.5%	49.4%	41.5%	49.4%
Interest bearing net debt/EBITDA	2.51	1.74	2.35	1.71
Return on investment (ROI), %	3.2%	3.9%	3.2%	5.4%
Return on equity (ROE), %	2.7%	4.3%	3.0%	5.5%
Investments, EUR million	66.9	40.5	149.6	128.4
Investments, % of net sales	30.9%	19.7%	17.9%	16.8%
Personnel at end of period	1,748	1,563	1,748	1,563

Key operative indicators

Mobile communication network subscription volumes:

Number of:	Sep 2014	Sep 2013	Dec 2014	Dec 2013
Subscriptions*	2,496,000	2,437,000	2,505,000	2,450,000
DNA's own customers*	2,470,000	2,350,000	2,483,000	2,377,000

	Oct-Dec 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Revenue per subscription (ARPU), EUR**	16.7	18.0	17.6	18.2
Customer churn rate, %**	16.8	16.9	16.9	17.1

*Includes only mobile broadband

**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	Sep 2014	Sep 2013	Dec 2014	Dec 2013
Broadband subscriptions	411,000	313,000	415,000	322,000
Cable TV subscriptions	591,000	592,000	593,000	591,000
Telephone subscriptions	102,000	107,000	100,000	103,000

Calculation of the key indicators

Equity per share, EUR	=	Equity attributable to equity holders of the parent company
		Number of outstanding shares at end of period
Interest-bearing net liabilities, EUR	=	Interest-bearing liabilities - liquid assets
Gearing, %	=	Interest-bearing liabilities – liquid assets
		Total shareholders' equity
Equity ratio, %	=	Shareholders' equity
		Balance sheet total – prepayments received
EBITDA, EUR	=	Operating profit (EBIT) + depreciation, amortisation and impairments
Return on investment (ROI), %*	=	Profit before taxes + interest and other finance expenses
		Balance sheet total – non-interest bearing liabilities (annual average)
Return on equity (ROE), % *	=	Profit for the financial period
		Total shareholders' equity (annual average)
Interest-bearing net debt/EBITDA*	=	Interest-bearing net liabilities
		EBIT + depreciation + amortisation

* 12-month adjusted