financial statements release

1 January–31 December 2010

DNA grows net sales again

Key figures

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Net sales	182.0	165.2	690.5	652.2
EBITDA	39.9	49.0	182.1	167.2
EBITDA, per cent	21.9	29.6	26.4	25.6
EBITDA excluding non-recurring items	44.2	44.7	187.0	179.5
EBITDA, per cent excluding non-recurring items	24.3	27.1	27.1	27.5
EBIT	7.5	-75.6	65.2	-43.8
EBIT, per cent	4.1	-45.8	9.4	-6.7
EBIT excluding non-recurring items	11.8	15.0	70.2	63.4
EBIT, per cent excluding non-recurring items	6.5	9.1	10.2	9.7
Profit before tax	6.6	-76.3	60.6	-42.8
Profit/loss for the financial period	5.9	-81.3	46.0	-56.5
Return on investment (ROI), per cent *)	4.0	-33.3	9.6	-1.0
Capital expenditure	38.8	31.8	83.4	87.9
Cash flow after investments	-2.7	14.3	71.8	52.5
Personnel at end of period (persons)	1,003	818	1,003	818

*) 12-month average

EUR million	31 Dec 2010	31 Dec 2009
Net debt	102.4	144.5
Net debt / EBITDA	0.56	0.86
Gearing, per cent	16.1	34.0
Equity ratio, per cent	63.6	55.3

Figures are unaudited.

The Welho business was incorporated into DNA Ltd's balance sheet on 30 June 2010 and into the profit and loss account from 1 July to 31 December 2010. Welho's personnel transferred to the employ of DNA as existing employees.

summary

OCTOBER–DECEMBER: NET SALES GREW BY 10 PER CENT

- DNA's net sales amounted to EUR 182.0 million (10-12/2009: 165.2 million). From 1 July onwards, net sales growth was fuelled by the Welho business's incorporation in particular.
- EBITDA totalled EUR 39.9 million, or 21.9 per cent of net sales (10–12/2009: EUR 49.0 million and 29.6 per cent). Excluding non-recurring items, EBITDA came to EUR 44.2 million (44.7 million). EBITDA and EBIT were affected by the total cost of the extensive renewal of the customer information system, actions in response to intensifying competition and a non-recurring provision recognised in December due to cooperation negotiations.
- EBIT improved to EUR 7.5 million (7–9/2009: -75.6 million). EBIT for the comparable period was affected by a non-recurring EUR 94.9 goodwill write-down on the fixed network. EBIT excluding non-recurring items decreased to EUR 11.8 million (10–12/2009: 15.0 million). Profit before tax was EUR 6.6 million (10–12/2009: -76.3 million).
- Cash flow after investments was EUR -2.7 million (10–12/2009: 14.3 million).
- The DNA mobile communication subscription base (including mobile broadband) grew in the last quarter of the year, reaching 2,108,000 in total (12/2009: 1,947,000 and 9/2010: 2,078,000).
- Revenue per user (ARPU*) for mobile communications amounted to EUR 21.4 (10–12/2009: 21.9 and 7–9/2010: 21.4).
- Intensifying competition increased the mobile communication subscription turnover rate (CHURN*) to 19.4 per cent (10–12/2009: 14.8 per cent and 7–9/2010: 16.3 per cent).
- At the end of December, DNA's fixed-line network had 1,060,000 telephone, broadband and cable TV subscriptions (12/2009: 647,000 and 9/2010: 1,059,000).

  *) figures include postpaid subscriptions only

JANUARY–DECEMBER: NET SALES GREW BY 6 PER CENT

- DNA's net sales amounted to EUR 690.5 million (1–12/2009: 652.2 million). This increase was due to strong demand for mobile communication services and the Welho business' incorporation into DNA as of 1 July.
- EBITDA increased to EUR 182.1 million, or 26.4 per cent of net sales (1–12/2009: 167.2 million and 25.6 per cent). EBITDA excluding non-recurring items increased to EUR 187.0 million (179.5 million).
- EBIT improved to EUR 65.2 million (1–12/2009: -43.8 million). EBIT for the comparable period was affected by a non-recurring EUR 94.9 goodwill write-down on the fixed network in the last quarter of 2009. EBIT excluding non-recurring items increased to EUR 70.2 million (1–12/2009: 63.4 million).
- Profit before tax was EUR 60.6 million (1–12/2009: -42.8 million).
- Cash flow after investments improved to EUR 71.8 million (1–12/2009: 52.5 million).

Riitta Tiuraniemi, President and CEO:

"Our growth remained strong."

In the picture: President and CEO RIITTA TIURANIEMI

In the last quarter of the year, our net sales grew by 10.2 per cent year-on-year, and our net sales for 2010 amounted to EUR 690.5 million (652.2 million).

EBITDA excluding non-recurring items in 2010 improved by 4.2 per cent and came to EUR 187.0 million, accounting for 27.1 per cent of net sales (27.5 per cent). EBIT excluding non-recurring items increased by 10.7 per cent to EUR 70.2 million. EBITDA excluding non-recurring items for the last quarter remained at last year's level. EBITDA and EBIT for the October-December period were burdened by the increase in material costs towards the end of the year, the total cost of extensively renewing the customer information system, actions necessitated by intensifying competition and a non-recurring provision recognised in December due to cooperation negotiations.

In October-December, our mobile communication subscription base grew by 30,000 on the previous quarter, reaching a total of 2,108,000 subscriptions. The year-on-year increase was 161,000 subscriptions. Intensifying competition clearly increased the subscription turnover rate (CHURN) in the last quarter, but revenue per user (ARPU) remained solid. Due to the Welho acquisition, the number of fixed-line subscriptions grew from last year.

Cash flow remained good, and our financial position was further strengthened: gearing decreased and our net debt/ EBITDA ratio improved notably, coming to 0.56 (0.86).

The extensive renewal of our customer information system in October affected our performance in the second half of 2010, causing temporary service disruptions towards the end of the year. Having successfully migrated to the new system, we can now focus on serving our customers and taking advantage of the versatile system features. We also established new service centers in new locations during the second half of 2010. We will continue to make similar significant investments in customer relations in 2011.

At the end of the year, we announced the merger of DNA and the Welho business. The rationale behind the merger is to establish a nationwide broadband and television service offering, and to make use of synergy benefits. Due to the business restructuring, cooperative negotiations began with DNA and Welho staff on 3 January 2011.

We also launched terrestrial HDTV business operations in December. Pay-TV services will become available in the new network during this spring. DNA's terrestrial network business significantly increases the coverage of our TV network, making us a genuine nationwide TV operator. By the end of 2010, our HDTV broadcasting was available for two million Finns, and we will continue to expand the network.

At the turn of the year, we signed an agreement that brings 4G technology into our network. We will launch 4G commercial services in the largest cities during 2011. We have also invested in new product features in our core and trunk network. With these new technologies, we can not only improve the speed and quality of our mobile broadband products, but also move towards a product structure that is based on data transfer. This will open up new possibilities to improve our profitability further.

A key challenge in 2011 will arise in the change to the Telecommunications Act, entering into effect on 25 May 2011 and making number porting possible in fixed-term contracts. This will further increase competition between teleoperators. However, thanks to DNA's cost-effective operating model, we are well-equipped to respond.

The Group's financial position is expected to remain good in 2011, and net sales to grow, mainly due to the integration of the Welho business. EBITDA and EBIT excluding non-recurring items are estimated to remain at the same level as in 2010, or improve slightly.

Financial Statements Release 2010

ACCOUNTING PRINCIPLES

This financial statements release has been prepared in accordance with IFRS recognition and measurement principles. 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. These financial statements should be read observing the 2009 financial statements. Additionally, these financial statements take account of the requirements 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.

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 31 December 2010. Welho's personnel transferred to the employ of DNA as existing employees.

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

The information presented in this financial statements release is unaudited.

MARKET SITUATION

The overall economic situation improved in 2010, however competition increased in the telecommunications consumer market towards the year end. Strong demand for mobile communication services continued, particularly for mobile broadband, and fixed-line broadband customers actively switched to higher-speed Internet connections. Demand for television services and mobile voice communication, which constitutes the largest individual market, remained steady.

Competition remained intense in the corporate market. In 2010, demand was switching from fixed-network voice services to mobile voice services. Demand for mobile broadband and other mobile communication services increased, while that for fixed-network data subscriptions remained steady.

Mobile network termination charges between operators fell from last year. Towards the end of the year, there were signs of tighter regulation of the Finnish telecommunications market. The Council of State opened up the television business to competition and granted new operating licences for terrestrial network.

FINANCIAL DEVELOPMENT OF THE GROUP

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Net sales	182.0	165.2	690.5	652.2
EBITDA	39.9	49.0	182.1	167.2
EBITDA, per cent	21.9	29.6	26.4	25.6
EBITDA excluding non-recurring items	44.2	44.7	187.0	179.5
EBITDA, per cent excluding non-recurring items	24.3	27.1	27.1	27.5
EBIT	7.5	–75.6	65.2	–43.8
EBIT, per cent	4.1	–45.8	9.4	–6.7
EBIT excluding non-recurring items	11.8	15.0	70.2	63.4
EBIT, per cent excluding non-recurring items	6.5	9.1	10.2	9.7
Profit before tax	6.6	–76.3	60.6	–42.8
Profit/loss for the financial period	5.9	–81.3	46.0	–56.5
Return on investment (ROI), per cent *)	4.0	–33.3	9.6	–6.1
Cash flow after investments	–2.7	14.3	71.8	52.5

*) 12-month average

KEY OPERATIVE INDICATORS

	2010	2009
Number of mobile communication network subscriptions	2,108,000	1,947,000
- Revenue per subscription (ARPU), in euros *)	21.7	22.4
- Customer churn rate, per cent *)	18.7	16.2
Number of fixed-network subscriptions	1,060,000**	647,000

*) includes postpaid subscriptions only
**) includes Welho subscriptions

NET SALES

October–December

DNA's net sales for October–December totalled EUR 182.0 million (165.2 million), a 10.2 per cent year-on-year increase. This growth was fuelled by increasing sales in the consumer business and, in particular, by the incorporation of the Welho business. During the reporting period, 76 per cent (73 per cent) of net sales was generated by consumer business and 24 per cent (27 per cent) by corporate business.

January–December

DNA's net sales for January–December totalled EUR 690.5 million (652.2 million), representing 5.9 per cent growth on last year. This growth was fuelled by growing sales in the consumer business and, in particular, by the incorporation of the Welho business. The main brake on net sales growth was falling demand for fixed-network services and the reduction in mobile network termination charges.

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.

EBITDA AND EBIT

October–December

DNA's EBITDA between October-December amounted to EUR 39.9 million (49.0 million), showing a decrease year-on-year and accounting for 21.9 per cent of net sales (29.6 per cent). EBITDA excluding non-recurring items came to EUR 44.2 million (44.7 million). The EBIT figure grew, coming to EUR 7.5 million (–75.6 million), or 4.1 per cent of net sales (–45.8 per cent). EBIT for the comparable period was affected by a non-recurring EUR 94.9 million goodwill write-down on the fixed network. EBIT excluding non-recurring items decreased to EUR 11.8 million (15.0 million), accounting for 6.5 per cent of net sales (9.1).

EBITDA and EBIT were burdened by the increase in material costs towards the end of the year, the total cost of the extensive renewal of the customer information system, actions necessitated by intensifying competition and a non-recurring provision recognised in December due to cooperation negotiations.

DNA's profit before taxes in October–December came to EUR 6.6 million (–76.3 million).

Financial profits and expenses amounted to EUR -0.8 million (-0.7 million). Income tax for the period under review was EUR 0.7 million (4.9 million). Profit for the last quarter was EUR 5.9 million (–81.3 million).

January–December

DNA's EBITDA between January-December increased to EUR 182.1 million (167.2 million), or 26.4 per cent of net sales (25.6 per cent). EBITDA excluding non-recurring items improved to EUR 187.0 million (179.5 million). The EBIT figure grew, coming to EUR 65.2 million (–43.8 million), or 9.4 per cent of net sales (-6.7 per cent). EBIT for the comparable period was affected by a non-recurring EUR 94.9 million goodwill write-down on the fixed network in the last quarter of 2009. EBIT excluding non-recurring items increased and came to EUR 70.2 million (63.4 million), accounting for 10.2 per cent of net sales (9.7 per cent).

EBITDA and EBIT improved mainly as a result of increased net sales from consumer business.

DNA's profit before tax in January–December came to EUR 60.6 million (–42.8 million). Earnings per share came to EUR 5.35 (-7.46) and earnings per share excluding non-recurring items to EUR 5.79 (6.12).

Financial profits and expenses amounted to EUR -4.7 million (1.0 million). Income tax for the financial year was EUR 14.5 million (13.8 million) and profit improved to EUR 46.0 million (–56.5).

CASH FLOW

EUR million	10–12/2010	10–12/2009	1–12/2010	1–12/2009
Cash flow after investments	–2.7	14.3	71.8	52.5

EUR million	31 Dec 2010	31 Dec 2009
Net debt	102.4	144.5
Net debt / EBITDA	0.56	0.86
Gearing, per cent	16.1	34.0
Equity ratio, per cent	63.6	55.3

Cash flow after investments in October-December was EUR -2.7 million (14.3 million). Cash flow after investments in January-December increased to EUR 71.8 million (52.5 million). The financial position improved, and gearing was 16.1 per cent at the end of the period (34.0 per cent).

At the end of the period, the Group's liquid assets amounted to EUR 49.5 million (26.3 million), and interest-bearing liabilities to EUR 151.9 million (170.8 million). Undrawn credit limits came to EUR 185.0 million (90.0 million).

In September, the Group negotiated a loan of EUR 120 million at maximum with the European Investment Bank. The loan term is seven years, and the credit was undrawn at the closing date of the financial statements. In addition, the Group has an undrawn commercial paper programme worth EUR 150.0 million (150.0 million).

The net debt/EBITDA ratio improved significantly to 0.56 (0.86).

The balance sheet remained healthy, with the end-of-period equity ratio totalling 63.6 per cent (55.3 per cent).

DEVELOPMENT PER BUSINESS SEGMENT

Consumer business

Consumer business key indicators

EUR million	10–12/2010	10–12/2009	1–12/2010	1–12/2009
Net sales	137.7	120.5	513.4	471.0
EBITDA	28.5	33.5	125.7	113.0
EBITDA, per cent	20.7	27.8	24.5	24.0
EBITDA excluding non-recurring items	31.1	31.6	128.6	119.1
EBITDA, per cent excluding non-recurring items	22.6	26.2	25.0	25.3
EBIT	7.6	–0.4	52.7	21.1
EBIT, per cent	5.5	–0.3	10.3	4.5
EBIT excluding non-recurring items	10.2	10.7	55.5	40.2
EBIT, per cent excluding non-recurring items	7.4	8.9	10.8	8.5

October–December

DNA's consumer business net sales for October-December amounted to EUR 137.7 million (120.5 million), representing 14.3 per cent growth compared to the corresponding period last year. This growth was mainly due to the Welho acquisition and the positive development in mobile communication services.

In October–December, EBITDA amounted to EUR 28.5 million (33.5 million) and EBITDA excluding non-recurring items came to EUR 31.1 million (31.6 million). EBIT stood at EUR 7.6 million (-0.4). EBIT for the comparable period last year was affected by a non-recurring EUR 13.0 million goodwill write-down on the fixed network that was allocated to consumer business. EBIT excluding non-recurring items came to EUR 10.2 million (10.7 million).

EBITDA and EBIT were burdened by the increase in material costs towards the end of the year, the total cost of the extensive renewal of the customer information system, actions necessitated by intensifying competition and a non-recurring provision recognised in December due to cooperation negotiations.

January–December

DNA's consumer business net sales for the financial year increased to EUR 513.4 million (471.0 million), mainly due to the Welho acquisition and the positive development in mobile communication services.

EBITDA amounted to EUR 125.7 million (113.0 million) and EBITDA excluding non-recurring items came to EUR 128.6 million (119.1 million). The EBIT figure improved, coming to EUR 52.7 million (21.1 million). EBIT for the last year was affected by a non-recurring EUR 13.0 million goodwill write-down on the fixed network that was allocated to consumer business in the last quarter of 2009. EBIT excluding non-recurring items came to EUR 55.5 million (40.2 million).

The EBIT figure was improved through growth from the Welho acquisition and the higher volume of mobile communication services. EBITDA and EBIT were burdened by the increase in material costs towards the end of the year, the total cost of the extensive renewal of the customer information system, actions necessitated by intensifying competition and a non-recurring provision recognised in December due to the cooperation negotiations.

Corporate business

Corporate business key indicators

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Net sales	44.4	44.7	177.1	181.1
EBITDA	11.4	15.5	56.3	54.4
EBITDA, per cent	25.6	34.7	31.8	30.1
EBITDA excluding non-recurring items	13.1	13.2	58.4	60.6
EBITDA, per cent excluding non-recurring items	29.5	29.5	33.0	33.5
EBIT	–0.1	–75.2	12.6	–64.6
EBIT, per cent	–0.3	–168.1	7.1	–35.7
EBIT excluding non-recurring items	1.6	4.4	14.7	23.5
EBIT, per cent excluding non-recurring items	3.7	9.8	8.3	13.0

October–December

DNA's corporate business net sales for October–December amounted to EUR 44.4 million (44.7 million). Net sales decreased in fixed-network voice services and increased in mobile communication services. Volumes also decreased in operator sales.

In October–December, EBITDA amounted to EUR 11.4 million (15.5 million) and EBITDA excluding non-recurring items came to EUR 13.1 million (13.2 million). EBIT for the period was EUR -0.1 million (-75.2 million). EBIT for the comparable period was affected by a non-recurring EUR 81.9 million goodwill write-down on the fixed network that was allocated to corporate business. EBIT excluding non-recurring items came to EUR 1.6 million (4.4 million).

EBITDA and EBIT were burdened by the total cost of the extensive renewal of the customer information system and a non-recurring provision recognised in December due to cooperation negotiations.

January–December

DNA's corporate business net sales for the financial year decreased to EUR 177.1 million (181.1 million). Net sales waned in fixed-network voice services and increased in mobile communication services. Volumes also decreased in operator sales.

EBITDA amounted to EUR 56.3 million (54.4 million) and EBITDA excluding non-recurring items came to EUR 58.4 million (60.6 million). EBIT came to EUR 12.6 million (-64.6 million). EBIT for the last year was affected by a non-recurring EUR 81.9 million goodwill write-down on the fixed network that was allocated to corporate business in the last quarter of the year. EBIT excluding non-recurring items came to EUR 14.7 million (23.5 million).

EBITDA and EBIT were burdened by the decrease in net sales, the total cost of the extensive renewal of the customer information system and a non-recurring provision recognised in December due to cooperation negotiations.

INVESTMENTS

EUR million	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Consumer business	28.3	21.7	60.6	59.9
Corporate business	10.5	10.0	22.8	27.8
Total investments	38.8	31.8	83.4	87.9

October–December

DNA's capital expenditure for October–December totalled EUR 38.8 million (31.8 million), or 21.3 per cent of net sales (19.2 per cent). Consumer-business investment amounted to EUR 23.8 million (21.7 million) and investment in corporate business to EUR 10.5 million (10.0 million).

January–December

Investments in January–December amounted to EUR 83.4 million (87.9 million), or 12.1 per cent of net sales (13.5 per cent). The lower annual level of investment is due to an equipment supplier's delivery and component problems and competitive bidding among next-generation equipment suppliers. Investments were increased during the last quarter of the year.

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

RESEARCH AND DEVELOPMENT

During the financial year, the Group invested EUR 1.3 million (2.5 million) in research and product development. It represented 0.2 per cent (0.4) of net sales, of which EUR 0.7 million (0.8 million) was entered in the balance sheet.

PERSONNEL

Personnel at end of period	12/2010	9/2010	6/2010	3/2010	12/2009	Change from 12/2009 to 12/2010
Consumer business	697	703	732	512	511	186
Corporate business	306	302	320	307	307	–1
Total personnel	1,003	1,005	1,052	819	818	185

At the end of December, DNA employed 1,003 (818) people. The year-on-year increase of 22.6 per cent was attributable to the Welho acquisition. In total, 225 people transferred from Welho to the employ of DNA, mainly to the consumer business, as existing employees on 30 June 2010.

Personnel were distributed as follows: 697 (511) in the consumer business and 306 (307) in the corporate business.

The average number of employees in January–December was 934 (918).

MAIN EVENTS IN 2010

January–September

DNA Ltd's Annual General Meeting of 31 March 2010 agreed to pay a dividend of EUR 4.35 per share, a total of EUR 32,965,435.35, to DNA's shareholders. This decision was made in accordance with the Board of Directors' proposal and on the basis of the financial statements for 2009 as adopted by the Annual General Meeting.

The Board of Directors was confirmed as comprising six members. Mr Risto Siivola, Mr Esa Haavisto, Mr Hannu Isotalo, Mr Jarmo Leino and Mr Anssi Soila continued as members of the Board. Mr Jukka Ottela, 56, M.Sc. (Econ)., Master of Laws and Managing Director of Esan Kirjapaino Oy, was elected a Board member in place of Mr Juha-Pekka Keskiaho, who resigned from the Board. Mr Risto Siivola was elected as Chairman of the Board of Directors. PricewaterhouseCoopers Ltd. continued as the company's auditor.

In March 2010, DNA introduced a long-term incentive scheme for management and other key personnel.

On 31 May 2010, DNA agreed to buy the Welho business from Sanoma Corporation. The agreement was approved by the Finnish Competition Authority on 30 June, and the combined business operations were launched on 1 July 2010. After this business transaction, DNA had over three million customers, a leading 43 per cent share of the cable TV market in Finland and a strong position in the fixed-network business in the Helsinki metropolitan area.

The Extraordinary General Meeting on 30 June 2010 appointed two new members to the Board of Directors, Ms. Anu Nissinen, 47, M.Sc. (Econ.), and Mr David Nuutinen, 51, MBA. Ms. Nissinen is the CEO of Sanoma Entertainment Oy and a member of the Board of Directors of Sanoma Media. Mr Nuutinen is the CEO of Leaf Suomi Oy and a member of the Board of Management of Leaf International. On the same date, Mr Esa Haavisto retired from the Board and the number of Board members was confirmed as seven. Mr Jarmo Leino, CEO of DNA's largest shareholder, Finda Oy, took over as the Chairman of the Board.

Mr Johan Flykt, President of Welho, was appointed DNA Vice President, Customer Processes and member of Executive Team on 5 August 2010. He reports to DNA Chief Operating Officer Petter Niemi.

October–December

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

DNA was the first operator in Finland to launch cooperation with Google in the B-to-B market on 18 October 2010. DNA and Google agreed on broad-based cooperation whereby DNA integrates its services and Google Apps into a cost-efficient business solution that is easy to acquire and deploy.

DNA began the construction of its terrestrial HDTV network in the third quarter of the year and launched HDTV test broadcasts in the Uusimaa region on 1 December 2010. By the turn of the year, broadcasts were available to some 2 million Finns.

On 28 December 2010, DNA announced the merger of DNA and the Welho business. Due to the business restructuring, cooperative negotiations involving all DNA and Welho staff began on 3 January 2011. It was estimated that restructuring would result in staff cuts affecting 40 employees.

To ensure the high quality of customer service, DNA established new service centers, bringing the total number to 10 by the end of the year. The expansion and strengthening of DNA's 3G network continued throughout the year.

CHANGES IN THE GROUP STRUCTURE

The Group exercised its call option to purchase 96 shares from Huuked Labs Oy, which brought its holding to 100 per cent. As part of the streamlining of the corporate structure, Shelco 2 Oy and Shelco 3 Oy were merged with DNA Ltd on 30 September 2010.

SIGNIFICANT LITIGATION MATTERS

On 25 October 2010, DNA received a notification from the Finnish Competition Authority (FCA) announcing that the FCA had closed all investigations into suspected abuse of a dominant position in the broadband market by Kuopion Puhelin Oy, Päijät-Hämeen Puhelin Oyj and Oulun Puhelin Oy, as well as DNA Ltd's broadband business to which their operations had been transferred. Investigations by the competition authority did not lead to further action.

SHAREHOLDERS, SHARES, ISSUES AND OPTION RIGHT

At the beginning of the financial year, the number of company shares totalled 7,580,761 and the company's share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. At the end of the financial year, the company's shares totalled 9,610,676 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. The company held 7,500 treasury shares.

The 10 largest shareholders of DNA Ltd. on 31 December 2010 included Finda Oy, Sanoma Television Oy, Oulu ICT Oy, PHP Liiketoiminta Oyj, Kuopion Puhelin Oy, Anvia Oyj, Lohjan Puhelin Oy, Ilmarinen Mutual Pension Insurance Company, Pietarsaaren

Seudun Puhelin Oy and Kokkolan Puhelin Oy. They owned a total of 99.3 per cent of DNA's shares and share capital. The merger of Anvia Oyj and Kokkolan Puhelin Oy was entered into the Finnish Trade Register on 31 December 2010.

Share issues

The Extraordinary General Meeting on 30 June 2010 decided to issue a total of 2,027,167 new shares as a directed share issue to Sanoma Television Oy. This right to deviate from the pre-emptive right of the shareholders was due to the existence of a weighty financial reason under Section 9(4) of the Limited Liability Companies Act, because the shares were issued to acquire the Welho business. DNA Ltd. acquired the Welho business from Sanoma Corporation through a directed share issue on 30 June 2010. The fair value of the issued shares was EUR 200 million (EUR 98.66 per share). They accounted for 21 per cent of DNA Ltd's share stock.

The share subscription price was EUR 8.70 per share, bringing the total subscription price to EUR 17,626,329.22, which was paid using property given as a subscription in kind. This price was registered in full in the company's invested unrestricted equity reserve. The share subscription took place during the implementation of the business acquisition on 30 June 2010. The shares were registered in the trade register on 31 August 2010. The difference between the fair value and subscription price is credited in the consolidated financial statement to the invested unrestricted equity reserve.

Based on the authorisations by the Annual General Meetings on 27 March 2009 (max. 2,500 shares) and 31 March 2010 (max. 5,000 shares), the Board of Directors decided to issue 2,500 shares on 28 January 2010 and 248 shares on 31 March 2010 as part of the company's management incentive programme. This authorisation included the right to deviate from the pre-emptive right of the shareholders. A total of 2,748 new shares were subscribed at a per-share subscription price of EUR 97. CEO and President Riitta Tiuraniemi subscribed a total of 180 shares and other managers 2,568 shares.

At the end of the financial year, the Board of Directors had a remaining authorisation for issuing 4,752 new shares.

Option rights

The Annual General Meeting on 27 March 2009 authorised the Board of Directors to decide on issuing a maximum of 125,000 option rights. Based on the authorisation, the Board of Directors decided on 17 December 2009 to issue a maximum of 100,000 option rights to DNA's management and key personnel. On 28 January 2010, the Board of Directors decided to allocate 36,000 of the option rights classified as 2010A to the executive team and 14,000 to other key personnel. At the end of the financial year, 50,000 option rights from this issue had not been allocated to named option right holders.

At the end of the financial year, the Board of Directors held a remaining authorisation based on the Annual General Meeting's authorisation on 27 March 2009 to issue 25,000 option rights in one or several lots to be used as part of the management and key personnel incentive scheme. This authorisation included the right to deviate from the pre-emptive right of shareholders.

Treasury shares

During the financial period, the company purchased 5,000 treasury shares at a redemption price of EUR 588,402.16. The purchase was pursuant to the decision taken by the Annual General Meeting on 31 March 2010. The shares redeemed during the financial period accounted for 0.05 per cent of shares and votes. This redemption of treasury shares did not have any significant effect on the ownership and distribution of votes in the company. The acquisition was made with the company's unrestricted equity, which was subsequently reduced by the redemption price.

The Annual General Meeting authorised the Board of Directors to resolve to repurchase, or accept as a pledge, a maximum number of 750,000 DNA shares in one or several lots by using funds in the unrestricted equity reserve. The shares may be repurchased in order to carry out acquisitions or other arrangements related to the company's business, to improve the capital structure of the company, to be used as part of the incentive scheme, to be transferred for other purposes or to be cancelled. The Board of Directors has the right to decide on all other matters related to the purchase of the shares. The authorisation will be effective until 30 June 2011. No shares were purchased based on the authorisation during the reporting period.

CORPORATE RESPONSIBILITY

DNA continued the corporate responsibility development project, which is based on the Global Reporting Initiative (GRI) reporting model and was launched in the autumn of 2009. The reporting model will be implemented in stages, selecting those GRI metrics that are appropriate for DNA's business. At a minimum, the objective was to reach GRI level C in 2010. The corporate responsibility report for 2010 will be published with the financial statements on week 10.

SIGNIFICANT RISKS AND UNCERTAINTIES

Risk management is part of DNA's strategy process and corporate governance. It is guided by the risk management policy approved by the Board of Directors. For a more detailed description of DNA's risk management and risks, please see the Board of Directors Report of the Annual Report.

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

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

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

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

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

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

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

In order to manage the Group's interest rate risk, some of the loans taken by the Group have been hedged and the Group's borrowings have been spread between fixed- and variable-rate instruments. In order to manage liquidity risk, the company uses credit limits in addition to liquid assets.

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

EVENTS AFTER THE REVIEW PERIOD

Test HDTV broadcasting via DNA's terrestrial network continued on 1 January 2011 under the DVB-T2 standard as required by DNA's network operating licence. The programme content of the broadcasts became more varied.

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

On 10 January 2011, DNA announced that it is extending the cooperation with long-term partner Ericsson to include all 3G/HSPA+ network and the technology needed to build and launch DNA's 4G network. The contract period is three years, and DNA will begin to offer 4G services in major cities, launching 4G commercially in 2011. The agreement also covers further expansion of DNA's 3G network. During the contract period, DNA's 3G/HSPA+ (21/42 Mbps) services will expand to nationwide coverage.

On 11 and 27 January, DNA announced the establishment of new customer service centers in Kajaani and Tornio that will launch operations in February and March, respectively. The new centers bring the total number of DNA's service centers to 12.

DNA Ltd. and YIT Rakennus Oy agreed on constructing an office building for DNA in Käpylä, Helsinki. The project was announced on 7 February 2011. YIT will construct the building and rent it out to DNA on a long-term lease. It will be completed in late summer 2012. All DNA staff in the Helsinki metropolitan area, a total of about 600 employees, will relocate to the new premises.

OUTLOOK FOR 2011

Market outlook

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

In addition to the overall economic situation, net sales and profitability of the industry are affected by the market development in general, pricing pressures, increased competition in the mobile communication market in particular and the reduction in mobile termination charges in December 2010. While the overall economic situation is expected to continue improving, in previous recessions there has been a clear delay in the effect of economic cycles on the telecommunications sector.

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

DNA's outlook

Competition in the consumer market is expected to increase further due to the change in the Telecommunications Act in particular. Business operations will be launched in terrestrial TV networks and pay-TV business. Demand for DNA's mobile broadband services is anticipated to increase, with fixed-line broadband customers actively switching to higher-speed connections. Competition in the corporate market is expected to remain tight. Demand for DNA's mobile broadband and data services is estimated to grow, whereas demand for fixed-network services is anticipated to decrease.

DNA intends to invest heavily in the construction and deployment of the 4G network during 2011.

The change in the Telecommunications Act may have an impact on DNA's amortisation schedule of intangible rights.

The Group's financial position is expected to remain good in 2011, and net sales to grow, mainly due to the integration of the Welho business. EBITDA and EBIT excluding non-recurring items are estimated to remain at the same level as in 2010, or improve slightly.

BOARD OF DIRECTORS' PROPOSAL ON THE DISTRIBUTION OF PROFITS

DNA Ltd's distributable funds in the financial statement amounted to EUR 239,251,755.14, of which profit for the financial year came to EUR 59,861,733.01. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 5,20 per share be paid, totalling EUR 49,936,515.20.

DNA Ltd.
Board of Directors

additional information

Additional information:

Riitta Tiuraniemi, President and CEO, tel. +358 44 044 1000, riitta.tiuraniemi@dna.fi
Ilkka Pitkänen, Vice President, Corporate Finance & Administration, tel. +358 44 044 4001, ilkka.pitkanen@dna.fi
Minna Robertson, Financial Communications Manager, tel. +358 44 044 9877, minna.robertson@dna.fi

Distribution:

Key media

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

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 the 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

Financial Statements Release January–December 2010

This financial statements release has been prepared in accordance with IFRS recognition and measurement principles. 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. These financial statements should be read observing the 2009 financial statements. These financial statements also take account of the requirements 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.

Comprehensive consolidated income statement, IFRS

EUR million	10–12/2010	10–12/2009	1–12/2010	1–12/2009
Net sales	182.0	165.2	690.5	652.2
Other operating income	1.0	3.2	3.7	5.0
Materials and services	–91.8	–81.5	–350.8	–324.1
Employee benefit expenses	–23.8	–14.9	–63.1	–63.5
Depreciation	–32.4	–29.7	–116.8	–116.1
Goodwill impairment		–94.9		–94.9
Other operating expenses	–27.5	–23.0	–98.2	–102.4
Operating result / EBIT	7.5	–75.6	65.2	–43.8
Financial income	0.5	0.4	1.4	3.8
Loss/gain on financial assets recognised at fair value against profit or loss				2.5
Financial expense	–1.3	–1.1	–6.1	–5.3
Share of associated companies' results	0.0	0.0	0.0	0.0
Net profit/loss before tax	6.6	–76.3	60.6	–42.8
Income tax	–0.7	–4.9	–14.5	–13.8
Net profit/loss for the period	5.9	–81.3	46.0	–56.6
Other comprehensive income				
Available-for-sale financial assets		–0.1		0.0
Cash flow hedges	0.2	0.1	0.6	–0.3
Other comprehensive income, net of tax	0.2	0.0	0.6	–0.3
Total comprehensive income	6.1	–81.2	46.6	–56.9
Net profit/loss attributable to:				
Owners of the parent	5.9	–81.3	46.0	–56.6
Non-controlling interest				
	5.9	–81.3	46.0	–56.6
Comprehensive income attributable to:				
Owners of the parent	6.1	–81.2	46.6	–56.9
Non-controlling interest				
	6.1	–81.2	46.6	–56.9
Earnings per share of the profit attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.62	–10.72	5.35	–7.46
Average number of shares				
-basic	9,603	7,581	8,604	7,581

Consolidated balance sheet, IFRS

EUR million	31.12.2010	31.12.2009
ASSETS		
NON-CURRENT ASSETS		
Goodwill	209.8	96.7
Other intangible assets	134.4	59.1
Property, plant and equipment	412.6	397.6
Investments in associates	1.1	1.1
Available-for-sale financial assets	0.2	0.2
Trade and other receivables	7.9	10.9
Deferred income tax assets	28.5	31.7
TOTAL NON-CURRENT ASSETS	794.4	597.4
CURRENT ASSETS		
Inventories	12.5	7.9
Trade and other receivables	158.1	140.1
Cash and cash equivalents	49.5	26.3
TOTAL CURRENT ASSETS	220.0	174.3
TOTAL ASSETS	1,014.4	771.6

Equity attributable to owners of the parent

EUR million	31.12.2010	31.12.2009
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	72.7	72.7
Fair value reserve and other reserves	605.3	405.7
Retained earnings	-40.3	-53.8
Equity attributable to owners of the parent	637.7	424.6
Non-controlling interest		0.0
TOTAL EQUITY	637.7	424.6
LIABILITIES		
NON-CURRENT LIABILITIES		
Deferred tax liabilites	71.9	55.2
Interest-bearing non-current liabilities	100.3	121.4
Derivative financial instruments	1.1	1.7
Provisions for other liabilities	8.0	9.2
Retirement benefit obligations	0.2	0.3
Other non-current liabilities	1.4	1.4
TOTAL NON-CURRENT LIABILITIES	183.0	189.3
CURRENT LIABILITIES		
Interest-bearing current liabilities	51.6	49.4
Derivative financial instruments		0.5
Provisions for other liabilities	6.5	3.8
Trade and other payables	135.7	104.1
TOTAL CURRENT LIABILITIES	193.8	157.7
TOTAL EQUITY AND LIABILITIES	1,014.4	771.6

IFRS=International Financial Reporting Standards

Condensed consolidated statement of cash flows

EUR million	1-12/2010	1-12/2009
Cash flows from operating activities		
Profit/loss for the period	46.0	–56.6
Adjustments		
Depreciation	116.8	116.1
Impairment		94.9
Change in working capital	–13.6	–17.2
Other adjustments	5.7	–11.5
Net cash generated from operating activities	154.9	125.7
Cash flows from investing activities		
Purchases of tangible and intangible assets	–83.4	–88.3
Proceeds from sale of assets	0.3	2.3
Purchases and sales of shares, net		14.4
Acquisition of subsidiaries and business transfers	0.0	0.0
Change in other shares		–1.9
Proceeds from sale of subsidiary, net of cash disposed		0.3
Loan repayments received	0.0	
Change in other investments	0.0	0.0
Net cash used in investing activities	–83.0	–73.3
Cash flows from financing activities		
Dividends paid	–33.0	–10.0
Capital repayment		–41.6
Repayments of current borrowings		–61.5
Repayments of non-current borrowings, net	–19.0	66.0
Increase/decrease in non-current receivables	3.3	–5.1
Other		18.8
Net cash used in financing activities	–48.7	–33.5
Change in cash and cash equivalents	23.2	19.0
Cash and cash equivalents at beginning of period	26.3	7.3
Cash and cash equivalents at end of period	49.5	26.3

Consolidated statement of changes in equity, IFRS

Changes in consolidated equity 1–12/2009 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	72.4	41.7	0.0	–1.0	407.2	33.0	553.3	0.0	553.3
Dividends paid		–41.6				–29.9	–71.6		–71.6
Share issue	0.3				–0.3		0.0		0.0
Treasury shares						–0.3	–0.3		–0.3
Transfers in equity		–0.1			0.1		0.0		0.0
Net profit for the period						–56.6	–56.6		–56.6
Available-for-sale financial assets			0.0				0.0		0.0
Cash flow hedges				–0.3			–0.3		–0.3
Total comprehensive income for the period			0.0	–0.3	0.0	–56.6	–56.9		–56.9
Shareholders' equity on 31 December 2009	72.7	0.0	0.0	–1.2	407.0	–53.8	424.6	0.0	424.6

Changes in consolidated equity 1–12/2010 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	72.7	0.0	0.0	–1.2	407.0	–53.8	424.6	0.0	424.6
Dividends paid						–33.0	–33.0		–33.0
Share issue					200.0		200.0		200.0
Employees share option scheme: granted options						0.4	0.4		0.4
Acquisitions						0.0	0.0	0.0	0.0
Other changes					–1.0	0.0	–1.0		–1.0
Net profit for the period						46.0	46.0		46.0
Cash flow hedges				0.6			0.6		0.6
Total comprehensive income for the period				0.6	0.0	46.0	46.6		46.6
Shareholders' equity on 31 December 2010	72.7	0.0	0.0	–0.6	605.9	–40.3	637.7	0.0	637.7

Notes to the Financial Statements Release

1 ACCOUNTING PRINCIPLES

This financial statements release 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. The financial statements release should be read observing the 2009 financial statements.

This release 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.

2 SEGMENT INFORMATION UNDER IFRS 8

In previous periods group level items have not been possible to allocate. There were no unallocated items in 2010. The Welho acquisition has mainly been allocated to the consumer business segment. More information about the acquisition is provided in note 10 Business combinations.

EUR 1,000
1 Oct–31 Dec 2010

Business Segments	Consumer	Corporate	Unallocated	Group total
Net sales	137,652	44,380		182,032
EBITDA	28,373	11,352		39,889
Depreciation	20,934	11,477		32,411
Profit	7,603	–125		7,478
Financial items				–831
Profit before tax				6,647
Profit/loss for the financial period				5,937
Investments	28,275	10,476		38,752
Personnel at end of period	697	306		1,003

EUR 1,000
1 Oct–31 Dec 2009

Business Segments	Consumer	Corporate	Unallocated	Group total
Net sales	120,477	44,726		165,204
EBITDA	33,497	15,532	–52	48,977
Depreciation	33,894	90,700	–5	124,589
Profit	–397	–75,168	–47	–75,612
Financial items				–700
Profit before tax				–76,311
Profit/loss for the financial period				–81,254
Investments	21,723	10,038		31,761
Personnel at end of period	511	307		818

EUR 1,000
1.1.–31.12.2010

Business Segments	Consumer	Corporate	Unallocated	Group total
Net sales	513,440	177,053		690,492
EBITDA	125,721	56,333		182,054
Depreciation	73,063	43,765		116,828
Profit	52,658	12,568		65,225
Financial items				–4,670
Profit/loss before tax				60,555
Profit/loss for the financial period				46,032
Investments	60,610	22,764		83,373
Personnel at end of period	697	306		1,003

EUR 1,000
1.1.–31.12.2009

Business Segments	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	21,068	–64,614	–250	–43,796
Financial items				1,024
Profit/loss 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		818

3 INVESTMENTS

EUR 1,000

Capital expenditure	10-12/2010	10-12/2009	1-12/2010	1-12/2009
Intangible assets	12,119	8,104	21,055	14,554
Tangible assets	26,633	23,652	62,318	73,322
Total investments	38,752	31,756	83,373	87,876

4 SHAREHOLDERS' EQUITY

Premium refund and payment of dividend

DNA Ltd's Annual General Meeting of 31 March 2010 approved a payment of dividend (EUR 4.35 per share) totalling EUR 32 955 thousand. The dividend was paid on 15 April 2010.

Treasury shares

Treasury shares redeemed during the financial period represent 0.05 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	Amount	Payment
7 April 2010	5,000	588,402
4 Aug 2009	2,500	287,209
Total	7,500	875,611

The shares do not have a nominal value.

5 NET LIABILITIES

EUR 1,000

	31 December 2010	31 December 2009
Non-current and current borrowings	151,876	170,829
Less short-term investments, cash and cash equivalents	49,466	26,304
	102,410	144,525

6 PROVISIONS

EUR 1,000

	Decommissioning provision	Onerous contracts	Restructuring provision	Other provisions
Provisions 1 January 2010	4,667	4,636	3,710	0
Additions		767	4,588	
Business combinations		704		200
Used provisions/discount effect	16	–2,321	–2,221	–200
Provisions 31 December 2010	4,683	3,786	6,076	0
Provisions 1 January 2009	4,482	704	1,699	
Additions		7,712	6,371	
Used provisions/discount effect	185	–3,780	–4,360	
Provisions 31 December 2009	4,667	4,636	3,710	

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 in which a member of the related party excercises significant influence is considered a related party.

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

EUR 1,000

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

EUR 1,000

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

8 RIGHTS ISSUE FOR THE MANAGEMENT

A rights issue was targeted at the management as part of their incentive scheme. During the reporting period, a total of 2,748 new shares were subscribed to at a per-share subscription price of EUR 97.00. Riitta Tiuraniemi subscribed to 180 shares and other members of the company's management subscribed to 2,568 shares. The new shares issued did not have a nominal value.

9 SHARE-BASED PAYMENT

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

Option scheme
As proposed by the Board fo 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 a maximum of 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 record date of each dividend payment or capital repayment. 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
Amount of granted instruments	50,000	-
Exercise price	EUR 97	EUR 97
Share price at granting date	EUR 97	EUR 97
Subscription period	2 Jan 2013–30 Apr 2015	02 Jan 2014–30 Apr 2016
Expected life (years)	5 years	
Conditions	Employed with the company	Employed with the company
Implementation	As shares	As shares

Share options outstanding

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

	Options
On 1 January	
Granted options	50,000.00
Forfeited options	
Exercised options	
Expired options	
On 31 December	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 using a valuation model. The significant inputs of the model were the share price of EUR 98.66 on 30 June 2010, 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.

10 BUSINESS COMBINATIONS

Welho acquisition

DNA Ltd. completed the acquisition of Welho through a directed share issue on June 30, 2010. DNA Ltd. issued in total 2,027 167 new shares to Sanoma Corporation representing 21 per cent of the group's shares. According to the acquisition agreement, the shares were determined to have a value of EUR 200 million in total (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, the knowledge of the personnel transferred in the business combination as well as future benefits expected from new customers acquired through the Welho brand and the Welho products.

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

The acquired business's net sales for the period 1 January 2010–31 December 2010 amounted to EUR 69 million. If the acquisition had occurred on 1 January 2010, group net sales would have been EUR 725 million. Net sales for the period 1 July–31 December 2010 amounted to EUR 34 million.

EUR 1,000	Carrying amount prior to acquisition	Fair value
Intangible assets	1,074	68,956
Property, plant and equipment	36,209	54,814
Deferred tax assets	52	258
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

11 NOTES TO SHAREHOLDERS' EQUITY

EUR 1,000	Number of shares *)	Share capital	Share premium	Invested unrestriced equity reserve
1 Jan 2009	7,581	72,375	41,689	407,213
Share issue		327		–327
Share premium refund			–41,618	
Other changes			–71	71
31 Dec 2009	7,581	72,702	0	406,956
Share-based incentive scheme				
Directed share issue	3			
Welho acquisition (note 10)	2,027			200,000
Other changes				–1,029
31 Dec 2010	9,611	72,702	0	605,927

*) The number of shares include 7,500 treasury shares.

Key figures

	1-12/2010	1-12/2009	10-12/2010	10-12/2009
Equity per share, EUR	66,4	56.0	66,4	56.0
Interest-bearing net liabilities, EUR million	102.4	144.5	102.4	144.5
Gearing, %	16.1	34.0	16.1	34.0
Equity ratio, %	63.6	55.3	63.6	55.3
Net debt / EBITDA	0.56	0.86	0.64	1.19
Return on investment (ROI), %	9.6	–6.1	4.0	–33.3
Return on equity (ROE), %	8.7	–11.6	3.7	–59.9
Gross investments, EUR million	83.4	88.0	38.8	31.8
Gross investment, % of net sales	12.1	13.5	21.3	19.2
Personnel at end of period	1,003	818	1,003	818

Key operative indicators

Mobile communication network subscription volumes:

Number of:	12/2010	12/2009	9/2010	9/2009
Subscriptions (incl. mobile broadband)	2,108,000	1,947,000	2,078,000	1,891,000
DNA's own customers	1,999,000	1,846,000	1,968,000	1,788,000

	1-12/2010	1-12/2009	10-12/2010	10-12/2009
Revenue per subscription (ARPU), EUR *	21.7	22.4	21.4	21.9
Customer churn rate, % *	18.7	16.2	19.4	14.8

* includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	12/2010	12/2009	9/2010	9/2009
Broadband subscriptions	291,000	180,000	289,000	186,000
Cable TV subscriptions	598,000	270,000	596,000	267,000
Telephone subscriptions	171,000	197,000	174,000	209,000

Calculation of key figures

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

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

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

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

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

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

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

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

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

* 12-month adjusted EBITDA