

A decorative horizontal band with a blurred green and blue background. A large magenta arrow points from the left towards the text. The text is white and positioned to the right of the arrow's tip.

INTERIM
REPORT
1-9/2013

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DNA's net sales remained steady in the third quarter – PlusTV becomes part of DNA

Summary

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

July–September 2013

- Net sales increased by 1.2 per cent and came to EUR 191.5 million (189.2 million). While boosted by the acquisition of PlusTV, the net sales were on the other hand burdened by the reduction in interconnection prices.
- EBITDA decreased by 7.9 per cent to EUR 48.8 million (53.0 million). The EBITDA percentage of net sales dropped and came to 25.5 per cent (28.0 per cent). EBITDA was affected by non-recurring items, which were EUR 3.5 million in total. The most important non-recurring items were the costs of investigating the possibility of broadening the ownership base of the company.
- Operating profit decreased significantly, i.e. by 38.9 per cent, and came to EUR 12.0 million (19.7 million), or 6.3 per cent of net sales (10.4 per cent). Operating profit fell due to an increase in depreciations and non-recurring items.
- The mobile communication subscription base grew by 1.3 per cent, reaching 2,437,000 in total (2,406,000).
 - Revenue per user (ARPU) for mobile communications amounted to EUR 18.4 (19.7). The decline in ARPU was mainly due to the reduction in interconnection prices.
 - Mobile communication subscription turnover rate (CHURN) was 18.0 per cent (15.5 per cent).
- Fixed line subscription base decreased and came to 1,012,000 subscriptions at the end of the third quarter (1,038,000). The decrease is due to a drop in the number of fixed line voice subscriptions.

January–September 2013

- Net sales remained almost unchanged, decreasing by 1.1 per cent to EUR 561.0 million (567.4 million). The net sales development was affected by the reduction in interconnection prices, while boosted by the acquisition of PlusTV and the positive development of mobile broadband sales.
- EBITDA increased by 2.0 per cent to EUR 143.9 million (141.1 million), or 25.7 per cent of net sales (24.9 per cent). This growth was fuelled by the increased operational efficiency due to the restructuring of operations. EBITDA increased slightly despite the non-recurring items. The non-recurring items were EUR 4.3 million in total.
- Operating profit decreased by 19.8 per cent to EUR 35.5 million (44.2 million), or 6.3 per cent of net sales (7.8 per cent). Operating profit was affected by an increase in depreciations and non-recurring items.
- The mobile communication subscription base grew by 1.3 per cent, reaching 2,437,000 in total (2,406,000).
 - Revenue per user (ARPU) for mobile communications amounted to EUR 18.4 (20.0).
 - Mobile communication subscription turnover rate (CHURN) was 17.3 per cent (14.9 per cent).
- Fixed line subscription base (voice, broadband and cable television) decreased to 1,012,000 subscriptions at the end of the review period (1,038,000). The decrease is due to a drop in the number of fixed line voice subscriptions.

DNA's outlook for 2013 has changed

Net sales is expected to decrease slightly and operating profit to weaken due to non-recurring items in 2013. The Group's financial position is expected to remain at the same healthy level.

In the second quarter, net sales and operating profit were expected to decrease slightly in 2013. The Group's financial position was expected to remain at the same healthy level.

Key figures

Figures are unaudited.

EUR million	7–9/2013	7–9/2012	Change, %	1–9/2013	1–9/2012	Change, %	1–12/2012
Net sales	191.5	189.2	1.2%	561.0	567.4	-1.1%	769.2
EBITDA ***	48.8	53.0	-7.9%	143.9	141.1	2.0%	190.8
- % of net sales	25.5	28.0		25.7	24.9		24.8
Depreciation	36.8	33.3		108.4	96.9		134.6
Operating profit ***	12.0	19.7	38.9	35.5	44.2	19.8%	56.2
- % of net sales	6.3	10.4		6.3	7.8		7.3
Profit before tax	10.8	17.5		32.3	38.2		48.3
Profit for the financial period	7.5	12.7		23.3	28.8		36.1
Return on investment (ROI), %*	5.9	10.1		5.9	7.6		7.2
Return on equity (ROE), %*	5.9	9.9		6.0	6.7		6.3
Investments	31.7	34.2		87.9	93.3		136.3
Cash flow after investments**	32.6	8.8		25.4	21.5		33.6
Interest bearing net debt, EUR million	318.5	264.0		318.5	264.0		257.7
Interest bearing net debt/EBITDA	1.63	1.25		1.66	1.40		1.35
Net gearing, %	61.7	50.7		61.7	50.7		48.8
Equity ratio, %	51.3	54.1		51.3	54.1		54.0
Personnel at the end of period	1.530	1.426		1.530	1.426		1.427
*rolling 12 months							
**includes business acquisitions/combinations							
*** non-recurring items							
July–September 2013 3.5 m€							
January–September 2013 4.3 m€							

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DNA's net sales remained steady in the third quarter – PlusTV becomes part of DNA



Our business remained steady during the third quarter of 2013. Net sales increased slightly in particular due to the PlusTV acquisition. EBITDA decreased somewhat due to non-recurring items, but our operational profitability remained unchanged year-on-year. Investments were down slightly. Our financial position remained good and net gearing increased slightly.

All in all, our net sales for the January–September period remained unchanged year-on-year, despite the reduction in interconnection prices. Net sales were boosted mainly by the positive development of mobile broadband sales and the PlusTV acquisition. EBITDA increased slightly despite the non-recurring items. Our operating profit decreased due to increase in depreciations and non-recurring items. The overall economic situation is a challenge to our industry, causing both consumers and businesses to be more cautious with their spending.

In consumer business, mobile broadband sales in particular grew during the third quarter. The sales of fixed mobile broadband subscriptions also grew during the period. Corporate business remained sluggish in the third quarter because companies are reluctant to make investments due to the overall economic situation. Competition in the corporate market is expected to remain tight.

PlusTV becomes part of DNA

The Finnish Competition and Consumer Authority approved the acquisition of PlusTV on 29 August 2013 and PlusTV became a DNA subsidiary in September. As a result, DNA gained more than 200,000 new pay-TV customers. The acquisition strengthens the nationwide sales, marketing and R&D functions of DNA's entertainment services. Pay-TV is an important business segment now and in the years to come, and DNA is a clear market leader.

New products and services

We introduced several new services and products to the market during the third quarter of 2013. In July, we launched the DNA Rajaton 4G subscription, the first mobile subscription in Finland that provides unlimited 4G data use and an unlimited number of calls, text messages and multimedia messages to any normal-priced domestic subscription for a fixed monthly fee. DNA Rajaton 4G is DNA's answer to a shift in smart phone use, whereby new data-based services are increasingly important to consumers.

In August, DNA and Samsung launched a new kind of Samsung Experience Store in Helsinki city centre. The store showcases the latest Samsung mobile products and innovations to consumers. DNA provides subscription services for all the products available at the store.

As payment and consumer behaviour transform, DNA aims to use new technology to create solutions that make everyday life easier. On 1 October 2013, DNA launched DNA Töpökkä Credit, a new contactless mobile payment method which utilises a phone sticker and allows no-PIN transactions. DNA Töpökkä Credit is paving the way toward the future of mobile shopping, where traditional payment services are available directly from your mobile phone.

DNA's 4G LTE network is available in more than 40 cities

We continue to expand our 3G and 4G networks all over Finland. Since the start of 2013, we have added more than 1,500 new base stations across Finland: about 1,000 to the 4G LTE network and some 500 to the 3G network. DNA's 4G-grade speeds are currently available in more than 220 Finnish municipalities. DNA's 4G LTE network is available in more than 40 cities and reaches over two million Finns.

In the quickly changing telecommunications business, DNA's growth relies on our ability to create unique user experiences for our consumer and corporate customers, leading the way in creating innovations and investing in the speed and coverage of our network. Cooperation with dynamic and innovative partners is a key factor in this development.

A handwritten signature in blue ink, appearing to read 'Jukka Leinonen'.

Jukka Leinonen
Acting President and CEO

Operating environment

DNA's operating environment is undergoing a change, which DNA believes to boost new growth for the telecommunications market through increasing traffic volumes and new types of usage. The competitive situation places high demands on the quality and availability of operators' systems and network infrastructure as well as their cost competitiveness.

As smart phones and tablets become more common, global web and application-based business models become more widespread. The change is also driven by rapidly increasing traffic volumes and related technology investments, higher cost of operations and increasingly strict regulation.

In the consumer market, the competitive situation remained tight in the third quarter. Demand for mobile and fixed line broadband services remained strong. Demand for pay-TV services followed normal seasonal fluctuation and terminal device sales remained steady. Mobile broadband and the expanding TV business in particular enjoy strong growth in the consumer market.

The overall situation in the corporate market remained stagnant and cautious in the third quarter while competition remained tight. Businesses are less keen to switch subscriptions and are cautious about new investments due to the overall economic situation. However, the demand for value added services related to network data security and management as well as mobility-related data solutions continued at a good level.

The auction of the 800 MHz frequency band for mobile communications began on 24 January 2013. The auction was halted on 19 September 2013 due to a technical maintenance break. Since then, the Finnish Communications Regulatory Authority FICORA has sent two proposals on amending the auction rules for comments. Based on the comments received, the first proposal was not implemented. The second proposal suggests modifying the auction rules by an addition that allows the auctioning process to be cancelled and reverted back to the preparatory stage if the auction is not completed within a reasonable period of time. On 18 October 2013, FICORA announced that the technical maintenance break will end on 24 October 2013 and the auction will continue according to the current auction rules. The result of the auction may affect competition, market concentration and end-user pricing.

With regard to the comprehensive reform of the legislation on electronic communications, or the Information Society Code, the Ministry of Transport and Communications aims to propose the law to the parliament later in the autumn of 2013, in which case the code would enter into force in early 2015.

The European Commission has proposed new legislation to promote the European single market for electronic communications. Should the regulation enter into force in 2014, or at a later date, it would cause major changes in regulation that directly affects DNA's business.

Net sales and profit

July–September 2013

DNA's net sales for the third quarter increased by 1.2 per cent and came to EUR 191.5 million (189.2 million). The net sales increased slightly despite the reduction in interconnection prices. The increase was mainly due to the acquisition of PlusTV and the positive development of mobile broadband sales. During the review period, 77.7 per cent (77.3 per cent) of net sales was generated by consumer business and 22.3 per cent (22.7 per cent) by corporate business.

DNA's EBITDA for July–September decreased by 7.9 per cent to EUR 48.8 million (53.0 million). The EBITDA percentage of net sales dropped and came to 25.5 per cent (28.0 per cent). EBITDA was affected by non-recurring items, most important of which were the costs of investigating the possibility of broadening the ownership base of the company.

Operating profit decreased significantly, i.e. by 38.9 per cent, and came to EUR 12.0 million (19.7 million). Operating profit accounted for 6.3 per cent of net sales (10.4 per cent). Operating profit decreased due to increase in depreciations and non-recurring items.

Financial income and expenses amounted to EUR -1.3 million (-2.1 million). Profit for the July–September period decreased to EUR 7.5 million (12.7 million). Earnings per share came to EUR 0.9 (1.5).

January–September 2013

DNA's net sales for January–September remained almost unchanged, decreasing by 1.1 per cent to EUR 561.0 million (567.4 million). The net sales development was affected by the reduction in interconnection prices.

DNA's EBITDA for January–September increased by 2.0 per cent to EUR 143.9 million (141.1 million). EBITDA increased slightly despite the non-recurring items, and it accounted for 25.7 per cent of net sales (24.9 per cent). Operating profit decreased by 19.8 per cent to EUR 35.5 million (44.2 million), or 6.3 per cent of net sales (7.8 per cent). Operating profit was affected by an increase in depreciations and non-recurring items.

Financial income and expenses amounted to EUR -3.2 million (-6.1 million). Income tax for the period was EUR 9.0 million (9.4 million). Profit for the financial period decreased notably due to depreciations and non-recurring items and came to EUR 23.3 million (28.8 million). Earnings per share came to EUR 2.8 (3.3).

Consolidated key figures

EUR million	7–9/2013	7–9/2012	Change, %	1–9/2013	1–9/2012	Change, %	1–12/2012
Net sales	191.5	189.2	1.2%	561.0	567.4	-1.1%	769.2
EBITDA	48.8	53.0	-7.9%	143.9	141.1	2.0%	190.8
- % of net sales	25.5	28.0		25.7	24.9		24.8
Operating profit	12.0	19.7	38.9	35.5	44.2	19.8%	56.2
- % of net sales	6.3	10.4		6.3	7.8		7.3
Profit for the financial period	7.5	12.7		23.3	28.8		36.1

Key operative indicators

	7–9/2013	7–9/2012	Change, %	1–9/2013	1–9/2012	Change, %	1–12/2012
Number of mobile communication network subscriptions at end of period*	2,437,000	2,406,000	1.3%	2,437,000	2,406,000	1.3%	2,428,000
- Revenue per user (ARPU), EUR**	18.4	19.7	-6.6%	18.4	20.0	-8.0%	19.9
- Customer CHURN rate, %**	18.0	15.5		17.3	14.9		15.7
Number of fixed line subscriptions at end of period	1,012,000	1,038,000	-2.5%	1,012,000	1,038,000	-2.5%	1,027,000

*includes voice and mobile broadband

**includes postpaid voice 'subscriptions only

Cash flow and financial position

July–September 2013

In the July–September period, cash flow after investments decreased to EUR -32.6 million (8.8 million). This was particularly due to the PlusTV acquisition.

January–September 2013

In the review period, cash flow after investments decreased to EUR -25.4 million (21.5 million), due to the PlusTV acquisition in particular.

DNA has a EUR 200 million revolving credit facility, EUR 170 million (200 million) of which remain undrawn, and EUR 16.0 million (15.0 million) credit facility. In addition, the company has a commercial paper programme worth EUR 150.0 million (150.0 million), under which EUR 115 million (47.0 million) was drawn by the end of the review period.

The financial position was good, and net gearing came to 61.7 per cent (50.7 per cent) at the end of the review period. The Group's liquid assets amounted to EUR 17.0 million (7.0 million), and interest-bearing net debt to EUR 318.5 million (264.0 million). The Group's liquid assets and undrawn committed credit limits amounted to EUR 203.0 million (222.0 million).

The interest-bearing net debt/EBITDA ratio increased and was 1.66 (1.40) at the end of the review period.

The balance sheet remained strong, with the end-of-period equity ratio totalling 51.3 per cent (54.1 per cent).

Cash flow and financial key figures

	7–9/2013	7–9/2012	1–9/2013	1–9/2012	1–12/2012
Cash flow after investments, EUR million	-32.6	8.8	-25.4	21.5	33.6
	30 Sep 2013	30 Sep 2012	31 Dec 2012		
Interest bearing net debt, EUR million	318.5	264.0	257.7		
Interest bearing net debt/EBITDA	1.66	1.40	1.35		
Net gearing, %	61.7	50.7	48.8		
Equity ratio, %	51.3	54.1	54.0		

Development per business segment

Consumer business

July-September 2013

Consumer business net sales increased by 1.7 per cent to EUR 148.8 million (146.2 million) in the third quarter. This increase was fuelled in particular by the acquisition of PlusTV and the positive development of mobile broadband sales. EBITDA decreased compared to the reference period and amounted to EUR 33.8 million (37.4 million). The decrease was due to non-recurring items. The EBITDA percentage of net sales dropped to 22.7 per cent (25.6 per cent). Consumer business operating profit decreased by 38.3 per cent to EUR 9.4 million (15.3 million), or 6.3 per cent of net sales (10.5 per cent). Operating profit fell due to an increase in depreciations and non-recurring items.

In September, the terrestrial network pay-TV operator Digi TV Plus Oy, or PlusTV, became a DNA subsidiary. As a result, the services available through DNA's terrestrial TV network will diversify further. DNA intends to offer both PlusTV and DNA customers better and more extensive network services than before by combining the TV offerings of both companies as soon as possible. PlusTV products have been available through DNA's sales channels since August. DNA is the only pay-TV operator that offers HDTV, or high-definition channels in terrestrial network in Finland. After the acquisition, these channels will become available to existing PlusTV customers as well.

In July, DNA launched the first mobile subscription in Finland to allow unlimited use of the phone for a fixed monthly fee. The DNA Rajaton 4G subscription provides unlimited 4G data use and an unlimited number of calls, text messages and multimedia messages to any normal-priced domestic subscription.

In early August, DNA and Samsung launched the first Nordic Samsung Experience Store in Helsinki city centre. The store showcases the latest Samsung mobile products and innovations to consumers. DNA provides subscription services for all the products available at the store. DNA's cooperation with Samsung is part of the DNA partner strategy.

In August, the service range of DNA Super Prepaid and other DNA Prepaid subscriptions was diversified further by fast data packets and a customised mobile site for customers who use prepaid subscriptions. As mobile data transfer becomes more common, DNA wants to make affordable, fixed-price data packages available also for prepaid customers.

In September, DNA launched the sales of the Nelonen Pro Extra service in its terrestrial network, providing live coverage of all Finnish hockey league, or SM-liiga, matches. The service was already available to DNA's cable network customers.

January-September 2013

Consumer business net sales decreased by 0.5 per cent to EUR 431.5 million (433.6 million) during the review period. The net sales remained close to the level of the reference period despite the continued reduction in interconnection prices. EBITDA increased to EUR 99.8 million (96.0 million), or 23.1 per cent of net sales (22.1 per cent). Operating profit decreased to EUR 27.9 million (31.8 million), accounting for 6.5 per cent of net sales (7.3 per cent).

The EBITDA increase was fuelled in particular by the increased operational efficiency due to the restructuring of operations and the positive development of mobile broadband sales. Operating profit fell due to an increase in depreciations and non-recurring items.

Consumer business

EUR million	7-9/2013	7-9/2012	Change, %	1-9/2013	1-9/2012	Change, %	1-12/2012
Net sales	148.8	146.2	1.7%	431.5	433.6	0.5%	591.2
EBITDA	33.8	37.4	9.5%	99.8	96.0	4.0%	130.9
- % of net sales	22.7	25.6		23.1	22.1		22.1
Operating profit/loss	9.4	15.3	38.3%	27.9	31.8	-12.0%	42.0
- % of net sales	6.3	10.5		6.5	7.3		7.1

Corporate business

July-September 2013

In the third quarter, DNA's corporate business net sales decreased by 0.7 per cent to EUR 42.7 million (43.0 million). Net sales were affected by the reduction in interconnection earnings, intensified price competition and the falling net sales of fixed line voice services. EBITDA decreased to EUR 14.9 million (15.5 million), or 35.0 per cent of net sales (36.1 per cent). Operating profit decreased to EUR 2.6 million (4.3 million), or 6.0 per cent of net sales (10.1 per cent). EBITDA was burdened by increased personnel and marketing costs as well as non-recurring items. Operating profit decreased due to increased depreciations and non-recurring items.

The pricing structure of the corporate packet subscriptions was renewed, which is expected to improve DNA's competitiveness. Companies are increasingly interested in DNA's office communications services, and the demand for network data security and management services continues to grow. The sales of mobility-related data solutions also grew. Thanks to the enhanced product portfolio, DNA secured new orders after successful public-sector tenders in the third quarter.

In September, DNA and Praecom launched a cost-effective and user-friendly video-conferencing service called DNA Virtuaalineuvottelu. It stands out on the market thanks to its device-independence and simple pricing structure. The high-definition video-conferencing service is provided as a cloud service in Finland, and users can join meetings via fixed line video-conferencing equipment, tablets, workstations and practically any smart phone.

In the July-September period, DNA signed several new agreements. For example, under a purchasing pool arrangement, the Vantaa Parish Union and the Nurmijärvi Parish selected DNA as the supplier of their voice and data communication services. According to the terms of the agreement, DNA will provide the parishes with a comprehensive voice service package, flexible mobile switchboard services and the data communications network. The contract period is three years. In July, DNA and the pulmonary association Hengitysliitto ry signed a three-year agreement on the provision of mobile subscriptions and services, mobile broadband services, mobile switchboard and switchboard services. DNA has previously delivered a corporate network that covers the 60 offices of Hengitysliitto.

The corporate service market remained sluggish. Businesses are less keen to switch subscriptions and are cautious about new investments due to the overall economic situation.

January-September 2013

Corporate business net sales decreased by 3.2 per cent to EUR 129.5 million (133.8 million). EBITDA remained close to the level of the reference period and amounted to EUR 44.2 million (45.1 million). Corporate business operating profit accounted for 34.1 per cent of net sales (33.7 per cent). Operating profit decreased to EUR 7.6 million (12.4 million), or 5.9 per cent of net sales (9.3 per cent). Net sales were affected in particular by the reduction in interconnection earnings, intensified price competition and the falling net sales of fixed line voice services. Net sales were positively impacted by the value added services in customer networks and corporate mobile broadband services.

Corporate business

EUR million	7-9/2013	7-9/2012	Change, %	1-9/2013	1-9/2012	Change, %	1-12/2012
Net sales	42.7	43.0	0.7%	129.5	133.8	-3.2%	178.0
EBITDA	14.9	15.5	3.9%	44.2	45.1	-2.2%	59.9
- % of net sales	35.0	36.1		34.1	33.7		33.7
Operating profit/loss	2.6	4.3	40.8%	7.6	12.4	38.9%	14.1
- % of net sales	6.0	10.1		5.9	9.3		7.9

Investments

July–September 2013

Investments in the July–September period amounted to EUR 31.7 million (34.2 million), or 16.5 per cent of net sales (18.1 per cent).

January–September 2013

Investments in the January–September period amounted to EUR 87.9 million (93.3 million), or 15.7 per cent of net sales (16.4 per cent).

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

Investments

EUR million	7–9/2013	7–9/2012	Change, %	1–9/2013	1–9/2012	Change, %	1–12/2012
Consumer business	23.3	24.8	-5.7%	63.0	66.5	-5.2%	96.6
Corporate business	7.8	10.0	-21.8%	23.6	24.7	-4.2%	36.8
Un-allocated	0.5	0.0		1.3	2.2		2.9
Total investments	31.7	34.2	-7.3%	87.9	93.3	-5.8%	136.3

Network infrastructure

Since the start of 2013, DNA has expanded its mobile communication network by adding more than 1,500 new base stations across Finland: about 1,000 to the 4G LTE network and some 500 to the 3G network. DNA's 4G-grade speeds are currently available in more than 220 Finnish municipalities. DNA's 4G LTE network is available in more than 40 cities and reaches over two million Finns.

During the review period, 4G LTE networks have been completed in the city and commercial centres of locations including Heinola, Joensuu, Järvenpää, Kerava, Kitee, Lappeenranta, Lohja, Mikkeli, Rovaniemi, Savonlinna, Sotkamo and Tuusula.

In addition, 4G LTE networks that comprise tens of base stations and cover the entire city area have been completed in the cities of Kuopio and Jyväskylä. DNA's 3G network and the Dual Carrier network that reaches 4G-grade speeds continue to expand all over Finland. By adopting both the 4G and Dual Carrier technologies, DNA is improving its competitiveness and preparing for the continuing increase in mobile communications traffic.

At the end of the review period, DNA's terrestrial TV network covered some 85 per cent of households in Finland, providing the versatile DNA WELHO pay-TV channel offering. DNA is the only operator offering high-definition content in the terrestrial network. As a result of the PlusTV acquisition, the services available through DNA's terrestrial TV network will diversify further.

DNA's content offering is extensive: more than 170 channels in the cable network and the largest number of high-definition channels. New high-definition content is added constantly, and the capacity and efficiency of DNA's cable network enable DNA to offer broadcasts in next-generation 4K high definition in the future.

Personnel

At the end of September 2013, DNA Group had 1,530 employees (1,426 employees), of which 651 were women (617) and 879 men (809).

Salaries and employee benefit expenses paid during the third quarter amounted to EUR 19.8 million (16.1 million). The increase in expenses is due to an arrangement transferring customer service from a partner to DNA's personnel in the summer of 2012.

In September, PlusTV became a DNA subsidiary and the 33 employees of the company transferred to the employ of DNA group as existing employees.

Personnel by business segment

	30 Sep 2013	30 Sep 2012	Change, %	31 Dec 2012
Consumer business	1,069	977	9.4%	979
Corporate business	461	449	2.7%	448
Total personnel	1,530	1,426	7.3%	1,427

Changes in the Group and capital structure and significant litigation matters

Changes in the Group and capital structure

On 21 May 2013, DNA announced that the company Board of Directors was investigating possibilities of broadening the ownership base of the company. On 16 July 2013, DNA announced that the owners had decided not to continue with the ownership broadening process.

On 26 April 2013, DNA signed an agreement with Teracom Group on the acquisition of PlusTV. The Finnish Competition and Consumer Authority approved the acquisition on 29 August 2013 and PlusTV became a DNA subsidiary in September. DNA intends to keep PlusTV as a subsidiary and incorporate the company functions into DNA's current organisation.

Significant litigation matters

The hearing on the trademark dispute between Deutsche Telekom AG and DNA Ltd continues 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. In its counterclaim of 29 October 2008, DNA Ltd demanded that the European Community Trademark Registration 212787 be repealed.

In its ruling issued on 24 August 2009, the Helsinki District Court suspended the action and the counterclaim because complaints about the validity of the European Community Trademark Registration 212787 were simultaneously being handled in three processes outside Finland. Deutsche Telekom AG notified the district court in the spring of 2013 that the matters impeding the continuation of the process have been resolved. The action and the counterclaim are processed separately, and DNA's counterclaim will be heard first. Deutsche Telekom AG has provided its defence to DNA Ltd's counterclaim on 27 June 2013. DNA provided its response to Deutsche Telekom's defence on 30 September 2013.

Management and governance

Group Executive Team

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

On 30 August 2013, DNA announced that the DNA Board of Directors and CEO Riitta Tiuraniemi had agreed that Tiuraniemi will leave the company and resign from the position of CEO. The Board of Directors has initiated the search for a new CEO, and appointed Jukka Leinonen, Vice President, Corporate Business, as the acting CEO. The target is to appoint a new CEO by the turn of the year.

DNA's Executive Team comprises acting Chief Executive Officer and Vice President, Corporate Business Jukka Leinonen, Chief Financial Officer Timo Karppinen, Vice President, Consumer Business Pekka Väisänen, Vice President, Technology Tommy Olenius, Vice President, Human Resources Marko Rissanen, Vice President, Legal Affairs Asta Rantanen and Chief Strategy Officer Christoffer von Schantz.

Decisions of Annual General Meeting

DNA Ltd's Annual General Meeting was held on 21 March 2013. The Annual General Meeting adopted the financial statements and discharged the Board of Directors and the CEO from liability for the period 1 January to 31 December 2012. The AGM decided to pay a dividend of EUR 4.13 per share, at a total of EUR 35,016,337.16.

Board members and remuneration

Re-elected members of the board include Juha Ala-Mursula, Hannu Isotalo, Jarmo Leino, Jukka Ottela, Tuija Soanjärvi and Anssi Soila. The Annual General Meeting decided not to change the remunerations paid to the members of the Board of Directors and its Committees.

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

Shares and the Board's authorisations

The Board of Directors was authorised to decide on the repurchase of a maximum of 950,000 DNA shares. This is equal to about 9.9 per cent of all company shares (the number of all shares at period end was 9,610,676 shares). The shares can only be repurchased using the company's unrestricted shareholders' equity. The repurchase can take place in one or several lots.

Incorporation of DNA shares in the book-entry system

The AGM decided on the incorporation of DNA shares in the book-entry system. At the same time, the Board of Directors was authorised to determine the date by which the incorporation of the shares in the book-entry system will take place.

Amending the Articles of Association

As proposed by the Board of Directors, the AGM decided to add a new section to the company Articles of Association, which specifies that company shares are incorporated into the book-entry system.

After the amendment, Section 5 of the Articles of Association reads as follows:

Section 5 Incorporation into the book-entry system

Company shares are incorporated into the book-entry system after a registration period specified by the company Board of Directors.

As proposed by the Board of Directors, the AGM also decided to amend Section 2 (Line of Business) of the Articles of Association by adding a mention of payment services to it.

After the amendment, Section 2 of the Articles of Association reads as follows:

Section 2 Line of Business

The line of business of the company is general telecommunications and ICT operations, provision of data communications and ICT services and devices as well as related consulting and research and development operations. The company also imports equipment, devices, accessories and software and acts as a trader and an intermediary.

Moreover, the company provides consulting and services related to the above-mentioned operations as well as voice and other types of communications. The company has the right to offer payment services. The payment services provided by the company are listed in the register of payment service providers maintained by the Financial Supervisory Authority. The company conducts its business directly or through its subsidiaries and joint ventures.

The company may own real estate and securities, conduct investment and finance operations that support its operations as well as provide finance facilities for its customers.

DNA's governance principles are described in more detail in [Annual Report 2012](#).

Shares and shareholders

Shareholders

Owners (10 biggest):

	30 Sep 2013
Finda Oy	32.56%
Oulu ICT Oy	22.17%
PHP Holding Oy	19.75%
KPY Sijoitus Oy	12.97%
Ilmarinen Mutual Pension Insurance Company	5.01%
Anvia Oyj	3.47%
Lohjan Puhelin Oy	2.61%
Pietarsaaren Seudun Puhelin Oy	0.83%
Karjaan Puhelin Oy	0.20%
Vakka-Suomen seudun Puhelin	0.15%
	99.72%

On 30 September 2013, the ten largest shareholders of DNA Ltd were Finda Oy (32.56%), Oulu ICT Oy (22.17%), PHP Holding Oy (19.75%), KPY Sijoitus Oy (12.97%), Ilmarinen Mutual Pension Insurance Company (5.01%), Anvia Oyj (3.47%), Lohjan Puhelin Oy (2.61%), Pietarsaaren Seudun Puhelin Oy (0.83%), Karjaan Puhelin Oy (0.20%) and Vakka-Suomen Puhelin Oy (0.15%). At the end of the review period, the ten largest shareholders held a total of 99.72 per cent of DNA's shares and voting rights. DNA's treasury shares have not been included in the calculation of the shareholders' holdings. There were no changes in the shares owned by the ten largest shareholders during the review period.

After the review period, on 10 October 2013, DNA Ltd's fourth largest shareholder KPY Sijoitus Oy announced that it had signed an agreement on 9 October 2013 to sell its DNA shares to Finda Oy and PHP Holding Oy. As a result, Finda Oyj will own 39.05 per cent and PHP 26.24 per cent of outstanding DNA shares.

Shares

At the end of the review period, the company's shares totalled 9,610,676 and the share capital registered in the Finnish Trade Register amounted to EUR 72,702,225.65. There was no change in the number of shares or the share capital during the review period. At the end of the review period, the company held 1,132,144 treasury shares.

The shares of DNA were transferred to the book-entry system on 27 June 2013. The Finnish book-entry system is maintained by Euroclear Finland Oy.

Corporate responsibility

In May, DNA announced the construction of a new, energy-efficient data centre in Helsinki. The centre has been completed on schedule, and server deployment will commence in October. Thanks to district cooling, the cooling of the 2,000 square meter centre will be practically emission-free. Waste heat from the data centre will be collected and utilised by the district cooling system.

The ongoing base station upgrading project is proceeding on schedule and has improved the energy efficiency of DNA's mobile communications network significantly. Upgraded base stations can reach the same data transfer efficiency as before, but require only 60 per cent of the energy to do so. More than 1,500 3G and 4G base stations have already been made more energy-efficient by means of the upgrade, and the process continues.

DNA has also introduced the use of wind energy to provide power and backup power for its base stations in suitable locations.

DNA's Corporate Responsibility reporting is included in the company Annual Report, which was published on 7 March 2013. DNA issues the report according to the Global Reporting Initiative (GRI) guidelines. The report is available at <http://annualreporting.dna.fi/2012/en/corporate-responsibility>.

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. A more detailed description of DNA's risk management and uncertainties is available in the Annual Report at <http://annualreporting.dna.fi/2012/en>. There have been no significant changes in near-term risks and uncertainties in the review period.

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

The Finnish telecommunications market is strictly regulated. Regulation, and in particular, the authorities' ability to influence the price level of DNA's products and services, cost structure and the grounds on which frequencies are distributed, may also have an impact on DNA's business. The auction of the 800 MHz frequency band for mobile communications began on 24 January 2013. The auction was halted on 19 September 2013 to allow for a technical maintenance break. FICORA announced on 18 October 2013 that the break will end on 24 October 2013 and the auction will continue according to the current auction rules. The result of the auction may affect competition, market concentration and end-user pricing.

DNA's business environment is very sensitive to change, and the pace of change is increasing. Uncertainty related to the overall economic situation has increased, which may affect the demand for smart phone and TV services and the corporate market. General decline in purchasing power may have a post-cyclical effect on the operator market.

Events after the review period

On 1 October 2013, DNA announced the new DNA Täpökkä Credit solution that can be used for shopping, whether on the high street or online, and for withdrawing money from cash dispensers both in Finland and abroad. DNA Täpökkä Credit comes in the form of a sticker for phones, or a separate MasterCard. It allows making payments by holding the card or NFC sticker against the payment terminal reader. OP-Pohjola, the banking operation behind DNA Täpökkä Credit, will provide users with customer service for the solution.

On 10 October 2013, DNA Ltd's fourth largest shareholder KPY Sijoitus Oy announced that it had signed an agreement on 9 October 2013 to sell its DNA shares to Finda Oy and PHP Holding Oy. Prior to the transaction, KPY Sijoitus Oy owned 1,099,596 DNA shares, amounting to 12.97 per cent of DNA's shares. Finda Oy is DNA's largest shareholder, and after the arrangement, its ownership increases to 3,310,767 shares, or 39.05 per cent of DNA's shares. PHP Holding Oy will become DNA's second largest shareholder, and after the arrangement, it will own 2,224,703 DNA shares, amounting to 26.24 per cent of DNA's shares. DNA treasury shares are not included in calculating the holdings.

Outlook for 2013

Market outlook

The overall economic situation remains challenging and increases uncertainty in the market. Telecommunications market is undergoing a change, which will continue. Network and terminal device technologies are developing at an increasingly fast pace, fuelling new growth with increasing traffic volumes and new types of use.

Market competition remains intense, placing high demands on the quality and availability of operators' systems and network infrastructure.

In addition to the overall economic situation, net sales and the profitability of the industry are 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 other market developments and pricing pressures, as well as 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 mobile broadband services will increase. Fixed-network broadband customers are expected to continue to switch to housing company subscriptions and higher-speed connections. Competition in the housing company subscriptions market is anticipated to remain intense, and increased competition should lead to decreasing ARPU.

Mobile broadband traffic volumes will reflect the growth and increased versatility in the use of smart phones and other smart terminals. Service development and new business models will create new device applications.

New devices are used, for example, for viewing HD-grade videos and accessing social media services.

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. Consumers are spending more time watching TV, and households have several devices for viewing TV content. However, as regards TV and movie content, competition is more intense now that global players have entered the Finnish market.

Competition in the corporate market is expected to remain tight. Mobile and versatile ways of working are reflected in corporate network solutions and telecommunication services. Demand in the corporate market continued to switch from fixed line voice services to mobile services, which is seen in the increased sales of mobile voice services and decreased sales of fixed line voice services.

The demand for value added services in corporate networks, such as data security and mobile data services, is expected to grow. Reliable and effectively managed ICT infrastructure will become increasingly vital for businesses.

DNA's outlook for 2013 has changed

Net sales is expected to decrease slightly and operating profit to weaken due to non-recurring items in 2013. The Group's financial position is expected to remain at the same healthy level.

In the second quarter, net sales and operating profit were expected to decrease slightly in 2013. The Group's financial position was expected to remain at the same healthy level.

DNA Ltd

Board of Directors

Interim report practices

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

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

Consolidated income statement, IFRS

EUR million	1 Jul–30 Sep 2013	1 Jun–30 Sep 2012 revised	1 Jan–30 Sep 2013	1 Jan–30 Sep 2012 revised	1 Jan–31 Dec 2012 revised
Net sales	191.5	189.2	561.0	567.4	769.2
Other operating income	0.7	0.5	1.7	1.6	2.4
Materials and services	-92.0	-94.4	-263.5	-289.8	-391.6
Employee benefit expenses	-19.8	-16.1	-63.4	-55.5	-77.3
Depreciation	-36.8	-33.3	-108.4	-96.9	-134.6
Other operating expenses	-31.6	-26.3	-91.8	-82.6	-111.9
Operating result, EBIT	12.0	19.7	35.5	44.2	56.2
Financial income	0.3	0.5	0.9	1.2	1.5
Financial expense	-1.5	-2.6	-4.1	-7.3	-9.4
Share of associated companies' results	0.0	0.0	0.0	0.0	0.0
Net profit before tax	10.8	17.5	32.3	38.2	48.3
Income tax	-3.3	-4.8	-9.0	-9.4	-12.2
Net profit for the period	7.5	12.7	23.3	28.8	36.1
Net profit/loss attributable to:					
Owners of the parent	7.5	12.7	23.3	28.8	36.1
Earnings per share of the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.9	1.5	2.8	3.3	4.1
Average number of shares					
- Basic	8,479	8,486	8,479	8,792	8,714

Other comprehensive income

Items that will not be reclassified to profit or loss:	7.5	12.7	23.3	28.8	36.1
Actuarial gains (losses) on defined benefit pension plans	0.0	-0.2	0.0	-0.5	-0.6
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedges	0.1	-0.3	0.5	-0.8	-0.7
Other comprehensive income, net of tax	0.1	-0.5	0.5	-1.2	-1.3
Total comprehensive income	7.6	12.2	23.8	27.6	34.8
Comprehensive income attributable to:					



Owners of the parent	7.6	12.2	23.8	27.6	34.8
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Consolidated statement of financial position, IFRS

EUR million	30 Sep 2013	30 Sep 2012 revised	31 Dec 2012 revised
Assets			
Non-current assets			
Goodwill	266.2	221.1	221.1
Other intangible assets	127.0	129.4	132.1
Property, plant and equipment	391.8	402.5	405.5
Investments in associates	1.8	1.8	1.8
Available-for-sale financial assets	0.2	0.2	0.2
Trade and other receivables	35.1	16.8	21.2
Deferred tax assets	21.1	20.6	19.9
Total non-current assets	843.1	792.3	801.9
Current assets			
Inventories	15.5	17.1	17.7
Trade and other receivables	154.1	163.8	167.6
Tax receivable	1.6	0.0	0.6
Cash and cash equivalents	17.0	7.0	8.2
Total current assets	188.3	187.9	194.1
Total assets	1,031.4	980.2	996.0
Shareholders' equity			
Equity attributable to owners of the parent			
Share capital	72.7	72.7	72.7
Other reserves	606.3	605.1	605.8
Treasury shares	-103.5	-102.9	-103.5
Retained earnings	-82.2	-83.3	-83.3
Profit for the year	23.3	28.8	36.1
Total equity	516.6	520.4	527.8
Liabilities			
Non-current liabilities			
Interest-bearing non-current liabilities	142.9	192.1	180.9
Retirement benefit obligations	1.6	1.6	1.7
Provision for other liabilities	7.6	6.8	8.1
Derivative financial instruments	1.3	2.8	2.9
Deferred income tax liabilities	42.9	51.5	50.4
Other non-current liabilities	2.8	1.3	2.7
Total non-current liabilities	199.1	256.1	246.8
Current liabilities			
Interest-bearing current liabilities	192.6	78.9	85.0
Provisions for other liabilities	0.2	1.5	1.0



Trade and other payables	121.0	122.5	135.5
Current income tax liabilities	1.8	0.7	0,0
Total current liabilities	315.6	203.7	221.4
Total liabilities	514.8	459.7	468.2
Total equity and liabilities	1,031.4	980.2	996.0

Condensed consolidated statement of cash flows, IFRS

EUR million	1-9/2013	1-9/2012 revised	1-12/2012 revised
Cash flows from operating activities			
Profit for the period	23.3	28.8	36.1
Depreciation	108.4	96.9	134.6
Change in working capital	-22.4	-8.3	-3.1
Other adjustments	-6.7	-1.9	-2.3
Net cash generated from operating activities (A)	102.7	115.4	165.3
Cash flows from investing activities			
Investments in property, plant and equipment (PPE) and intangible assets	-87.6	-92.3	-134.8
Proceeds from sale of PPE	0.2	0.2	0.3
Acquisition of subsidiaries and business transfers	-40.7	-1.2	-1.2
Change in other investments	0,0	-0.7	-0.7
Net cash used in investing activities (B)	-128.1	-94.0	-136.4
Cash flows from financing activities			
Dividends paid	-35.0	-29.7	-29.7
Treasury share acquisition	0,0	-102.0	-102.7
Borrowing of interest-bearing liabilities	204.4	198.8	233.7
Repayment of interest-bearing liabilities	-135.1	-110.1	-150.5
Net cash used in financing activities (C)	34.2	-42.9	-49.2
Change in cash and cash equivalents (A+B+C)	8.8	-21.4	-20.2
Cash and cash equivalents at beginning of year	8.2	28.4	28.4
Cash and cash equivalents at end of period	17.0	7.0	8.2

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 2012	72.7	-0.3	605.9	-0.9	-52.1	625.4
IAS 19 revised					-0.8	-0.8
Comprehensive income						
Profit for the period					28.8	28.8
Other comprehensive income						
Actuarial gains (losses) on defined benefit pension plans					-0.5	-0.5
Cash flow hedges, net of tax		-0.8				-0.8
Total other comprehensive income, net of tax		-0.8			-0.5	-1.2
Total comprehensive income	0,0	-0.8	0,0	0,0	28.3	27.6
Transactions with owners						
Treasury share acquisition			0.2	-102.0		-101.8
Employee share option scheme: granted options					-0.3	-0.3
Dividends relating to 2011					-29.7	-29.7
Total contribution by and distributions to owners	0,0	0,0	0.2	-102.0	-30.0	-131.8
Balance at 30 September 2012 revised	72.7	-1.0	606.1	-102.9	-54.5	520.4
Balance at 1 January 2013	72.7	-0.9	606.8	-103.5	-47.2	527.8
Comprehensive income						
Profit for the period					23.3	23.3
Other comprehensive income						
Actuarial gains (losses) on defined benefit pension plans					0.0	0.0
Cash flow hedges, net of tax		0.5				0.5
Total other comprehensive income, net of tax		0.5			0.0	0.5
Total comprehensive income	0,0	0.5	0,0	0,0	23.3	23.8
Transactions with owners						
Employee share option scheme: granted options					0.0	0.0
Dividends relating to 2012					-35.0	-35.0
Total contribution by and distributions to owners	0,0	0,0	0,0	0,0	-35.0	-35.0
Balance at 30 September 2013	72.7	-0.4	606.8	-103.5	-58.9	516.6

Notes

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1 Accounting principles

This interim report has been prepared in accordance with IFRS regulations and measurement principles and complies with the 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 2012 with the exception of the revised IAS 19 - standard adopted 1 January 2013. This interim report should be read observing the 2011 Financial Statements. The information presented in the interim report is unaudited.

Changes to accounting principles

The DNA Group adopted the revised IAS 19 Employee benefit standard on 1 January 2013. The revised IAS - 19 standard is applied retrospectively. The revision affects the DNA Group's retirement benefit expense as well as the retirement benefit obligation in the statement of financial position and shareholders' equity. As a consequence, the Group's income statement, comprehensive income statement, statement of financial position and statement of changes in equity have been restated in compliance with the requirements prescribed in the revised standard (see Q1 interim report).

IFRS 13 Fair value measurement: the standard provides a framework for measuring fair value and disclosure requirements.

IAS 1 (revised) Presentation of other comprehensive income: the group presents other comprehensive items as items that can be reclassified into profit or loss or items that cannot be reclassified into profit or loss.

The Group has changed the classification of cash flow items. Previously, changes in non-current receivables were presented under cash flows from financial activities. They are now included in the change in working capital reported under cash flows from operating activities. In our opinion, the new classification provides a more accurate view of the cash flows from operating activities as the receivables are according to IAS 7.14.

As a consequence, the information for the reference periods has been restated according to the new classification. The change has the following effect on the information for the reference periods:

1-9/2012	Previously	Change	Restated
Cash flows from operating activities	115.7	-0.3	115.4
Cash flows from financing activities	-43.2	0.3	-42.9
<hr/>			
1-12/2012			
Cash flows from operating activities	170.0	-4.7	165.3
Cash flows from financing activities	-53.8	4.7	-49.2

2 Segment information

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

1 Jul–30 Sep 2013

EUR 1,000			
Business segments	Consumer segment	Corporate segment	Group total
Net sales	148,759	42,741	191,500
EBITDA	33,841	14,945	48,786
Depreciation	24,396	12,376	36,772
Operating result, EBIT	9,444	2,569	12,014
Net financial items			-1,251
Share of associated companies' results			21
Profit before tax			10,784
Profit for the period			7,519
Investments	23,350	7,800	31,150
Employees at end of period	1,069	461	1,530

1 Jul–30 Sep 2012

EUR 1,000			
Business segments	Consumer segment	Corporate segment	Group total
Net sales	146,203	43,024	189,226
EBITDA	37,410	15,544	52,954
Depreciation	22,098	11,205	33,303
Operating result, EBIT	15,312	4,339	19,651
Net financial items			-2,138
Share of associated companies' results			-5
Profit before tax			17,507
Profit for the period			12,691
Investments	24,766	9,975	34,741
Employees at end of period	977	449	1,426

1 Jan–30 Sep 2013

EUR 1,000			
Business segments	Consumer segment	Corporate segment	Group total
Net sales	431,466	129,547	561,013
EBITDA	99,775	44,153	143,927
Depreciation	71,856	36,567	108,423
Operating result, EBIT	27,919	7,585	35,504
Net financial items			-3,162
Share of associated companies' results			-28
Profit before tax			32,315
Profit for the period			23,333

Investments	62,985	23,625	86,610
Employees at end of period	1,069	461	1,530

1 Jan–30 Sep 2012

EUR 1,000

Business segments	Consumer segment	Corporate segment	Group total
Net sales	433,562	133,799	567,361
EBITDA	95,961	45,146	141,108
Depreciation	64,137	32,724	96,861
Operating result, EBIT	31,824	12,422	44,246
Net financial items			-6,081
Share of associated companies' results			9
Profit before tax			38,174
Profit for the period			28,791

Investments	66,439	24,659	91,098
Employees at end of period	977	449	1,426

1 Jan–31 Dec 2012

EUR 1,000

Business segments	Consumer segment	Corporate segment	Group total
Net sales	591,210	177,990	769,200
EBITDA	130,826	59,917	190,743
Depreciation	88,831	45,769	134,600
Operating result, EBIT	41,995	14,148	56,143
Net financial items			-7,813
Share of associated companies' results			-14
Profit before tax			48,336
Profit for the period			36,136

Investments	96,620	36,763	133,383
Employees at end of period	979	448	1,427

3 Investments

EUR 1,000	Jan-Sep 2013	Jan-Sep 2012	Jan-Dec 2012
Capital expenditure			
Intangible assets	20,440	21,302	31,133
Property, plant and equipment	67,433	71,996	105,127
Total	87,873	93,298	136,260

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 2012	9,611	72,702	605,927
Treasury share acquisition			170
At 30 June 2012	9,611	72,702	606,097
At 1 January 2013	9,611	72,702	606,779
At 30 June 2013	9,611	72,702	606,779

Number of shares include 1,132,144 treasury shares.

DNA Ltd has one share type. The total number of shares is 9,610,676 (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.

Dividends

DNA Ltd's Annual General Meeting of 21 March 2013 approved a payment of dividend (EUR 4.13 per share) totalling EUR 35,016,337.16. The dividend was paid on 3 April 2013.

5 Interest-bearing net liabilities

EUR 1,000	30 September 2013	30 September 2012	31 December 2012
Non-current and current interest-bearing liabilities	335,505	271,019	265,902
Less short-term investments, cash and bank balances	16,999	6,986	8,224
Total	318,506	264,032	257,678

6 Provisions for other liabilities

EUR 1,000	1 Jan 2013	Additions	Provisions used	Other changes/Discount effect	30 Sep 2013
Decommissioning provisions	6,519		-195	-194	6,130
Restructuring provisions	1,450		-686		763
Onerous contracts	1,072		-196	-7	869
Total	9,041	0	-1,077	-201	7,763

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 exercises significant influence is considered a related party.

EUR 1,000	Sales	Purchases	Receivables	Liabilities
9/2013				
Organisations exercising significant influence	43	3,241	3	0
Associated companies	0	304	0	13

EUR 1,000	Sales	Purchases	Receivables	Liabilities
9/2012				
Organisations exercising significant influence	69	1,886	60	73
Associated companies	0	199	0	0

EUR 1,000	Sales	Purchases	Receivables	Liabilities
12/2012				
Organisations exercising significant influence	87	5,086	9	285
Associated companies	0	261	0	22

8 Share-based payments

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. The share subscription period for option rights 2010A begins on 2 January 2013 and ends on 30 April 2015, and for option rights 2010B it begins on 2 January 2014 and ends on 30 April 2016. Since one option right entitles the holder to subscribe to one new share or treasury share held by the company, all of the option rights awarded entitle to the subscription of a maximum of 108,000 shares in the company. The per-share subscription price for option rights 2010A and 2010B is EUR 97.00, which is the estimated fair value of the share on 17 December 2009. Should the company distribute dividends or funds from its unrestricted equity fund, the subscription price applied to the option rights will be decreased in line with the amount of dividends decided or unrestricted equity funds distributed after 17 December 2009 and prior to the share subscription period on the record date of each dividend payment or capital refund. The subscription price will be recorded in the company's invested unrestricted equity reserve.

Option scheme

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

Share options outstanding

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

	Options
On 1 January 2013	88,000
Granted options	
Forfeited options	14,000
Exercised options	
Expired options	
On 30 September 2013	74,000

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

30 September 2013

	Level 1	Level 2	Level 3
Assets 1000€			
Interest rate swaps			
Designated at fair value through profit or loss		483	
Derivatives hedge accounting		0	
Total		483	

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Designated at fair value through profit or loss		1,050	
Derivatives hedge accounting		616	
Total		1,666	

31 December 2012

	Level 1	Level 2	Level 3
Liabilities 1000€			
Interest rate swaps			
Designated at fair value through profit or loss		1,653	
Derivatives hedge accounting		1,243	
Total		2,896	

10 Business combinations

DNA Ltd acquired the entire capital stock of Digi Plus TV Oy on 6 September 2013. PlusTV, officially Digi TV Plus Oy, has provided terrestrial network pay-TV services to Finnish households since 2006. The purchase price was paid in cash. The final fair value assessment of the transferred assets and liabilities has not yet been made. The transferred assets and liabilities have preliminary been recorded in the balance sheet as follows:

EUR million

Assets and non-current assets	1.8
Deferred income tax assets	4.0
Sales receivables and other receivables	1.7
Cash and cash equivalents	6.3
Accounts payable and other liabilities	11.9
Purchase consideration, preliminary	47.0
Goodwill	45.2

The final purchase consideration will be specified on 31 October 2013 (estimated effect is EUR 0.0 to 0.5 million). Direct costs of EUR 0.5 million were booked as other operating expenses.

The acquired subsidiary's net sales for 1 January to 31 August 2013 amounted to EUR 41.8 million and it made a loss of EUR 0.2 million. If the acquisition had occurred on 1 January 2013, Group net sales would have been EUR 609.2 million and the Group would have made a profit of EUR 23.1 million.

Key figures

	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep2012	Jan-Dec 2012
Equity per share, EUR	60.9	59.3	60.9	59.3	60.6
Interest bearing net liabilities, EUR million	318.5	264.0	318.5	264.0	257.7
Net gearing, %	61.7%	50.7%	61.7%	50.7%	48.8%
Equity ratio, %	51.3%	54.1%	51.3%	54.1%	54.0%
Interest bearing net debt/EBITDA	1.63	1.25	1.66	1.40	1.35
Return on investment (ROI), %	5.9%	10.1%	5.9%	7.6%	7.2%
Return on equity (ROE), %	5.9%	9.9%	6.0%	6.7%	6.3%
Investments, EUR million	31.7	34.2	87.9	93.3	136.3
Investments, % of net sales	16.5%	18.1%	15.7%	16.4%	17.7%
Personnel at end of period	1,530	1,426	1,530	1,426	1,427

Key operative indicators

Mobile communication network subscription volumes:

Number of:	Sep 2013	Sep 2012	Jun 2013	Jun 2012	Dec 2012
Subscriptions*	2,437,000	2,406,000	2,426,000	2,376,000	2,428,000
DNA's own customers*	2,350,000	2,281,000	2,332,000	2,256,000	2,315,000

	Jul-Sep 2013	Jul-Sep 2012	Jan-Sep 2013	Jan-Sep2012	Jan-Dec 2012
Revenue per subscription (ARPU), EUR**	18.4	19.7	18.4	20.0	19.9
Customer churn rate, %**	18.0	15.5	17.3	14.9	15.7

*Includes only mobile broadband

**Includes only postpaid phone subscriptions

Fixed-network subscription volumes:

Number of:	Sep 2013	Sep 2012	Jun 2013	Jun 2012	Dec 2012
Broadband subscriptions	313,000	311,000	309,000	307,000	311,000
Cable TV subscriptions	592,000	601,000	590,000	597,000	596,000
Telephone subscriptions	107,000	126,000	112,000	130,000	120,000

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
Net liabilities, EUR	=	Interest-bearing liabilities - liquid assets
Net 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



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