DNA Group
Financial Statements 2008

Continued strong growth in DNA subscriptions; Net sales rose in 2008

Summary of the 2008 full-year result (IFRS)

- DNA's net sales amounted to EUR 647 million (1–12/2007: EUR 538 million), a 20 per cent increase year-on-year.
- The gross margin (EBITDA) for January–December amounted to EUR 166 million, accounting for 26 per cent of net sales (1–12/2007: EUR 136 million, 25 per cent).
- Profit amounted to EUR 69 million, accounting for 11 per cent of net sales (1–12/2007: EUR 63 million, 12 per cent).
- Profit before taxes came to EUR 64 million, an improvement of 7 per cent from 2007 (1–12/2007: EUR 60 million).
- Profit was weakened by non-recurring items of EUR 6 million (1–12/2007: EUR 5 million).
- At the end of 2008, there were 1,663,000 subscriptions in DNA's mobile communications network, an increase of 26 per cent (345,000 subscriptions) in 2008 (12/2007: 1,318,000).
- Average revenue per user (ARPU) for mobile communication amounted to EUR 24.5 (1–12/2007: 27.7).
- Subscription turnover rate (churn) was 13.7 per cent (1–12/2007: 12.6).
- At the end of 2008, the number of fixed-line network broadband subscriptions amounted to 190,000 (12/2007: 195,000).
- The number of traditional telephone subscriptions was 229,000 (12/2007: 253,000).
- The number of customers in DNA's cable TV distribution networks was 263,000 (12/2007: 258,000).

DNA Group publishes its first IFRS-compliant financial statements for the financial year ending 31 December 2008, having adopted the International Financial Reporting Standards on 1 January 2006. The full-year results are compliant with the Finnish Accounting Standards (FAS) and IFRS. The interim reports for 2008 are compliant with the Finnish Accounting Standards (FAS).

Summary of the fourth quarter (FAS)

- DNA's net sales for October–December amounted to EUR 171 million (10–12/2007: EUR 170 million).
- Gross margin (EBITDA) amounted to EUR 34 million (10–12/2007: EUR 31 million).
- Profit totalled EUR 9 million (10–12/2007: EUR 19 million).
- Profit for October–December was weakened by non-recurring items of EUR 3 million, taxes and earlier outsourcing carried out by the fixed-line network business (10–12/2007: EUR 5 million). Profit adjusted for non-recurring items came to EUR 12 million (EUR 24 million).

Figures are unaudited.
NB! Owing to the business transfers of the fixed-line network business, which took effect on 1 July 2007, the figures for 2007 and 2008 are not comparable in all respects.
(For IFRS Transition Bulletin with the 2007 IFRS comparison figures, see the notes to the interim report.)

Key figures

MEUR	FAS 10–12/2008	FAS 10–12/2007	FAS 2008	IFRS 2008	IFRS 2007
Net sales	171	170	648	**647**	538
EBITDA	34	31	152	**166**	136
EBITDA, %	19.9	18.2	23.5	**25.7**	25.3
EBIT	19	19	87	**69**	63
EBIT, %	11.1	11.2	13.4	**10.7**	11.7
Profit/loss before taxes	14	18	76	**64**	60
Profit/loss for the financial period	9	19	68	**47**	64
Capital expenditure*	43	26	95	**97**	76
Cash flow from operations	19	9	136	**147**	106

Milj. €	FAS 31.12.2008	IFRS 31.12.2008	IFRS 2007
Net liabilities	105	**162**	41
Net liabilities/EBITDA	0.69	**0.97**	0.30
Gearing, %	40.1	**29.2**	6.7
Equity ratio, %	48	**60.9**	67
Personnel at end of period	982	**982**	1,214

*) Excl. fixed-line business acquisitions 1 July 2007..

Riitta Tiuraniemi, President & CEO:

”We are very pleased with our growth achieved in the past year.”

Despite the economic downturn, DNA continued to grow in 2008. This was the first complete year for the fixed-line network operations, during which we concentrated on integrating the local network business, acquired in July 2007, strengthening our corporate culture and streamlining our operations. The mobile communications business has been operating independently, maintaining excellent growth in subscription numbers and net sales.

In 2008, DNA mobile communication subscriptions increased by 26 per cent to 1,663,000. Mobile broadband has had a revolutionary effect on telecommunications and continues to offer growth opportunities, while the growth in the other telecommunication sectors in Finland is weak.

The subscription volume of the fixed-line network business showed a slight downward turn. At year end, DNA had a total of 682,000 broadband, cable TV and telephone subscriptions.

Our net sales increased to EUR 647 million, an increase of 20 per cent on last year. In relation to our size and volumes, our gross margin remained at a healthy level with a gross margin ratio of 26 per cent. In proportion to our number of employees, our net sales totalled EUR 659,000 per employee at the end of 2008.

Our performance has remained strong, despite having been somewhat undermined by certain non-recurring items, such as integration of the fixed-line network business, outsourcing of the fixed-line network customer service, provisions for unused premises, accrued interest on subordinated loans and write-down of Elisa Corporation's shares.

In 2008, we continued our strong investment in the 3G network, achieving some 80 per cent coverage at year end. In addition to maintaining excellent signal coverage, it is important for us to know that our customers are happy with the standard and features offered by our subscriptions. We will continue to ensure that the maximum speeds promised to our customers can be achieved in reality and that our services remain as disruption-free as possible with the improved coverage, capacity and quality of our 3G network.

Telecommunication sales trends remain largely unaffected by the general economic downturn, although interest in lower-priced products has gradually increased in the sales of terminals and some other product sectors. A higher number of delayed payments and payment defaults also indicate that the economic climate is having an effect.

As the market stalls, competition is on the increase, as seen in new price and product launches. Tough price competition may pose a threat to the profitability of the entire sector.

Our goals for 2009 include bringing the organisational and operational restructuring to an efficient conclusion and pursuing continued growth in the Finnish telecommunications market. In future, DNA's business will be divided into consumer and corporate businesses instead of the former mobile, fixed-line network and retail outlet businesses. DNA seeks growth in both businesses..

Market situation

Throughout the year, competition in the communication markets has remained fierce, accelerated by airtime-inclusive and package campaigns in the mobile communication business. DNA has responded to the competition by further developing its high-standard customer service, expanding the coverage of its 3G network and launching new low-priced subscription products and services.

V Demand has been strongest for mobile broadband services. First observed around a year ago, the transfer from fixed-line to mobile broadband continued. Due to tough competition, the customer churn rate for fixed-line network broadband subscriptions remained high. However, in a saturated market no increase in the total volume of fixed-network broadband subscriptions is expected. Instead, telephone traffic in the conventional fixed-line network will decrease and, as a result, the marketplace will remain competitive.

Interim report January–December 2008

Accounting principles

DNA Group published its first IFRS-compliant financial statements for the financial year ending 31 December 2008, having adopted the International Financial Reporting Standards on 1 January 2006. The interim reports for 2008 are compliant with the Finnish Accounting Standards (FAS). The full-year results are compliant with the Finnish Accounting Standards (FAS) and IFRS.

For IFRS Transition Bulletin with the 2007 IFRS comparison figures, see the notes to the interim report.

The IFRS figures for the entire year are commented on in the report. The comparison figures in brackets refer to the equivalent period in the previous year, unless otherwise stated. As the definition of segments differs between the IFRS and the FAS, a full segment report compliant with the IFRS principles will be published in the financial statement, which is part of the annual report.

Development of net sales

DNA's net sales for 2008 amounted to EUR 647 million (538), representing 20 per cent growth compared to 2007. In the financial period, 66 per cent (74) of net sales was generated by mobile communication and 34 per cent (26) by the fixed-line network business.

The growth in net sales is a result of the increase in mobile communication subscriptions and continued strong sales in mobile broadband.

Net sales

MEUR	FAS 10–12/2008	FAS 10–12/2007	FAS 2008	IFRS 2008	IFRS 2007
Mobile communication	118	108	435	**424**	390
Fixed network	59	68	239	**215**	138
Retail outlet business*				**52**	36
Other	4	5	12	**12**	14
Eliminations	–10	–11	–38	**–56**	–40
Total	**171**	**170**	**648**	**647**	**538**

*) Included in the mobile communications and fixed-line network business in the FAS figures.

Financial performance

DNA's gross margin (EBITDA) for 2008 amounted to EUR 166 million, accounting for 26 per cent of net sales. The gross margin showed year-on-year growth of 22 per cent.

Operating profit (EBIT) totalled EUR 69 million, representing 11 per cent of net sales with year-on-year growth of EUR 6 million.

The Group's performance was weakened by non-recurring items, which mainly included the integration cost of the fixed-line network business, outsourcing cost of the fixed-line network customer service, provisions for unused premises, accrued interest on subordinated loans and write-down of Elisa Corporation's shares.

Consolidated financial profits and expenses for January–December amounted to EUR 5 million (3). Income taxes for the period under review were EUR 17 million (-4).

Based on confirmed losses in earlier years, the results for the financial year include a deferred tax deduction of EUR 41.8 million gross (an increase of EUR 6.8 million in 2007). All deferred tax based on confirmed losses has now been recognised in profit and loss.

DNA Group's profit after taxes for 2008 came to EUR 47 million (64).

Profit

MEUR	FAS 10–12/2008	FAS 10–12/2007	FAS 2008	IFRS 2008	IFRS 2007
EBITDA	34	31	152	**166**	136
EBIT	19	19	87	**69**	63
Profit/loss before taxes	14	18	76	**64**	60
Profit/loss for the financial period	9	19	68	**47**	64

Mobile communication business

Strong growth continued in DNA's mobile communication business in 2008. Despite exceptionally tough competition throughout the year, particularly in voice subscriptions, DNA's total growth of subscriptions remained excellent. The strongest increase was seen in mobile broadband services.

Mobile communication net sales increased by 9 per cent in 2008 to EUR 424 million (390). The gross margin (EBITDA) totalled EUR 91 million (81), while operating profit (EBIT) amounted to EUR 54 million (47), representing 12 per cent of net sales.

In 2008, over EUR 50 million was invested in DNA's 3G network coverage and capacity increase. The 3G network saw unprecedented expansion in 2008. At year end, around 80 per cent (70) of residents in Finland had access to DNA's 3G services. DNA's 3G network has also expanded on the 900 MHz frequency, which is particularly suitable for providing 3G services in sparsely populated areas. Owing to the 900 MHz frequency, the geographical service area of the 3G network will at the very least double in 2009.

The number of subscriptions in DNA's mobile communication network grew in 2008 by 345,000 to 1,663,000. Market share rose to 24 per cent (an increase of some 3 percentage points).

DNA's ARPU declined, mainly due to a significant drop in termination and roaming charges, with an average monthly profit by subscription of EUR 24.5 (27.7) in 2008. Customer churn rate amounted to 13.7 per cent (12.6).

Key figures for mobile communication business:

MEUR	FAS 10-12/2008	FAS 10-12/2007	FAS 2008	IFRS 2008	IFRS 2007
Net sales	118	108	435	**424**	390
EBITDA *	23	18	86	**91**	81
EBIT *	14	8	49	**54**	47

*) 7-12/2008 includes adjustment to group-internal item.

As the definition of segments differs between the IFRS and the FAS, a full segment report compliant with the IFRS principles will be published in the financial statement as part of the annual report.

Amount	12/2008	12/2007	9/2008
Number of subscriptions	1,663,000	1,318,000	1,585,000
DNA's own customers	1,565,000	1,245,000	1,498,000

	10-12/2008	10-12/2007	1-12/2008	1-12/2007
Revenue per subscription (ARPU), EUR	24.5	27.4	24.5	27.7
Customer churn rate (CHURN), %	12.5	12.3	13.7	12.6

Fixed-line network business

The fixed-line network broadband market was saturated in 2008 owing to declining mobile broadband prices and an expansion of the 3G mobile communication network coverage and capacity. The marked drop in telephone subscriptions and traffic continued, as traffic transferred to the mobile communication network. The rapid growth in pay TV services seen in the previous year levelled out, while the customer churn rate for channel packages, typical of this sector, remained high. The slight upward trend in the volume of cable TV subscriptions continued.

Launched in 2007, the integration of the fixed-line network business into a single entity progressed as planned and on schedule. The rationalisation of the fixed-line network business continued. The most significant project implemented was the outsourcing of our customer service.

Net sales for the fixed-line network business amounted to EUR 215 million (138) for 2008. The gross margin (EBITDA) totalled EUR 60 million (33) while operating profit (EBIT) amounted to EUR 34 million (20), representing 15 per cent of net sales. These figures were significantly affected by the business transfer of the fixed-line network business on 1 July 2007.

In addition to the integration expenses of the fixed-line network business, profit was weakened by retrospective adjustments and expense reserves for empty office facilities.

In the fixed network business, the volume of broadband subscriptions decreased slightly during the year. The number of subscriptions totalled some 190,000 (195,000) at year end, with a market share of 13 per cent (12). The number of conventional telephone subscriptions amounted to 229,000 (253,000) at year end, representing a market share of 15 per cent (16). DNA's cable TV distribution networks had 263,000 customers (258,000), with a market share of 20 per cent (19).

Key figures for fixed-line netwerk business:

MEUR	FAS 10–12/2008	FAS 10–12/2007	FAS 2008	IFRS 2008	IFRS 2007
Net sales	59	68	239	**215**	138
EBITDA *	12	14	67	**60**	33
EBIT *	5	11	40	**34**	20

*) 7-12/2008 includes adjustment to group-internal item.

As the definition of segments differs between the IFRS and the FAS, a full segment report compliant with the IFRS principles will be published in the financial statement as part of the annual report.

Number of subscriptions	12/2008	12/2007	9/2008
Broadband	190,000	195,000	191,000
Cable TV	263,000	258,000	259,000
Fixed-line network subscriptions	229,000	253,000	236,000

Personnel

At the end of the financial year, DNA employed 982 (1,214) people, a year-on-year reduction of 19 per cent. The average number of employees in January-December was 1,020.

	12/2008	12/2007	9/2008
Personnel at end of period	982	1,214	1,018

Investments

DNA's capital expenditure for 2008 amounted to EUR 97 million (76). Investments in the mobile communication business amounted to EUR 66 million (58) and in the fixed-line network to EUR 27 million (17).

Major individual items included the 3G network investments, and investments in the fibre and transfer system.

Investments compared to 2007:

MEUR	FAS 10–12/2008	FAS 10–12/2007	FAS 1–12/2008	IFRS 1–12/2008	IFRS 1–12/2007
Capital expenditure	43	26	95	**97**	76

Operative cash flow compared to 2007:

MEUR	FAS 10–12/2008	FAS 10–12/2007	FAS 1–12/2008	IFRS 1–12/2008	IFRS 1–12/2007
Cash flow from operations	19	9	136	**147**	106

Financial position

The Group's liquidity remained good throughout the year. Cash flow from operations for 2008 amounted to EUR 147 million (106) and the Group's liquid assets to EUR 7 million (38).

The improvement seen in the cash flow from operations was mainly owing to the fixed-line network transfers implemented on 1 July 2007, while the result was weakened by increased financial expenses and taxes.

Capital structure

DNA was able to strengthen its consolidated balance sheet during the financial year and pay the current and previous owners interest to a total of circa EUR 4 million on subordinated loans granted by them. The Group has reaped the tax benefits of losses made in previous years.

In 2008, DNA paid the first dividend in its history, EUR 8.7 million.

In accordance with the decision taken by the Extraordinary General Meeting on 10 December 2007, the company's premium fund value was reduced. A total of EUR 100,000,000 was distributed to shareholders on 30 May 2008, representing some EUR 13.20 per share, as a refund of tied invested capital as per each shareholder's entitlement thereof in terms of the proportion of shares held.

At the EGM, held on 10 September 2008, it was decided to further reduce the premium fund value as per the balance sheet of 31 December 2007 by a maximum of EUR 41,688,628.79, with the purpose of refunding tied invested capital to shareholders, as per each shareholder's entitlement thereof, so that each shareholder receives approximately EUR 5.50 per share owned. Following the notification issued by the Trade Register on 19 January 2009, the company can enter the reduction of the premium fund as planned, since creditors have not objected to this arrangement.

Shareholders' equity amounted to EUR 554 million (613) at year end.

At the end of the financial period, the company's share stock totalled 7,580,761 shares and the share capital registered in the company's trade register amounted to EUR 72,184,558.98. The company does not hold any of its own shares, and its shares have no option rights.

Write-down of Elisa Corporation's share value

DNA Ltd holds circa 1.8 per cent of Elisa's shares and votes. DNA entered a write-down of Elisa Corporation's share value in the year-end financial statements.

Changes in the Group structure

DNA Ltd relinquished its ownership of Länsilinkki Ltd in January 2008. HTK Netcommunication Ltd merged with DNA Services Ltd on 30 June 2008. DNA Finland Ltd acquired 4 per cent of Huuked Labs Ltd's shares in June. The company will become a consolidated subsidiary of DNA Ltd in compliance with the IFRS accounting rules. In November, DNA Ltd acquired the entire capital stock of KRO-Trading Ltd. RSL Com Networks Ltd merged with its parent company DNA Ltd on 31 December 2008.

Product development and research operations

In 2008, the Group invested EUR 5.1 million (EUR 0.8 million in 2007) in product development and research operations, of which EUR 2.7 million (EUR 0.0 million) was entered in the Balance Sheet.

Significant litigation matters

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 demands that the European Community Trademark Registration 212787 be repealed. The hearing of the case continues at Helsinki District Court.

The company is not involved in any other significant litigation. Any litigation matters that were unsettled last year have been settled.

Management incentive system

On the basis of the authorisation of the management incentive system determined at the Annual General Meeting on 28 May 2008, DNA's Board of Directors decided on a rights issue, subject to a charge, to be subscribed by the company's management. In the share issue, a total of 12,500 new shares, with a subscription value of EUR 105.64, were subscribed. Jan-Erik Frostdahl, Riitta Tiuraniemi, Arto Kaikkonen, Simo Mustila and Asta Rantanen each subscribed to 2,500 shares. The new shares issued did not have a nominal value.

Significant risks and uncertainties

DNA operates in the Finnish telecommunication market, which is characterised by fierce competition and where any prospective reduction in the market may have a negative effect on business. Such market reduction has been observed in fixed-line network voice traffic in particular.

Profitable growth continues to set significant challenges in the Finnish market. Intensifying competition, in particular in pricing, may affect the development of DNA's mobile communication operations. The steady decline in fixed-line network voice subscriptions and the slowdown in the growth of the broadband market may limit the growth opportunities of the fixed-line network business.

The general economic recession and consumers' quickly declining confidence in the favourable development of their own economy may have an impact on demand for DNA's products and services and the business operations of telecommunication companies.

Stringent regulation and particularly the authorities' ability to influence the price level and cost structure of DNA's products and services may also have an impact on DNA's business. Decline in fixed-network voice traffic can trigger new regulation which aims to ensure service availability and standards, among other factors. The national broadband project will have an effect on the regulation regarding universal services and licensing. In addition, the Finnish Government agreed to proceed with a frequency auction pilot during 2009.

In order to manage the interest rate risk, some of the loans taken by the Group have been hedged. The Group's borrowings have been spread between fixed- and variable-rate instruments. DNA Group's foreign interest risk is insignificant, as the majority of the cash flow is euro denominated. In order to manage liquidity risk, the company uses credit limits in addition to liquid assets.

Events after the reporting period

DNA Group's mobile, fixed network and retail outlet businesses will be merged into a single operational entity as of 1 April 2009. This business restructuring follows the change implemented on 1 July 2007, involving the integration of the fixed-network businesses of six regional telephone companies into DNA, which had previously been a mobile communications operator.

The business restructuring entails merging the mobile communication service provider DNA Finland Ltd, the fixed-network service supplier DNA Services Ltd, the distribution channel DNA Store Ltd, and the Group parent company DNA Ltd into one operational entity. In future, DNA's business will be divided into consumer and corporate businesses instead of the former mobile, fixed network and retail outlet businesses.

This business restructuring initiated cooperation negotiations in DNA Group in January 2009. It is estimated that the process will result in staff cuts affecting approximately 100 persons.

The new segment division was adopted in the financial reporting on 1 January 2009. The new division will be followed in the interim report for January–March.

Near-term prospects

DNA's turnover and gross margin for 2009 are expected to remain at the previous year's level or take a slight upward turn, while the consolidated profit is likely to somewhat weaken, mainly owing to a larger depreciation basis. The Group's financial position is expected to remain healthy. DNA will continue its strong investment in 3G network coverage, capacity and services.

Consumer business

In 2009, the consumer business will seek growth. The highest increase in the number of subscriptions is expected in mobile communication network voice subscriptions. However, the rapid decline in fixed-line network voice subscriptions will continue, and the number of voice minutes is also expected to continue falling. In data services, the strong growth in the number of mobile broadband subscriptions is expected to continue, whereas the number of broadband subscriptions in the fixed-line network is estimated to fall slightly.

The customer churn of voice subscriptions in the mobile communication network is expected to take a small upward turn, while following the fall in termination charges, the decline in the average revenue per user (ARPU) is estimated to continue. However, the ARPU of the fixed-line network broadband subscriptions is anticipated to increase slightly, owing to faster communication speeds.

Competition in the consumer market will remain fierce, as demonstrated by strong marketing investment and price offers, particularly related to mobile communication network subscriptions.

Corporate business

The number of DNA's corporate subscriptions is expected to take a dramatic upward turn in 2009, particularly in mobile telephone and mobile broadband services.

The new corporate sales offices, launched in 2008, will spring into action during 2009. DNA's goal is to increase the share of new services in sales. Net sales are expected to grow while profitability is likely to develop at a more subdued pace due to sales investments. The operator service market is expected to remain steady.

Board of Directors' proposal for measures called for by profit

The company's distributable funds recognised in the financial statement amounted to EUR 61,168,557.62, of which profit for the financial year came to EUR 57,022,041.48. No essential changes have taken place in the company's financial situation after the end of the financial year, and the solvency testing carried out under Section 13(2) of the Limited Liability Companies Act will not affect the amount of distributable funds.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 3.95 of distributable funds be paid per share, representing a total of EUR 29,944,005.95.

DNA Ltd
Board of Directors

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Distribution:
Key media

Publication schedule for DNA's financial information:

Week 13	Annual Report 2008
6.5.2009	Interim report January–March 2009
5.8.2009	Interim report January–June 2009
4.11.2009	Interim report January–September 2009

www.dna.fi

Tables attached to the Interim Report

CONSOLIDATED

MEUR	FAS 10-12/2008	FAS 10-12/2007	FAS 1-12/2008	IFRS 1-12/2008	IFRS 1-12/2007
Net sales*	171	170	648	**647**	538
EBITDA	34	31	152	**166**	136
EBIT	19	19	87	**69**	63
Profit/loss before taxes	14	18	76	**64**	60
Profit/loss for the financial period	9	19	68	**47**	64
Capital expenditure	43	26	95	**97**	76
Cash flow from operations	19	9	136	**147**	106
Personnel at end of period	982	1214	982	**982**	1,214

MOBILE COMMUNICATION BUSINESS

MEUR	FAS 10-12/2008	FAS 10-12/2007	FAS 1-12/2008	IFRS 1-12/2008	IFRS 1-12/2007
Net sales	118	108	435	**424**	390
EBITDA *	23	18	86	**91**	81
EBIT *	14	8	49	**54**	47
Capital expenditure	32	14	65	**66**	58
Personnel at end of period	227	207	227	**227**	207

*) 7-12/2008 includes adjustment to group-internal item.

FIXED-LINE BUSINESS

MEUR	FAS 10-12/2008	FAS 10-12/2007	FAS 1-12/2008	IFRS 1-12/2008	IFRS 1-12/2007
Net sales	59	68	239	**215**	138
EBITDA *	12	14	67	**60**	33
EBIT *	5	11	40	**34**	20
Capital expenditure	10	11	27	**27**	17
Personnel at end of period	713	951	713	**713**	951

*) 7-12/2008 includes adjustment to group-internal item.

CONSOLIDATED INCOME STATEMENT

MEUR	FAS 10-12/2008	FAS 10-12/2007	FAS 1-12/2008	IFRS 1-12/2008	IFRS 1-12/2007
NET SALES	171	170	648	**647**	538
Other operating income	1	3	5	**5**	7
Operating expenses	138	142	501	**486**	409
EBITDA	34	31	152	**166**	136
Depreciations	15	12	65	**97**	73
Profit/loss	19	19	87	**69**	63
Financial income and expenses	-5	-1	-11	**-5**	-3
Profit/loss before extraordinary items	14	18	76	**64**	60
Extraordinary items	0	0	0	**0**	0
Profit/loss after extraordinary items	**14**	**18**	**76**	**64**	**60**
Direct taxes and deferred tax liabilities	5	-1	8	**17**	-4
Minority interest	0	-0	0	**0**	0
Profit/loss for the financial period	**9**	**19**	**68**	**47**	**64**

CONSOLIDATED BALANCE SHEET

MEUR	FAS 31.12.2008	IFRS 31.12.2008	IFRS 31.12.2007
Assets			
Long-term assets			
Goodwill	12	192	192
Other intangible assets	10	61	58
Other long-term liabilities	16	0	0
Property, plant and equipment	271	416	418
Equity in associates	1	1	1
Investments available for sale	12	12	4
Financial assets at fair value through profit or loss	0	36	0
Other receivables	0	6	6
Deferred tax assets	0	33	45
Total long-term assets	**323**	**757**	**724**
Short-term assets			
Inventories	11	11	10
Long-term receivables	5	0	0
Deferred tax assets	31	0	0
Leasing receivables	0	0	0
Receivables	136	137	146
Financial assets held for trading	36	0	6
Liquid assets	7	7	32
Total short-term assets	**227**	**155**	**194**
Assets total	**549**	**912**	**918**

MEUR	FAS 31.12.2008	IFRS 31.12.2008	IFRS 31.12.2007
Shareholders' equity			
Share capital	72	**72**	72
Share issue	0	**0**	0
Issue premium fund	42	**42**	142
Current value fund	0	**0**	0
Hedge instrument fund	0	**-1**	0
Free equity fund	68	**407**	405
Share of accrued depreciation transferred	**45**	**0**	**0**
Accrued profits	-33	**-14**	-70
Profit for the financial period	68	**47**	64
Total shareholders' equity	**262**	**554**	**613**
Minority interest	0	**0**	0
Long-term liabilities			
Loans from financial institutions	106	**119**	58
Pension liabilities	0	**0**	0
Provisions	2	**6**	5
Derivatives	0	**1**	0
Deferred tax liabilities	16	**61**	66
Other long-term liabilities	2	**2**	8
Total long-term liabilities	**127**	**189**	**137**
Short-term liabilities			
Loans from financial institutions	43	**51**	21
Accruals	3	**3**	3
Accounts payable	78	**78**	65
Accruals	28	**29**	34
Other short-term liabilities	9	**9**	23
Short-term provisions	0	**0**	4
Other short-term interest-bearing liabilities			18
Total short-term liabilities	**161**	**170**	**168**
Total liabilities	**287**	**359**	**305**
Total shareholders' equity and liabilities	**549**	**912**	**918**

CHANGES IN CONSOLIDATED EQUITY (IFRS)

MEUR	Osake-pääoma	Ylikurssi-rahasto	Käyvän arvon rahasto	Suojaus-instrument-tienrahasto	Sijoitetun vapaan pääoman rahasto	Kertyneet voittovarat	Oma pääoma Yhteensä
Total shareholders' equity 1.1.2007	39.5	141.7	0.2	0.0	0.0	-68.0	113.4
Other changes			0.0	0.0		0.5	0.5
Items entered directly to the shareholders' equity	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Profit for the financial period						63.7	63.7
Income and charges entered for the period	0.0	0.0	0.0	0.0	0.0	64.2	64.2
Share issue	32.7				65.4		98.0
Unregistered share issue	0.0						0.0
Joint ventures					339.3	-2.3	336.9
Total shareholders' equity 31.12.2007	72.2	141.7	0.2	0.0	404.6	-6.2	612.5
Total shareholders' equity 1.1.2008	72.2	141.7	0.2	0.0	404.6	-6.2	612.5
Financial assets available for sale			-0.1				-0.1
Other changes				-1.0		1.0	0.0
Items entered directly to the sha-reholders' equity	0.0	0.0	-0.1	-1.0	0.0	1.0	-0.1
Profit for the financial period						47.0	47.0
Income and charges entered for the period	0.0	0.0	-0.1	-1.0	0.0	48.0	47.0
Dividend distribution						-8.7	-8.7
Share issue	0.2				2.6		2.8
Capital refund		-100.0					-100.0
Total shareholders' equity 31.12.08	72.4	41.7	0.1	-1.0	407.2	33.2	553.6

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

MEUR	FAS 1-12/2008	FAS 1-12/2007	IFRS 1-12/2008	IFRS 1-12/2007
Cash flow from operations				
Profit/loss for the financial period	68	59	**47**	64
Adjustments				
Depreciations	65	52	**97**	73
Change in working capital	-1	-13	**-1**	-13
Other adjustments	5	-4	**5**	-18
Net cash flow from operations	136	94	**147**	106
Cash flow from investments				
Investments in tangible and intangible assets	-95	-72	**-95**	-72
Sales of tangible and intangible assets	1		**1**	
Net sales and purchases of shares	-8	-26	**-8**	-15
Other shares		-4	**0**	-4
Sale of subsidiary less liquid assets at the time of sale	0	0	**0**	0
Net cash flow from investments	-103	-101	**-103**	-90
Cash flow from financing				
Fees received from share issue	3	8	**3**	8
Dividend distribution	-9		**-9**	
Premium refund	-100		**-100**	
Repayment of short-term loans	-27	-19	**-27**	-17
Withdrawal and repayments of long-term loans, net	107	6	**95**	-5
Increase/decrease in long-term receivables	1	-8	**1**	-8
Other	-35	-1	**-33**	-1
Net cash flow from financing	-63	-14	**-69**	-24
Change in liquid assets	-30	-21	**-24**	-8
Liquid assets at the beginning of the financial term	37	57	**32**	39
Liquid assets at the end of the financial term	7	37	**7**	32

KEY FIGURES

	FAS 1-12/2008	IFRS 1-12/2008	IFRS 1-12/2007
Equity per share	35	73	81
Interest-bearing net liabilities	105	162	41
Gearing, %	40.1	29.2	6.7
Equity ratio, %	48.0	60.9	67.0
Net liabilities/EBITDA	0.69	0.97	0.30
Return on investment (ROI), %	23.1	9.8	13.7
Return on equity (ROE), %	24.2	8.1	17.5
Gross investments*, MEUR	97	97	76
Gross investments, % of net sales	15.0	15.0	14.1
Personnel at end of period	982	982	1,214

*) incl. financial-leasing-based investments

CALCULATION METHODS FOR THE KEY FIGURES

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

Interest-bearing net liabilities (EUR) = Interest-bearing liabilities – liquid assets

EBITDA (EUR) = Profit + depreciation and amortisation

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

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

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

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

25.2.2009

IFRS Transition Bulletin

DNA Group published its first IFRS-compliant financial statements for the financial year ending 31 December 2008, having adopted the International Financial Reporting Standards on 1 January 2006.

MEUR						
Assets	**FAS**					**IFRS**
Long-term assets	**31.12.2005**	**Adjustments to FAS figures**	**Re-segmented items**	**Refer -ence**	**Impact of adopting IFRS**	**1.1.2006**
Goodwill	13,3			**k**	-1	12
Other intangible assets	2.1		20.2	**k**	-0.3	22.0
Other long-term liabilities	20.2		-20.2			
Property, plant and equipment	37.7	0.7	0.0	**h i k**	110.1	148.5
Equity in associates	0.1					0.1
Investments available for sale	0.1			**d k**	0.1	0.2
Financial assets at fair value through profit or loss			5.7			5.7
Deferred tax assets			4.0	**a b c h i**	12.3	16.3
Total long-term assets	**73.5**	**0.7**	**9.7**		**121.3**	**205.1**
Total short-term assets						
Inventories	0.9		0.6	**k**	-0.2	1.4
Long-term receivables						
Deferred tax assets	4.0		-4.0			
Receivables	83.0	0.2	-1.4	**k**	-6.4	75.4
Other financial assets	7.8		-5.7			2.1
Tied liquid assets			0.5			0.5
Liquid assets	24.5		-0.5	**k**	-3.8	20.2
Long-term assets held for sale				**k**	15.6	15.6
Total short-term assets	**120.2**	**0.2**	**-10.4**		**5.1**	**115.1**
Assets total	**193.7**	**0.9**	**-0.7**		**126.4**	**320.2**
Shareholders' equity						
Share capital	31.6					31.6
Issue premium fund	86.4					86.4
Current value fund				**d**	0.1	0.1
Accrued profits	-54.8	0.9		**a b c e h i**	-33.1	-87.0
Profit for the financial period	-12.8					-12.8
Total shareholders' equity	**50.5**	**0.9**			**-33.0**	**18.3**
Long-term liabilities						
Interest-bearing liabilities	22.6			**h**	144.5	167.1
Provisions			1.1	**e i**	0.4	1.6

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Accruals	0.3			k	-0.3	
Deferred tax liabilities				d	0.0	0.0
Other long-term liabilities	9.0			a c	14.3	23.3
Total long-term liabilities	**31.8**		**1.1**		**159.1**	**192.0**
Short-term liabilities						
Interest-bearing liabilities	13.3					13.3
Accruals	1.0			k	-0.1	0.9
Accounts payable	59.5	0.0		k	-4.5	54.9
Accruals	26.4	0.0	-7.8	k	-1.5	17.1
Other short-term liabilities	11.2		6.0	b k	-0.2	17.0
Liabilities related to long-term assets held for sale				k	6.6	6.6
Total short-term liabilities	**111.4**		**-1.8**		**0.3**	**109.8**
Total liabilities	**143.2**		**-0.7**		**159.4**	**301.9**
Total shareholders' equity and liabilities	**193.7**	**0.9**	**-0.7**		**126.4**	**320.2**
Assets	**FAS**					**IFRS**
Long-term assets	**31.12.2006**	**Adjustments to FAS figures**	**Re-segmented items**	**Refer -ence**	**Impact of adopting IFRS**	**31.12.2006**
Goodwill	8.7	-0.2		f g	7.0	15.5
Other intangible assets	2.3		15.5	g n	1.6	19.4
Other long-term liabilities	15.6		-15.6			
Property, plant and equipment	76.4		0.1	g h i	57.6	134.1
Equity in associates	2.4			g	-2.3	0.1
Investments available for sale	0.1			d g	0.2	0.3
Financial assets at fair value through profit or loss			5.7			5.7
Receivables from owned joint ventures			0.4	g	-0.4	
Other receivables			5.7	g	-0.5	5.1
Deferred tax assets			27.1	g h i j l	10.9	38.0
Total long-term assets	**105.5**	**-0.2**	**38.9**		**74.1**	**218.3**
Short-term assets						
Inventories	0.4			g	2.5	2.8
Long-term receivables						
Receivables from owned joint ventures	0.4		-0.4			
Deferred tax assets	27.1		-27.1			
Receivables	115.7		-5.7	g l	0.5	110.5
Financial assets at fair value through profit or loss	8.0		-5.7			2.3
Tied liquid assets			0.4			0.4
Liquid assets	39.4		-0.4	g	0.4	39.4

Total short-term assets	**190.9**		**-38.9**		**3.4**	**155.4**
Assets total	**296.4**	**-0.2**	**0.0**		**77.5**	**373.7**
Shareholders' equity						
Share capital	39.5					39.5
Issue premium fund	141.7					141.7
Current value fund				**d**	0.2	0.2
Accrued profits	-69.7	-0.2		**a g h**	-34.2	-104.1
Profit for the financial period	-4.5			**b,c,e,f ,g,h,i,l**	40.7	36.1
Total shareholders' equity	**107.0**	**-0.2**			**6.6**	**113.4**
Negative consolidation difference	1.3		-1.3	**e**		
Long-term liabilities						
Interest-bearing liabilities	30.0		23.6	**h**	50.9	104.5
Provisions			1.3	**i**	-0.8	0.5
Deferred tax liabilities				**d g l**	2.4	2.4
Other long-term liabilities	31.9		-23.6	**a**	7.1	15.4
Total long-term liabilities	**63.3**				**59.6**	**122.9**
Short-term liabilities						
Interest-bearing liabilities	25.7		5.9	**g h**	15.5	47.2
Accruals	0.8					0.8
Accounts payable	55.9	0.0		**g**	3.0	58.8
Accruals	36.8	0.0		**g**	-13.1	23.7
Other short-term liabilities	6.9		-5.9	**g**	5.9	6.9
Total short-term liabilities	**126.1**				**11.3**	**137.4**
Total liabilities	**189.4**		**0.0**		**70.9**	**260.3**
Total shareholders' equity and liabilities	**296.4**	**-0.2**	**0.0**		**77.5**	**373.7**
Assets	**FAS**					**IFRS**
Long-term assets	**31.12.2007**	**Adjustments to FAS figures**	**Re-segmented items**	**Refer -ence**	**Impact of adopting IFRS**	**31.12.2007**
Goodwill	16.9	-0.2		**f g**	174.9	191.6
Other intangible assets	4.7		15.2	**n**	38.3	58.3
Other long-term liabilities	15.4		-15.4			0.0
Property, plant and equipment	247.6		-0.7	**h i**	171.1	418.0
Equity in associates	1.2					1.2
Investments available for sale	3.6			**d**	0.2	3.8
Other receivables			5.1	**h**	1.2	6.3
Deferred tax assets			30.5	**g h i j**	14.1	44.6
Total long-term assets	**289.4**	**-0.2**	**34.8**		**399.8**	**723.8**
Short-term assets						
Inventories	9.1		0.8			9.9
Long-term receivables						
Accounts receivable	5.1		-5.1			

Other receivables	0.0		0.0			
Deferred tax assets	30.5		-30.5			
Leasing receivables				**h**	0.1	0.1
Receivables	145.6		0.0	**l**	0.6	146.2
Financial assets at fair value through profit or loss	6.1					6.1
Liquid assets	31.8					31.8
Total short-term assets	**228.1**		**-34.7**		**0.7**	**194.0**
Assets total	**517.4**	**-0.2**	**0.0**		**400.5**	**917.8**
Shareholders' equity						
Share capital	72.2					72.2
Share issue	0.0					0.0
Issue premium fund	141.7					141.7
Current value fund				**d**	0.2	0.2
Free equity fund	65.4			**o**	339.3	404.6
Share of accrued depreciation transferred	37.1		-37.1			0.0
Accrued profits	-76.1	-0.2	37.1	**a g l**	-30.7	-69.8
Profit for the financial period	58.6			**a,e,f,g ,h,i,j,l**	5.1	63.7
Total shareholders' equity	**298.9**	**-0.2**			**313.8**	**612.5**
Long-term liabilities						
Interest-bearing liabilities	17.1		22.3	**h**	18.6	58.1
Provisions	1.7		1.7	**e i**	1.3	4.8
Obligatory provisions	1.7		-1.7			
Accruals	1.0		-1.0			
Deferred tax liabilities	17.2			**d g l**	48.8	66.1
Other long-term liabilities	25.0		-21.1	**a m**	4.4	8.3
Total long-term liabilities	**63.8**		**0.3**		**73.2**	**137.3**
Short-term liabilities						
Interest-bearing liabilities	8.6		17.9	**h**	12.2	38.7
Accruals	2.0		1.3			3.3
Accounts payable	64.9	0.0				64.9
Accruals	47.7	0.0	-12.7	**g**	-1.1	33.9
Provisions			3.8			3.8
Other short-term liabilities	31.6		-10.6	**g**	2.4	23.4
Total short-term liabilities	**154.7**		**-0.3**		**13.5**	**168.0**
Total liabilities	**218.5**		**0.0**		**86.8**	**305.2**
Total shareholders' equity and liabilities	**517.4**	**-0.2**	**0.0**		**400.6**	**917.8**
Assets	**FAS**					**IFRS**
Long-term assets	**31.12.2008**	**Adjustments to FAS figures**	**Re-segmented items**	**Refer -ence**	**Impact of adopting IFRS**	**31.12.2008**
Goodwill	12.2	-0.2		**f g**	179.6	191.6
Other intangible assets	9.9		15.1	**n**	36.5	61.5
Other long-term liabilities	15.5		-15.5			0.0
Property, plant and equipment	271.4		0.4	**h i**	143.9	415.7

Equity in associates	1.2					1.2
Investments available for sale	12.3			**d**	0.1	12.4
Financial assets at fair value through profit or loss			36.3			36.3
Other receivables	0.2		4.7	**h**	1.1	6.0
Deferred tax assets			31.4	**h i j p**	1.4	32.7
Total long-term assets	**322.7**	**-0.2**	**72.4**		**362.5**	**757.4**
Short-term assets						
Inventories	10.7					10.7
Long-term receivables						
Accounts receivable	4.1		-4.1			
Other receivables	0.6		-0.6			
Deferred tax assets	31.4		-31.4			
Leasing receivables				**h**	0.0	0.0
Receivables	136.1			**l**	0.5	136.6
Financial assets at fair value through profit or loss	36.3		-36.3			
Liquid assets	7.3					7.3
Total short-term assets	**226.5**		**-72.4**		**0.5**	**154.7**
Assets total	**549.2**	**-0.2**			**363.1**	**912.1**
Shareholders' equity						
Share capital	72.2					72.2
Share issue	0.2					0.2
Issue premium fund	41.7					41.7
Current value fund				**d**	0.0	0.0
Hedge instrument fund				**p**	-1.0	-1.0
Free equity fund	68.0			**o**	339.3	407.2
Share of accrued depreciation transferred	45.3		-45.3			0.0
Accrued profits	-33.1	-0.2	45.3	**a g l**	-25.8	-13.9
Profit for the financial period	67.7			**a,e,f,g ,h,i,j,l**	-20.7	47.0
Total shareholders' equity	**261.9**	**-0.2**			**291.8**	**553.5**
Long-term liabilities						
Interest-bearing liabilities	106.1		-0.1	**h**	12.5	118.6
Provisions			2.6	**e i**	3.0	5.5
Obligatory provisions	2.2		-2.2			
Derivatives (liability)				**p**	1.3	1.3
Accruals						
Deferred tax liabilities	16.5			**d g l**	44.7	61.1
Other long-term liabilities	1.7			**a m**	0.4	2.1
Total long-term liabilities	**126.6**		**0.3**		**61.8**	**188.7**
Short-term liabilities						
Interest-bearing liabilities	42.6		0.1	**h**	7.9	50.6
Accruals	2.6					2.6
Accounts payable	78.0	0.0				78.0
Accruals	28.2	0.0	-0.4		1.5	29.4

Provisions						
Other short-term liabilities	9.4					9.4
Total short-term liabilities	**160.7**		**-0.3**		**9.4**	**169.9**
Total liabilities	**287.3**				**71.2**	**358.6**
Total shareholders' equity and liabilities	**549.2**	**-0.2**			**363.1**	**912.1**

Income statement 1.1.-31.12.2006	**FAS**				**IFRS**
	1.1.-31.12.2006	**Re-segmented items**	**Refer-ence**	**Impact of adopting IFRS**	**1.1.-31.12.2006**
Net sales	406.3	-15.0	**g l**	5.8	397.2
Other operating income	3.9	2.6	**g**	1.5	8.0
Share of associated companies' profits	0.8	0.0	**g**	-0.8	
Materials and services	253.1	-15.0	**g n**	1.7	239.9
Staff expenses	18.3		**g**	1.0	19.3
Depreciation and write-downs	28.4	44.1	**f g h i n**	-23.7	48.7
Other operating expenses	73.5	22.2	**c e g h i**	-24.5	71.2
Profit/loss	**37.6**	**-63.7**		**52.1**	**26.0**
Financial income	1.0		**g h l**	0.2	1.2
Financial expenditure	2.2	0.3	**a b g h i l**	7.5	10.0
Share of associated companies' profits		0.0			0.0
Extraordinary items	64.1	-64.1	**g**	-0.1	
Profit/loss before taxes	**-27.7**			**44.8**	**17.1**
Income taxes	23.1		**a b c g h i j**	-4.1	19.0
Profit/loss for the financial period	**-4.5**			**40.7**	**36.1**

Income statement 1.1.-31.12.2007	**FAS**				**IFRS**
	1.1.-31.12.2007	**Re-segmented items**	**Refer-ence**	**Impact of adopting IFRS**	**1.1.-31.12.2007**
Net sales	534.3		**g l**	4.2	538.5
Other operating income	5.6		**g h**	1.9	7.5
Share of associated companies' profits	0.3		**g**	-0.3	
Materials and services	298.3		**g n**	-0.9	297.5
Staff expenses	44.4		**g**	0.4	44.8
Depreciation and write-downs	48.9	1.7	**f g h i n**	22.6	73.2
Other operating expenses	84.0	-1.6	**e g h i**	-14.3	68.1
Profit/loss	**64.6**	**-0.1**		**-2.0**	**62.5**

Financial income	2.2		**g h l**	0.6	2.9
Value adjustments of long-term investments	0,5		**g**	-0,5	
Financial expenditure	8.0		**a g h i l**	-2.6	5.4
Share of associated companies' profits			**g**	0.0	0.0
Extraordinary items	0.1	-0.1			
Profit/loss before taxes	**59.2**	**0.0**		**0.7**	**59.9**
Income taxes	-0.6		**a g h i j**	4.3	3.7
Profit / loss for the financial period	**58.6**	**0.0**		**5.1**	**63.7**

Income statement 1.1.-31.12.2008	**FAS 1.1.-31.12.2008**	**Re-segmented items**	**Refer -ence**	**Impact of adopting IFRS**	**IFRS 1.1.-31.12.2008**
Net sales	647.7		**g l**	-0.6	647.1
Other operating income	5.2		**h**	-0.2	5.0
Share of associated companies' profits	0.0				0.0
Materials and services	330.4		**n**	-4.4	326.0
Staff expenses	61.2		**g**	0.0	61.2
Depreciation and write-downs	65.1	0.0	**f g h i n**	31.7	96.8
Other operating expenses	109.4	0.0	**e h i**	-10.4	99.0
Profit / loss	**86.8**			**-17.6**	**69.2**
Financial income	3.0		**h l**	0.8	3.8
Value adjustments of long-term investments	3.4				3.4
Financial expenditure	10.4		**a g h i l**	-5.1	5.3
Extraordinary items					
Profit/loss before taxes	**76.0**			**-11.7**	**64.3**
Income taxes	-8.3		**a g h i j**	-9.0	-17.3
Profit / loss for the financial period	**67.7**			**-20.7**	**47.0**

a) Interest on subordinated loans
Following the establishment of Finnet Ltd in 2003 and the related restructuring of subordinated loans, the Group companies have an outstanding debt to the telephone companies consisting of unpaid interest on subordinated loans (for 2001–2003). This interest liability has been recognised in the FAS financial statements in the notes to the financial statement balance sheet. In the IFRS financial statement, such contractual obligations are recognised as a liability, irrespective of any existing company assets or a legal entitlement to repay such debts. Financial liabilities are recognised at fair value and subsequently re-measured at amortised cost. The IFRS financial statement opening balance recognises a liability of EUR 7.1 million, and the shareholders' equity has fallen by EUR 5.3 million, taking into account deferred taxes. This recording did not change in the IFRS financial statement of 31 December 2006. In 2007 (EUR 3.1 million) and 2008 (EUR 4.0 million), DNA Networks Ltd and DNA Finland Ltd recognised the accrued interest on subordinated loans through profit or loss.

b) Interest rate hedge agreement
In the IFRS financial statement, the negative fair value of DNA Networks Ltd's interest rate hedge agreement is recognised as a liability. Hedge accounting was not applied in the Group in 2006 and 2007. In the FAS financial statement, the difference between the fair value and the book value has not been taken into account. The IFRS financial statement opening balance recognises a liability of EUR 0.1 million. The interest rate hedge agreement was cancelled on 31 December 2006, when the liability was derecognised through profit or loss.

c) Long-term discounts
The lump sum benefit related to long-term discounts is recognised as a liability in the IFRS financial statement opening balance of 1 January 2006 and as an expense in the accrued profits (the 2006 FAS cost consequence is reversed). The difference between the nominal value and the present value of the liability is recognised as a financing expense in the IFRS financial statement until the end of 2006 (in 2006, the interest expense recognised in the IFRS financial statement amounted to EUR 0.3 million), after which the coupon rate was spread and paid annually in the FAS financial statement.

d) Shares
In the financial statements complying with the FAS, shares are valued at purchase price. In the IFRS financial statement, shares are valued at fair value. Due to valuing at fair price, the value of shares in the opening balance of the IFRS financial statement increased by EUR 0.1 million.
On 31 December 2006, the value of shares in the IFRS financial statement is EUR 0.2 million higher than in the FAS financial statement. The year-on-year change, EUR 0.1 million, is recognised in the shareholders' equity fair value fund.
On 31 December 2007, the value of shares in the IFRS financial statement is EUR 0.2 million higher than in the FAS financial statement. The year-on-year change, EUR 0.1 million, is recognised in the shareholders' equity fair value fund.
On 31 December 2008, the value of shares in the IFRS financial statement is EUR 0.1 million higher than in the FAS financial statement. The year-on-year change, EUR -0.2 million, is recognised in the shareholders' equity fair value fund.

e) Reversal of provision
The FAS financial statement of 31 December 2006 includes a Group provision (EUR 1.3 million), which actually constitutes a litigation provision. As this provision does not comply with the requirements of IAS 37, the provision has been reversed in the IFRS financial statement. In addition, the change of provision of EUR 1 million recognised in the FAS financial statement (the income statement 2006) has been reclassified in the other operating expenses. The negative goodwill generated during 2007 by the acquisition of subsidiaries is reversed in the IFRS financial statement and recognised in the other operating expenses at EUR 0.4 million.

f) Reversing goodwill impairment
The transition standard (IFRS 1 – First-time Adoption of International Financial Reporting Standards) is applied to the acquisition cost measurement for acquisitions effective prior to 2006, and the acquisition cost measurement has not been performed again to comply with IFRS 3. The company has applied IFRS 3 to all business combinations effective on 1 January 2006 or later. Impairment loss for goodwill is not recognised in the IFRS, but an impairment test is performed based on the conditions on the date of adoption and annually thereafter. Reversal of impairment in the 2006 FAS financial statement reduced impairment by EUR 3.9 million in the IFRS financial statement. Reversal of impairment in the 2007 FAS financial statement reduced impairment by EUR 5.9 million in the IFRS financial statement. Reversal of impairment in the 2008 FAS financial statement reduced impairment by EUR 3.6 million in the IFRS financial statement.

g) Sonit retail outlet business
The Sonit retail outlet business acquired from DP Holding Ltd in 2006 was directly recognised on 31 December 2006 in the FAS financial statement in DNA Store Ltd, where goodwill was generated by the difference between net assets and the rise in share capital. The acquisition of the retail outlet business was financed by directing DNA Store Ltd's shares to DP Holding Ltd, reducing DNA Group's holding of DNA Store Ltd to 40 per cent. In the FAS financial statement, DNA Store Ltd is an associated company. In compliance with the IFRS, DNA Group has not ceased to hold controlling interest in DNA Store Ltd's shares, since when the acquisition was carried out, DNA Ltd received a call option for the DNA Store Ltd's shares owned by DP Holding Ltd. In the IFRS consolidated financial statement, DNA Store Ltd became a subsidiary as of the IFRS opening balance of 1 January 2006. The call option for the shares held by DP Holding Ltd was exercised on 1 July 2007, when the entire capital stock of DNA Store Ltd was acquired by the Group. The acquisition was financed by a conditional purchased price of EUR 5.3 million, part of which was paid later. The business acquisition cost constitutes the 2007 payment instalments, an unpaid purchase price falling due later in 2008 and direct expenses. Part of the difference between the acquisition cost and the book value of the transferred net assets was recognised as customers (intangible asset) and the rest as goodwill.

h) Finance lease agreements
In the FAS financial statement, all lease agreements have been recognised as operating lease agreements. According to the IFRS, a lease is classified as a finance lease if it transfers to the lessee substantially all risks and rewards incidental to ownership. Finance lease agreements are recognised in the profit and loss account as asset and liability at the lower or present value of minimum lease payments and the fair value of the asset, determined at the time when the agreement becomes effective. Minimum lease payments are split into debt payments and financing costs. Financing costs are recognised in the income statement as financing costs and split between the periods of the term of lease based on a pattern reflecting a constant periodic interest rate for the remaining debt. All assets acquired through finance lease agreements are amortised on a straight-line basis over their useful life. Assets acquired through finance lease agreements less accrued amortisation totalled EUR 113.9 million on 1 January 2006 and EUR 57.2 million on 31 December 2006. The amount of finance lease debt came to EUR 144.5 million on 1 January 2006 and EUR 65.9 million on 31 December 2006. Assets acquired through finance lease agreements less accrued amortisation totalled EUR 30.3 million on 31 December 2007. The amount of finance lease debt came to EUR 30.8 million on 31 December 2007. Assets acquired through finance lease agreements less accrued amortisation totalled EUR 19.4 million on 31 December 2008. The amount of finance lease debt came to EUR 20.6 million on 31 December 2008.

i) Decommissioning costs
At the end of the lease, the company is responsible for restoring the object of the lease to its original condition, i.e. disassembling telephone poles, aerial and hardware locations, and masts. In the 2006 FAS financial statement, such decommissioning costs are recognised when they are generated. Under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), a provision must be recognised for this obligation in the IFRS financial statement. The opening balance of the IFRS financial statement recognises a provision of EUR 0.4 million for decommissioning and restoration obligations and EUR 0.1 million capitalised for property, plant and equipment (masts). The provision amounted to EUR 0.5 million on 31 December 2006. The provision for the decommissioning obligation amounted to EUR 4.8 million on 31 December 2007, of which EUR 3.2 million was capitalised for property, plant and equipment (masts and telephone poles). The amount added to the provision for the decommissioning obligation came to EUR 3.9 million in 2007 owing to acquisitions. The provision for the decommissioning obligation amounted to EUR 2.9 million on 31 December 2008, of which EUR 3 million was capitalised. The amount of the provision is reviewed at the end of each reporting period to adjust for the current expectations. The amount capitalised for property, plant and equipment is amortised on a straight-line basis over its useful life.

j) Deferred taxes
The company has not deducted deferred tax assets for confirmed losses and unused tax depreciation in accordance with the principle of prudence observed in the FAS financial statement. In the IFRS financial statement, deferred tax assets are recognised for unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible tax losses and credits can be utilised.

In the IFRS financial statement of 1 January 2006, the company has recognised a deferred tax asset of EUR 0.4 million owing to unused tax depreciation. In the IFRS financial statement of 31 December 2006, the deferred tax asset owing to the unused tax deprecation amounted to EUR 0.4 million. The change of EUR 0.1 million was recognised in the income statement as tax expense. In addition, on 31 December 2006 the company recognised EUR 7.9 million of deferred tax asset owing to confirmed losses in the IFRS financial statement.

In the 2007 FAS financial statement the company did not recognise the full tax asset for confirmed losses. In the IFRS financial statement, the company recognised an increase in deferred tax asset of EUR 4.0 million in order to fully recognise the tax asset for confirmed losses. The Group did not have unused confirmed losses on 31 December 2008.

The deferred tax has been measured based on the adjusted IFRS figures if it has caused a temporary taxable or tax-deductible difference. The most significant temporary differences were a consequence of property, plant and equipment depreciation or acquisition-date fair value measurement in compliance with IFRS 3. A deferred tax asset of EUR 16.3 million and a deferred tax liability of EUR 0.1 million are recognised in the IFRS opening balance of 1 January 2006. A deferred tax asset of EUR 10.9 million and a deferred tax liability of EUR 1.4 million have been recognised in the adjusted 2006 IFRS financial statement. A deferred tax asset of EUR 14.1 million and a deferred tax liability of EUR 46.8 million have been recognised in the adjusted 2007 IFRS financial statement and correspondingly a deferred tax asset of EUR 1.4 million and a deferred tax liability of EUR 44.7 million have been recognised in the adjusted 2008 IFRS financial statement.

k) Long-term assets held for sale
The sale of Finnet Com Ltd was completed on 10 February 2006. However, the management was committed to the sale on 1 January 2006 (for example, a buyer was actively sought during 2005, and by 1 January 2006 it was considered likely that the sale would be realised within the next 12 months). In the IFRS financial statement balance sheet of 1 January 2006, the assets and liabilities related to Finnet Com Ltd are recognised separately from other assets and liabilities as long-term assets held for sale. This recognition has the following effect on the IFRS opening balance:

MEUR	
Long-term assets classified as held for sale	
Goodwill	0.9
Other intangible assets	0.3
Machinery and equipment	3.9
Materials and supplies	0.2
Accounts receivable	5.0
Other receivables	0.3
Accrued income and deferred expenses	1.1
Cash and bank receivables	3.8
Assets total	15.5
Liabilities related to long-term assets held for sale	
Accruals (long-term)	0.3
Accruals (short-term)	0.1
Accounts payable	4.5
Other short-term liabilities	0.2
Other deferred income	1.5
Total liabilities	6.6

l) Accounting methods

Tie-in deals
The company can combine services and products to create a single offering (tie-in deals). In the FAS financial statement, the equipment sold in a tie-in deal is recognised separately from the service, if both items are also sold separately and the end-user will have ownership of the equipment. Equipment expenses are recognised at the same time with the related income. However, sales revenue from tie-in deals has not been discounted in the FAS financial statement.

In the IFRS financial statement, receivables are measured at fair value and income from tie-in deals is discounted to the present value while a part of the received payments from customers is recognised in financial income.

No tie-in deals existed at the time of the opening balance and consequently no adjustments have been made to the opening balance.

The company recognised an adjustment of EUR 0.1 million relating to the financing costs of tie-in deals in the 2006 financial statement; the adjustment came to EUR 0.5 million in the 2007 financial statement and EUR 0.8 million in the 2008 financial statement. The company recognised an adjustment of EUR 0.5 million relating to financial income from tie-in deals in the 2006 financial statement; the adjustment came to EUR 0.8 million in the 2007 financial statement and EUR 0.8 million in the 2008 financial statement. The company recognised an adjustment of EUR 0.6 million relating to net sales from tie-in deals in the 2006 financial statement; the adjustment came to EUR 0.7 million in the 2007 financial statement and EUR 0.8 million in the 2008 financial statement.

Fibre exchange agreements
The regional telephone companies, acquired by the Group on 1 July 2007, had fibre exchange agreements with other companies. In the FAS financial statement, these agreements have been largely recognised immediately as expense or income. An adjustment has been made to spread the agreement income and expenses over the period of useful life. The fibre exchange agreements have been adjusted to comply with the IFRS in the acquisition cost calculation of the regional telephone companies and amortisation has been recognised in the IFRS balance sheet as receivables and liabilities according to the nature of the agreement.

In the 2007 financial statement, a total of EUR 1.4 million of fibre exchange receivables and EUR 1.7 million of fibre exchange liabilities were recognised. The adjustment of amortisation increased net sales by EUR 0.1 million, with a total impact of EUR 0.1 million in the 2007 financial statement when expenses and deferred tax were taken into account. In the 2008 financial statement, a total of EUR 1.3 million of fibre exchange receivables and EUR 1.5 million of fibre exchange liabilities were recognised. The adjustment of amortisation increased net sales by EUR 0.2 million, with a total impact of EUR 0.1 million when expenses and deferred tax were taken into account.

Operating lease agreements
The regional telephone companies, acquired by the Group on 1 July 2007, had long-term lease agreements with third parties, which have been recognised as an immediate cost in the FAS financial statement. These lease agreements are classified as operating leases and largely related to leasing mast and hardware locations.

An adjustment has been made to these lease agreements to spread the agreement expenses over the period of useful life. The impact of the assessment has been taken into account in the acquisition cost calculation of the regional telephone companies and the amortisation is recognised in the IFRS balance sheet as other receivables.

With regard to operating lease agreements, a total of EUR 1.0 million of receivables was recognised in the balance sheet and EUR 0.1 million of expenses was recognised in the income statement of the 2007 financial statement. In the 2008 financial statement, a total of EUR 1.0 million of receivables was recognised from operating lease agreements, and EUR 0.1 million of expenses was recognised in the income statement.

m) Pension obligations
Under the Finnish accounting method, the Group's pension obligations have been recorded in accordance with the local regulations. Following the business acquisition carried out in 2007, the Group assumed new defined contribution plans, for which added obligation has been recognised. The Group's pension obligations increased by EUR 0.4 million in the 2007 IRFS financial statement. In the 2008 IFRS financial statement pension obligations amounted to EUR 0.3 million. The change in pension obligations has been recognised in profit or loss.

n) Agent commissions
In the FAS financial statement, all sales commissions paid to third parties (agent commissions) have been recognised as immediate expenses. Commissions meeting the criteria of IAS 38 have been adjusted in the IFRS financial statements in order to capitalise them as intangible assets and recognised as expenses amortised over their useful life.
In the financial statement of 31 December 2006, intangible assets came to EUR 1.5 million, EUR 2.4 million was recognised in the income statement as expense adjustment and EUR 0.9 million as increase in depreciation difference.
In the financial statement of 31 December 2007, intangible assets came to EUR 1.8 million, EUR 2.5 million was recognised in the income statement as expense adjustment and EUR 2.2 million as increase in depreciation difference.
In the financial statement of 31 December 2008, intangible assets came to EUR 3.7 million, EUR 4.5 million was recognised in the income statement as expense adjustment and EUR 2.5 million as increase in depreciation difference.

o) Acquired businesses
More information in the financial statements included in the Annual Report 2008.

p) Hedge accounting
The Group has adopted hedge accounting in the 2008 financial year. The provisions for applying hedge accounting include the following: a risk can have an effect on profit or loss and the hedge is expected to effectively offset the changes caused by the hedged risk in fair value or in the cash flow, effectiveness of the hedge can be reliably measured, the hedge is reviewed regularly and has been considered to work effectively throughout the hedging relationship. With cash flow hedges, the forecast transaction must be highly probable and must subject the entity to fluctuations in the cash flow, which can have an impact on profit or loss in the financial statement. In hedge accounting, the change in value generated by the effective part of the hedge instrument is recognised in comprehensive income. The change in value of the ineffective part is recognised in the profit or loss of the reporting period. The item recognised in comprehensive income is recognised in profit or loss during the reporting period when the forecast transaction has an effect on profit or loss.

DNA Group has variable-rate borrowed capital. During the 2008 financial year, the Group signed interest rate swap agreements hedging against changes in variable interest rates. These swap agreements are included in the hedge accounting (cash flow hedge). In the financial period, the effective part of the hedge instrument recognised in the shareholders' equity fund is EUR 0.1 million. The negative change in value of EUR 1.3 million in the hedge instruments has been recognised as a long-term liability.