

**YIT'S INTERIM REPORT, JANUARY 1 – SEPTEMBER 30, 2008:  
REVENUE INCREASED, OPERATING PROFIT DECREASED**

**In January-September:**

- Revenue increased by 8 per cent to EUR 2,889.0 million (1-9/2007: EUR 2,679.5 million).
- Operating profit decreased by 7 per cent to EUR 212.2 million (EUR 229.1 million).
- The operating profit margin was 7.3 (8.6%).
- Profit before taxes decreased by 9 per cent to EUR 187.8 million (EUR 207.1 million).
- Earnings per share decreased by 15 per cent to EUR 1.02 (EUR 1.20)
- Return on investment was 21.9% (25.8%).
- The order backlog increased by 25 per cent to EUR 3,964.9 million (EUR 3,172.5 million).
- The number of personnel at the end of September was more than 2,800 higher than a year earlier, i.e. 26,688 (23,836).

**In the third quarter:**

- Revenue was 7 per cent higher than in the previous year, amounting to EUR 970.8 million (7-9/2007: EUR 906.8 million).
- Profit before taxes decreased by 31 per cent to EUR 56.9 million (EUR 82.4 million).

- In January-September, demand for building system and industrial services, as well as civil engineering, remained good. In Russia, residential sales remained favourable throughout the review period. In St. Petersburg additional costs were recognised for the real estate development projects underway in the Gorelovo area due to the implementation of the area's infrastructure. In Finland, residential sales faced a downturn after the summer. In the Baltic countries construction has decreased considerably. Service and maintenance operations accounted for more than one third of our revenue, balancing the impact of economic fluctuations," says President and CEO Hannu Leinonen.

- In the autumn, the financial market crisis had an impact on our area of operations. Investment decisions have been postponed and consumer confidence has weakened. In Russia, tightening loan terms for companies made actors accelerate their residential sales; this stopped the increase in prices that had continued steadily for a long time. In the last few weeks, the residential sales in Russia have weakened considerably.

"We have taken measures to adjust our operations to the market outlook. We have decreased residential start-ups in Finland. In Russia we made a decision after the review period to stop the construction of several residential projects whose sales have not yet begun. Plot acquisitions and other investments have been stopped, and cost structure is resolutely being modified. In addition to strengthening operational cash flow, the Group's financial position is secured with pension insurance company loans, among other things. The objective is to ensure the Group's operational resources if the weak market situation becomes prolonged, as well as the resources for continuing profitable growth once the situation is over," Leinonen continues.

**Outlook for 2008**

YIT estimates that revenue for 2008 will increase, but profit before taxes will decrease clearly compared to the previous year.

During the last quarter, the operating profit of Building Systems and Industrial Services is estimated to be on the same level as in 2007, excluding the sales gain of EUR 14.4 million from the divestment of the Network Services division. The operating profit of Construction Services Finland and International Construction Services is estimated to decrease clearly during the last quarter compared to the previous year. The profit development in the last quarter faces uncertainty due to the development of consumer confidence and its effect on residential sales in Russia.

The estimate of profit development has been specified following the profit warning released on September 8, 2008. At that time, YIT estimated that the company's revenue will increase in 2008, but profit before taxes will decrease compared to the previous year. At the same time, YIT stated that the estimate on profit development has weakened, because residential demand in Finland and construction volumes in the Baltic countries have decreased further.

### Information event, webcast and conference call

An event for analysts and portfolio managers will be held in English on Wednesday, October 29, at the Hotel Seurahuone, Kaivokatu 12, 00100 Helsinki, Finland. Analysts and portfolio managers may also participate in the event via a conference call. Participants are asked to call the assigned telephone number +44 (0)207 1620 177 a minimum of 5 minutes before the conference call begins. Media representatives are offered the chance to interview the company's management at a separately agreed time.

A webcast of the presentation given by President and CEO Hannu Leinonen at the analyst and portfolio manager event can be viewed live at [www.yitgroup.com/webcast](http://www.yitgroup.com/webcast).

### Schedule in different time zones

Time zone	Interim Report will be published at	The investor event, conference call and webcast presentation will start at	Recording of the webcast presentation will be available at
EEST (Helsinki)	8:00 a.m.	10:00 a.m.	12:00 a.m.
CEST (Paris, Stockholm)	7:00 a.m.	9:00 a.m.	11:00 a.m.
BST (London)	6:00 a.m.	8:00 a.m.	10:00 a.m.
US EDT (New York)	1:00 a.m.	3:00 a.m.	5:00 a.m.

Financial reports and other investor information are available at YIT's website, [www.yitgroup.com/investors](http://www.yitgroup.com/investors). A copy of the Interim Report may be ordered via the Internet site, by sending an e-mail to [InvestorRelations@yit.fi](mailto:InvestorRelations@yit.fi) or by telephone on +358 20 433 2467.

### YIT CORPORATION

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## YIT CORPORATION'S INTERIM REPORT, JANUARY 1 - SEPTEMBER 30, 2008

### STRATEGIC FOCUS AREAS

At the end of the review period, YIT Group's strategic focus was shifted to strengthening cash flow, modifying the cost structure and securing the financial position after the economic situation and the global financial market crisis had an impact on YIT's operating countries. The objective is to ensure the Group's operational resources if the weak market situation becomes prolonged, as well as the resources for continuing profitable growth once the situation is over. YIT has initiated several fast-acting measures. Residential start-ups are being decreased and postponed. In Russia a decision was made after the review period to stop the construction of several residential projects whose sales have not yet begun. In real estate development projects, preparations were made to make new contractual arrangements in order to secure financing for the projects. Plot acquisitions and other investments have been stopped. The aim is to cut fixed costs by EUR 40 million at an annual level. Procurement activities will be made more effective by adjusting purchase agreements to match the market situation.

Long-term strategic target levels are: annual revenue growth 10 per cent on average, the operating profit 9 per cent of revenue, the return on investment 22 per cent, the equity ratio 35 per cent and the dividend payout 40–60 per cent of annual earnings after taxes and minority interest. In addition, YIT has set a separate target of increasing its revenue in Russia by 50 per cent on average in 2006-2009. In Russia, the number of residential start-ups is adjusted on market terms based on the development of residential sales.

### REVENUE INCREASED BY 8 PER CENT

YIT Group's revenue for January-September increased by 8 per cent on the previous year to EUR 2,889.0 million (1-9/2007: EUR 2,679.5 million). Building Systems is the largest segment by revenue. The revenue of both Building Systems and International Construction Services increased.

Finland accounted for 49% of revenue (53%), other Nordic countries for 33% (33%), Russia for 11% (8%), the Baltic countries for 5% (6%) and Central Europe for 2%. The fastest growth took place in Russia, where revenue increased by 53% to EUR 310.9 million (EUR 203.4 million). The Central European business operations acquired from Germany, Austria, Poland, Czech Republic, Hungary and Romania were transferred to YIT on August 1, 2008.

### Revenue by segment (MEUR)

	1-9/2008	1-9/2007	Change, %	Proportion of the Group's revenue for 1-9/2008
Building Systems 1)	1,377.5	1,170.3	18%	48%
Construction Services Finland	879.3	871.0	1%	30%
International Construction Services	397.1	334.1	19%	14%
Industrial Services 2)	310.5	359.0	-14%	11%
Other items	-75.4	-54.9	37%	-3%
YIT Group, total	2,889.0	2,679.5	8%	100%

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008. In August-September 2008 the revenue of these operations was EUR 58.6 million.

2) The figures for 1-9/2007 include the Network Services division, which was sold on December 31, 2007. Network Services revenue for 1-12/2007 amounted to EUR 77 million.

YIT's service chain covers the entire life cycle of the investment. This enables more comprehensive service deliveries and supports the stability of business operations. Service and maintenance of buildings, industry and traditional infrastructure - operations that are not so sensitive to economic fluctuations - account for a significant proportion of the Group's revenue. Service and maintenance operations have increased and the share of the maintenance and servicing business has remained stable while the Group's revenue has grown. In January-September, service and maintenance operations generated EUR 1,012.7 million (EUR 963.5 million), in other words 35% (36%) of total revenue.

## OPERATING PROFIT DECREASED BY 7 PER CENT

The Group's operating profit decreased by 7 per cent to EUR 212.2 million (EUR 229.1 million). The operating profit margin was 7.3 (8.6%). The return on investment was 21.9% (25.8%).

Operating profit and profitability improved at both Building Systems and Industrial Services. The operating profit of International Construction Services weakened. In the Baltic countries weak market development continued. During the second quarter expenses were recognised in the operating profit of International Construction Services due to the delay in the real estate development projects in the Gorelovo area. In the third quarter additional costs amounting to approximately EUR 13 million were recognised for the projects in the Gorelovo area due to an increase in the costs of the implementation of infrastructure in the area and specifications made on their allocation. In Construction Services Finland the operating profit decreased from the previous year.

### Operating profit by segment (MEUR)

	1-9/ 2008	1-9/ 2007	Change	Proportion of the Group's operating profit 1-9/2008
Building Systems 1)	94.6	71.1	33%	45%
Construction Services Finland 2)	92.9	104.5	-11%	44%
International Construction Services	18.2	45.5	-60%	8%
Industrial Services 3)	21.5	18.9	14%	10%
Other items	-15.0	-10.9	38%	-7%
YIT Group, total	212.2	229.1	-7%	100%

### Operating profit margin by segment

	1-9/2008	1-9/2007
Building Systems 1)	6.9%	6.1%
Construction Services Finland 2)	10.6%	12.0%
International Construction Services	4.6%	13.6%
Industrial Services 3)	6.9%	5.3%
YIT Group, total	7.3%	8.6%

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

2) The Supreme Court issued its ruling on disputes connected with the renovation of SOK's former head office building on March 10, 2008. The ruling had a positive effect of EUR 3.5 million on the operating profit of Construction Services Finland for Q1/2008.

3) The operating profit of Industrial Services in Q1/2007 includes a loss of EUR 1.0 million due to costs from the restructuring of the Network Services division. The Network Services division was divested on December 31, 2007.

### **PROFIT BEFORE TAXES DECREASED BY 9 PER CENT**

Profit before taxes decreased by 9 per cent to EUR 187.8 million (EUR 207.1 million). Earnings per share decreased by 15 per cent and was EUR 1.02 (EUR 1.20).

Financial expenses increased as a result of higher interest rates, increased loans and an increase in the amount of capital invested in Russia.

### **THE ORDER BACKLOG GREW BY 25 PER CENT**

The Group's order backlog is high. At the end of the review period, the order backlog was 25% larger than the year before, reaching EUR 3,964.9 million (EUR 3,172.5 million). At the end of June 2008, the order backlog amounted to EUR 3,670.4 million.

The International Construction Services segment accounts for the majority of the order backlog, due to the long duration and high value of the projects. In Russia, the duration of housing projects is approximately twice as long as in Finland. Residential development accounts for the majority of the order backlog of International Construction Services. The order backlog of Construction Services Finland is divided evenly between different business areas. The order backlog of International Construction Services grew the fastest.

In Russia a decision was made after the review period to stop the construction of several residential projects whose sales have not yet begun. These projects have about 2,400 residential units and they account for approximately EUR 320 million in the order backlog.

### **Order backlog by segment (MEUR)**

	9/ 2008	9/ 2007	Change	Proportion of the Group's order backlog 9/2008
Building Systems 1)	1,046.4	740.5	41%	27%
Construction Services Finland	1,085.9	1,128.9	-4%	27%
International Construction Services	1,678.2	1,134.4	48%	42%
Industrial Services 2)	238.0	221.7	7%	6%
Other items	-83.6	-53.0	58%	-2%
YIT Group, total	3,964.9	3,172.5	25%	100%

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

2) The order backlog of 9/2007 includes the Network Services division, which was sold on December 31, 2007.

The order backlog includes that portion of customer orders and ongoing development projects that has not been entered as income. In accordance with the IFRS accounting principles, residential development projects are recognised as income using the formula percentage of completion multiplied by percentage of sale. Business premises development projects are recognised as income using the principle percentage of completion multiplied by percentage of sale multiplied by occupancy rate. Projects are recognised as income based on the percentage of completion.

The order backlog of the Construction Services Finland and International Construction Services segments comprises contracting production and real estate and residential development with a sales risk. Contracted projects are sold in full. Business premises development projects are sold to investors usually either prior to construction or during an early phase thereof.

61 per cent of Building Systems revenue and 48 per cent of Industrial Services revenue are derived from steadily developing service and maintenance operations. Due to their nature, part of the maintenance and servicing operations are not included in the order backlog. The remainder of the order backlog of these business segments mainly comprises contracted projects that have been sold in full.

## **THE GROUP'S FINANCIAL POSITION REMAINED BALANCED**

The Group's financial position remained balanced and liquidity remained good. A significant part of YIT's business operations require little capital. Capital was particularly tied up in the plot reserves, their development and ongoing production. During the third quarter, measures were initiated to limit the increase in working capital and to strengthen cash flow with pension insurance company loans, among other things. Commitment of capital into plots and ongoing production was limited.

The gearing ratio was 82.5 per cent (79.1%). Net debt increased to EUR 696.9 million (EUR 591.4 million). In April the company paid EUR 101.8 million (March 2007: EUR 82.6 million) in dividends.

Net financial expenses during the period were EUR 24.4 million (EUR 22.0 million), or 0.8 per cent (0.8%) of revenue. Net financial expenses in January-September 2008 include exchange rate profits and losses a total of EUR 2.6 million (EUR -1.2 million) and in July-September 2008 a total of EUR 6.0 million (EUR 0.5 million).

The proportion of fixed-interest loans in the Group's entire loan portfolio was 45 per cent (66%). Loans raised directly on the capital and money markets amounted to 55 per cent (58%).

The construction-stage contract receivables sold to financing companies totalled EUR 373.5 million (EUR 250.4 million) at the end of the period. Of this amount, EUR 97.2 million (EUR 104.8 million) is included in interest-bearing liabilities in the balance sheet and the remainder comprises off-balance sheet items as per IAS 39. The interest on sold receivables paid to financing companies, EUR 11.8 million (EUR 8.0 million), is included in financial expenses in its entirety.

Participations in the housing corporation loans of unsold completed residences, EUR 37.7 million (EUR 36.7 million), are also included in interest-bearing liabilities, but the interest on them, EUR 1.5 million (EUR 1.2 million), is booked in project expenses, as said interest is included in housing corporation maintenance charges.

Interest-bearing liabilities included EUR 1.3 million in leasing commitments (EUR 1.9 million).

Due to the distributed nature of the maturity structure of debt, YIT has only limited refinancing needs during the fourth quarter of this year and in 2009. Of long-term loans a bond of EUR 75 million will mature in December 2008 and a bond of EUR 50 million in October 2009. A more detailed account is published in the notes to the 2007 financial statements in the Annual Report.

The balance sheet total at the end of the review period was EUR 2,868.5 million (EUR 2,418.4 million).

The Group's equity ratio was 33.4 per cent (33.8%).

## **CAPITAL EXPENDITURES AND ACQUISITIONS**

Gross capital expenditures on non-current assets included in the balance sheet totalled EUR 76.9 million (EUR 33.5 million) during January-September, representing 2.7 per cent (1.3%) of revenue. Investments in construction equipment amounted to EUR 11.3 million (EUR 11.0 million), and investments in information technology to EUR 4.2 million (EUR 4.4 million). Other investments, including acquisitions, amounted to EUR 61.4 million (EUR 18.1 million). Acquired and divested business operations are indicated in the tables section of the 1-9/2008 interim report.

The most significant business acquisition during the period took place in Building Systems with the purchase of MCE AG's building system service operations in Germany, Austria, Poland, the Czech Republic, Hungary and Romania. These operations' revenue for 2007 amounted to EUR 355 million. The purchased operations employ about 1,900 people. The value of the transaction was EUR 55 million. The transaction was finalised on August 1, 2008.

## **CHANGES IN ORGANISATION**

YIT Group's business segment structure was revised as of the beginning of 2008, with Construction Services being divided into two segments: Construction Services Finland and International Construction Services, which includes business operations in Russia, in the Baltic countries and in Central Eastern Europe.

The Industrial and Network Services segment was renamed Industrial Services when the sale of the Network Services division was completed on December 31, 2007.

## **CHANGES IN GROUP MANAGEMENT**

Kari Kauniskangas, M.Sc. (Eng.) was appointed as head of the International Construction Services segment formed at the beginning of 2008. Ilpo Jalasjoki, M.Sc. (Eng.) was appointed as head of the Construction Services Finland segment.

Tero Kiviniemi, M.Sc. (Eng.) was appointed on September 25, 2008 as head of the Construction Services Finland business segment and member of the Group's Management Board, effective from 1 January 2009. Ilpo Jalasjoki will change to a part-time pension.

Christel Berghäll, M.Sc. (Econ.) was appointed on August 11, 2008 as Senior Vice President, Human Resources of YIT Group and member of the Group's Management Board. She will assume responsibility for the new position during the last quarter of the year.

## **RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING**

YIT Corporation's Annual General Meeting was held on March 13, 2008. The Annual General Meeting adopted the 2007 financial statements, discharged the members of the Board of Directors and the President and CEO from liability, confirmed a dividend of EUR 0.80 per share pursuant to the proposal of the Board of Directors, approved the composition of the Board of Directors and re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor. YIT Corporation published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on March 13 and 14, 2008.

YIT Corporation held an Extraordinary General Meeting after the review period on October 6, 2008. The meeting decided to authorise the Board of Directors to purchase the company's shares and to dispose of them, as proposed by the Board of Directors. The authorisation granted to the Board of Directors covers 10% of the company's shares, i.e. the acquisition of a maximum of 12,722,342 company shares, purchased with the company's unrestricted equity, and the disposal of the shares according to conditions described in more detail elsewhere. YIT Corporation published a stock

exchange release on the resolutions passes at the Extraordinary General Meeting on October 6, 2008.

## LEGAL PROCEEDINGS

On March 10, 2008, the Supreme Court in Finland announced its ruling regarding the disputes arising from the refurbishing of SOK's former head office, Kiinteistö Oy Vilhonkatu 7, which was completed in 1999. The ruling had a positive effect of EUR 5.7 million on YIT's profit before taxes. The sum was recognised in full in YIT's result for January-March 2008.

The disagreement that has arisen in the final financial settlement for the mechanical installation works on production line 4, which was completed at Neste Oil's Porvoo oil refinery in Finland in the summer of 2007, was submitted to the court of arbitration in April 2008. In September, Neste Oil specified its claims against YIT Industrial and Network Services in the court of arbitration proceedings by also claiming compensation for lost production. Neste Oil's total claims amount to a total of EUR 107 million. YIT is contesting Neste Oil's claims and has presented claims against Neste Oil, mainly based on the alterations and additional work performed, and the additional costs that arose from the prolongation of the contract. YIT published stock exchange releases concerning the matter on April 1, 2008 and September 1, 2008.

## THE NUMBER OF PERSONNEL INCREASED

The Group employed an average of 24,278 (23,176) people during the period under review. At the end of the period, the Group employed 26,688 (23,836) people. Of YIT's employees, 40 per cent work in Finland, 34 per cent in the other Nordic countries, 13 per cent in Russia, 8 per cent in Central Europe and 5 per cent in the Baltic countries. The number of personnel has increased considerably in Russia, in particular. The Group aims to ensure the availability of competent employees.

### Number of personnel by segment

	9/2008	9/2007	Change	Proportion of the Group's employees 9/2008
Building Systems 1)	15,547	12,513	24%	58%
Construction Services Finland	3,408	3,509	-3%	13%
International Construction Services	3,717	2,885	30%	14%
Industrial Services 2)	3,672	4,593	-20%	14%
Corporate Services	344	336	2%	1%
YIT Group, total	26,688	23,836	12%	100%

### Number of personnel by country

	9/2008	9/2007	Change	Proportion of the Group's employees 9/2008
Finland 2)	10,608	11,561	-8%	40%
Sweden	4,516	4,478	1%	17%
Russia	3,403	1,930	76%	13%
Norway	3,283	2,922	12%	12%
Germany, Austria, Poland, the Czech Republic, Hungary, Romania 1)	2,114	-	-	8%
Denmark	1,361	1,282	6%	5%

Lithuania, Estonia, Latvia	1,403	1,663	-16%	5%
YIT Group, total	26,688	23,836	12%	100%

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

2) As a result of the sale of the Network Services division, approximately 1,000 Finnish employees left YIT, in the Industrial Services segment, at the beginning of 2008.

## DEVELOPMENT BY BUSINESS SEGMENT

### BUILDING SYSTEMS

#### In January-September:

- Building Systems' revenue increased by 18% to EUR 1,377.5 million (EUR 1,170.3 million).
- Service and maintenance operations accounted for 61% of the segment's revenue (63%).
- Operating profit increased by 33 per cent to EUR 94.6 million (EUR 71.1 million).
- The operating profit margin improved to 6.9% (6.1%).
- The order backlog increased by 41 per cent to EUR 1,046.4 million (EUR 740.5 million) at the end of September.
- At the end of September, the segment employed 15,547 people (12,513).

#### In the third quarter:

- Building Systems' revenue increased by 22% to EUR 478.9 million (EUR 392.3 million).
- Operating profit increased by 34 per cent to EUR 35.7 million (EUR 26.7 million).

In the Building Systems segment, YIT acquired MCE AG's building system operations in Germany, Austria, Poland, the Czech Republic, Hungary and Romania. These operations' revenue for 2007 amounted to EUR 355 million. The purchased operations employ about 1,900 people. The value of the transaction was EUR 55 million. The transaction was finalised on August 1, 2008.

In addition, small corporate acquisitions and purchases of business operations were made in Finland, Norway and Sweden. In Finland, business operations connected to investment, lease management and financial administration services in facility management were divested. The sales gain from the transaction was EUR 4.3 million. Acquired and divested business operations are indicated in the tables section of the 1-9/2008 interim report.

### Building Systems revenue by country, MEUR

	1-9/ 2008	1-9/ 2007	Change	Proportion of the segment's revenue for 1-9/2008
Sweden	471.4	429.8	10%	34%
Norway	360.9	313.0	15%	26%
Finland	313.9	274.4	14%	23%
Denmark	122.0	119.0	3%	9%
Germany, Austria, Poland, the Czech Republic, Hungary, Romania 1)	58.6	-	-	4%
Lithuania, Estonia, Latvia and Russia	50.7	34.1	49%	4%
Total	1,377.5	1,170.3	18%	100%

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

### **Demand for technical building systems levelled off**

Demand for building system services levelled off in the Nordic countries and Russia and decreased in the Baltic countries. In Central Europe the demand continued good as a whole.

The implementation of building systems was agreed, for example, in Sweden with the SCA Graphic paper mill in Sundsvall, Scania's canteen and Faberge for a shopping centre located outside Stockholm, in Finland with the Sokos centre in Jyväskylä and the Teollisuuskatu 21 repair and renovation site in Helsinki, and in Denmark with the logistics centre of the JYSK house equipment chain in Uldum. In Norway, the implementation of total technical solutions in a school in Sogndal was agreed with the construction company Aase & Øvrelid, and an agreement was signed with Statsbygg on the security systems of a new prison. In Germany orders were received among others for total technical solution delivery in multipurpose building AirRail at Frankfurt Airport, in Poland total HVAC deliveries for IKEA megastore and local headquarters of Strabag in Warsaw, in Austria wide high voltage power supply system in surroundings of Vienna city and power supply solution delivery for Wien Mitte -railway station and in Hungary a total HVAC solution delivery for Budawest -office complex in Budapest.

### **Demand for service agreements remained good**

In the Nordic countries and Russia, the demand for building technical repair and maintenance works and various service agreements remained stable. Also in Central Europe the demand for building technical repair and maintenance works was good.

Service and maintenance agreements pursuant to the ServiFlex concept were signed in Norway with the public as well as private sectors. In Finland, a framework agreement on security technology and related services was agreed with Hansel Oy. In Denmark, Odense Steel Shipyard A/S outsourced technical maintenance operations to YIT.

### **Growing demand for energy services**

Demand for energy-efficient technical building systems is increasing and there is more willingness to invest in alternative forms of energy in order to slow down climate change. The improvement in the energy efficiency of existing building stock is boosting the number of repair and modernisation projects and the need for real estate services.

Agreements were concluded in several Swedish and German cities on energy inspections of buildings. In Finland a building system development programme named CoolHeat is underway in cooperation with Tekes (the Finnish Funding Agency for Technology and Innovation) and corporate partners, aiming to improve real estate energy efficiency by developing building system solutions for existing buildings as well as low-energy construction. In Norway, several energy saving projects have been initiated within the framework of the ENOVA agreement, entitling the signatory to receive state funding. In Denmark, YIT is negotiating energy investments particularly in the municipal sector, where demand for energy investments has increased.

## **CONSTRUCTION SERVICES FINLAND**

### **In January-September:**

- Construction Services Finland's revenue remained at the previous year's level and amounted to EUR 879.3 million (EUR 871.0 million).
- Maintenance business accounted for 5% (5%) of revenue.
- Operating profit decreased by 11 per cent to EUR 92.9 million (EUR 104.5 million).
- The operating profit margin was 10.6 (12.0%).

- The order backlog remained at the previous year's level and amounted to EUR 1,085.9 million (EUR 1,128.9 million).
- Construction Services Finland's capital tied into plot reserves amounted to EUR 337.5 million (EUR 332.2 million) at the end of September.
- At the end of September, the segment employed 3,408 people (3,509).

#### **In the third quarter:**

- Construction Services Finland's revenue was EUR 285.8 million (EUR 272.5 million).
- Operating profit decreased by 16 per cent to EUR 28.1 million (EUR 33.4 million).

The figures for 2007 are comparison figures calculated after the business segment structure changed on January 1, 2008.

The Supreme Court issued its ruling on disputes connected with the renovation of SOK's former head office building on March 10, 2008. The ruling had a positive effect of EUR 3.5 million on the operating profit of Construction Services Finland for Q1/2008.

#### **Business premise construction continued**

The construction of ongoing business premises projects continued. No new property development projects were started during the third quarter.

Property development projects underway included among others the construction of the Maalitori office building in Vantaa, business premises at Graanintie 6 in Mikkeli and the second and third phases of the Koskelo Trade Park in Espoo. In September, an agreement was signed according to which YIT will sell the Koskelo Trade Park to the German company Hansainvest. In addition, an agreement was signed on the construction project of the Lammin Liikuntakeskus sports centre.

#### **Residential sales decreased compared with last year**

The number of residences sold decreased in January-September compared with last year. The value of residential sales remained at the same level during the first two quarters. Residential sales decreased during the third quarter, as did their value. Uncertainties connected to general market conditions are weakening the outlook for housing construction for the last quarter.

A total of 1,326 (2,091) residential units were sold in Finland in January-September, 1,126 (1,903) were started and 1,792 (2,322) were completed. At the end of September, there were 2,143 (2,977) residential units under construction and 329 (299) completed but unsold residential units.

All YIT Homes planned in 2008 or later will be built as low-energy buildings. The construction of YIT's first low-energy buildings was started in Siilinjärvi and Mikkeli.

Joint land use planning and subsequent purchase of the Lepola land area was agreed upon in Järvenpää with Seurakuntaopisto. It will be possible to construct 10,000 square metres of floor area in the area.

#### **Good demand in civil engineering**

Demand for the construction of infrastructure remained good. Significant investments in traffic infrastructure are expected over the next few years.

During the review period, an agreement was signed with Helsinki Energy on the excavation and structural work of the Meilahti-Pasila joint-use tunnel, and with Finavia on earth moving, bearing and concrete structure work at the Helsinki-Vantaa Airport Central Terminal.

YIT and the city of Mikkeli established a joint venture, YIT Kuntatekniikka Oy, which will construct, develop and maintain infrastructure and provide services related to the technical infrastructure in the Mikkeli economic area and the Province of Eastern Finland.

## INTERNATIONAL CONSTRUCTION SERVICES

### In January-September:

- International Construction Services' revenue increased by 19 per cent on the previous year to EUR 397.1 million (EUR 334.1 million).
- Operating profit decreased by 60 per cent to EUR 18.2 million (EUR 45.5 million).
- The operating profit margin decreased to 4.6 (13.6%).
- The order backlog increased by 48 per cent to EUR 1,678.2 million (EUR 1,134.4 million).
- International Construction Services' capital tied up in plot reserves amounted to EUR 244.0 million (EUR 211.3 million) at the end of September.
- At the end of September, the segment employed 3,717 people (2,885).

### In the third quarter:

- International Construction Services' revenue decreased by 12 per cent to EUR 123.3 million (EUR 139.6 million).
- Operating result was EUR -4.0 million (EUR 23.9 million).

The figures for 2007 are comparison figures calculated after the business segment structure changed on January 1, 2008.

The operating profit of International Construction Services weakened. In the Baltic countries weak market development continued. During the second quarter expenses were recognised in the operating profit of International Construction Services due to the delay in the real estate development projects in the Gorelovo area. In the third quarter additional costs amounting to approximately EUR 13 million were recognised for the projects in the Gorelovo area due to an increase in the costs of the implementation of infrastructure in the area and specifications made on their allocation.

The agreement on a business acquisition in the Czech Republic signed by YIT Construction Ltd on May 29, 2008 entered into force on July 1, 2008. The transaction gave YIT a foothold in a new market area in line with YIT's strategy.

### International Construction Services revenue by country, MEUR

	1-9/ 2008	1-9/ 2007	Change	Proportion of the segment's revenue for 1-9/2008
Russia	287.0	181.7	58%	72%
Estonia, Latvia, Lithuania	106.2	149.0	-29%	27%
Other countries	3.9	3.4	15%	1%
Total	397.1	334.1	19%	100%

### In Russia, residential sales continued to be good

In Russia, residential sales continued to be good in the review period. During the third quarter, residential sales were on the same level with the previous quarters. Towards the end of the review period, tightening loan terms for companies made actors accelerate their residential sales; this stopped the increase in prices that had continued steadily for a long time. In some areas the prices started to decrease. The general market development causes uncertainty in the housing construction outlook in the last quarter. The positive income trends of households and the need to improve the quality of living will support the demand for housing in the long term.

In Russia, 2,494 (1,168) residential units were sold, 3,622 (1,510) were started and 1,712 (1,258) were completed. At the end of September, there were 11,768 (7,320) residential units under construction. There were 192 (13) completed but unsold residential units. Slight changes in the number of residential units may take place after the start of construction due to the division or combination of residences.

Due to uncertainties in the economic situation YIT made a decision in Russia after the review period to stop the construction of several residential projects whose sales have not yet begun. These projects have about 2,400 residential units and they account for approximately EUR 320 million in the order backlog. When the market situation normalises, YIT will immediately be able to increase the number of residential units on sale particularly in St. Petersburg and in the Moscow area.

In addition to St. Petersburg, cities in the Moscow region and Moscow, YIT has ongoing housing development projects in Yaroslavl, Yekaterinburg, Rostov-on-Don and Kazan.

### **Permits for putting into operation the Gorelovo logistic centres**

The property development projects in the Gorelovo area in St. Petersburg, Russia, entered the final phase. In September, the local authorities granted YIT the official permits for putting into operation the Gorigo logistics centre in the Gorelovo industrial park. The centre consists of two large logistics buildings with a total area of about 91,000 m<sup>2</sup>. YIT was also granted the permits for putting the Atria logistics centre in Gorelovo into operation. The food plant being built in the area requires the building technical solution and the implementation of the final water and drain connections before it can be put into operation.

In the Moscow region, YIT acquired a few new plots from the city for residential production and business premises construction. In order to commence the construction of business premises, a company named ZAO YIT Properties was established in the Moscow region.

### **Weak market development continued in the Baltic countries**

The market development in the Baltic countries continued to be poor. The markets were weak in Estonia, Latvia and Lithuania. Demand for housing remained low and the activities of construction companies have focused on tender-based contracts. The overall volume of construction has decreased significantly.

In Lithuania, the construction project of a large office site has been postponed into the future due to a complaint made against the project. In another significant project, work has been suspended due to the client's financing shortage.

YIT has been actively pursuing a decrease in the number of unsold residential units. There have been no new housing start-ups. In January-September, 689 (346) residential units were sold in Lithuania, Estonia and Latvia, 0 (506) were started and 487 (600) were completed. At the end of September, there were 841 (1,779) residential units under construction. There were 97 (2) completed but unsold residential units.

## **INDUSTRIAL SERVICES**

### **In January-September:**

- Industrial Services' revenue amounted to EUR 310.5 million (EUR 359.0 million).
- Service and maintenance operations accounted for 48% (58%) of revenue.
- Finland accounted for 89 per cent of revenue, Russia for 2 per cent and England, Sweden and other export countries for 9 per cent.
- Operating profit increased by 14 per cent to EUR 21.5 million (EUR 18.9 million).

- The operating profit margin improved to 6.9% (5.3%).
- At the end of September, the order backlog was EUR 238.0 million (EUR 221.7 million).
- At the end of September, the segment employed 3,672 people (4,593).

#### **In the third quarter:**

- Industrial Services' revenue amounted to EUR 108.7 million (EUR 118.7 million).
- Operating profit was EUR 7.8 million (EUR 8.1 million).

The figures for 2007 include the figures for the Network Services division, which was sold on December 31, 2007. Network Services' revenue for 1-12/2007 was EUR 77 million. The operating profit for 1-3/2007 includes EUR -1.0 million due to restructuring of the Network Services unit. Approximately 1,000 people left YIT as a result of the divestment of Network Services.

#### **Solid demand for industrial maintenance services**

Demand for maintenance services remained good. Maintenance agreements were extended with UPM's Seikku sawmill and Altia's Rajamäki factory. The agreement on the annual maintenance of the Loviisa nuclear power plant was renewed with Fortum. An agreement on the servicing of relief valves was made with Borealis.

Shutdown maintenance was carried out in, for example, Teollisuuden Voima's Olkiluoto nuclear power plant, Fortum's Loviisa nuclear power plant and Meripori power plant, Stora Enso's Oulu mill, Kemiart Liners' mill in Kemi and all of Botnia's pulp mills in Finland.

#### **Investments in the energy, steel and mining industry continued**

Demand for industrial projects remained good in the energy, steel and mining industries. The forest industry has decreased its investments.

Deliveries of pipe systems were agreed with, for example, Fortum's Suomenoja gas-combi plant and Jyväskylän Energia's biopower plant. Among steel companies, an agreement on the renewal of electricity distribution and pipeline deliveries was made with Rautaruukki, and one on a process electrification project at the Tornio steel mill with Outokumpu Steel.

Interest in energy efficiency is on the rise in Finnish industry. New comprehensive energy-saving projects have been conducted, for example with Kemira Pigments and Ovako Wire.

Machine and equipment installations will be delivered to the SaratovStroiSteklo glassworks in Russia. Siemens AG ordered a significant total delivery comprising design, material acquisition, prefabrication and installation at the Severn Power gas-combi plant in Uskmouth, United Kingdom.

#### **SHARES, SHARE OPTIONS AND SHAREHOLDERS**

The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

YIT Corporation shares can be subscribed for under the Series K, L and M share options issued in 2006 between April 1 and November 30, 2008.

#### **Share capital and number of shares**

YIT Corporation's share capital was EUR 149,104,766.72 at the beginning of the review period, and the number of shares outstanding was 127,217,872.

In January-September, 5,550 shares were subscribed for under the Series K, L, and M share options issued in 2006. As a result of the share subscriptions, the share capital increased by EUR 111,981.50 on April 29, 2008.

At the end of the review period, the share capital amounted to EUR 149,216,748.22 and the number of shares outstanding was 127,223,422.

### **Own shares**

YIT Corporation did not hold any of its own shares during the period under review. No shares in the parent company were owned by subsidiaries during the period.

### **Authorisations of the Board of Directors**

In accordance with the Companies Act, the General Meeting decides on the buyback and conveyance of shares, as well as any decisions leading to changes in the share capital.

There were no share issues during the period and the company did not float convertible bonds or bonds with warrants. At the end of the period, the Board of Directors did not have valid share issue authorisations or authorisations to issue convertible bonds or bonds with warrants, or to purchase or dispose of the company's own shares.

YIT Corporation held an Extraordinary General Meeting after the review period on October 6, 2008, in which the meeting decided to authorise the Board of Directors to purchase the company's shares within 18 months of the granting of the authorisation and to dispose them within five years of the authorisation. The authorisation granted to the Board of Directors covers 10% of the company's shares, i.e. the acquisition of a maximum of 12,722,342 company shares, purchased with the company's unrestricted equity, and the disposal of the shares according to conditions described in more detail elsewhere.

### **Trading in the shares**

The average share price in January-September was EUR 13.76 (EUR 23.72). The highest share price during the period was EUR 19.99 (EUR 27.90), the lowest EUR 7.17 (EUR 19.25). At the end of the period, trading closed at EUR 7.30 (EUR 20.84).

The value of share turnover during the review period was EUR 2,729.3 million (EUR 4,122.7 million), and share turnover was 198,834,114 (173,934,790) shares. YIT Corporation's market capitalisation at the end of the period was EUR 928.7 million (EUR 2,644.7 million).

### **Increase in the number of shareholders**

At the beginning of the review period, the number of registered shareholders was 15,265 (14,364) and 19,338 (14,772) at the end of the period.

At the beginning of the year, a total of 52.9% (45.9%) of the shares were owned by nominee-registered and non-Finnish investors, while this figure was 49.8% (52.2%) of the total number of YIT shares at the end of the period.

On July 15, 2008, Julius Baer Holding Ltd announced that the fraction of the shares and votes of YIT Corporation held by companies belonging to it had decreased to 4.99 per cent as a result of a share transaction on July 10, 2008.

Corbis S.A and Fennogens Investments S.A announced after the review period on October 3, 2008, that their combined holdings have increased to 5.70% of YIT Corporation's shares and votes following a share transaction on October 2, 2008. The companies are owned by the same parties.

## **MARKET SITUATION IN OCTOBER**

The world economy is in a downturn. Economic growth is being slowed by tightened crediting policies and high interest rates following the financial crisis, among other things. At the beginning of October, the IMF estimated the euro area's GDP to increase by 1.3% in 2008 and by 0.2% in 2009. A gradual recovery is estimated to begin at the end of 2009.

According to Nordic building industry associations, the number of housing investments will decrease this year in all Nordic countries, and remain at a low level next year. Other construction investments will decrease more significantly in 2009. House renovation activity and energy saving investments will experience steady growth. Market conditions in civil engineering remain positive.

In October, the IMF projected real growth in Russia to amount to 7% this year, slowing down to 5.5% in 2009. Housing construction increased by a mere 5% on the year before in January-August. In recent months, the increase in housing prices has cooled down and in some areas prices have started to decrease. Economic growth in the Baltic countries weakened considerably during the first two quarters. Next year the average growth in the Baltic countries as a whole is estimated to be negative.

In Germany and Austria, the economic growth will be approximately 2% this year, but will barely be positive in 2009. In Central Eastern European countries growth estimates are still clearly positive, but the account deficits and the European downturn already weaken the economic development.

## **MAJOR BUSINESS RISKS AND UNCERTAINTIES IN THE NEAR FUTURE**

The most significant short-term business risks and uncertainties are connected with the sales risk of the order backlog, the completion of large-scale real estate development projects underway in Russia, and foreseeing and reacting to changes in the operating environment. In addition, the counterparty risk in the real estate development projects has increased, due to the financial crisis.

The sales risk contained in the order backlog is mainly comprised of unsold residential units that are under construction. In Russia YIT made a decision after the review period to stop the construction in several residential projects whose sales have not begun due to uncertainties in the economic situation. These projects account for approximately EUR 320 million in the order backlog. The sales risk is managed by adjusting residential start-ups with sales trends. In Russia, sales of residential units mainly take place towards the end of the project, and the construction time is approximately two years. In Finland and the Baltic countries, the construction time is approximately one year. A more detailed account of the order backlog structure is presented above in the Order Backlog section.

In Russian real estate development projects, the risks are associated with the final costs of the technical solution of the water and drain connections for the Gorelovo area. The negotiations regarding the water and drain connections are ongoing. The final costs resulting from the delay in the food plant being built in the area will be specified later, pursuant to the agreement made with the client.

The consequences of the financial market crisis have been addressed by taking measures to strengthen cash flow and adjust cost structure to the market situation. YIT's business structure, in which cash flow-producing operations requiring little capital account for a significant part of the business, supports the Group's stability in uncertain market conditions.

In Russia, the financial market crisis has caused pressure on the external value of the ruble. According to the financing policy, the Group's ruble exposure is hedged except for the equities of the subsidiaries in Russia, amounting to EUR 159 million. Due to the high increase in the hedging costs, the policy was modified after the review period. The ruble forward contracts expiring during

the last quarter are replaced by hedging against the ruble basket, up to the counter value of EUR 165 million. The devaluation of the ruble would cause a decrease in the equity of the subsidiaries in Russia, thus causing the equivalent change in the Group's equity, and, regarding the ruble basket hedging, an exchange rate loss the size of the devaluation in the income statement.

The valuation of the currency forward contracts may increase the net financial expenses during the last quarter.

YIT's risk management policy specifies the Group's most significant risks and methods of mitigating strategic and administrative risks. A more detailed account of YIT's risk management policy and the most significant risks has been published in the Annual Report for 2007, and of financial risks in the notes to the 2007 financial statements.

## **OUTLOOK FOR 2008**

In January-September, operating profit increased in Building Systems and Industrial Services, and decreased in Construction Services Finland and International Construction Services compared to 2007.

During the last quarter, the operating profit of Building Systems and Industrial Services is estimated to be on the same level as in 2007, excluding the sales gain of EUR 14.4 million from the divestment of the Network Services division. The operating profit of Construction Services Finland and International Construction Services is estimated to decrease clearly during the last quarter compared to the previous year.

YIT estimates that revenue for 2008 will increase, but profit before taxes will decrease clearly compared to the previous year. The profit development in the last quarter faces uncertainty due to the development of consumer confidence and its effect on residential sales in Russia.

The estimate of profit development has been specified following the profit warning released on September 8, 2008. At that time, YIT estimated that the company's revenue will increase in 2008, but profit before taxes will decrease compared to the previous year. At the same time, YIT stated that the estimate on profit development has weakened, because residential demand in Finland and construction volumes in the Baltic countries have decreased further.

## **EVENTS AFTER THE REVIEW PERIOD**

YIT Corporation held an Extraordinary General Meeting on October 6, 2008. The meeting decided to authorise the Board of Directors to purchase the company's shares and to dispose of them, as proposed by the Board of Directors. YIT Corporation published a stock exchange release on the resolutions passes at the Extraordinary General Meeting on October 6, 2008.

Corbis S.A and Fennogens Investments S.A announced on October 3, 2008, that their combined holdings have increased to 5.70% of YIT Corporation's shares and votes following a share transaction on October 2, 2008. The companies are owned by the same parties.

Helsinki, October 28, 2008

Board of Directors

## **INTERIM REPORT JAN 1 - SEP 30, 2008: TABLES**

The information presented in the Interim Report has not been audited.

### **1. Key figures of YIT Group**

Key figures

YIT Group figures by quarter

Segment information by quarter

### **2. Consolidated financial statements Jan 1 - Sep 30, 2008**

Consolidated income statement Jan 1 - Sep 30, 2008

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### **3. Notes**

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Change in contingent liabilities and assets and commitments

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## 1. KEY FIGURES OF YIT GROUP

### KEY FIGURES

	9/2008	9/2007	Change %	12/2007
Earnings per share, EUR 1)	1.02	1.20	-15	1.77
Diluted earnings per share, EUR 1)	1.02	1.19	-14	1.77
Equity per share, EUR	6.61	5.85	13	6.40
Average share price during the period, EUR	13.76	23.72	-42	22.15
Share price at end of period, EUR	7.30	20.84	-65	14.99
Market capitalization at end of period, MEUR	928.7	2,644.7	-65	1,907.0
Weighted average share-issue adjusted number of shares outstanding, thousands	127,220	126,836	0	126,872
Weighted average share-issue adjusted number of shares outstanding, thousands, diluted	127,220	127,350	0	127,028
Share-issue adjusted number of shares outstanding at end of period, thousands	127,223	126,906	0	127,218
Net interest-bearing debt at end of period, MEUR	696.9	591.4	18	514.8
Return on investment, from the last 12 months, %	21.9	25.8	-	26.2
Equity ratio, %	33.4	33.8	-	36.7
Gearing ratio, %	82.5	79.1	-	62.9
Gross capital expenditures, MEUR	76.9	33.5	*)	51.6
% of revenue	2.7	1.3	-	1.4
Order backlog at end of period, MEUR 2)	3,964.9	3,172.5	25	3,509.3
of which order backlog outside Finland	2,581.7	1,689.3	53	1,999.2
Average number of personnel	24,278	23,176	5	23,394

1) Includes non-recurring items of EUR 9.0 million in profit after taxes in Q4/2007 from the divestment of Network Services business division on Dec 31, 2007.

2) Portion of binding orders not recognized as income.

\*) Change over 100 %.

### YIT GROUP FIGURES BY QUARTER

	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008
Revenue, MEUR	833.5	939.3	906.8	1,027.0	927.0	991.2	970.8
Operating profit, MEUR	61.2	78.5	89.4	108.7	78.6	70.5	63.1
% of revenue	7.3	8.4	9.9	10.6	8.5	7.1	6.5
Financial income, MEUR	0.6	0.5	0.6	0.8	3.2	0.6	0.9
Exchange rate differences, MEUR	-0.1	-1.6	0.5	-2.6	-0.8	-2.6	6.0
Financial expenses, MEUR	-6.9	-7.6	-8.1	-8.4	-10.7	-8.0	-13.0
Profit before taxes, MEUR	54.8	69.8	82.4	98.5	70.3	60.5	56.9
% of revenue	6.6	7.4	9.1	9.6	7.6	6.1	5.9
Balance sheet total, MEUR	2,155.9	2,346.1	2,418.4	2,461.3	2,525.8	2,605.5	2,868.5
Earnings per share, EUR	0.31	0.42	0.47	0.57	0.40	0.33	0.29
Equity per share, EUR	4.95	5.38	5.85	6.40	5.97	6.32	6.61
Share price at end of period, EUR	25.80	23.35	20.84	14.99	17.97	15.98	7.3
Market capitalization at end of period, MEUR	3,270.8	2,963.1	2,644.7	1,907.0	2,286.1	2,033.0	928.7
Return on investment, from the last 12 months, %	25.4	25.7	25.8	26.2	28.1	25.6	21.9
Equity ratio, %	31.8	32.4	33.8	36.7	33.3	34.5	33.4

Net interest-bearing debt at end of period, MEUR	540.9	548.9	591.4	514.8	462.7	625.2	697.0
Gearing ratio, %	85.6	79.8	79.1	62.9	60.6	77.2	82.5
Gross capital expenditures, MEUR	15.8	5.7	12.0	18.1	11.8	14.0	51.1
Order backlog at end of period, MEUR	2,995.4	3,275.2	3,172.5	3,509.3	3,627.0	3,670.4	3,964.9
Personnel at end of period	22,418	23,474	23,836	24,073	23,644	24,978	26,688

## SEGMENT INFORMATION BY QUARTER

### Revenue by business segment (EUR million)

	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008
Building Systems 1)	367.7	410.3	392.3	479.7	418.1	480.5	478.9
Construction Services Finland	291.5	307.0	272.5	287.2	284.9	308.6	285.8
International Construction Services	79.3	115.2	139.6	152.0	154.3	119.5	123.3
Industrial Services 2)	110.7	129.6	118.7	130.8	90.9	110.9	108.7
Other items	-14.1	-22.8	-16.4	-22.7	-21.2	-28.3	-25.9
YIT Group, total	833.5	939.3	906.7	1,027.0	927.0	991.2	970.8

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008. In August-September 2008 the revenue of these operations was EUR 58.6 million.

2) The revenue for 2007 includes the Network Services division, which was sold on December 31, 2007. Network Services revenue for 1-12/2007 amounted to EUR 77 million.

### Operating profit by business segment (EUR million)

	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008
Building Systems 1)	18.8	25.6	26.7	41.1	26.3	32.6	35.7
Construction Services Finland 2)	35.6	35.5	33.4	29.0	35.4	29.4	28.1
International Construction Services	5.6	16.0	23.9	21.7	16.1	6.1	-4.0
Industrial Services 3)	5.0	5.8	8.1	22.3	5.2	8.5	7.8
Other items	-3.8	-4.4	-2.7	-5.4	-4.4	-6.1	-4.5
YIT Group, total	61.2	78.5	89.4	108.7	78.6	70.5	63.1

### Operating profit margin by business segment (%)

	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008
Building Systems 1)	5.1%	6.2%	6.8%	8.6%	6.3%	6.8%	7.5%
Construction Services Finland 2)	12.2%	11.6%	12.3%	10.1%	12.4%	9.5%	9.8%
International Construction Services	7.1%	13.9%	17.1%	14.3%	10.4%	5.1%	-3.2%
Industrial Services 3)	4.5%	4.5%	6.8%	17.0%	5.7%	7.7%	7.2%
YIT Group, total	7.3%	8.4%	9.9%	10.6%	8.5%	7.1%	6.5%

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

2) The Supreme Court issued its ruling on disputes connected with the renovation of SOK's former head office building on March 10, 2008. The ruling had a positive effect of EUR 3.5 million on the Construction Services Finland operating profit for 1-3/2008.

3) The operating profit for 2007 includes the Network Services division, which was sold on December 31, 2007. The operating profit for the Industrial Services for 1-3/2007 includes EUR -1.0 million due to costs from restructuring of the Network Services division. The operating profit for 10-12/2007 includes positive non-recurring items of EUR 14.4 million from the divestment of Network Services division.

## Order backlog by business segment at end of period (EUR million)

	I/2007	II/2007	III/2007	IV/2007	I/2008	II/2008	III/2008
Building Systems 1)	670.3	721.8	740.5	707.7	825.3	799.9	1,046.4
Construction Services Finland	1,026.1	1,193.1	1,128.9	1,183.8	1,306.4	1,264.8	1,085.9
International Construction Services	1,111.8	1,185.2	1,134.4	1,462.7	1,381.7	1,483.7	1,678.2
Industrial Services 2)	228.8	213.6	221.7	219.2	224.3	222.8	238
Other items	-41.6	-38.5	-53.0	-64.1	-110.7	-100.8	-83.6
YIT Group, total	2,995.4	3,275.2	3,172.5	3,509.3	3,627.0	3,670.4	3,964.9

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

2) The order backlog I/2007, II/2007 and III/2007 include the Network Services division, which was divested on December 31, 2007.

## 2. CONSOLIDATED FINANCIAL STATEMENTS JAN 1 - SEP 30, 2008

### CONSOLIDATED INCOME STATEMENT JAN 1 - SEP 30, 2008 (EUR million)

	1-9/2008	1-9/2007	Change, %	1-12/2007
Revenue	2,889.0	2,679.5	8	3,706.5
of which activities outside Finland	1,486.1	1,268.8	17	1,798.5
Operating income and expenses	-2,653.6	-2,432.0	9	-3,342.7
Share of results of associated companies	0.0	1.0	*)	1.2
Depreciation and write-downs	-23.2	-19.4	20	-27.2
Operating profit	212.2	229.1	-7	337.8
% of revenue	7.3	8.6	-	9.1
Financial income 1)	4.7	1.8	*)	2.6
Exchange rate differences	2.6	-1.2	*)	-3.8
Financial expenses	-31.7	-22.6	40	-31.0
Profit before taxes	187.8	207.1	-9	305.6
% of revenue	6.5	7.7	-	8.2
Income taxes 2)	-56.2	-53.0	6	-77.6
Profit for the report period	131.6	154.1	-15	228.0
% of revenue	4.6	5.8	-	6.2
Attributable to				
Equity holders of the parent company	130.3	152.1	-14	224.9
Minority interests	1.3	2.0	-35	3.1
Earnings per share attributable to the equity holders of the parent company				
Earnings per share, EUR	1.02	1.20	-15	1.77
Diluted earnings per share, EUR	1.02	1.19	-14	1.77

1) The financial income of the review period includes EUR +2.2 million due to the ruling of the Supreme Court of disputes over the refurbishing of SOK's former head office in Finland.

2) Income taxes are divided between periods on the basis of the result of the reporting period.

\*) Change over 100 %.

**CONSOLIDATED INCOME STATEMENT JUL 1 - SEP 30, 2008 (EUR million)**

	<b>7-9/2008</b>	<b>7-9/2007</b>	<b>Change, %</b>
Revenue	970.8	906.8	7
of which activities outside Finland	509.4	451.9	13
Operating income and expenses	-899.4	-811.0	11
Share of results of associated companies	0,0	0,4	*)
Depreciation and write-downs	-8,3	-6,8	22
Operating profit	63,1	89,4	-29
% of revenue	6,5	9,9	-
Financial income	0,9	0,6	33
Exchange rate differences	6,0	0,5	*)
Financial expenses	-13,0	-8,1	60
Profit before taxes	56,9	82,4	-31
% of revenue	5,9	9,1	-
Income taxes	-19,5	-20,9	-7
Profit for the report period	37,4	61,5	-39
% of revenue	3,8	6,8	-
Attributable to			
Equity holders of the parent company	37.1	60,0	-38
Minority interests	0.3	1,5	80
Earnings per share attributable to the equity holders of the parent company			
Earnings per share, EUR	0.29	0.47	-38
Diluted earnings per share, EUR	0.29	0.47	-38

\*) Change over 100 %.

**CONSOLIDATED BALANCE SHEET (EUR million)**

	9/2008	9/2007	Change, %	12/2007
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment	102.2	95.1	7	92.5
Goodwill	289.6	248.8	16	240.6
Other intangible assets	36.2	21.6	68	27.1
Shares in associated companies	4.0	3.6	11	3.6
Investments	2.7	2.9	-7	2.5
Receivables	15.2	16.8	-10	15.1
Deferred tax assets	32.6	32.0	2	27.2
Current assets				
Inventories	1,433.6	1,175.7	22	1,265.0
Trade and other receivables	904.3	764.8	18	727.6
Cash and cash equivalents	48.1	57.1	-16	60.2
<b>Total assets</b>	<b>2,868.5</b>	<b>2,418.4</b>	<b>19</b>	<b>2,461.3</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to equity holders of the parent company				
Share capital	149.2	147.1	1	149.1
Other equity	691.2	594.8	16	665.4
Minority interests	4.8	6.0	-20	3.8
<b>Total equity</b>	<b>845.2</b>	<b>747.9</b>	<b>13</b>	<b>818.3</b>
Non-current liabilities				
Deferred tax liabilities	75.2	71.7	5	71.5
Pension liabilities	15.8	7.7	*)	7.5
Provisions	53.7	33.5	60	34.2
Interest-bearing liabilities	386.7	439.3	-12	356.9
Other liabilities	1.7	3.6	-53	1.7
Current liabilities				
Trade and other payables	1,105.3	883.1	25	928.4
Provisions	26.6	22.4	19	24.8
Interest-bearing current liabilities	358.3	209.2	71	218.1
<b>Total equity and liabilities</b>	<b>2,868.5</b>	<b>2,418.4</b>	<b>19</b>	<b>2,461.3</b>

\*) Change over 100 %.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR million)**

	Share capital	Share premium reserve	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Retained earnings	Minority interest	Total equity
Equity on Jan 1, 2008	149.1	0.0	1.0	13.9	-9.0	2.0	657.5	3.8	818.3
Bonus issue	-	-	-	-	-	-	-	-	-
Shares subscribed with options	0.1	-	-	-	-	-	-	-	-
Change in the fair value of interest derivatives	-	-	-	-	-	-0.4	-	-	-
Change in translation differences	-	-	-	-	-3.0	-	-1.8	-	-
Employee share option scheme	-	-	-	-	-	-	2.5	-	-
Net profit for the period	-	-	-	-	-	-	130.3	1.3	-
Dividend paid	-	-	-	-	-	-	-101.8	-0.3	-
Other change	-	-	0.4	-	-	-	-0.4	0.0	-
Equity on Sep 30, 2008	149.2	0.0	1.4	13.9	-12.0	1.6	686.3	4.8	845.2
	Share capital	Share premium reserve	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Retained earnings	Minority interest	Total equity
Equity on Jan 1, 2007	63.4	83.8	0.8	13.7	-4.5	1.0	512.3	3.9	674.4
Bonus issue	82.8	-82.8	-	-	-	-	-	-	-
Shares subscribed with options	0.9	-	-	-	-	-	-	-	-
Change in the fair value of interest derivatives	-	-	-	-	-	1.1	-	-	-
Change in translation differences	-	-	-	-	-3.1	-	0.4	-	-
Employee share option scheme	-	-	-	-0.4	-	-	3.0	-	-
Net profit for the period	-	-	-	-	-	-	152.1	-	-
Dividend paid	-	-	-	-	-	-	-82.5	-	-
Other change	-	-1.0	0.1	1.0	-	-	-0.2	-	-
Equity on Sep 30, 2007	147.1	0.0	0.9	14.3	-7.6	2.1	585.1	6.0	747.9
	Share capital	Share premium reserve	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Retained earnings	Minority interest	Total equity
Equity on Jan 1, 2007	63.4	83.8	0.8	13.7	-4.5	1.0	512.3	3.9	674.4
Bonus issue	82.8	-82.8	-	-	-	-	-	-	-
Shares subscribed with options	2.9	-	-	-	-	-	-	-	-
Change in the fair value of interest derivatives	-	-	-	-	-	1.0	-	-	-
Change in translation differences	-	-	-	-	-4.5	-	-1.3	-	-
Employee share option scheme	-	-	-	0.2	-	-	4.2	-	-
Net profit for the period	-	-	-	-	-	-	224.9	3.0	-
Dividend paid	-	-	-	-	-	-	-82.4	-0.1	-
Other change	-	-1.0	0.2	0.0	-	-	-0.2	-2.9	-
Equity on Dec 31, 2007	149.1	0.0	1.0	13.9	-9.0	2.0	657.5	3.8	818.3

**CONSOLIDATED CASH FLOW STATEMENT (EUR million)**

	1-9/2008	1-9/2007	Change, %	1-12/2007
Cash flows from operating activities				
Net profit for the period	131.6	154.1	-15	228.0
Reversal of accrual-based items	99.9	94.8	5	120.5
Change in working capital				
Change in trade and other receivables	-71.4	-74.5	-4	-32.9
Change in inventories	-165.1	-167.9	-2	-259.8
Change in current liabilities	39.3	80.1	-51	118.7
Change in working capital, total	-197.2	-162.3	22	-174.0
Interest paid	-26.1	-17.0	5	-28.8
Realised currency exchange rate profits / losses	8.8	-0.5	*)	1,5
Interest received	4.6	1.8	*)	2.4
Taxes paid	-41.4	-46.4	-11	-66.2
Net cash generated from operating activities	-19.8	24.5	*)	83.4
Cash flows from investing activities				
Acquisition of subsidiaries, net of cash	-45.6	-7.6	*)	-14.1
Proceeds from sale of shares in associated companies	0	0.5	*)	0.4
Purchase of property, plant and equipment	-24.8	-18.5	34	-28.7
Purchase of intangible assets	-0.1	-6.1	-98	-6.4
Increases in other investments	-0.1	0.0	*)	-0.1
Disposals of subsidiaries and businesses	5.3	0.0	*)	31.7
Proceeds from sale of shares in associated companies	0	0.0	-	4.4
Proceeds from sale of fixed assets	4.2	3.0	40	0.0
Proceeds from sale of other investments	0.2	0.2	0	
Net cash used in investing activities	-60.9	-28.5	*)	-12.9
Cash flow from financing activities				
Proceeds from share issues	0.1	0.9	-89	2.9
Decrease in loan receivables	0.0	0.1	*)	0.1
Change in current liabilities	134.3	-44.4	*)	-49.1
Proceeds from borrowings	40.0	168.1	-76	168.1
Repayments of borrowings	-3.4	-5.7	-40	-74.2
Payments of financial leasing debts	-0.4	-1.2	-67	-1.4
Dividends paid	-102.0	-82.6	23	-82.6
Net cash used in financing activities	68.6	35.2	95	-36.2
Net change in cash and cash equivalents	-12.1	31.2	*)	34.3
Cash and cash equivalents at the beginning of the period	60.2	25.9	*)	25.9
Cash and cash equivalents at the end of the period	48.1	57.1	-16	60.2

\*) Change over 100%.

### 3. NOTES

#### ACCOUNTING PRINCIPLES OF THE INTERIM REPORT

YIT Corporation's Interim Report for January 1 - September 30, 2008 has been drafted in line with IAS 34: Interim Financial Reporting. YIT has applied the same accounting policy and IFRS standards and interpretations in the drafting of the Interim Report as in its annual financial statements for 2007. The information presented in the Interim Report has not been audited.

#### Assessment of the future impact of new standards and interpretations

In July 2008, IFRIC published a new interpretation guide IFRIC15: Agreements for the Construction of Real Estate, the main effect of which on YIT Group will be on the income recognition procedures for development projects. The interpretation guide must be applied from 1 January 2009, assuming the European Commission has approved it by that date. The effects of the application of the interpretation guide on the financial data reported by the Group are being analyzed.

#### FINANCIAL RISK MANAGEMENT

The principles described in the annual financial statements 2007 have been applied in the management of financial risks.

After the review period, the currency hedging policy was modified. The ruble hedgings are changed to ruble basket hedging up to the counter value of EUR 165 million as the ruble forward contracts expire.

#### SEGMENT INFORMATION

YIT Group's business segment structure was revised as of the beginning of 2008, with Construction Services being divided into two segments: Construction Services Finland and International Construction Services, which includes business operations in Russia, in the Baltic countries and in Central Eastern Europe.

YIT's business operations are divided into four business segments: Building Systems, Construction Services Finland, International Construction Services and Industrial Services.

The figures for 2007 are comparison figures calculated after the business segment structure changed on January 1, 2008.

#### Revenue by business segment (EUR million)

	1-9/2008	1-9/2007	Change, %	1-12/2007
Building Systems 1)	1,377.5	1170.3	18	1,650.0
Construction Services Finland	879.3	871.0	1	1,158.2
International Construction Services	397.1	334.1	19	486.1
Industrial Services 2)	310.5	359.0	-14	489.8
Other items	-75.4	-54.9	37	-77.6
YIT Group, total	2,889.0	2,679.5	8	3,706.5

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008. In August-September 2008 the revenue of these operations was EUR 58.6 million.

2) The revenue for 2007 includes the Network Services division, which was sold on December 31, 2007. Network Services revenue for 1-12/2007 amounted to EUR 77 million.

#### Operating profit by business segment (EUR million)

	1-9/2008	1-9/2007	Change, %	1-12/2007
Building Systems 1)	94.6	71.1	33	112.2
Construction Services Finland 2)	92.9	104.5	-11	133.5
International Construction Services	18.2	45.5	-60	67.2
Industrial Services 3)	21.5	18.9	14	41.2

Other items	-15	-10.9	38	-16.3
YIT Group, total	212.2	229.1	-7	337.8

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

2) The Supreme Court issued its ruling on disputes connected with the renovation of SOK's former head office building on March 10, 2008. The ruling had a positive effect of EUR 3.5 million on the Construction Services Finland operating profit for 1-3/2008.

3) The operating profit for 2007 includes the Network Services division, which was sold on December 31, 2007. The operating profit for the Industrial Services for 1-3/2007 includes EUR -1.0 million due to costs from restructuring of the Network Services division. The operating profit for 10-12/2007 includes positive non-recurring items of EUR 14.4 million from the divestment of Network Services division.

#### Order backlog by business segment at end of period (EUR million)

	9/2008	9/2007	Change, %	1-12/2007
Building Systems 1)	1,046.4	740.5	41	707.7
Construction Services Finland	1,085.9	1,128.9	-4	1,183.8
International Construction Services	1,678.2	1,134.4	48	1,462.7
Industrial Services 2)	238.0	221.7	7	219.2
Other items	-83.6	-53.0	58	-64.1
YIT Group, total	3,964.9	3,172.5	25	3,509.3

1) The business operations acquired from Central Europe were transferred to YIT on August 1, 2008.

2) The order backlog 6/2007 includes the Network Services division, which was divested on December 31, 2007.

#### UNUSUAL ITEMS AFFECTING OPERATING PROFIT (EUR million)

	1-9/2008	1-9/2007
Industrial Services		
Rearrangements	-	-1.0
Construction Services Finland	3.5	
YIT Group, total	3.5	-1.0

The operating profit for the Industrial Services segment for 1-3/2007 includes EUR -1.0 million due to costs from restructuring of the Network Services division. The Network Services division was divested on December 31, 2007.

The Supreme Court issued its ruling on disputes connected with the renovation of SOK's former head office building on March 10, 2008. The ruling had a positive effect of EUR 3.5 million on the Construction Services Finland operating profit for 1-3/2008.

#### ACQUIRED BUSINESSES (EUR million)

In the Building Systems segment, YIT acquired MCE AG's building system operations in Germany, Austria, Poland, the Czech Republic, Hungary and Romania on May 29, 2008. The transaction was finalised on August 1, 2008. The value of the transaction was EUR 55 million, following the deduction of contractual debts and commitments the preliminary purchase price amounts to EUR 34.7 million. Expert fees amounting to EUR 1.5 million were included in the purchase price. The purchase price will be paid in cash. EUR 5.4 million of the purchase price was allocated to the customer base in the servicing business. The preliminary amount of goodwill is EUR 49.0 million. According to the management's assessment, the goodwill is based on the foothold in new markets provided by the affiliated MCE group as well as opportunities of steering business towards long-term service agreements and servicing and maintenance operations. These measures contribute to improving the profitability of operations. In addition, synergy benefits are expected from the harmonisation of processes, extended range of services and procurement activities.

The affiliated MCE group had an impact of EUR 58.6 million on YIT Group's revenue for the review period. The affiliated MCE group's revenue for the entire period 1–9/2008 would have been EUR 263.3 million.

In addition, YIT Group made small corporate acquisitions. Building Systems boosted its competence as a provider of energy efficiency services by acquiring building automation specialist Computec Oy in Finland and made small corporate acquisitions and purchases of business operations in Finland, Norway and Sweden.

On May 29, 2008, YIT Construction Ltd signed an agreement on a corporate acquisition with which an 85 per cent share in the Czech company Euro Stavokonsult s.r.o. was acquired. The company was consolidated to YIT Group on July 1, 2008.

The total acquisition price of all acquisitions made during the period totalled EUR 45.0 million. Goodwill from minor acquisitions was allocated in full to intangible rights.

	The fair value in balance sheet	Seller's carrying amount before the consolidation
<b>The effect on balance sheet assets and liabilities:</b>		
Property, plant and equipment	6.0	7.1
Intangible assets	13.9	10.9
Inventories	3.1	3.1
Trade and other receivables	101.9	106.8
Cash and cash equivalents	-4.6	-4.6
Other liabilities	-124.3	-122.1
Acquired net assets	-4.0	1.2
Total consideration	45.0	
Goodwill	49.0	
<b>The effect on cash flow:</b>		
Paid in cash	41.0	
Cash and cash equivalents in acquired entity	-4.6	
Cash flow on acquisitions	45.6	

#### DISPOSALS (EUR million)

In Building Systems segment in Finland YIT Kiinteistötekniikka Oy sold the business operations connected to investment, lease management and financial administration services in facility management. The sale of the operations came into force on July 1, 2008.

	Jan 1 - Sep 30, 2008
<b>The effect on revenues and net profit:</b>	
Revenue	5.9
Operating expenses	-5.1
Profit before taxes	0.8
Taxes	-0.2
Net profit	0.6
<b>The effect on balance sheet assets and liabilities :</b>	
Property, plant and equipment	0
Intangible assets	0

Inventories	0
Trade and other receivables	0
Cash and cash equivalents	0
Trade and other liabilities	0
Interest-bearing liabilities	0
Net assets	0
<b>The effect on cash flow:</b>	
Paid in cash	5.3
Direct costs related to disposals	0
Cash and cash equivalents in disposed entity	0
Cash flow on disposals	5.3

#### CHANGES IN PROPERTY, PLANT AND EQUIPMENT (EUR million)

	1-9/2008	1-9/2007	Change, %
Carrying value at the beginning of period	92.5	91.8	1
Increase	23.6	19.0	24
Increase through acquisitions	6.9	3.2	*)
Decrease	-3.2	-2.1	52
Depreciation and value adjustments	-15.8	-14.7	7
Reclassification	-1.8	-2.1	-14
Carrying value at the end of period	102.2	95.1	7

\*) Change over 100%.

#### INVENTORIES (EUR million)

	1-9/2008	1-9/2007	Change, %
Raw materials and consumables	22.7	25.7	-12
Work in progress	644.0	485.5	33
Land areas and plot owing companies	581.5	518.0	12
Shares in completed housing and real estate companies	92.8	71.1	31
Advance payments	92.5	75.4	23
Other inventories	0.1	0.0	
Total inventories	1,433.6	1,175.7	22

#### NOTES ON EQUITY (EUR million)

	Number of shares, 1000	Share capital	Total
Share capital and share premium reserve			
Jan 1, 2008	127,217,872	149.1	127,217,872
Share subscription with options	5,550	0.1	5,550
Jun 30, 2008	127,223,422	149.2	127,223,422

#### INTEREST-BEARING LIABILITIES (EUR million)

No new bonds were raised during the review period.

## CHANGE IN CONTINGENT LIABILITIES AND ASSETS AND COMMITMENTS (EUR million)

	9/2008	9/2007	Change, %
Collateral given for own commitments			
Corporate mortgages	29.3	29.3	0
Other commitments			
Purchasing commitments	170.1	213.8	-20
Operating leases	290.6	267.1	9
Rental guarantees for clients	8.8	8.3	6
Other contingent liabilities	3.8	2.4	58
Guarantees given	0.5	0.0	*)
Liability under derivative contracts			
Value of underlying instruments			
Interest rate derivatives	306.6	427.9	-28
Foreign exchange derivatives	301.5	233.7	29
Market value			
Interest rate derivatives	3.2	3.6	-11
Foreign exchange derivatives	-0.6	2.3	*)
Contingent assets			
Legal processes	0.0	11.1	*)

\*) Change over 100%.

## TRANSACTIONS WITH ASSOCIATED COMPANIES (EUR million)

	1-9/2008	1-9/2007	Change, %	1-12/2007
Sales to associated companies	2.3	0.5	*)	4.8
Purchases from associated companies	3.2	3.9	-18	40.1
Trade and other receivables	0	0.1	*)	0.1
Trade and other liabilities	0	1.5	*)	0.8

\*) Change over 100%.

## EVENTS AFTER THE REVIEW PERIOD

YIT Corporation held an Extraordinary General Meeting on October 6, 2008. The meeting decided to authorise the Board of Directors to purchase the company's shares and to dispose of them, as proposed by the Board of Directors. YIT Corporation published a stock exchange release on the resolutions passes at the Extraordinary General Meeting on October 6, 2008.

Corbis S.A and Fennogens Investments S.A announced on October 3, 2008, that their combined holdings have increased to 5.70% of YIT Corporation's shares and votes following a share transaction on October 2, 2008. The companies are owned by the same parties.