



Financial
review

2013



YIT is a construction industry leader that creates sustainable urban environments by constructing housing, business premises, infrastructure and entire areas. YIT has over 100 years of experience and a strong market position: we are the largest housing developer in Finland and the largest foreign housing developer in Russia. We are also among the largest business premises and infrastructure construction companies in Finland. Our operating area covers Finland, Russia, the Baltic countries, the Czech Republic and Slovakia. We aim to be a leading European project developer, construction company and service provider, creating value responsibly with our stakeholders. We aim to improve our quality and customer service further and continuously offer consumers new and innovative housing solutions. We are also developing innovative business premises concepts in line with our clients' changing business needs by using the possibilities of developing urban structures. Our success is first and foremost based on skilled employees and continuous development of competence.

YIT's share is listed on NASDAQ OMX Helsinki.

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YIT in the capital market

Shareholders

At the end of December 2013, the number of registered shareholders was 43,752 (12/2012: 36,064). At the end of December 2013, a total of 33.8 per cent of the shares were owned by nominee-registered and non-Finnish investors (12/2012: 34.8%).

During 2013, the company received no “flagging notifications” of change in ownership in YIT Corporation in accordance with Chapter 2, Section 9, of the Securities Market Act.

SHARES HELD BY THE BOARD OF DIRECTORS, THE PRESIDENT AND CEO AND THE GROUP MANAGEMENT BOARD

On 31 December 2013, members of YIT Corporation’s Board of Directors, the President and CEO and his deputy owned a total of 13,093,416 YIT shares (31 December 2012: 16,700,860), corresponding to 10.3 per cent of the company’s shares and the votes conferred by them (31 December 2012: 13.1%). Share ownership includes individuals’ direct holdings and the holdings of their close associates and controlled corporations.

 UP-TO-DATE OWNERSHIP DATA BY PERSON is available on YIT’s website at www.yitgroup.com/investors – Major shareholders – Insiders’ ownership in YIT

 TAKE A LOOK at YIT’s online Annual report www.yitgroup.com/investors

MANAGEMENT’S SHAREHOLDING, 31 DECEMBER 2013

	Shares	% of share capital
Board of Directors	13,072,100	10.27
President and CEO	10,624	0.01
Deputy to the President and CEO	10,692	0.01
The Group’s Management Board excluding the President and CEO and his deputy	75,251	0.06
Total	13,168,667	10.35

OWNERSHIP BY SHAREHOLDER GROUPS, 31 DECEMBER 2013

	Number of shareholders	Proportion, %	Number of shares	Proportion, %
Nominee registered and non-Finnish	225	0.5	42,983,600	33.8
Households	40,466	92.5	31,278,958	24.6
Public institutions	46	0.1	16,835,563	13.2
Financial and insurance corporations	129	0.3	13,523,573	10.6
Non-profit institutions	536	1.2	9,374,848	7.4
Non-financial corporations and housing corporations	2,350	5.4	13,226,880	10.4
Total	43,752	100.0	127,223,422	100.0

OWNERSHIP BY NUMBER OF SHARES HELD, 31 DECEMBER 2013

Number of shares	Number of shareholders	Proportion, %	Number of shares	Proportion, %
1–100	11,775	26.9	762,740	0.6
101–500	18,265	41.7	5,132,741	4.0
501–1,000	6,599	15.1	5,229,952	4.1
1,001–5,000	5,864	13.4	12,759,575	10.0
5,001–10,000	656	1.5	4,686,809	3.7
10,001–50,000	454	1.0	9,395,194	7.4
50,001–100,000	59	0.1	4,012,448	3.2
100,001–500,000	54	0.1	10,834,636	8.5
500,001–	26	0.1	74,409,327	58.5
Total	43,752	100.0	127,223,422	100.0

This information is based on the shareholder list maintained by Euroclear Finland Ltd. Each nominee-registered shareholder is recorded in the share register as a single shareholder. The portfolios of many investors can be managed through one nominee-registered shareholder.

Share

SHARE AND SHARE CAPITAL

YIT Corporation's shares are listed on NASDAQ OMX Helsinki. The company has one series of shares. The shares are included in the book-entry system maintained by Euroclear Finland Ltd.

YIT Corporation's share capital and the number of shares outstanding did not change during 2013. YIT Corporation's share capital was EUR 149,216,748.22 at the end of 2013 (2012: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2012: 127,223,422).

TREASURY SHARES

The Annual General Meeting has authorised the Board of Directors to decide on the purchase of the company's shares, share issues and the disposal of treasury shares.

YIT Corporation held 1,839,577 treasury shares at the beginning of the review period purchased on the basis of the authorisation given by the General Meeting on 6 October 2008.

YIT Corporation's Board of Directors confirmed the rewards for the 2012 earnings period under the share-based incentive scheme for YIT's management on 25 April 2013, which were conveyed as a directed share issue without consideration. In the share issue, 224,743 treasury shares held by YIT Corporation were issued and conveyed without consideration to the key persons participating in the Share Ownership Plan according to the terms and conditions of the plan.

During 2013, 18,452 shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme, after which the company held 1,633,286 treasury shares at the end of December 2013.

LARGEST SHAREHOLDERS ON 31 DECEMBER 2013

	Number of shares	% of shares and votes
1. Structor S.A.	12,930,000	10.16
2. Varma Mutual Pension Insurance Company	8,432,100	6.63
3. Mandatum Life Insurance Company Limited	4,370,951	3.44
4. Herlin Antti	4,274,180	3.36
5. LocalTapiola Mutual Pension Insurance Company	3,000,000	2.36
6. Odin funds	1,772,095	1.39
7. Svenska litteratursällskapet i Finland r.f.	1,680,400	1.32
8. Nordea funds	1,659,625	1.30
9. YIT Corporation	1,633,286	1.28
10. State Pension Fund	1,570,000	1.23
11. Danske Invest funds	1,475,832	1.16
12. Ilmarinen Mutual Pension Insurance Company	1,457,115	1.15
13. Brotherus Ilkka	1,304,740	1.03
14. Kaleva Mutual Insurance Company	1,100,000	0.86
15. Aktia funds	1,011,000	0.79
Nominee-registered shares total	27,405,097	21.54
Other shareholders	52,147,001	40.99
Total	127,223,422	100.00



Share-related key figures are on **pages 90–95**.

NUMBER OF SHAREHOLDERS



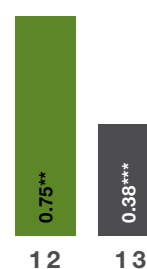
EARNINGS PER SHARE, EUR*



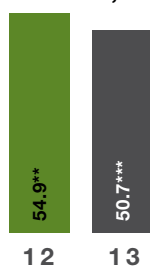
EQUITY/SHARE, EUR*



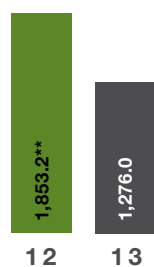
DIVIDEND PER SHARE, EUR



DIVIDEND PAYOUT RATIO OF NET PROFIT FOR THE PERIOD*, %



MARKET CAPITALISATION, EUR MILLION



* Figures according to segment reporting (POC), and therefore describes the continuing operations

** Comparison figures include YIT's Building Services business, which was transferred to Caverion Corporation in the partial demerger on 30 June 2013, and are thus not comparable.

*** Board's proposal

TRADING ON SHARES

The price of YIT's share was EUR 15.08 at the beginning of the year (2 January 2012: EUR 12.38). The closing price of the share on the last trading day of the review period on 30 December 2013 was EUR 10.16 (28 December 2012: EUR 14.78). YIT's share price decreased by approximately 33 per cent during January–December. The highest price of the share during the review period was EUR 17.88 (1–12/2012: EUR 17.25), while the lowest was EUR 8.67 (1–12/2012: EUR 11.87) and the average price was EUR 13.01 (1–12/2012: EUR 14.90). The turnover of the YIT share on Nasdaq OMX Helsinki in January–December amounted to 111,193,000 shares (1–12/2012: 96,887,000 shares). The value of the share turnover was EUR 1,400.8 million (1–12/2012: EUR 1,443.9 million), source: Nasdaq OMX.

In addition to the Helsinki Stock Exchange, YIT's shares are also traded in other marketplaces, such as Chi-X, BATS and Turquoise. The share of trade volume on alternative marketplaces increased clearly compared to the previous year during the review period. During January–December, 73,167,000 YIT Corporation shares changed hands in alternative marketplaces (1–12/2012: 31,183,000 shares), which corresponds to approximately 40 per cent of the entire trading volume of the share (1–12/2012: 25%). Of the alternative marketplaces, YIT shares changed hands particularly in Chi-X, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last trading day of the review period on 30 December 2013 was EUR 1,276 million (12/2012: 1,853 million). The market capitalisation has been calculated excluding the shares held by the company. The business operations of Caverion Corporation, which was established in the partial demerger, were included in the YIT share and its value until 30 June 2013. For this reason, pre-demerger figures are not comparable to the figures after the demerger.

YIT share (YTY1V)

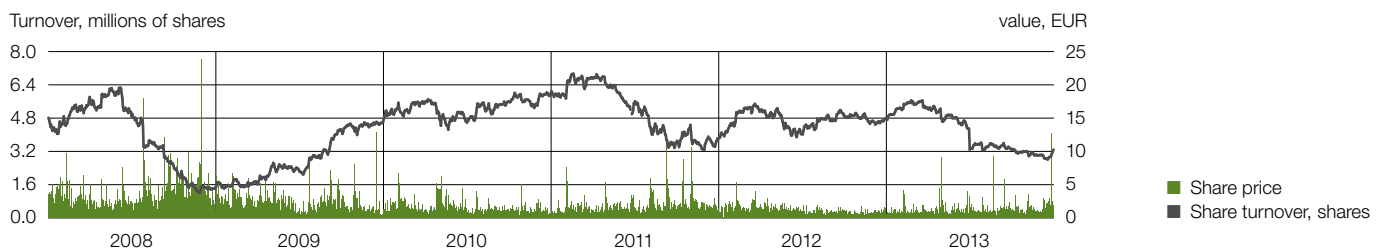
- Listing: NASDAQ OMX Helsinki
- Listing date: 4 September 1995
- Trading currency: EUR
- Segment and sector: Large Cap
- Trading code: YTY1V
- ISIN code: FI0009800643
- Reuters ID: YTY1V.HE
- Bloomberg ID: YTY1V FH

INDICES

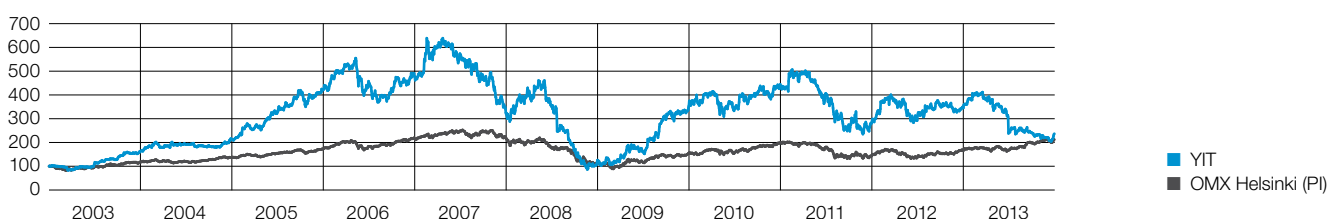
In 2013, YIT shares were included in the following indices, among others:

- OMX GES Ethical Finland Index
- OMX GES Sustainability Finland Index
- OMX Helsinki
- OMX Helsinki 15
- OMX Helsinki 25
- OMX Helsinki Construction and Engineering
- OMX Helsinki Capital Goods
- OMX Helsinki Industrials
- OMX Helsinki Benchmark
- OMX Nordic

SHARE PRICE DEVELOPMENT AND TURNOVER ON NASDAQ OMX HELSINKI



SHARE PRICE DEVELOPMENT IN COMPARISON TO OMX HELSINKI INDEX



Debt financing

TREASURY POLICY

The Board of Directors has approved the Treasury Policy for the Group. The Group Treasury is responsible for the practical implementation of the policy in association with the business units. In accordance with the Treasury Policy, it is one key task of the Group Treasury to ensure the sufficient funds required for business operations and the achievement of strategic objectives. The Group Treasury must ensure the sufficiency of liquid assets for the needs of operational activity, repayment of debt and the annual payout of dividends to YIT's shareholders. Furthermore, it is the aim of the Group Treasury to provide financing as cost-efficiently as possible while minimising net financial expenses, taking care of the management of financial risks and ensuring the sufficient diversification of financing sources.

STRUCTURE AND SOURCES OF FINANCING

YIT has a diverse capital structure and a strong liquidity position.

Cash reserves amounted to EUR 76.3 million at the end of December 2013. In addition, YIT had EUR 330.0 million in committed credit facilities and EUR 65.1 million in overdraft facilities available. Of the committed credit facilities, EUR 30.0 million are valid until December 2014, EUR 250.0 million until December 2015 and EUR 50.0 million until October 2016. YIT Corporation's bank loan and credit facility agreements include a financial covenant linked to YIT's equity ratio. The financial covenant requires an equity ratio higher than 25% and is based on the IFRS balance sheet.

At the end of December 2013, the gearing ratio amounted to 112.0 per cent and the equity ratio to 34.3 per cent.

The Group's financial position enables the implementation of YIT's strategy and the investments it requires. The Group has prepared for macroeconomic uncertainty by diversifying the sources of financing and maintaining the Group's strong liquidity position.

YIT'S DEBT PORTFOLIO ON 31 DECEMBER 2013

Interest-bearing debt amounted to EUR 858.0 million at the end of December, and the average interest rate was 2.7 per cent. The maturity distribution of long-term loans is balanced. A total of EUR 122.5 million of long-term loans will mature during 2014.

Prior to completion of the partial demerger, YIT signed loan agreements related to the partial demerger, carried out a voluntary tender offer for the company's floating rate bonds and changed the terms of two fixed-rate bonds at noteholders' meetings. During the last quarter of the year, YIT concluded a long-term credit facility agreement of EUR 50 million and a long-term loan agreement of RUB 1.6 billion (appr. EUR 35.3 million), which was drawn in the first quarter of 2014. After the end of the financial year, YIT has additionally concluded a loan agreement to secure the refinancing needs of the current year. As necessary, the aforementioned loan's withdrawable amount is approximately EUR 62 million and it enables covering about half of the refinancing need for long-term loans during the current year.

A substantial part of YIT's financing originates from the domestic debt financing market, due to which the company has debt financing programmes for both short-term and long-term financing. Short-term financing is drawn within the framework of the commercial paper programme of EUR 400 million (EUR 158 million in use at the end of December) and long-term financing is drawn within the framework of the bond programme of EUR 600 million updated in the autumn (EUR 294.7 million in use at the end of December).

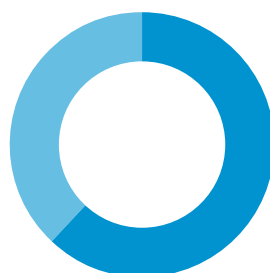
» FURTHER INFORMATION IN THE REPORT OF THE BOARD OF DIRECTORS on **pages 19–32**

SOURCES OF FINANCING



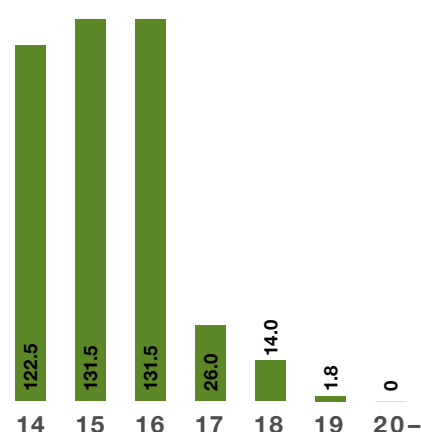
- Bonds 34%
- Commercial papers 18%
- Banks 5%
- Construction stage financing 32%
- Insurance companies 11%

INTEREST RATE OF THE DEBT PORTFOLIO



- Fixed interest rate 62% (Average interest rate 3.5%)
- Floating interest rate 38% (Average interest rate 1.4%)

MATURITY STRUCTURE FOR LONG-TERM DEBT, EUR MILLION



Investor relations

Tasks and objectives

The aim of our Investor Relations is to support the appropriate valuation of YIT shares by continually and consistently communicating all essential information on YIT to all market parties. Investor Relations also aim to increase interest in the company among equity and debt investors as well as analysts, strengthen the loyalty of current shareholders and reach new investors and analysts interested in the company.

Our Investor Relations are responsible for writing interim reports, the financial statements bulletin and stock exchange releases, as well as preparing investor presentations. Our Investor Relations are also responsible for planning and implementing investor communications and daily contacts with investors and analysts. Investor Relations also organise all investor meetings.

YIT's investor relations activity covers the Capital Markets Day, conferences for analysts and the media, conference calls, road show events, participation in investor conferences and events, as well as meetings with investors and analysts. Our investor relations work also involves collecting and analysing investor feedback and information related to shares and bonds issued by the company for the needs of the management and Board of Directors. All inquiries by investors are centrally managed by Investor Relations.

 YIT GROUP'S DISCLOSURE POLICY is published on our website at www.yitgroup.com/investors

Operations in 2013

During 2013, we met more than 1,000 investors and analysts. YIT arranged 35 road show dates with the company's management, meeting investors in Europe, the United States and Canada.

Our Capital Markets Day for investors and analysts was held on 19 September 2013 in Moscow, Russia. The purpose of the event was to communicate YIT's strategy and operations. The day's programme consisted of presentations by the management (including the President and CEO, the Executive Vice President, the CFO and local Russian management) and a visit to construction site in a Moscow. The event had a total of 36 participants. The participants were from Finland, Sweden, Norway, the UK and Russia.

Furthermore, two analyst days were organised, the first of which in Evian, France, in March and the second in Inkoo, Finland, in June. The special theme of the latter analyst day was the presentation of the activities of YIT, which continues after the partial demerger, and Caverion, which was established in the partial demerger, as separate companies.

Analysts following YIT

According to YIT's information, at least the following brokerage firms publish investment analyses on YIT. These parties follow YIT on their own initiative, and we cannot be held responsible for their statements.

ABG Sundal Collier
Berenberg
Carnegie Investment Bank
Danske Markets Equities
DNB Markets
Evli Bank

Handelsbanken Capital Markets
Inderes Oy
Nordea Markets
Pareto Öhman
Pohjola Bank
SEB Enskilda

 CONTACT DETAILS FOR THE ANALYSTS can be found on YIT's [website at www.yitgroup.com/Investors](http://www.yitgroup.com/Investors) – **Investor Relations – Analysts following YIT**

YIT's result publications and annual general meeting in 2014

YIT's Financial Statement Bulletin for 2013 was published on Thursday 6 February 2014. The Annual Report for 2013, including the financial statements, was published in 24 February 2014.

In addition, YIT will publish three interim reports in 2014:

- Interim Report for January–March on 25 April 2014
- Interim Report for January–June on 24 July 2014
- Interim Report for January–September on 30 October 2014

The Financial Statements Bulletin and the interim reports will be published at approximately 8:00 a.m. Finnish time. Prior to each earnings announcement is a so-called "closed period" that starts on 1 January, 1 April, 1 July and 1 October and lasts until the publication of the financial statements or interim report. During the closed period, YIT's representatives do not meet capital market representatives or provide comments on YIT Group's financial state or the future outlook of the company or its markets.

YIT Corporation's Annual General Meeting will be held in Helsinki on 18 March 2014.

RESULT PUBLICATION AND WEBCASTS

YIT holds a news conference for investors and the media in connection with the publication of interim reports and financial statements at its Head Office in Helsinki. It is also possible to participate in the event via conference call. Webcasts of the publication events can be viewed on the YIT website, both live and subsequently as recordings at www.yitgroup.com/webcast.

ORDERING PUBLICATIONS AND RELEASES

YIT's annual reports, interim reports and other publications can be ordered on YIT's website or from YIT's investor communications (tel. +358 (0)40 357 0905) or by e-mail (InvestorRelations@yit.fi). Releases can be ordered directly to your e-mail on the website.

INVESTOR INFORMATION ON THE INTERNET

The Investors section of YIT's website contains, for example:

- Financial reports, stock exchange releases, investor presentations and webcasts and summarised video material of investor events
- Monthly updated data on our major shareholders and the company's statutory insiders and their shareholdings
- Share trading data
- Tools for analysing the share, such as share price search and a total return calculator for calculating the value of your investment in YIT
- Consensus estimates of our earnings
- IR blog in English, discussing topical matters of interest to investors



www.yitgroup.com/investors

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Corporate Governance

YIT Corporation aims for open, transparent and responsible corporate governance. We are committed to good corporate governance through compliance with laws and regulations and implementing best practices. We comply with all of the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association.



ADDITIONAL INFORMATION ON THE INTERNET

- Limited Liability Companies Act: www.finlex.fi
- Rules of NASDAQ OMX Helsinki: www.nasdaqomx.com
- Finnish Corporate Governance Code: cgfinland.fi/en/



ADDITIONAL INFORMATION ON YIT'S WEBSITE

www.yitgroup.com/investors

- investor information pursuant to recommendation 55 of the Finnish Corporate Governance Code, including, among other things, the Corporate Governance Statement
- Articles of Association
- YIT Business Principles

Major events during the year

- Demerger
 - YIT Corporation's Extraordinary General Meeting held on 17 June 2013 approved the demerger plan and decided on the partial demerger of YIT. According to the demerger plan, YIT demerged so that all of the assets and liabilities related to YIT's Building Services business were transferred to Caverion Corporation, a new company established in the demerger. After the demerger, YIT's business operations comprise Construction Services. Following the implementation of the demerger, Caverion Corporation is a public limited company, separate from YIT Corporation and listed on the stock exchange. The registration date of the implementation of the demerger was 30 June 2013.
- Discontinuation of the Working Committee
 - At its meeting on 17 June 2013, YIT Corporation's Board of Directors decided to discontinue the Board's Working Committee. The Board of Directors continues to have two committees, the Audit Committee and the Personnel Committee.
- YIT's Construction Services business has operated in two business segments: Construction Services Finland and International Construction Services. After the partial demerger, the Group's Management Board has included Kari Kauniskangas, the President and CEO of YIT Corporation; Tero Kiviniemi, YIT Corporation's Executive Vice President; Yuri Belomestnov, General Director of YIT Moskovia; Jouni Forsman, head of Infraservices business division; Teemu Helppolainen, head of business area Russia; Harri Isoviita, head of Residential Construction business division; Matti Koskela, head of Building Construction business division; Timo Lehmus, head of Business Premises business division; Timo Lehtinen, Chief Financial Officer; Juhani Nummi, Senior Vice President, Business Development, Pii Raulo, Senior Vice President, Human Resources; Tom Sandvik, head of Central Eastern Europe business division; and Mikhail Voziyanov, General Director of YIT Lentek (St. Petersburg).

YIT'S CORPORATE GOVERNANCE ON 31 DECEMBER 2013

ANNUAL GENERAL MEETING 43,752 shareholders on 31 December 2013	AUDIT Authorised Public Accountants
BOARD OF DIRECTORS Chairman, Vice Chairman, 3 members	
COMMITTEES Audit Committee Personnel Committee	INTERNAL CONTROL Management systems Internal audit Internal guidelines
PRESIDENT AND CEO	
MANAGEMENT BOARD Chairman (President and CEO), Vice Chairman, 11 members	
SEGMENTS Construction Services Finland International Construction Services	

Governing bodies

YIT Corporation's highest decision-making body is the Annual General Meeting, which is composed of the company's shareholders. The Board of Directors and the President and CEO are responsible for the management of the company. Other management personnel assist and support the President and CEO in his tasks. The Board of Directors decides on the Group's governance systems and ensures that the company complies with good corporate governance principles.

ANNUAL GENERAL MEETING

The General Meeting is the Group's highest decision-making body, where the shareholders participate in the supervision and control of the company and exercise their rights to speak and vote. The Annual General Meeting is held each year by the end of March on a date determined by the Board of Directors. Extraordinary General Meetings can be held when the Board of Directors considers it necessary to do so or when required by legislation.

The Annual General Meeting takes decisions on matters falling within its competence by virtue of the Limited Liability Companies Act and the Articles of Association, such as:

- approving the financial statements
- distribution of profits
- discharging the members of the Board of Directors and the CEO from liability
- the election of the Chairman, Vice Chairman and members of the Board and the remuneration paid to them
- the election of the auditors and the remuneration to be paid for the audit
- amendments to the Articles of Association
- decisions leading to changes in the share capital
- share buyback and transferring the company's own shares
- decisions on share options.

The Chairman of the Board of Directors, a sufficient number of members of the Board of Directors, the external auditor and the President and CEO are all present at the meeting. Persons nominated for the

first time to seats on the Board of Directors always participate in the General Meeting deciding on the election unless there are justified reasons for their absence.

The rights of shareholders

Every YIT shareholder has the right to participate in a General Meeting. Participation requires that the shareholder is registered in the shareholder register on the General Meeting's record date, which is eight working days prior to the meeting, and that the shareholder registers for the meeting not later than on the day mentioned in the notice of the meeting.

One share confers one vote at the General Meeting. Shareholders have the right to have matters falling within the competence of the General Meeting by virtue of the Limited Liability Companies Act included on the agenda, provided they demand, in writing, the Board of Directors to do so early enough so that the item can be included in the notice of meeting. The date by which shareholders must present their requests will be published well in advance on the company's website.

The notice of meeting is published no later than three weeks before the meeting on the company's website. The notice contains the agenda, the names of the persons nominated to seats on the Board of Directors and the nominated auditor. The minutes of the General Meeting with voting results are available no later than two weeks after the General Meeting on YIT's website.

Annual General Meeting 2013

The Annual General Meeting was held on 15 March 2013 in Helsinki. A total of 693 shareholders participated in the General Meeting personally or by proxy (2012: 606), representing a total of 63,520,473 (58,555,324) shares and voting rights, which is approximately 49.9 per cent (47.0 per cent) of the company's shares and voting rights. All members of the Board of Directors, the President and CEO and the auditor were present at the meeting.

Extraordinary General Meeting 2013

The Extraordinary General Meeting was held on 17 June 2013 in Helsinki. A total of 629 shareholders participated in the meeting personally or by proxy, representing 55,117,080 shares and voting rights, which was approximately 43.3 per cent of the company's shares and voting rights. All members of the Board of Directors, the President and CEO and the auditor were present at the meeting. The Extraordinary General Meeting decided on the partial demerger of YIT Corporation and, for example, the compositions of the Boards of Directors of Caverion Corporation established in the demerger and YIT Corporation.

» THE RESOLUTIONS OF THE GENERAL MEETINGS are presented as a summary in the Report of the Board of Directors on **page 19**, and they can be viewed in full on our Internet pages **www.yitgroup.com/agm**

BOARD OF DIRECTORS

The Board of Directors supervises and controls the management and operations of the company. The duty of the Board is to promote the interests of all shareholders and the Group by seeing to the administration and proper organisation of operations.

The Board of Directors comprises the Chairman and the Vice Chairman and three to five members elected by the general meeting of shareholders for one year at a time. The Articles of Association have no special provisions on the members of the Board of Directors. The majority of the members must be independent of the company. In addition, we require that at least two of the majority members be independent of the major shareholders of the company. The President and CEO cannot be elected as the Chairman of the Board. Both genders must be represented on the Board.

The Board convenes regularly as summoned by the Chairman. A quorum is established when more than half of its members are present. An opinion supported by more than half of the members present becomes the decision. When the votes are even, the Chairman has the casting vote. The CEO as referendary and CFO as secretary of the Board are present at Board meetings. Other Management Board members participate in the meetings when needed. The CEO and the secretary of the Board prepare the meetings with the Chairman of the Board and draw up the agendas. They also ensure that the Board is provided with sufficient information on matters such as the structure, operations and markets of the company in order to carry out its tasks. The meeting agendas and materials are sent to Board members in good time before the meeting.

The Board of Directors and its committees have ratified standing orders. The members of the Board evaluate the operation of the Board each year, and the results are taken into account in the Board's work and its development.

PARTICIPATION OF BOARD MEMBERS IN MEETINGS 1 JANUARY–31 DECEMBER 2013

	Board of Directors	Audit Committee	Personnel Committee	Working Committee ¹⁾
Henrik Ehrnrooth	15/15		9/9	4/4
Kim Gran	13/15		7/7	
Reino Hanhinen	15/15	3/4	9/9	4/4
Antti Herlin ²⁾	2/2		2/2	
Satu Huber	15/15	6/6		
Erkki Järvinen ³⁾	12/13	5/5		
Ari Lehtoranta ⁴⁾	5/8			
Michael Rosenlew ⁵⁾	10/10	3/3		4/4
Average attendance rate	94%	93%	100%	100%

- 1) The Working Committee was discontinued on 17 June 2013.
- 2) Antti Herlin was a member of the Board and the Personnel Committee until 15 March 2013. Before 15 March 2013, the Board of Directors convened two (2) times and the Personnel Committee likewise two (2) times.
- 3) Erkki Järvinen was a member of the Board and a member of the Audit Committee between 15 March and 31 December 2013. During this time, the Board convened thirteen (13) times and the Audit Committee convened five (5) times.
- 4) Ari Lehtoranta was a member of the Board between 15 March and 30 June 2013. During this time, the Board convened eight (8) times.
- 5) Michael Rosenlew was a member of the Board between 1 January–30 June 2013. During this time, the Board convened ten (10) times. Furthermore, he was the Chairman of the Audit Committee between 1 January and 30 June 2013 and a member of the Working Committee between 1 January and 17 June 2013. During this time, the Audit Committee convened three (3) times and the Working Committee four (4) times.

YIT Corporation's Board of Directors on 31 December 2013

Henrik Ehrnrooth (Chairman)
Reino Hanhinen (Vice Chairman)

Kim Gran
Satu Huber
Erkki Järvinen

AUDIT COMMITTEE
Satu Huber (Chairman)
Reino Hanhinen
Erkki Järvinen

PERSONNEL COMMITTEE
Henrik Ehrnrooth (Chairman)
Reino Hanhinen
Kim Gran

Key tasks of the Board of Directors

Among other duties, the Board of Directors:

- ensures that the supervision of accounting and asset management are organised appropriately
- reviews and approves the company's Financial Statements and the Board of Director's report as well as Interim Reports
- supervises and controls operating management
- elects and dismisses the CEO and his deputy, decides on their salary and agrees on the other terms of their employment
- convenes the General Meeting of shareholders and makes proposals on matters to be included on its agenda
- specifies the dividend policy and makes a proposal to the General Meeting on the dividend to be paid annually
- approves the Group's strategic goals and risk management principles
- approves budgets and action plans and oversees their implementation
- approves significant acquisitions and other investments
- confirms the functional structure of the Group
- ensures the functioning of management systems
- ratifies the Group's values

Board of Directors 2013

The members of YIT Corporation's Board of Directors between 1 January and 15 March 2013 were Henrik Ehrnrooth as the Chairman, Reino Hanhinen as the Vice Chairman and Kim Gran, Antti Herlin, Satu Huber and Michael Rosenlew as members.

The Annual General Meeting held on 15 March 2013 elected five (5) ordinary members to YIT's Board of Directors in addition to the Chairman and the Vice Chairman. Henrik Ehrnrooth was re-elected as Chairman of the Board, Reino Hanhinen was re-elected as the Vice Chairman and Kim Gran, Satu Huber and Michael Rosenlew continued as Board members. Erkki Järvinen and Ari Lehtoranta were elected to the Board as new members.

The Extraordinary General Meeting held on 17 June 2013 confirmed the number of Board members to be three (3) in addition to the Chairman and the Vice Chairman of the Board. Ari Lehtoranta and Michael Rosenlew, who were elected to Caverion Corporation's Board of Directors, left the Board. As of the registration of the implementation of the demerger on 30 June 2013, YIT Corporation's Board of Directors has comprised Henrik Ehrnrooth as the Chairman, Reino Hanhinen as Vice Chairman, and Kim Gran, Satu Huber and Erkki Järvinen as members.

All of the members of the Board of Directors were independent of YIT and its major shareholders, except Henrik Ehrnrooth who is not independent of the company's significant shareholder. He indirectly holds, with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, a controlling interest in Structor S.A., which is a major shareholder of YIT Corporation. During 2013, the Board of Directors convened 15 times, of which five times were after the demerger. The members' total attendance rate was 94 per cent. The Board of Directors conducted a self-evaluation of its work during the period, assessing matters such as the efficiency of its work, the quality of information and materials submitted to the Board, focus areas of its work and the targets set for management. The results of the assessment are to be used in developing the Board's work.

During the first half of the year, the Board's work focused on preparing the partial demerger and the related decision-making. Other focus areas of its work in 2013 included ensuring controlled and profitable growth as part of YIT's strategy work, planning business operations, Group structure, risk management and the Group's working capital, cash flow and financial position.

Timo Lehtinen, the CFO of the Group, served as the secretary of the Board.

Proposal on composition of Board of Directors in 2014

The Board of Directors proposes on recommendation of the Personnel Committee that four (4) members be elected to the Board in addition to the Chairman and the Vice Chairman. The Board of Directors proposes on recommendation of the Personnel Committee that Reino Hanhinen is elected as the Chairman of the Board, Kim Gran as Vice Chairman and Satu Huber, Erkki Järvinen, Juhani Pitkääkoski and Teuvo Salminen as members. Juhani Pitkääkoski and Teuvo Salminen are proposed to the Board as new members. All candidates have given their permission to be elected and are presented in the company's Internet pages.

COMMITTEES FOR THE BOARD OF DIRECTORS

Until 17 June 2013, the Board of Directors had three committees: the Audit Committee, the Working Committee and the Personnel Committee. The Board decided to discontinue the Working Committee on 17 June 2013.

The Board of Directors elects the members and Chairmen of the Committees from among its members at its organisational first meeting each year. All Committees have written standing orders ratified by the Board of Directors. The Committees report to the Board of Directors on the matters dealt with by them and the required actions on a regular basis at the Board meeting following each Committee meeting.

Audit Committee

The Audit Committee assists the Board of Directors in the supervision of the Group's reporting and accounting processes. Its tasks include overseeing the financial reporting process of the company, the effectiveness of internal control, internal audit and risk management systems as well as monitoring and assessing the audit. The Committee reviews the company's Financial Statements and Interim Reports. It evaluates compliance with laws and regulations and follows the Group's financial position.

The Committee convenes four to five times per year and more often, if necessary. It comprises three (3) members independent of the company. In addition, it is required that at least one of the members is independent of major shareholders. Persons who have extensive knowledge of our business operations and business segments and sufficient knowledge of accounting and accounting principles are elected as members. The Group's CFO serves as the secretary of the Audit Committee.

Audit Committee in 2013

Members of the Audit Committee between 1 January and 15 March 2013 were Michael Rosenlew as the Chairman and Reino Hanhinen and Satu Huber as members. At its organisational meeting on 15 March 2013, the Board of Directors elected from among its members Michael Rosenlew as the Chairman and Satu Huber and Erkki Järvinen as members of the Audit Committee. After the demerger, as of 30 June 2013, Satu Huber was elected as the Chairman and Reino Hanhinen and Erkki Järvinen as members of the Audit Committee.

During 2013, the Audit Committee convened six times, of which three times in the new composition of the Committee after 30 June 2013. The members' total attendance rate was 93 per cent. CFO Timo Lehtinen served as the secretary of the Committee. Juhani Pitkääkoski, the company's CEO, also participated in Committee meetings until 30 June 2013, being replaced by Kari Kauniskangas, the new CEO, as of that time. In addition, Ari Ladvelin, head of internal audit, participated in the meetings. The auditor, Heikki Lassila (PricewaterhouseCoopers) also attended the meetings, as did members of the company's management and experts, depending on the matters dealt with by the meeting.

During the financial period, the Audit Committee focused on, for example, preparation for the partial demerger and financing arrangements, making working capital and cash flow more efficient, preparing the company's information management strategy and ensuring and monitoring key IT projects as well as the review of the risk management, litigation and claim processes.



PRESENTATIONS OF MEMBERS OF THE BOARD are on page 30 in the Annual review and also in our Internet pages



www.yitgroup.com/investors – Corporate Governance

Personnel Committee

The task of the Personnel Committee is to assist the Board in matters related to appointing and rewarding key personnel. Among other things, the Personnel Committee participates in the development of the Group's corporate culture and HR policy and the preparation of the remuneration and incentive schemes, the rules for performance-based bonuses and the proposals for performance-based bonuses paid to the management. In addition, identifying talents, the development of key personnel and planning for management replacements fall under the preparation responsibility of the Committee.

The Committee convenes as necessary and as summoned by the Chairman. It has a minimum of three and a maximum of five members, who have knowledge of our business operations and business segments as well as HR and reward-related matters. We require that the members of the Committee are independent of the company as stated in the Finnish Corporate Governance Code. Senior Vice President, Human Resources, serves as the Committee's secretary.

Personnel Committee in 2013

The members of YIT Corporation's Personnel Committee between 1 January and 15 March 2013 were Henrik Ehrnrooth as the Chairman and Reino Hanhinen and Antti Herlin as members. At its organisational meeting on 15 March 2013, the Board elected Henrik Ehrnrooth as Chairman and Kim Gran and Reino Hanhinen as members of the Personnel Committee from among its number.

The Committee convened a total of ten times in 2013. The members' total attendance rate was 100 per cent. Pii Raulo, Senior Vice President, Human Resources, served as the secretary of the Committee.

The main tasks of the Personnel Committee in 2013 were to prepare the key choices of persons in connection with the partial demerger, ratify the rules for performance-based bonuses and prepare the new multi-annual incentive scheme. The Personnel Committee also participated actively in the process of preparing YIT's values and management principles.

Working Committee

The task of the Working Committee was to assist the Board of Directors in matters related to the development of YIT's business operations. The tasks of the Working Committee included addressing matters related to business development and preparing proposals for the Board of YIT. According to its ratified standing orders, the Working Committee addressed matters related to Group strategy, business segment structure, business organisation and significant investments.

The Working Committee convened as necessary, summoned by the Chairman. The Committee had three (3) members: the Chairman of YIT's Board of Directors, the Vice Chairman and a third member elected by the Board of Directors from among its number. The Chairman of the Board acted as the Chairman of the Committee. The President and CEO served as the Committee's secretary.

Working Committee in 2013

Between 1 January and 15 March 2013, the members of the Working Committee were the Board of Directors' Chairman Henrik Ehrnrooth and Vice Chairman Reino Hanhinen, as well as Michael Rosenlew, appointed by the Board of Directors from among its number. At its organisational meeting on 15 March 2013, the Board of Directors decided to keep the composition of the Committee unchanged. The Board of Directors decided to discontinue the Working Committee on 17 June 2013.

The Working Committee convened four times in 2013. The members' total attendance rate was 100 per cent. President and CEO Juhani Pitkääkoski acted as the secretary of the Committee. Members

of the company's management, depending on the matters dealt with at the meeting, attended some of the meetings.

The main task of the Working Committee in 2013 was to prepare and ensure the partial demerger. During the first half of the year, the Working Committee ensured, for its part, the implementation of the efficiency programme of the Building Services Northern Europe business segment and prepared a strategic company acquisition, which was not realised.

PRESIDENT AND CEO

The President and CEO attends to the day-to-day administration of the company in accordance with the instructions and regulations laid down by the Board of Directors. The Board of Directors appoints and discharges the CEO and supervises his operation. It also decides on the CEO's salary and fees and other terms of employment. The CEO ensures that the company's accounting is lawful and asset management is organised reliably. The President and CEO serves as the Chairman of the Group's Management Board.

MANAGEMENT BOARD AND GROUP INVESTMENT BOARD

The President and CEO and other members appointed by the Board of Directors make up the Group's Management Board. The President and CEO appoints the Management Board's secretary. The Group's Management Board, which meets on a regular basis, approximately once a month, assists the Group CEO with operational planning and management and prepares matters that are to be processed by the Board of Directors. Among other duties, the Management Board formulates and coordinates the Group's strategic and annual planning and supervises the implementation of plans and financial reporting. The Management Board actively monitors changes in the operating environment and in the market and the competitor field. Development of co-operation within the Group and promoting common development projects are also among the Management Board's key duties. In addition to the Management Board, a separate Group Investment Board assists the President and CEO in the planning of capital use, investments and the preparation of acquisitions.

The President and CEO is responsible for the decisions made by the Management Board and the Group Investment Board. The task of the members of the Management Board and the Group Investment Board is to implement the decisions in their own areas of responsibility. Both have standing orders ratified by the Board of Directors.

Management Board in 2013

Juhani Pitkääkoski served as YIT Corporation's President and CEO until 30 June 2013. Kari Kauniskangas has acted as the President and CEO since 30 June 2013.

The Group Management Board until 30 June 2013:

- Juhani Pitkääkoski, Chairman, President and CEO of YIT Corporation
- Kari Kauniskangas, Vice Chairman, YIT Corporation's Executive Vice President and deputy to the President and CEO, head of the International Construction Services business segment
- Tero Kiviniemi, head of the Construction Services Finland business segment
- Juha Kostainen, Senior Vice President, Urban Development and Corporate Relations
- Timo Lehtinen, Chief Financial Officer, YIT Corporation
- Matti Malmberg, head of the Building Services Northern Europe business segment
- Pii Raulo, Senior Vice President, Human Resources
- Karl-Walter Schuster, head of the Building Services Central Europe business segment
- Sakari Toikkanen, secretary of the Management Board, Senior Vice President, Business Development, YIT Corporation

The Group Management Board as of 30 June 2013:

- Kari Kauniskangas, Chairman, President and CEO of YIT Corporation
- Tero Kiviniemi, Vice Chairman, YIT Corporation's Executive Vice President and deputy to the President and CEO
- Yuri Belomestnov, General Director of YIT Moskovia (Moscow region)
- Jouni Forsman, head of Infraseservices business division
- Teemu Helppolainen, head of business area Russia
- Harri Isoviita, head of Residential Construction business division
- Matti Koskela, head of Building Construction business division
- Timo Lehmus, head of Business Premises business division
- Timo Lehtinen, Chief Financial Officer
- Juhani Nummi, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources
- Tom Sandvik, head of Central Eastern Europe business division
- Mikhail Voziyanov, General Director of YIT Lentek (St. Petersburg)

The Group Management Board as of 1 January 2014

- Kari Kauniskangas, Chairman, President and CEO of YIT Corporation, head of the Housing segment
- Tero Kiviniemi, Vice Chairman, YIT Corporation's Executive Vice President, head of the Business Premises and Infrastructure segment
- Teemu Helppolainen, head of business area Russia
- Timo Lehtinen, Chief Financial Officer
- Juhani Nummi, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources

In addition to the above, the extended Management Board also includes:

- Yuri Belomestnov, General Director of YIT Moskovia (Moscow region) until 7 February 2014
- Jouni Forsman, head of Infraseservices business division
- Harri Isoviita, head of Residential Construction business division
- Matti Koskela, head of Building Construction business division
- Timo Lehmus, head of Business Premises business division
- Tom Sandvik, head of Central Eastern Europe business division
- Mikhail Voziyanov, General Director of YIT Lentek (St. Petersburg)



A MORE DETAILED PRESENTATION OF THE MEMBERS is on **page 31** in the Annual review and in our Internet pages



www.yitgroup.com/investors – Corporate Governance

The Management Board convened twelve (12) times during the year, of which six (6) times were after the partial demerger. Focus areas of the Management Board's work included the preparation and implementation of the partial demerger, promotion of the strategy of controlled and profitable growth, preparation and monitoring of shared development programmes and development of occupational safety and the Group's ethical principles. After the ratification of YIT's values and management principles, the Management Board has ensured their communication throughout the Group.

INTERNAL AUDIT

YIT Group's internal audit organisation supports the management in the development and supervision of risk management, internal control and good corporate governance. The focus of the work of the internal audit is on business processes and risk management. The work is coordinated with the audit and corporate security. The Group's internal audit reports to the Audit Committee of the Board of Directors and administratively to the President and CEO of YIT Corporation.

Internal audit in 2013

The functions of internal audit were divided between Caverion Corporation and YIT Corporation on 1 July 2013. The operating principles of YIT's internal audit in the new organisation were reviewed and updated. The focus areas of internal audit included the partial demerger, emerging markets, assignments related to reporting and accounting, the management of misconduct risks and the risk management for major projects.

AUDIT

According to the Articles of Association, YIT has one auditor that must be a firm of auditors approved by the Central Chamber of Commerce. The Annual General Meeting elects the auditor based on the proposal prepared by the Audit Committee of the Board of Directors. The auditor audits the company's accounting, Board of Directors' report, Financial Statements and administration for the financial year. The parent company's auditor must also audit the consolidated financial statements and other mutual relations between the Group companies. In conjunction with the Financial Statements, the auditor gives YIT's shareholders an Auditor's Report as required by law. The auditor reports regularly to the Board of Directors. The auditor's fee is paid as per invoice. When electing the auditor, it is taken into account that the aggregate duration of the consecutive terms of YIT's chief auditor may not exceed seven years.

Audit in 2013

The Annual General Meeting in 2013 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit governance and accounts in 2013. The auditor with main responsibility is Heikki Lassila, Authorised Public Accountant, who has been the company's chief auditor since 2008.

AUDIT FEES

EUR million	2013	2012
Audit	0.8	0.9
Certificates and statements	0.2	0.0
Tax advice	0.0	0.4
Other fees	0.8	0.3
Total	1.8	1.6

INSIDER ADMINISTRATION

YIT Group has had Guidelines for Insiders since 1 March 2000. They follow the Guidelines for Insiders approved by NASDAQ OMX Helsinki for listed companies. Our permanent insiders may not trade in securities issued by YIT during the periods between the end of review periods and the publication of financial statements or interim reports (closed window). For the statutory insiders (insiders with duty to declare) and their close associates, the ownership of YIT securities is public. Statutory insiders include the members and secretary of the Board of Directors, the President and CEO, his Deputy, the audit organisation employee with the main responsibility for the audit of the company and the members and secretary of the Group's Management Board. In addition, YIT has permanent company-specific insiders and in special projects separately named project-specific insiders whose holdings are not public. YIT's company-specific insiders are the persons who regularly receive insider information based on their position or duties or whom the company has determined to be company-specific insiders. Company-specific insiders include separately specified management and key personnel of the Group, the President and CEO's secretary, the secretaries of the Executive Vice President and of the CFO and other specified persons. In total, the Group had 48 permanent insiders at the end of 2013. The company maintains a register of its insiders subject to a disclosure requirement

in Euroclear Finland Ltd's system, where information on shareholding is directly available from the book-entry securities system.



UP-TO-DATE OWNERSHIP AND TRADING INFORMATION ON INSIDERS on our website www.yitgroup.com/investors – Major shareholders – Insiders' ownership in YIT

Operating principles and control systems

OPERATING PRINCIPLES AND CONTROL SYSTEMS

YIT complies with the legislation of Finland and its operating countries as well as the regulations and guidelines for listed companies in all of its operations. Operations are also guided by the company's values and business principles, which all of the employees must comply with at all times. The company has ratified the following guidelines and policies: YIT Business Principles, YIT's values and management principles, standing orders of YIT Group and administrative bodies, guidelines for insiders, the Group's disclosure policy, the Group's financing policy, guidelines on the accounting and reporting policies, risk management policy, corporate security policy, investment guidelines and guidelines for acquisitions.

YIT BUSINESS PRINCIPLES

YIT's mission, vision and values are the foundation of YIT's operations and ways of working. Management at YIT is based on transparency and trust, which are founded on YIT's values. Commitment to our values promotes the long-term success of our business. Success in business requires that we respect our stakeholders and produce value for various stakeholders from our customers to our shareholders. YIT Business Principles include the principles that guide our operations in relation to customers, employees, shareholders, business partners, competitors, society and the environment. Every employee is, for his or her part, responsible for complying with YIT Business Principles.

INTERNAL CONTROL AND RISK MANAGEMENT CONNECTED WITH THE FINANCIAL REPORTING PROCESS

After the partial demerger of YIT Corporation, the profit centres of Construction Services continued the implementation of their action plans. Business operations are supported by such functions as Group accounting, IT and financing. Financial reporting and supervision are based on the strategy updated annually, budgets drafted every six months and monthly performance reporting. The most significant part of the accounting material is generated in projects. The profitability of projects and the use of capital is estimated and supervised on a monthly basis as part of the continuous business control.

Our operations are guided by:

KEY EXTERNAL REGULATIONS

- Limited Liability Companies Act
- Rules of NASDAQ OMX Helsinki
- Finnish Corporate Governance Code

KEY INTERNAL REGULATIONS

- Articles of Association
- YIT Group's standing orders
- Standing orders of the Board of Directors, its committees and the Management Boards
- YIT Business Principles

The Group's financial and financing management is responsible for identifying and assessing financial risks. The CFO is a member of the Group's Management Board, and he serves as the secretary of the Audit Committee. The financial management of the business divisions and units is responsible for reporting in their own areas of responsibility according to the Group guidelines. The representatives of centralised financial functions and the CFOs of business segments convene on a monthly basis to review matters that concern segments, the most significant development projects and topical special issues concerning financial administration.

The risks of financial reporting are assessed every year and, on the basis of this, internal control is developed to manage risks. Key means of risk management include the Group's accounting guidelines and the accounting information systems, as well as the controls related to the forecasting of the financial result of projects. There is an anonymous reporting channel through which matters related to suspected financial misconduct can be reported.

In 2013

In 2013, the Russian companies continued to harmonise the local accounting and information system. In the Baltic countries and Central Eastern Europe, a unified financial administration system was adopted in all countries. Risks related to financial reporting have been identified and evaluated annually. The most significant reporting risks were considered to include the reliability of projects' financial forecasts and the accounting based on them, resource issues in financial administration, risks related to the schedules of reporting, the reliability of cash flow forecasts and valuation issues related to completed unsold residential units. The focus areas for development work included improving the quality of project forecasts and cash flow reporting, monitoring of the use of capital and the harmonisation work on the Russian accounting system. The development work on the next generation information system for project management and reporting was also begun.



THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS CONNECTED WITH THE FINANCIAL REPORTING PROCESS are described in more detail in YIT Corporation's Corporate Governance Statement at www.yitgroup.com/investors – Corporate Governance

YIT Corporation remuneration statement 2013

The aim of YIT's remuneration systems is to reward good performance, increase the personnel's motivation, and commit the company's management and its employees to the company's objectives in the long term.

DECISION-MAKING REGARDING REMUNERATION

YIT Corporation's Annual General Meeting decides on the fees for the Board of Directors. The Board of Directors decides on the salary and fees and other terms of employment of the CEO and other key Group employees, such as the CEO's deputy and members of the Group's Management Board.

The Personnel Committee of the Board of Directors prepares matters related to the appointment and remuneration of the Board members and the Group's key personnel as well as the Group's HR policy. Among other things, the Committee prepares proposals for the appointment of the Board members, President and CEO and other Group key personnel, as well as their remuneration and other terms of employment. In addition, its tasks include preparing the Group's bonus rules and other issues related to pay policy.

REMUNERATION OF BOARD MEMBERS

The Annual General Meeting 2013 decided that the Board of Directors be paid remuneration as follows:

- Chairman: EUR 6,600 per month (EUR 79,200 per year)
- Vice Chairman: EUR 5,000 per month (EUR 60,000 per year)
- Members: EUR 3,900 per month (EUR 46,800 per year)

In addition, a meeting fee of EUR 550 is paid for each Board and committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the State's travel compensation regulations.

Proroposal for fees for 2014

The Board of Directors proposes to the Annual General Meeting on recommendation of the Board's Personnel Committee that the fees to be paid to the Board of Directors remain the same as in 2013.

Share-based incentive schemes

Members of YIT Corporation's Board of Directors are not included in the share-based incentive scheme.

Management remuneration

The remuneration paid to the Group's Management Board is comprised of:

- Fixed salary
- Fringe benefits, such as company car and meal benefit
- Annual performance-based bonus, and
- Long-term incentive schemes, such as the share-based incentive scheme and pension benefits.

Performance-based bonuses

The basis of remuneration is a fixed salary, in addition to which most of the Group's salaried employees are included in a performance-based bonus scheme. The Board of Directors confirms the criteria for the payment of performance-based bonuses every six months.

The bonuses paid are determined on the basis of the realisation of personal profit objectives, the Group's financial result, and the attainment of profitability, growth and development objectives. Performance and development discussions are an essential part of the management by key results system. In these discussions, employees and their superiors agree on the key objectives and their relative weighting and review the fulfilment of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance-based bonuses are specified at the business division and unit level.

The maximum annual performance-based bonus paid to the CEO and the Management Board may equal 50–60 per cent of their annual taxable pay excluding the performance-based bonus.

Other monetary rewards in use at YIT include new-initiative bonuses and years-of-service bonuses.

Share-based incentive scheme

YIT has implemented a share-based incentive scheme to support the company's strategy for profitable growth and supplement the already available incentive schemes.

The scheme consists of three earnings periods, i.e. the calendar years 2010, 2011 and 2012. Shares were handed over in 2011, 2012 and 2013 based on the performance the previous year. A total of

REMUNERATION OF BOARD DIRECTORS 1 JANUARY–31 DECEMBER 2013

	Board membership	Board meetings	Audit Committee meetings	Personnel Committee meetings	Working Committee meetings	Total 2013	Total 2012	Member of the Board 2013
Henrik Ehrnrooth	79,200	8,250		4,950	2,200	94,600	94,050	1 Jan–31 Dec
Kim Gran	46,800	7,150		3,850		57,800	51,750	1 Jan–31 Dec
Eino Halonen ^{*)}							11,700	
Reino Hanhinen	60,000	8,250	1,650	4,950	2,200	77,050	75,950	1 Jan–31 Dec
Antti Herlin	11,700	1,100		1,100		13,900	54,500	1 Jan–15 Mar
Satu Huber	46,800	8,250	3,300			58,350	55,600	1 Jan–31 Dec
Erkki Järvinen	37,050	6,600	2,750			46,400		15 Mar–31 Dec
Ari Lehtoranta	13,650	2,750				16,400		15 Mar–30 Jun
Michael Rosenlew	23,400	5,500	1,650		2,200	32,750	60,000	1 Jan–30 Jun
Board of Directors, total	318,600	47,850	9,350	14,850	6,600	397,250	403,550	

^{*)} Eino Halonen was a member of the Board, Audit Committee and Personnel Committee until 13 March 2012.

approximately 700,000 shares could be rewarded annually, of which a maximum of 20,000 to the President and CEO.

Employees included in the incentive scheme are obligated to not transfer their shares within two years of having obtained them for the shares based on performance in 2010 and three years for the shares based on performance in 2011 and 2012, i.e. throughout the duration of the commitment period. If the employment of an employee included within the scope of the scheme is terminated during the commitment period, the employee must return any shares obtained as rewards to the company free of charge. In the case of shares granted for 2010, the commitment period has ended.

According to the terms and conditions of the share-based incentive scheme, YIT Corporation's Board of Directors ratified the numbers of shares to be granted by key person on 25 April 2013 on the basis of the objectives and results set for 2012. The handing over was implemented as a directed, gratuitous share issue using the company's own shares possessed by the company. The number of shares

handed over was 224,743, and 247 key persons of the Group were entitled to them.

After the registration of the implementation of the partial demerger of YIT Corporation on 30 June 2013, persons in the employ of YIT Group had a total of 164,405 shares granted as bonuses in 2013.

During 2013, a total of 18,452 shares were returned to the company in accordance with the terms and conditions.

Pension, retirement age and termination compensation

The contractual retirement age of the CEO and his deputy is 62. In other respects, the statutory retirement ages apply to the members of the Management Board. The contractual pension of the CEO and his deputy amounts to 60 per cent of salary accounted according to Finnish employment pension law. The contractual period of notice is six months. If the company terminates the contract, the CEO and his deputy shall also be paid separate compensation amounting to 12 months' salary.

Remuneration paid to the CEO and Management Board in 2013

Between 1 January and 30 June 2013, Juhani Pitkääkoski served as the President and CEO of YIT Corporation. He was paid a performance-based bonus of EUR 91,523 in March 2013 according to the results of July–December 2012. In 2013, Juhani Pitkääkoski was granted 6,340 shares through the share-based incentive scheme on the basis of the 2012 results. The aggregate value of the shares and the related monetary bonus was EUR 214,260.

As of 30 June 2013, Kari Kauniskangas, who was previously YIT Corporation's Executive Vice President, has served as YIT Corporation's President and CEO. In 2013, he was paid a total of EUR 120,629 in performance-based bonuses. Of this amount, EUR 60,629 was paid according to 2012 results and EUR 60,000 according to the results of January–June 2013.

In 2013, Kari Kauniskangas was granted 3,804 shares through the share-based incentive scheme on the basis of the 2012 results. The aggregate value of the shares and the related monetary bonus was EUR 125,850.

REMUNERATION PAID TO THE CEO AND MANAGEMENT BOARD IN 2013

1 January–30 June 2013

Juhani Pitkääkoski, President and CEO

Other Management Board:

- Kari Kauniskangas, Executive Vice President and deputy to the CEO, head of the International Construction Services business segment
- Tero Kiviniemi, head of the Construction Services Finland business segment
- Juha Kostiainen, Senior Vice President, Urban Development and Corporate Relations
- Timo Lehtinen, Chief Financial Officer
- Matti Malmberg, head of the Building Services Northern Europe business segment
- Pii Raulo, Senior Vice President, Human Resources
- Karl-Walter Schuster, head of the Building Services Central Europe business segment
- Sakari Toikkanen, Secretary to the Management Board, Senior Vice President, Business Development

REMUNERATION PAID TO THE CEO AND MANAGEMENT BOARD 1 JANUARY–30 JUNE, EUR

	Fixed salary	Fringe benefits	Bonuses paid	Option income	Total 1 January– 30 June 2013	Total whole year 2012
President and CEO	274,211	9,320	91,523	214,260	589,314	750,276
Total other Management Board	956,740	58,821	216,207	817,310	2,049,078	2,466,529

30 June–31 December 2013

Kari Kauniskangas, President and CEO

Other Management Board:

- Tero Kiviniemi, Executive Vice President, deputy to the President and CEO
- Yuri Belomestnov, head of Moskovia business division (Moscow Region)
- Jouni Forsman, head of InfraserVICES business division
- Teemu Helppolainen, head of business area Moscow and Russia
- Harri Isoviita, head of Residential Construction business division
- Matti Koskela, head of Building Construction business division
- Timo Lehmus, head Business Premises business division
- Timo Lehtinen, Chief Financial Officer
- Juhani Nummi, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources
- Tom Sandvik, head of Central and Eastern Europe business division
- Mikhail Voziyanov, head of St. Petersburg business division

REMUNERATION PAID TO THE CEO AND MANAGEMENT BOARD 1 JUNE–31 DECEMBER, EUR

	Fixed salary	Fringe benefits	Bonuses paid	Option income	Total 1 July– 31 December 2013	Total whole year 2012
President and CEO	201,913	7,458	60,000		269,371	750,276
Total other Management Board	1,322,629	57,319	327,460		1,707,408	2,466,529

Risk management

YIT's risk management policy aims to identify major risk factors and optimally manage these factors so that the company achieves its strategic and financial objectives. The starting point is to manage the Group's total risk exposure, not merely the management of individual risk factors. Controlled risk-taking may have a favourable impact on the company's development.

Process

Risk management is an integral part of the Group's management, monitoring and reporting systems. Risk management covers the identification and assessment of risks and contingency plans for all major risk categories.

The nature and probability of strategic risks is continuously monitored and reported on. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy. As a result of the assessment, the major risks of the business segments, Corporate Services and the Group level are compiled in a risk register and classified into a risk matrix based on their likelihood of occurrence and possible impacts. The risk reports are reviewed by YIT's Board of Directors, the Group's Management Board and the Management Boards of the business divisions.

Operational and event risks are reported at the business unit and division level on a monthly basis as part of the normal monitoring of performance. Operational risks are related to the nature of business operations, and they can be managed by developing the operating and resolution procedures.

Financial risks are reported at the business unit and division level on a monthly basis as part of the normal monitoring of performance and quarterly to the Board of Directors' Audit Committee. The risks associated with the financial reporting process are identified and assessed annually.

Organisation

The Board of Directors approves the risk management policy and its objectives, and guides and supervises the planning and execution of risk management. The Audit Committee of the Board of Directors assists the Board of Directors in supervisory duties related to YIT Group's reporting and accounting processes, including internal control, risk management, internal audit and guiding and supervising the audit. The Personnel Committee addresses matters related to personnel remuneration systems and successor planning.

The President and CEO retains overall responsibility for risk management. The President and CEO is responsible for the organisation and the design, development, coordination and monitoring of the risk management strategy, as well as its implementation and communication throughout the organisation. The President and CEO reports to the Board of Directors.

The management of the divisions identify, assess and monitor the major risks facing their respective business segments, draw up contingency plans for those risks and attend to the implementation and supervision of risk management. The management of the divisions report to the President and CEO.

The Group's financial and finance management is responsible for identifying and assessing financial risks, reporting to Group management.

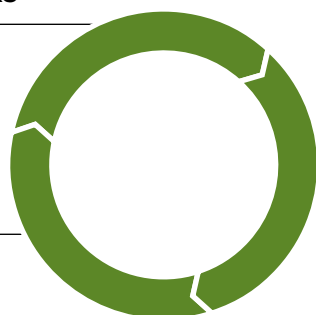
The Group's internal audit organisation supports YIT's management in arranging and developing risk management and internal control. The internal audit reports to the Audit Committee of the Board of Directors and to the President and CEO.

MANAGEMENT OF REALISED RISKS

- Insurance policies
- Crisis management: minimising the effect of realised risks

PROTECTION

- Evaluation of risk management
- Quality systems
- Internal control



PREVENTION

- Identification of risks
- Evaluation of the probability and impact/significance of risks
- Corrective measures

Focus areas for risk management in 2013

The most significant risks associated with YIT's operations are those concerned with reacting to changes in the market situation as well as managing acquisitions and plot investments, agreements and projects.

Key tasks of risk management for 2013 included assessing the competitive environment, planning YIT's partial demerger and ensuring the success of the measures, developing capital efficiency and strengthening the management methods of the new YIT.

MARKET SITUATION

The markets continued to be uncertain and flat in 2013. Efficient market monitoring was maintained and a number of sales efficiency measures were implemented.

A contingency plan was developed for various market situations, and the risk-bearing capacity of the Group was analysed during the second half of the year. The contingency plan includes various measures concerning, for example, sales activation efforts, adjusting the cost structure, renewal of procurement agreements and efforts to improve payment terms and conditions.

Changes in the availability of housing loans and property financing are key risks related to the demand for residential units and business premises.

Monitoring market changes that have an effect on consumer confidence is key in all countries where YIT acts as a residential construction company – Finland, Russia, the Baltic countries, the Czech Republic and Slovakia. When reviewed by country, it is key to manage risks related to changes in the operating environment in countries where the focus of operations is on investment-intensive residential development production.

INVESTMENTS

From the point of view of investments, there are risks related to the integration and development of possible acquisitions as well as plot investments, particularly in operating countries other than Finland.

During the past year, YIT did not make any large company investments.

YIT actively replenished its plot reserves by acquiring plots and making preliminary agreements on plots in order to ensure good opportunities for residential start-ups in the future as well. No write-offs were made on plots during 2013. YIT tests the value of its plots as required by IFRS accounting principles. Plot reserves are measured at acquisition cost and the plot value is reduced when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs.

Investments are controlled through semi-annual budgeting and compliance with the resolution procedure pursuant to investment guidelines, according to which decisions on investments are made by the Group's investment management team or by YIT Corporation's CEO or Board of Directors, depending on the value of the investment. YIT is able to adjust the volume of investments flexibly and quickly as the market situation changes.

PROJECT MANAGEMENT

The significance of the management of individual projects becomes more emphatic as the infrastructure services and number of major residential and business premises projects increase.

Attention is continuously paid to maintaining a good culture of project management through training and audits. It is essential to ensure the professional skills of the personnel, functional systems and compliance with shared policies and guidelines.

YIT's partial demerger

During 2013, YIT Group demerged into two independent listed companies, YIT and Caverion. Risk management related to the demerger was managed through separate planning and the related contingency plans. The greatest risks concerned IT systems and personnel. The implementation of the demerger succeeded well, and none of the related strategic, operational or financial risks materialised.

Most significant risks

YIT classifies as risks those factors that might endanger the achievement of the Group's strategic and financial goals if they should materialise. Risks are divided into strategic, operational, financial and event risks. The identification and management of risk factors take into account the special features of the business and operating environment.

Strategic risks

CHANGES IN THE OPERATING ENVIRONMENT

Changes in economic, demographic, technological and political factors have an effect on the demand for YIT's services and the prevailing level of costs.

YIT's operations have been developed with a view to achieving a geographical balance so that economic fluctuations impact on operations at different times in different markets. Large regional projects and tender-based projects also enable planned flexibility in different market situations.

Continuous monitoring and analysis make it possible to react quickly to changes in the operating environment and to utilise the new business opportunities provided by them.



THE MARKET OUTLOOK IS PRESENTED in the Report of the Board of Directors on **page 32**

IMPLEMENTATION OF ACQUISITIONS AND ESTABLISHMENT OF NEW BRANCHES

The implementation of acquisitions and expanding into new geographic areas requires taking note of and managing cultural, legislative and political factors. YIT's primary goal is to expand its operations in countries where it currently operates by establishing new branches supported by the existing company structure.

Risks associated with acquisitions and outsourcing are managed by selecting projects according to strict criteria and effective integration processes that familiarise new employees with YIT's values, operating methods and strategy. The Group has adopted a common guideline and process for acquisitions. As the organisation becomes larger and more international, governance, operational and reporting systems are harmonised across different countries and business segments. YIT's success factors include a strong corporate culture and a clear management system.

MANAGEMENT OF CAPITAL

The majority of the Group's services are residential and business premises development projects, which, however, require investments in plots of land, and capital is also tied to the development of the plots as well as on-going production.

In risk management it is essential to manage the Group's investments. The amount of capital is adjusted by decreasing or increasing the number of start-ups and plot investments and developing the terms of purchases of plots. Investments are reviewed in accordance with the Group's investment guideline by the President and CEO or the Board of Directors, depending on their size, taking the company's total risk exposure into account and being able to react quickly to changes in the market situation.

Operational risks

PLOT ACQUISITIONS

In residential and commercial development projects, YIT is responsible for the full implementation of the projects from plot acquisition and development. Plots are purchased in countries where YIT functions as a construction company – Finland, Russia, the Baltic countries as well as the Czech Republic and Slovakia – from the private and public sectors.

Risk management surveys the rights of ownership to the plots, matters related to infrastructure connections and environmental requirements, among other areas, as well as reasonable terms and conditions of agreement. YIT does not acquire plots that do not meet the conditions set by the Group. Plot acquisitions are evaluated from the point of view of regional opportunities, needs and capital management.

SALES RISK

In residential development projects, YIT is responsible for selling the residential units, and in commercial development projects, leasing and selling the premises. The Group's order backlog therefore includes production with sales and price risks. The sales risk included in the order backlog is mainly comprised of residential units under construction or completed but which are unsold.

YIT manages sales risk by matching the number of its housing start-ups with the estimated residential demand and the number of unsold residential units. Design management ensures that the room division and other properties of the residential units match the market demand. In business premises projects, YIT normally secures key tenants and/or the investor prior to starting the project. Preparations are also made to make new contractual arrangements in order to secure financing for the projects.

CONTRACT TENDERS AND SERVICE AGREEMENTS

YIT's business operations consist of hundreds of projects and service agreements, and therefore attention must be paid to the management of different agreements.

In tender-based projects, YIT is selective with regards to their risks and profitability.

The contents, risks and terms and conditions of all contracts and agreements are reviewed in accordance with specified processes. Tendering authorisations are specified on the basis of the financial significance of the projects.

PROJECT MANAGEMENT

YIT's operations have relatively few individual major projects considering the size of the Group. Project cost and implementation management is a major area of focus, particularly in property development projects that are by nature individual and large-scale projects. In addition, effective contract management requires comprehensive levels of project management expertise in order to reach the desired profitability. In long-term service agreements, YIT commits to the agreed service level and the pricing principles.

Project management personnel are required to hold specified competences, and shared decision-making processes and operating systems are followed by the management. The progress of projects is monitored and controlled at all phases in both tender-based and development production. The monitoring of profitability extends throughout the organisation from the project to Group level.

PERSONNEL

The majority of YIT's business is labour-intensive, meaning that the availability and commitment of skilled employees is a prerequisite for organic growth.

The aim is to ensure skilled and sufficient numbers of personnel by valuing YIT's culture and values and maintaining a good atmosphere at work. The commitment of employees and YIT's appeal as an employer is supported through satisfying tasks and encouraging compensation, offering opportunities for training and job rotation as well as cooperation with educational establishments. In addition, succession planning for key employees is ensured.

In order to ensure ethical operations, the Group has common ethical guidelines and effective methods for reporting and processing any misdemeanours. The guidelines are reviewed on a regular basis, and compliance is supervised by means of internal and external auditing.

Financial risks

Financial risks include risks related to the sufficiency of financing, currency and interest rates, credit and counterparty risks and risks related to the reporting process. Financial risks are managed through accounting and financing policies as well as internal and external auditing.

The Group Treasury is responsible for the sufficiency of the sources of financing and that the maturity distribution of external loans is balanced. It is also responsible for the management of the counterparty risk related to derivative contracts and cash and cash equivalents. The Group Treasury implements the Group's hedging policy.

The business units manage the liquidity risk through semi-annual cash flow planning and monthly cash flow estimates. They are also responsible for the management of risks related to accounts receivable.



AN ACCOUNT OF FINANCIAL RISKS CAN BE FOUND in the notes to the Financial Statements for 2013 on **pages 68–72**



THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS CONNECTED WITH THE FINANCIAL REPORTING PROCESS are described on **page 12**

Event risks

Possible event risks include accidents related to personal or information security and sudden and unforeseen material damage to premises, project sites and other property, resulting from fire, collapse or theft, for example.

YIT complies with a group-wide security policy covering the different areas of security. Extensive training is provided for occupational safety-related matters, and its development is monitored from unit level to the Group's Management Board and Board of Directors. The IT infrastructure and practices are managed through IT policies covering guidelines on data networks, anti-virus protection and licences. Event risks are additionally managed through contingency plans and a target-oriented insurance policy. There are few projects that are considerably large and whose insurance should be separately surveyed with regard to the overall extent of operations.

RISK MAP

RISKS	MANAGEMENT METHODS
Strategic risks	
Changes in the operating environment	<ul style="list-style-type: none"> Balanced business structure Foreseeing, monitoring and analysis processes and ability to react
Acquisitions	<ul style="list-style-type: none"> Selection criteria, integration programmes, development of governance systems Contractual terms
Management of capital	<ul style="list-style-type: none"> Balanced business structure Amount of investments and project start-ups
Operational risks	
Plot acquisitions	<ul style="list-style-type: none"> Analysis of plot-related terms and conditions and opportunities Contractual terms
Sales risk	<ul style="list-style-type: none"> Adjustment of start-ups according to sales volume Design management Contractual arrangements
Contract tenders and service agreements	<ul style="list-style-type: none"> Tender and risk analyses Contractual expertise
Project management	<ul style="list-style-type: none"> Competence of personnel and operating systems Regular auditing Monitoring and control of profitability and degree of completion
Personnel	<ul style="list-style-type: none"> Culture, values, work atmosphere, duties, training and career planning Ethical guidelines
Financial risks	
<ul style="list-style-type: none"> Sufficiency of financing Interest rate and currency risks Credit and counterparty risks Risks related to the reporting process 	<ul style="list-style-type: none"> Accounting and financing policies Internal and external audit Diverse sources of finance and balanced maturity structure Continuous cash flow planning and forecasting
Event risks	
Accidents related to personal or data security or material damage to property	<ul style="list-style-type: none"> Security policy Insurance policy and plans

Board of Directors' report

1 January–31 December 2013

Board of Directors' report and the tables therein describe the construction business, i.e. the continuing operations after the partial demerger, unless otherwise noted. The demerger of Caverion Corporation from YIT was registered on 30 June, 2013.

Major events during the financial year

DEMERGER

In its meeting on 4 February, 2013, the Board of Directors of YIT decided to begin preparations for splitting up the Construction Services business and the Building Services business into two separate groups. In June, following a resolution of the Extraordinary General Meeting, the Building Services business was separated by a partial demerger from YIT Corporation into an independent company, Caverion Corporation. YIT Corporation continues the Construction Services business after the demerger. The underlying reason for the demerger was to enable a more effective implementation of strategies and a more focused management of the businesses through a more transparent business structure. The partial demerger was registered with the Finnish Trade Register on 30 June, 2013.

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

YIT Corporation's Annual General Meeting was held in Helsinki on 15 March, 2013. The Annual General Meeting approved the 2012 financial statements and discharged the members of the Board of Directors and the President and CEO from liability. It was decided that a dividend of EUR 0.75 be paid per share, or a total of EUR 94.0 million, as proposed by the Board of Directors, and the remainder of the earnings be retained in distributable equity. The record date was set as 20 March, 2013 and 27 March, 2013 as the payout date. No dividend was paid on treasury shares.

The Annual General Meeting resolved to elect a Chairman, Vice Chairman and five ordinary members to the Board of Directors. Henrik Ehrnrooth was elected as Chairman of the Board, Reino Hanhinen was elected as the Vice Chairman, and Kim Gran, Satu Huber, Erkki Järvinen, Ari Lehtoranta and Michael Rosenlew were elected as Board members.

It was resolved to pay the Board of Directors remuneration as follows: the Chairman EUR 6,600 per month (EUR 79,200 per year), the Vice Chairman EUR 5,000 per month (EUR 60,000 per year) and the Board members EUR 3,900 per month (EUR 46,800 per year), in addition an attendance fee of EUR 550 per meeting. Likewise, it was resolved that the members of Board Committees are paid a meeting fee of EUR 550 for each Committee meeting. Per diem rates for trips in Finland and abroad were resolved to be paid in accordance with the State's travel compensation regulations.

The Annual General Meeting re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit the administration and accounts of the financial period 2013. Heikki Lassila, Authorised Public Accountant, appointed by PricewaterhouseCoopers Oy, continued as chief auditor. The auditor's fees will be paid against their invoices approved by the company.

The Annual General Meeting authorised the Board of Directors to decide on the purchase of YIT's own shares as proposed by the Board of Directors. The authorisation covers the purchasing of a maximum of 10,760,000 company shares using the company's unrestricted equity. The authorization is valid until 31 March, 2014.

YIT Corporation published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on 15 March, 2013. The stock exchange releases are available on YIT's website: www.yit.group.com.

BOARD ORGANISATION

The organisational meeting of YIT Corporation's Board of Directors was held on 15 March, 2013. The meeting decided on the composition of the Personnel Committee, Audit Committee as well as the Working Committee.

The Board elected Henrik Ehrnrooth as Chairman and Kim Gran and Reino Hanhinen as members of the Personnel Committee from among its members. The Board of Directors elected from among its number Michael Rosenlew as the Chairman and Satu Huber and Erkki Järvinen as members of the Audit Committee. In addition, the Board of Directors elected from among its number Henrik Ehrnrooth as the Chairman and Reino Hanhinen and Michael Rosenlew as members of the Working Committee.

RESOLUTIONS PASSED AT THE EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting was held on 17 June, 2013 in Helsinki. The Extraordinary General Meeting approved the demerger plan and decided on the partial demerger of YIT in accordance with the demerger plan. In addition, the General Meeting decided on the composition of the Board of Directors of Caverion Corporation and their fees, the election of the auditor and its fee, the authorisation of the Board of Directors of Caverion on the repurchase of own shares and share issues as well as on the composition of the Board of Directors of YIT.

According to the demerger plan, YIT demerged so that all of the assets and liabilities related to YIT's Building Services business were transferred to Caverion, a new company established in the demerger. YIT's Construction Services business remained with YIT. Following the implementation of the demerger, Caverion Corporation is an independent public limited company, separate from YIT Corporation. The registration date of the demerger was 30 June, 2013.

The number of members of YIT's Board was confirmed as three members in addition to a Chairman and a Vice Chairman. Henrik Ehrnrooth continued to serve as Chairman, Reino Hanhinen as Vice Chairman and Kim Gran, Satu Huber and Erkki Järvinen as members on YIT's Board of Directors. The proposed changes to the number of the board members and to the board's composition of YIT became valid provided that the implementation of the demerger be registered.

YIT Corporation published stock exchange releases on the resolutions passed at the Extraordinary General Meeting and the organisation of the Board of Directors on 17 June, 2013. The stock exchange releases and the presentation of the members of the Board of Directors are available on YIT's website at www.yitgroup.com.

BOARD COMMITTEES AND THEIR COMPOSITION FOLLOWING THE DEMERGER

YIT's Board of Directors decided on its committees in its meeting on 17 June, 2013. From among its members, the Board elected Satu Huber as chairman of the Audit Committee and Reino Hanhinen and Erkki Järvinen as members. The Personnel Committee remained unchanged: Henrik Ehrnrooth as chairman and Kim Gran and Reino Hanhinen as members. The Board decided to discontinue the Working Committee.

ACQUISITIONS AND CAPITAL EXPENDITURES

In 2013, YIT increased its holding in YIT Moskovia by 5.92 percentage points and now holds all of the shares in the company. The purchase price was EUR 5.1 million. In 2013, the company did not carry out any other significant acquisitions.

Gross capital expenditure on non-current assets amounted to EUR 20.2 million in 2013 (1–12/2012: EUR 28.4 million), or 1.2% (1–12/2012: 1.4%) of the revenue based on Group reporting. Investments in construction equipment amounted to EUR 6.4 million (1–12/2012: EUR 15.8 million) and investments in information technology to EUR 6.3 million (1–12/2012: EUR 7.9 million). Other investments, including the acquisition of the minority share in YIT Moskovia, amounted to EUR 7.5 million (1–12/2012: EUR 4.8 million).

During the second quarter of 2013, YIT sold information technology assets to Caverion Corporation in connection with the demerger. The selling price was EUR 20.8 million.

YIT recorded EUR 17.4 million in depreciation during the review period (1–12/2012: EUR 20.6 million).

RESEARCH AND DEVELOPMENT

A strong understanding of the customers and the development of concepts play a key role in the reform of each of YIT's businesses. Development activities leverage the power of the entire personnel through the Generator operating model. The model improves the effectiveness of the early stages of the idea generation and innovation process by creating channels for systematic idea collection, tools for effective screening and procedures for refining ideas for decision making.

In addition, the implementation of the strategy is facilitated by three Group-wide development programmes: Housing development, Wider financial operating space as well as Excellent leadership and balanced values. The aim of the "Best Living Experience" programme in housing development is to support the forerunner position and profitability throughout the Group's housing business. The key development areas of the Wider financial operating space programme are effective capital allocation, and improving capital turnover as well as efficient inventory management. YIT's common values are specified and management principles have been prepared in order to support supervisory work. The values constitute a basis for decision-making for everyone. The aim is to make YIT the most desirable employer in the sector in its operating countries.

The Group's investments in research and development efforts in 2013 amounted to EUR 15.0 million (1–12/2012: EUR 7.5 million), representing 0.9% of revenue (1–12/2012: 0.4%) based on Group reporting.

CHANGES IN COMPANY MANAGEMENT

Juhani Pitkäkoski served as YIT Corporation's President and CEO until 30 June, 2013. Kari Kauniskangas has served as the President and CEO since 30 June, 2013.

The Group Management Board until 30 June, 2013:

- Juhani Pitkäkoski, Chairman, President and CEO
- Kari Kauniskangas, Deputy Chairman, Executive Vice President and deputy to the CEO, head of the International Construction Services business segment
- Tero Kiviniemi, head of the Construction Services Finland business segment
- Juha Kostiainen, Senior Vice President, Urban Development and Corporate Relations
- Timo Lehtinen, Chief Financial Officer
- Matti Malmberg, head of the Building Services Northern Europe business segment
- Pii Raulo, Senior Vice President, Human Resources
- Karl-Walter Schuster, head of the Building Services Central Europe business segment
- Sakari Toikkanen, Secretary to the Management Board, Senior Vice President, Business Development

The Group Management Board as of 30 June, 2013:

- Kari Kauniskangas, Chairman, President and CEO
- Tero Kiviniemi, Deputy Chairman, Executive Vice President, deputy to the President and CEO
- Yuri Belomestnov, General Director of YIT Moskovia (Moscow region)
- Jouni Forsman, head of Infra Services business division
- Teemu Helppolainen, head of business area Russia
- Harri Isoviita, head of Residential Construction business division
- Matti Koskela, head of Building Construction business division
- Timo Lehmus, head of Business Premises business division
- Timo Lehtinen, Chief Financial Officer
- Juhani Nummi, Secretary to the Management Board, Senior Vice President, Business Development
- Pii Raulo, Senior Vice President, Human Resources
- Tom Sandvik, head of Central Eastern Europe business division
- Mikhail Voziyanov, General Director of YIT Lentek (St. Petersburg)

Personnel

In 2013, the Group employed 6,575 people on average (1–12/2012: 6 730). At the end of the year, the Group employed 6,172 people (12/2012: 6 691). The personnel expenses for 2013 totalled EUR 286.9 million (1–12/2012: EUR 297.1 million).

In autumn 2013, a new mission, vision, values and leadership principles for the new YIT were established after the demerger. Over 500 employees contributed to the development of the values and leadership principles. YIT's mission, 'Creating better living environments', and its vision, 'A step ahead. With care.' illustrate YIT's desire to be a forerunner in the industry, a leading player in the market and a company that is differentiated from its competitors by caring for its customers, partners and personnel. The values, 'Care, A step ahead, Cooperation and Performance' are the foundation for achieving the objectives outlined in YIT's strategy, which was published in June. In order to put the values and management principles into practice among all employees, they were discussed in all countries, business units and worksites during the rest of the year.

Work safety was a key focus area for YIT in 2013. Work safety is developed systematically and with a long-term view in all operating countries. The level of the company's work safety is monitored by the same indicators in all countries, and the same basic principles of occupational safety apply to operations, taking the local environment and legislation into consideration. Cooperation is also made between the operating countries to develop occupational safety. In 2013, safety at work improved compared to the previous year. The Group's accident frequency (number of accidents per one million hours worked) was 11 (1–12/2012: 16).

YIT is a significant employer of young people, as evidenced by the recognition received for several years in the Responsible Summer Job competition. In 2013, YIT employed over 800 trainees in all operating countries combined through summer jobs, work training or thesis work. YIT also cooperates in a variety of ways with many Finnish universities and universities of applied sciences.

At the end of 2013, the company made decisions to change the business management structure and to make rearrangements in common functions. In addition, it was decided to adjust the organisation of Finnish business operations to the current market situation. In December 2013, the company launched cooperation negotiations concerning white-collar employees in Finland. A total of 750 white-collar employees fell within the sphere of the negotiations. The negotiations were completed in January 2014. The number of white-collar employees will decrease by approximately 90 people, with 40 through dismissals and the remainder through internal transfers to projects or through other solutions. The costs incurred for the restructuring are recognised in the 2013 financial statements.

Personnel by business segment	12/13	12/12	Change
Construction Services Finland	3,175	3,540	-10%
International Construction Services	2,680	2,808	-5%
Corporate Services	317	343	-8%
Group, total	6,172	6,691	-8%

Personnel by country	12/13	12/12	Change
Finland	3,515	3,917	-10%
Russia	1,968	2,087	-6%
The Baltic countries, the Czech Republic and Slovakia	689	687	0%
Group, total	6,172	6,691	-8%

SHARE-BASED INCENTIVE SCHEME

YIT has had a share-based incentive scheme to support the company's strategy for profitable growth and supplement the other incentive schemes. The scheme consisted of three earnings periods, i.e. the calendar years 2010, 2011 and 2012. Shares were handed over in 2011, 2012 and 2013 based on the performance the previous year. A total of approximately 700,000 shares could be rewarded annually, of which a maximum of 20,000 to the President and CEO.

Employees included in the incentive scheme are obligated to not transfer their shares within two years of having obtained them for the shares based on performance in 2010 and three years for the shares based on performance in 2011 and 2012, i.e. throughout the duration of the commitment period. If the employment of an employee is terminated during the commitment period, the employee must return any shares obtained as rewards to the company free of charge. In the case of shares granted for 2010, the commitment period has ended.

According to the terms and conditions of the share-based incentive scheme, YIT Corporation's Board of Directors ratified the numbers of shares to be granted by key person on 25 April, 2013 on the basis of the objectives and results set for 2012. The conveyance was implemented as a directed share issue without consideration using the company's own shares possessed by the company.

The number of shares conveyed was 224,743, and 247 key persons of the Group were entitled to them.

After the registration of the partial demerger of YIT Corporation on 30 June, 2013, persons in the employ of YIT Group had a total of 164,405 shares granted as bonuses in 2013.

During 2013, a total of 18,452 shares were returned to the company in accordance with the terms and conditions.

CORPORATE GOVERNANCE STATEMENT

YIT has prepared a separate Corporate Governance Statement for 2013 in accordance with the recommendation of the Finnish Corporate Governance Code. The statement is published on YIT's website www.yitgroup.com/investors.

Environmental responsibility

The environmental impacts of YIT's operations consist among other things of the use of energy, raw materials and building materials, as well as related emissions in new construction and renovations, and the waste generated in construction sites and how such waste is processed. In addition, the areas surrounding YIT's projects and the adjacent land areas may in some cases involve nature values that must be given special consideration in the planning and implementation of projects.

Prevention of environmental damage is incorporated into the Company's quality and safety work as well as risk management. Before commencing a new project, the project risks associated with personnel safety, use of chemicals and well-being at work are assessed. Environmental management, safety at work, systematic

operations and material efficiency are all closely linked. In general, however, the environmental risks associated with YIT's operations are fairly minor.

The built environment has a significant impact on the total emissions of society. To date, legislative work and other developments have mainly focused on increasing the energy efficiency of individual buildings. However, in addition to the characteristics of individual buildings, the planning and design of larger areas with respect to environmental and social factors is playing an increasingly important role in the promotion of sustainable development.

YIT approaches the development of the environmental effects of products and services from two primary perspectives: taking sustainable development into account in area development projects, and developing digital services to support lifestyles that are in line with sustainable development. The sustainability of the urban environment projects means different things from different perspectives. From the social point of view, it means the area is comfortable, safe and convenient in everyday living. From the environmental perspective, it means eco-efficient traffic, energy and waste management solutions as well as having parks and green areas. From the economic viewpoint, it means that the area and its buildings must maintain their value for a long time, and the area must be attractive. Digital services support activities such as the monitoring of energy consumption during the use of the building.

Strategic objectives

According to YIT Corporation's strategy confirmed on 4 June, 2013, YIT aims for well-managed, profitable growth. This is pursued through the Group's own-developed projects in all businesses and all current geographic regions. In particular, growth is pursued in emerging markets and residential construction. Other focal points include improving resistance to economic cycles and widening financial operating space as well as accelerating renewal.

The Board of Directors of YIT Corporation approved the revised strategic targets for the strategy period 2014–2016 on 5 February, 2014. The motivation for the change stemmed from the current market environment, and the main objective is to secure that the cash flow and return on investment targets are achieved. According to the revised growth target, YIT aims at a revenue growth of 5–10% annually on average. The other financial targets published on 4 June, 2013 remain unchanged. The Group's long-term strategic target levels are:

YIT's financial targets	Target level
Revenue growth	5–10% annually on average
Return on investment	20%
Operating cash flow after investments	Sufficient for dividend payout and reduction of debt
Equity ratio	40%
Dividend payout	40–60% of net profit for the period

The target levels are based on figures reported by the company based on segment reporting in accordance with the current emphasis.

YIT published a stock exchange release on the confirmation of the strategy on 4 June, 2013. A stock exchange release on the revision of the financial targets was published on 6 February, 2014. YIT's strategy and long-term financial targets were also described in more detail at YIT's Capital Markets Day, which was arranged on 19 September, 2013 in Moscow, Russia. The presentation materials and recordings from the Capital Markets Day are available in the Investors section of YIT's website, at www.yitgroup.com/Investors.

Key figures based on Group reporting (IFRS, IFRIC 15)

APPLICATION OF THE IFRIC 15 INTERPRETATION GUIDELINE

YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period begun on 1 January, 2010. Due to the application of the interpretation, Group-level reporting and segment-level reporting differ. The key difference is that residential development projects are only recognised in Group-level figures upon handover, while in segment reporting they are recognised already as construction progresses. The difference between the accounting policies is reported as an IFRIC 15 adjustment.

The Group's financial performance is presented both using figures compliant with Group-level reporting and segment reporting.

The impacts of the application of the interpretation are described in more detail in the notes to the financial statement for 2013.

Income statement summary	2013	2012	2011*
Revenue, EUR million	1,743.0	1,988.9	4,382.1
Operating profit, EUR million	104.0	198.0	200.0
Operating profit margin, %	6.0	10.0	4.6
Profit before taxes, EUR million	95.0	183.8	175.2
Profit for the review period, EUR million	70.2	142.3	125.0
Equity holders of the parent company, EUR million	70.3	141.2	124.4
Minority interest, EUR million	-0.1	1.1	0.6

Other key figures	2013	2012	2011*
Operating cash flow after investments, EUR million	-87.9	49.9	-17.3
Return on equity, % (2013 non-IFRS)	9.6	n.a.	13.9
Return on investment, % (2013 and 2012 non-IFRS)	7.0	15.0	12.0
Equity ratio, % (2012 non-IFRS)	34.3	39.8	30.2
Net interest-bearing debt, EUR million (2012 non-IFRS)	781.7	616.0	740.4
Gearing ratio, % (2012 non-IFRS)	112.0	80.9	80.4
Net debt / EBITDA, % (2012 non-IFRS)	5.8	2.7	3.0
Gross capital expenditure, EUR million	20.2	28.4	48.7
% of revenue	1.2	1.4	1.1
Research and development expenditure, EUR million	15.0	7.5	20.1
% of revenue	0.9	0.4	0.5
Order backlog at end of period, EUR million	3,184.6	3,108.6	4,148.6
of which order backlog outside Finland, EUR million	1,617.8	1,484.0	2,066.9
Number of personnel at 31 Dec	6,172	6,691	25,996
Number of personnel on average during the year	6,575	6,730	26,254

Share price trend	2013	2012*	2011*
Average price, EUR	13.01*	14.90	15.28
Low, EUR	8.67	11.87	10.04
High, EUR	17.88*	17.25	21.92
Price at 31 Dec, EUR	10.16	14.78	12.38
Market capitalisation at 31 Dec, EUR million	1,276.0	1,853.2	1,550.9

Share turnover trend	2013	2012*	2011*
Share turnover, thousands	111,193	96,887	151,023
Share turnover, % of shares outstanding	88.6	77.3	120.6
Weighted average share-issue adjusted number of shares outstanding, thousands	125,529	125,352	125,210
Weighted average share-issue adjusted number of shares outstanding, diluted, thousands	125,529	125,352	125,210
Share issue-adjusted number of shares outstanding at 31 Dec, thousands	125,590	125,384	125,271

*) Includes the Building Services business.

Key figures based on segment reporting (POC)

Income statement summary	2013	2012	2011*
Revenue, EUR million	1,858.8	1,959.0	4,524.7
Operating profit, EUR million	152.8	201.1	240.5
Operating profit margin, %	8.2	10.3	5.3
Profit before taxes, EUR million	122.8	169.6	215.8
Profit for the review period, EUR million	93.8	131.7	157.7
Equity holders of the parent company, EUR million	93.9	130.7	156.7
Minority interest, EUR million	-0.1	0.9	1.0

Other key figures	2013	2012	2011*
Operating cash flow after investments, EUR million	-87.9	49.9	-17.3
Return on equity, %	11.8	n.a.	16.4
Return on investment, %	10.3	15.0	14.8
Equity ratio, %	37.8	43.1	32.9
Net interest-bearing debt, EUR million	707.6	543.9	642.0
Gearing ratio, %	91.3	66.2	64.4
Net debt/EBITDA	4.2	2.5	2.2
Gross capital expenditure, EUR million	20.2	28.4	48.7
% of revenue	1.1	1.5	1.1
Research and development expenditure, EUR million	15.0	7.5	20.1
% of revenue	0.8	0.4	0.5
Order backlog, 31 Dec, EUR million	2,713.7	2,765.1	3,752.7
Of which order backlog outside Finland, EUR million	1,285.5	1,266.1	1,823.9

Share-related key figures	2013	2012	2011*
Earnings/share, EUR	0.75	1.04	1.25
Earnings/share, diluted, EUR	0.75	1.04	1.25
Equity/share, EUR	6.17	6.53	7.93
Dividend/share, EUR	0.38**)	0.75*	0.70
Dividend/earnings, %	50.7**)	71.9*	56.0
Effective dividend yield, EUR	3.7**)	5.1*	5.7
Price/earnings ratio (P/E)	13.6	n.a.	9.9

*) Includes the Building Services business.

***) Board of Directors' proposal

Formulas for the key indicators

'Return on investment (ROI, %) =	$\frac{\text{Group's profit before taxes + interest expenses + other financial expenses + / - exchange rate differences} \times 100}{\text{Balance sheet total - non-interest bearing liabilities (average)}}$
Return on operative invested capital (%) =	$\frac{\text{Segment's operating profit}}{\text{Segment's operative invested capital (average)}}$
Segment's operative invested capital =	Tangible and intangible assets + goodwill + shares in associated companies + investments + inventories + trade receivables + other non-interest bearing operational receivables *) - provisions - trade payables - advances received - other non-interest bearing liabilities *) *) excluding items associated with taxes, distribution of profit and financial items
Return on equity (%) =	$\frac{\text{Net profit for the financial year} \times 100}{\text{Shareholders' equity + non-controlling interest (on average)}}$
Equity ratio (%) =	$\frac{\text{Equity + non-controlling interest} \times 100}{\text{Balance sheet total - advances received}}$
Gearing ratio (%) =	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents} \times 100}{\text{Shareholders' equity + non-controlling interest}}$
Net debt/EBITDA =	$\frac{\text{Interest-bearing liabilities - liquid financial assets}}{\text{Operating profit before depreciation and impairment + interest expenses included in operating profit}}$
Share issue-adjusted earnings per share (EUR) =	$\frac{\text{Net profit for the financial year (attributable to equity holders)}}{\text{Share issue-adjusted average number of outstanding shares during the period}}$
Equity/share (EUR) =	$\frac{\text{Shareholders' equity}}{\text{Share issue-adjusted number of outstanding shares on 31 December}}$
Share issue-adjusted dividend per share (EUR) =	$\frac{\text{Dividend per share for the financial period}}{\text{Adjustment ratios of share issues during the period and afterwards}}$
Dividend / earnings (%) =	$\frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$
Effective dividend yield (%) =	$\frac{\text{Share issue-adjusted dividend per share} \times 100}{\text{Share issue-adjusted share price on 31 December}}$
Price per earnings ratio (P/E ratio) =	$\frac{\text{Share issue-adjusted share price on 31 December}}{\text{Share issue-adjusted earnings per share}}$
Market capitalisation =	(Number of shares - treasury shares) x share price on the closing date by share series
Share turnover (%) =	$\frac{\text{Number of shares traded} \times 100}{\text{Average number of outstanding shares}}$

Group financial development based on group reporting (IFRS, IFRIC 15)

	1-12/13	1-12/12	Change
Revenue, EUR million	1,743.0	1,988.9	-12%
Operating profit, EUR million	104.0	198.0	-47%
Operating profit margin, %	6.0	10.0	
Profit before taxes, EUR million	95.0	183.8	-48%
Profit for the review period, EUR million ¹⁾	70.3	141.2	-50%
Earnings/share, EUR	0.56	1.13	-50%
Operating cash flow after investments, EUR million	-87.9	49.9	

1) Attributable to equity holders of the parent company

	12/13	12/12	Change
Order backlog, EUR million	3,184.6	3,108.6	2%
Return on investment (last 12 months), % non-IFRS	7.0	15.0	
Equity ratio, % (comparison figures for 2012 non-IFRS)	34.3	39.8	
Gearing ratio, % (comparison figures for 2012 non-IFRS)	112.0	80.9	

After IFRS adjustments, the Group's revenue decreased in 2013 by 12% year-on-year to EUR 1,743.0 million (1-12/2012: EUR 1,988.9 million). In Group reporting, own-developed residential projects are only recognised as income upon handover. The timing of completion of own-developed projects affects the Group's revenue recognition, and therefore Group-level figures may fluctuate greatly between different quarters. In 2013, a fewer number of completed own-developed apartments were handed over to buyers than in 2012 in both Russia and Finland, and the sales of business premises projects clearly decreased compared to the previous year.

After IFRS adjustments, the Group's operating profit for 2013 decreased by 47% year-on-year to EUR 104.0 million (1-12/2012: EUR 198.0 million). After IFRS adjustments, the Group's operating profit margin for 2013 was 6.0% (1-12/2012: 10.0%). Profitability was impacted among other things by the weak performance in Business Premises, the specification and re-allocation of area costs in projects in Moscow Oblast, the active investor sales in Finnish housing and the lower number of apartments being handed over than in the previous year. In addition, operating profit includes a non-recurring cost of EUR 1.2 million related to restructuring measures. The operating profit of the comparison period was improved by the release of a provision of EUR 7.0 million in International Construction Services.

Profit before taxes of continuing operations based on Group reporting decreased by 48% year-on-year, amounting to EUR 95.0 million in 2013 (1-12/2012: EUR 183.8 million).

The profit attributable to the equity holders of the parent company for 2013 based on Group reporting decreased by 50% year-on-year to EUR 70.3 million (1-12/2012: EUR 141.2 million). The Finnish corporate tax rate decreased from 24.5% to 20.0% as of 1 January 2014. The decrease in the tax rate had a one-time negative impact of EUR 3.5 million on the results for 2013 due to the decrease in net deferred tax assets.

Earnings per share for 2013 based on Group reporting fell by 50% year-on-year to EUR 0.56 (1-12/2012: EUR 1.13).

The effective tax rate for 2013 based on Group reporting was 26.1% (1-12/2012: 22.6%).

The order backlog based on Group reporting amounted to EUR 3,184.6 million at the end of 2013 (12/2012: EUR 3,108.6 million).

Return on investment amounted to 7.0% for the last 12 months (1-12/2012: 15.0%), non-IFRS. At the end of December, the Group's invested capital totalled EUR 1,556.3 million (12/2012: EUR 1,602.9 million, non-IFRS). Invested capital is calculated by deducting non-interest bearing liabilities from the balance sheet total. The consolidated balance sheet total at the end of December was EUR 2,552.6 million (12/2012: EUR 3,671.6 million).

Cash flow and financial position

CASH FLOW

Operating cash flow after investments for 2013 amounted to EUR -87.9 million (1-12/2012: EUR 49.9 million). Cash flow was negatively impacted by the increase in working capital especially in Construction Services Finland. The cash flow of plot investments in the whole year amounted to EUR 171.4 million (1-12/2012: EUR 192.1 million).

DIVERSE CAPITAL STRUCTURE AND GOOD LIQUIDITY POSITION

YIT's cash and cash equivalents totalled EUR 76.3 million at the end of 2013 (12/2012: EUR 74.9 million, non-IFRS). In addition, YIT had undrawn committed credit facilities amounting to EUR 330.0 million and undrawn overdraft facilities amounting to EUR 65.1 million. Of the committed credit facilities, EUR 30.0 million will fall due in December 2014, EUR 250.0 million in December 2015 and EUR 50.0 million in October 2016. During the last quarter of the year, YIT concluded a long-term loan agreement of RUB 1.6 billion (approximately EUR 35.3 million). The loan was drawn in the first quarter of 2014. After the end of the financial year, YIT has additionally concluded a loan agreement to secure the refinancing of the current year. The amount that can be drawn on the basis of the loan agreement is EUR 62 million, and it allows covering about half of the refinancing for long-term loans during 2014, if necessary.

The gearing ratio rose in 2013 to 112.0% (12/2012: 80.9%, non-IFRS) due to increased working capital and the depreciation of the ruble. Net interest-bearing debt increased to EUR 781.7 million (12/2012: EUR 616.0 million, non-IFRS). The equity ratio decreased compared to the end of 2012 to 34.3% (12/2012: 39.8%, non-IFRS). YIT Corporation's bank loan and credit facility agreements include a financial covenant linked to YIT's equity ratio. The financial covenant requires an equity ratio higher than 25.0% (IFRS).

Net financial expenses decreased, totalling EUR 9.0 million (1-12/2012: EUR 14.2 million), or 0.5% of revenue (1-12/2012: 0.7%). The decrease in net financial expenses was due to an increase in the fair value of interest rate derivatives outside hedge accounting and increased capitalisation of interest expenses. The net financial expenses include EUR 21.0 million of capitalisations of interest expenses in compliance with IAS 23 (1-12/2012: EUR 17.4 million). The exchange rate differences included in the net financial expenses, totalling EUR 5.2 million (1-12/2012: EUR 5.5 million), were comprised almost entirely of the costs of hedging debt investments in Russia.

The hedged ruble exposure increased from the end of December 2012. At the end of 2013, EUR 139.4 million of the capital invested in Russia was comprised of debt investments (12/2012: EUR 125.2 million) and EUR 407.7 million was equity investments or equity-like permanent net investments (12/2012: EUR 460.0 million). 88% of the debt investments were hedged against exchange rate risk, while equity investments are not hedged due to their permanent nature.

YIT's financing consists of versatile sources of financing. Interest-bearing debt increased in 2013 and amounted to EUR 858.0 million at the end of December (12/2012: EUR 690.9 million, non-IFRS), and the average interest rate was 2.7 per cent. Fixed-rate loans accounted for approximately 62% of the Group's interest-bearing debt. Of the loans, approximately 52% was raised directly from the capital and money markets, approximately 37% from banks and other financial institutions and approximately 11% from insurance companies. The maturity distribution of long-term loans is balanced, and a total of EUR 122.5 million of long-term loans will mature in 2014.

Group financial development based on segment reporting (POC)

The construction-stage contract receivables sold to financial institutions totalled EUR 211.7 million at the end of December (12/2012: EUR 265.5 million). Of this amount, EUR 181.4 million is included in current interest-bearing debt on the balance sheet (12/2012: EUR 175.4 million) and the remainder comprises off-balance sheet items in accordance with IAS 39. Interest expenses on receivables sold to financial institutions amounted to EUR 2.9 million during the review period (1–12/2012: EUR 4.0 million) and these are fully included in the financial expenses.

Participations in the housing corporation loans of completed unsold apartments amounted to EUR 91.4 million at the end of December (12/2012: EUR 77.5 million), and they are included in current interest-bearing debt. The interest on the participations is included in housing corporation charges and is thus booked in project expenses. Interest on the participations amounted to EUR 2.7 million in the review period (1–12/2012: EUR 2.2 million).

During the first quarter, YIT Corporation paid dividends of EUR 94.0 million for the financial year 2012 in compliance with the resolution of the Annual General Meeting.

The Group's financial position enables the implementation of YIT's strategy and the investments it requires. The Group has prepared for macroeconomic uncertainty by diversifying the sources of financing and strengthening the company's liquidity position.

During the review period, YIT commenced a voluntary invitation to the tender of the company's domestic floating rate bonds expiring in August 2014 and March 2014. In addition, YIT offered to buy back the floating rate bonds due September 2016 issued in Sweden. YIT's offer to prematurely buy back the bonds was related to the partial demerger approved by the Board of Directors of YIT on 21 February, 2013, and executed on 30 June, 2013. The purpose of the buyback offer was to offer the bond holders an option to dispose of their holdings of the bonds prior to the implementation of YIT's partial demerger.

According to the final result of the tender offer, of the bonds due August 2014, the share of bonds, the holders of which accepted the buyback offer was 0.2%. The outstanding principal amount of the remaining bonds due August 2014 is EUR 49.9 million. Of the bonds due March 2014, the share of bonds, the holders of which accepted the buyback offer was 43.1%. The outstanding principal amount of the remaining bonds due March 2014 is EUR 28.5 million. YIT decided on 24 June, 2013, to annul the bonds due August 2014 and bonds due March 2014 transferred to the company. Of the holders of the floating rate bonds due September 2016 issued in Sweden, the share of bonds, the holders of which accepted the buyback offer was 24.0%. The outstanding principal amount of the remaining bonds due in September 2016 is EUR 19.0 million.

During the review period, YIT convened the holders of the fixed-rate bonds due 2015 issued on 26 March, 2010, and holders of the fixed-rate bonds due 2016 issued on 20 June, 2011, to noteholders' meetings. YIT's Board of Directors proposed that the noteholders' meeting decide that the noteholders be compensated for the effects of the partial demerger by increasing the payable coupon interest by 0.868 percentage points to 5.691% (bond due 2015) and the payable coupon interest by 0.817 percentage points to 5.567% (bond due 2016). The noteholders' meetings unanimously accepted the proposals of YIT's Board of Directors. The amendments to the coupon rates entered into force from the next interest payment date.

REVENUE (SEGMENT REPORTING, POC)

Revenue, EUR million	1–12/13	1–12/12	Change
Construction Services Finland	1,219.8	1,329.0	-8%
International Construction Services	621.2	599.6	4%
Other items	17.9	30.3	
Group, total	1,858.8	1,959.0	-5%

In 2013, YIT's revenue decreased by 5% year-on-year to EUR 1,858.8 million (1–12/2012: EUR 1,959.0 million). Changes in the foreign exchange rates reduced the revenue by EUR 30.6 million year-on-year. Finland accounted for 66% (1–12/2012: 69%) of the Group's revenue, while Russia accounted for 27% (1–12/2012: 24%) and the Baltic countries, the Czech Republic and Slovakia for 7% (1–12/2012: 7%). Revenue continued to grow in International Construction Services, but the revenue of Construction Services Finland was impacted by the business premises market, which was clearly weaker than in the previous year.

PROFIT (SEGMENT REPORTING, POC)

Operating profit, EUR million	1–12/13	1–12/12	Change
Construction Services Finland	94.5	134.1	-30%
International Construction Services	71.9	80.4	-11%
Other items	-13.6	-13.4	
Group, total	152.8	201.1	-24%

Operating profit margin, %	1–12/13	1–12/12
Construction Services Finland	7.7	10.1
International Construction Services	11.6	13.4
Group, total	8.2	10.3

Operating profit excluding non-recurring items, EUR million	1–12/13	1–12/12	Change
Construction Services Finland	95.5	134.1	-29%
International Construction Services	71.9	73.4	-2%
Other items	-13.4	-13.4	
Group, total	154.0	194.1	-21%

Operating profit margin, % excluding non-recurring items	1–12/13	1–12/12
Construction Services Finland	7.8	10.1
International Construction Services	11.6	12.2
Group, total	8.3	9.9

Operating profit for 2013 decreased by 24% year-on-year to EUR 152.8 million (1–12/2012: EUR 201.1 million). The operating profit margin was 8.2% (1–12/2012: 10.3%). Operating profit includes a non-recurring cost of EUR 1.2 million related to restructuring measures. The operating profit of the comparison period was improved by the release of a provision of EUR 7.0 million in International Construction Services. The profitability of Construction Services Finland was impacted by the weak performance in Business Premises and the high activity in investor deals in housing. The profitability of Interna-

tional Construction Services was impacted negatively by the specification and re-allocation of area costs in projects in Moscow Oblast, the effect of which was approximately EUR 4 million. Changes in the foreign exchange rates reduced the operating profit by EUR 4.7 million compared to the previous year. Due to an amendment to the recording method which took effect at the beginning of 2013, the operating profit for the review period does not include borrowing costs according to IAS 23 (the comparison figures have been adjusted accordingly).

In 2013, profit before taxes fell by 28% year-on-year to EUR 122.8 million (1–12/2012: EUR 169.6 million).

In 2013, profit attributable to the equity holders of the parent company fell by 28% year-on-year to EUR 93.9 million (1–12/2012: EUR 130.7 million). The Finnish corporate tax rate decreased from 24.5% to 20.0% as of 1 January, 2014. The decrease in the tax rate had a one-time negative impact of EUR 2.1 million on the results for 2013 due to the decrease in net deferred tax assets.

Earnings per share fell by 28% year-on-year to EUR 0.75 (1–12/2012: EUR 1.04).

The effective tax rate was 23.6% during the review period (1–12/2012: 22.3%).

ORDER BACKLOG (SEGMENT REPORTING, POC)

Order backlog, EUR million	12/13	12/12	Change
Construction Services Finland	1,428.2	1,499.0	-5%
International Construction Services	1,285.5	1,266.1	2%
Group, total	2,713.7	2,765.1	-2%

YIT's order backlog remained at the level of the end of 2012, amounting to EUR 2,713.7 (12/2012: EUR 2,765.1 million). Changes in the foreign exchange rates reduced the order backlog by EUR 140.1 million compared to the previous year.

INVESTED CAPITAL

Return on investment amounted to 10.3% for the last 12 months (1–12/2012: 15.0%). At the end of December, the Group's invested capital based on segment reporting amounted to EUR 1,558.8 million (12/2012: EUR 1,440.6 million). Invested capital is calculated by deducting non-interest bearing liabilities from the balance sheet total.

DEVELOPMENT BY BUSINESS SEGMENT

Development by business segment is presented using figures compliant with segment reporting.

CONSTRUCTION SERVICES FINLAND

	1–12/13	1–12/12	Change
Revenue, EUR million	1,219.8	1,329.0	-8%
Operating profit, EUR million	94.5	134.1	-30%
Operating profit margin, %	7.7	10.1	
Operating profit excluding non-recurring items, EUR million	95.5	134.1	-29%
Operating profit margin, % excluding non-recurring items	7.8	10.1	
	12/13	12/12	Change
Operative invested capital, EUR million	683.1	581.7	17%
Order backlog, EUR million	1,428.2	1,499.0	-5%
	1–12/13	1–12/12	
Return on operative invested capital (last 12 months), %	14.9	23.5	

In 2013, the revenue of Construction Services Finland decreased by 8% compared to the previous year to EUR 1,219.8 million (1–12/2012:

EUR 1,329.0 million). Revenue declined particularly in business premises construction.

Operating profit for 2013 decreased by 30% year-on-year to EUR 94.5 million (1–12/2012: EUR 134.1 million). Operating profit includes a non-recurring cost of EUR 1.0 million related to restructuring measures. Profitability was impacted by the weak performance in Business Premises and active investor sales in housing.

The order backlog at the end of the year decreased by 5% year-on-year, amounting to EUR 1,428.2 million (12/2012: EUR 1,499.0 million).

The business segment's return on operative invested capital for the last 12 months was 14.9%, which is below the Group's strategic target (20%). YIT aims to increase the return on investment in Finland by reducing the number of completed unsold apartments, selling business premises projects currently under construction and recorded on the balance sheet and improving cost-efficiency. The importance of utilising off-balance sheet partnerships in the acquisition of plots also increases.

The business segment's capital tied into plot reserves totalled EUR 282.3 million at the end of December (12/2012: EUR 284.2 million). The plot reserve included building rights of 1,854,000 floor square metres for residential plots (12/2012: 1,796,000) and 1,051,000 floor square metres of business premises (12/2012: 877,000).

INVESTOR DEALS SUPPORTED RESIDENTIAL SALES

In 2013, the demand for apartments was at a normal level, but the demand for detached and terraced houses was modest. At the beginning of the year, residential sales were supported by the change in asset transfer tax legislation taking force in March 2013, increasing the asset transfer tax from 1.6% to 2.0%. Correspondingly, demand was lower than normal during the months following the change, as expected. In 2013, investor sales again played a key role in maintaining sales volume, but consumer sales also showed cautious signs of picking up towards the end of the year.

In 2013, demand focused particularly on apartments close to completion and completed apartments. The consumer prices of housing have continued to be stable, and the interest rates for mortgages have remained low. Customers' access to financing was more challenging than in the previous year, although there was slight improvement in the lending terms of banks towards the end of the year. YIT has developed cross-border sales between the different operating countries. The demand for residential and leisure time housing in Eastern Finland among Russian customers has remained at a good level.

Residential construction in Finland, number of apartments ¹⁾	1–12/13	1–12/12	Change
Sold	2,779	2,757	1%
– of which directly to consumers	2,057*	1,869	10%
Start-ups	2,483	2,856	-13%
– of which directly to consumers	1,761	1,968	-11%
Completed	3,161	2,722	16%
– of which directly to consumers	2,094	2,364	-11%
Under construction at the end of the period	3,562	4,240	-16%
– of which sold at the end of the period	2,087	2,409	-13%
For sale at the end of the period	1,988	2,282	-13%
– of which completed	513	451	14%

1) Changes in the number of apartments may take place after the start of construction due to the division or combination of apartments.

* Includes 502 apartments sold to Ålandsbanken and OP-Pohjola housing funds and Orava Residential REIT.

In 2013, YIT started construction on 1,761 apartments as the company's own development projects. In addition, YIT started construction on a total of 722 apartments as tender-based projects. The lower

level of housing start-ups compared to the previous year reflected a need to adjust the number of housing start-ups to demand. YIT has replenished its plot reserves by acquiring plots and making preliminary agreements on plots in order to also ensure good opportunities for housing start-ups in the future.

At the end of December 2013, 59% of the apartments under construction have been sold (12/2012: 57%), which reduces YIT's sales risk. The number of completed unsold apartments rose from the end of last year, but the trend was successfully reversed in the last quarter of 2013 due to active sales efforts. In addition, the sales portfolio was adjusted to be better in line with the current market. The sales inventory is focused on medium-range residential production: approximately 62% of the apartments for sale are priced at less than EUR 300,000.

YIT is well prepared to adjust its residential production according to the market situation. The costs of completing the current residential and business premises development projects for sale amounted to EUR 300.8 million at the end of December 2013 (12/2012: EUR 306.9 million).

CHALLENGES IN THE BUSINESS PREMISES MARKET

The business premises market was challenging in 2013, and YIT's backlog in business premises construction decreased from the previous year. The profitability of Business Premises was reduced by the low volume and rising investor yields. The leasing of commercial and business premises under construction progressed reasonably well. Rents for business premises remained stable in 2013.

In September, an evaluation team appointed by the City of Helsinki and the Finnish state proposed YIT as the winner of the design and implementation tender for the Central Pasila centre in Helsinki. The Tripla Centre is a hybrid project combining residential, business premises and infrastructure construction with a total value of approximately EUR 1 billion. The construction of the project will begin when the local plan is confirmed, which is estimated to take place in 2015, and it will be implemented in phases over approximately 10 years. The result of the competition was confirmed by way of a decision of the Helsinki City Council, the Board of Directors of Senate Properties and the Parliament of Finland in December 2013.

In December, YIT concluded agreements for the sale of the office properties of the commercial centre Dixi to be constructed in Tikkurila and MotorCenter Espoonlahti to be constructed in Espoo for Etera Mutual Pension Insurance Company. The total value of the transactions is approximately EUR 60 million, of which just over a quarter was recognised as revenue for 2013. YIT will continue the active sales of its own-developed business premises projects under construction in 2014.

DEVELOPMENT OF INFRASTRUCTURE SERVICES REMAINED STABLE

In 2013, the demand for infrastructure construction remained stable, while YIT's order backlog decreased from the previous year. In the second year-half, YIT obtained the rights for the first significant own development wind farm in Lestijärvi. In addition, YIT began the development of new wind power parks in Central Finland and Northern Ostrobothnia. In 2013, YIT also signed new regional maintenance contracts amounting to approximately EUR 70 million.

Rakennuslehti selected the E18 Koskenkylä–Kotka project of TYL Pulteri, the labour consortium formed by YIT and Destia, as the winner of the "Construction Site of the Year" competition. According to the jury, the schedules and production management were excellently realised in the project due to the life cycle model, and the cooperation with the client was exemplary.

Significant route projects in progress proceeded as planned.

INTERNATIONAL CONSTRUCTION SERVICES

	1-12/13	1-12/12	Change
Revenue, EUR million	621.2	599.6	4%
Operating profit, EUR million	71.9	80.4	-11%
Operating profit margin, %	11.6	13.4	
Operating profit excluding non-recurring items, EUR million	71.9	73.4	-2%
Operating profit margin, % excluding non-recurring items	11.6	12.2	

	12/13	12/12	Change
Operative invested capital, EUR million	732.5	708.3	3%
Order backlog, EUR million	1,285.5	1,266.1	2%

	1-12/13	1-12/12
Return on operative invested capital (last 12 months), %	10.0	12.3

In International Construction Services, the revenue for 2013 increased by 4% from the previous year to EUR 621.2 million (1-12/2012: EUR 599.6 million). At comparable exchange rates, the growth was 9%. The growth in revenue was supported by the high volume of housing production and continued good residential sales in Russia.

Operating profit for 2013 decreased by 11% year-on-year to EUR 71.9 million (1-12/2012: EUR 80.4 million). The operating profit of the comparison period was improved by the release of a provision of EUR 7.0 million. Excluding non-recurring items, operating profit for 2013 decreased by 2% compared to the previous year. Profitability was impacted negatively by the specification and re-allocation of area costs in projects in Moscow Oblast, the effect of which was approximately EUR 4 million.

The order backlog for the end of December increased by 2% year-on-year to EUR 1,285.5 million (12/2012: EUR 1,266.1 million). The effect of changes in foreign exchange rates on the order backlog compared to the end of the previous year was EUR -140.1 million. The growth of the order backlog was supported particularly by regional development projects launched in Russia.

The costs of completing the current residential and business premises development projects for sale amounted to EUR 589.8 million at the end of December 2013 (12/2012: EUR 554.0 million).

The business segment's return on operative invested capital for the last 12 months was 10.0%, which is below the Group's strategic target (20%). YIT aims to increase the return on investment in international operations primarily by increasing the volume of operations, improving project-level profitability and further increasing capital efficiency.

The business segment's capital tied into plot reserves and plot development costs totalled EUR 399.0 million at the end of December (12/2012: EUR 389.3 million). The reserves included 2,754,000 sq. m. of building rights for residential plots (12/2012: 2,590,000) and 574,000 square metres for business premises plots (12/2012: 574,000) in Russia, the Baltic countries, the Czech Republic and Slovakia.

RUSSIAN RESIDENTIAL SALES CONTINUED WELL

Russia accounted for 80% of the revenue of International Construction Services for 2013 (1-12/2012: 77%). Revenue in Russia increased by 7% year-on-year to EUR 496.0 million (1-12/2012: EUR 463.1 million).

The capital tied into plot reserves in Russia totalled EUR 320.1 million at the end of 2013 (12/2012: EUR 302.0 million). The reserves included 2,393,000 square metres of building rights for residential plots (12/2012: 2,179,000) and 405,000 square metres for business premises plots (12/2012: 446 000).

Residential construction in Russia, number of apartments	1-12/13	1-12/12	Change
Sold	4,480	4,209	6%
Start-ups	5,099	5,487	-7%
Completed*	2,976	4,197	-29%
Under construction at the end of the period	10,780	8,662	24%
– of which sold at the end of the period	4,019	3,020	33%
For sale at the end of the period	7,177	6,530	10%
– of which completed	416	888	-53%

Under construction at the end of the period	12/13	12/12	Change
St. Petersburg	3,267	2,686	22%
Moscow Oblast	4,309	3,796	14%
Yekaterinburg, Kazan, Rostov-on-Don, Tyumen and Moscow	3,204	2,180	47%

* Completion of the residential projects requires commissioning by the authorities.

In 2013, residential sales in Russia continued well, and the demand for small apartments, in particular, was good. YIT's residential sales have also been supported by the company's established position as a reliable construction company in Russia, its diverse housing offering, its own marketing and sales promotion measures and extensive mortgage cooperation with partner banks. The importance of mortgages has remained high in Russia, and, in 2013, customers took out housing loans in 44% of YIT's residential deals. YIT has also developed cross-selling between the different operating countries.

In 2013, the supply of housing by competitors in YIT's market areas increased particularly in the so-called economy price range, and therefore the average prices of apartments remained stable. Construction costs have continued growing moderately.

In St. Petersburg, the authorities' permit process was slow in the early part of the year, but it normalised during the year, which enabled an increase in the number of start-ups during the second half of the year. In 2013, YIT started several significant regional development projects, such as the construction of a premium apartment complex called Smolny prospekt in the historic centre of St. Petersburg with a total value in excess of EUR 300 million. In addition, YIT started the construction of a new residential area in Pushkin, a suburb of St Petersburg, and an area development project named Novo Orlovsky, located to the north of St. Petersburg as well as the first project in Tyumen. There were delays in the authorities' permit processes in Moscow Oblast towards the end of the year, due to which some start-ups were postponed to 2014.

In 2013, YIT acquired actively several new plots in Russia so as to ensure its growth opportunities in the future, too.

The number of apartments for sale has been increased in a controlled manner, and the sales inventory at the end of December was balanced. Of the apartments under construction, 37% were sold (12/2012: 35%). The number of completed unsold apartments decreased in 2013.

After the handover of residential projects, YIT offers its customers service and maintenance in St. Petersburg, Moscow Oblast, Yekaterinburg and Rostov-on-Don. In addition, YIT expanded its service and maintenance to Kazan, where it acquired a maintenance company. At the end of December 2013, YIT was responsible for the service and maintenance of just under 16,000 apartments.

IN THE BALTIC COUNTRIES AND CENTRAL EASTERN EUROPE, THE FOCUS IS SHIFTED TO OWN-DEVELOPED RESIDENTIAL PRODUCTION

Estonia, Latvia, Lithuania, Czech Republic and Slovakia accounted for 20% of the revenue of the International Construction Services segment for 2013 (1-12/2012: 23%). The revenue of these countries fell by 8% compared with the previous year to EUR 125.2 million (1-12/2012: EUR 136.5 million) due to lower tender-based sales. The capital tied into plot reserves in the Baltic countries, the Czech Republic and Slovakia totalled EUR 78.8 million at the end of December (12/2012: EUR 87.3 million). The reserves included 361,000 square metres of building rights for residential plots (12/2012: 411,000) and 74,000 square metres for business premises plots (12/2012: 128,000).

In the Baltic countries and Central Eastern Europe, YIT has shifted the focus of operations to its own residential development, and the development has been favourable. In 2013, residential sales improved steadily in every quarter compared to the previous year, the number of housing start-ups increased clearly from the previous year's level, and the number of completed unsold apartments decreased. Russian customers have also been interested in YIT's residential projects in Riga, Latvia, and Prague, the Czech Republic.

Residential construction in the Baltic countries and Central Eastern Europe, number of apartments	1-12/13	1-12/12	Change
Sold	521	384	36%
Start-ups	723	530	36%
Completed	382	421	-9%
Under construction at the end of the period	1 062	715	49%
– of which sold at the end of the period	223	108	106%
For sale at the end of the period	950	743	28%
– of which completed	111	136	-18%

In the review period, the selling prices of housing increased slightly in the Baltic countries and Central Eastern Europe, and, as a whole, the demand for YIT's apartments has remained good. YIT's residential sales inventory has grown in the Baltic countries, the Czech Republic and Slovakia, and YIT aims to increase the number of apartments for sale in accordance with demand.

BUSINESS PREMISES CONSTRUCTION IN THE BALTIC COUNTRIES AND SLOVAKIA

In 2013, YIT concluded an agreement on the construction of technical maintenance buildings for the Klaipeda port terminal in western Lithuania. The project is part of the contract signed by a consortium between Lemminkäinen and YIT for the renewal of the cargo terminal at Klaipeda Port. YIT Group's Lithuanian subsidiary YIT Kausta is responsible for YIT's role in the consortium. The total value of the project is EUR 28 million, of which YIT's share represents slightly over EUR 6 million. In Vilnius, Lithuania, the construction of a Prisma shopping centre for SOK was started. Euromoney magazine selected YIT as the best real estate developer in Latvia for 2013.

Most significant short-term business risks and risk management

YIT classifies as risks those factors that might endanger the achievement of the Group's strategic and financial goals if they should materialise. Risks are divided into strategic, operational, financial and event risks. The identification and management of risk factors take into account the special features of the business and operating environment. Risk management is an integral part of the Group's management, monitoring and reporting systems. The nature and probability of strategic risks is continuously monitored and reported on. A strategic risk assessment is carried out at Group level once a year in connection with the review of the strategy.

In accordance with the strategy of the continuing operations approved by the company's Board of Directors on 3 June, 2013, improving resistance to economic cycles and widening financial operating space are key targets of YIT's business operations. In connection with the ratification of the strategy, risk management was highlighted as one of the key focus areas over the next years.

YIT is developing the Group's business structure to be balanced and resistant to economic fluctuations. The Group operates in seven countries and therefore economic fluctuations impact operations at different times in different countries and markets. However, following the partial demerger, the geographical diversification has decreased. The business model has also been developed so that the Construction Services business can operate independently after the demerger. The Group's business areas balance each other and improve the Group's resistance to economic fluctuations. Fluctuation in consumer demand for housing in Finland has been balanced through investor deals of residential projects, which has contributed to decreasing the Group's exposure to such fluctuations. The company aims to react to changes in the operating environment in time and to utilise the new business opportunities provided by them through continuous monitoring and analysis.

YIT's typical operational risks include risks related to plot investments, sales risk of own-developed residential and business premises projects, and risks related to contract tenders, service agreements, project management and personnel. YIT manages sales risk by matching the number of housing start-ups with the estimated residential demand and the number of unsold apartments (the figures for residential production are presented under Development by business segment) and as a rule by securing anchor tenants prior to starting a business premises project and the investor at the early stage of construction of the project. Changes in the availability of mortgages and real estate financing are key risks related to the demand for apartments.

No write-offs were made to plots in the review period. YIT tests the value of its plots as required by IFRS accounting principles. Plot reserves are valued at acquisition cost and the plot value is impaired when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs.

Financial risks include risks related to the sufficiency of financing, currency and interest rates, credit and counterparty risks and risks related to the reporting process. Financial risks are managed through accounting and treasury policies, internal control as well as internal and external auditing.

Euro countries accounted for approximately 69% of the revenue of YIT in 2013. The Russian ruble is one of the Group's key currencies, and its significance has increased following the demerger. The Group's most significant currency risk is related to investments denominated in rubles. The capital invested in Russia totalled EUR 547.2 million at the end of 2013 (12/2012: EUR 585.2 million). The amount of equity or equity-like net investments at the end of the period came to EUR 407.7 million (12/2012: EUR 460.0 million). The equity investments in

the Russian subsidiaries are unhedged in accordance with the treasury policy, and a potential weakening of the ruble would have an equal negative impact on the Group's shareholders' equity. Debt investments amounted to EUR 139.4 million at the end of the review period (12/2012: EUR 125.2 million), and approximately 88% of this position was hedged. The differences in the interest rates between the euro and ruble have an effect on hedging costs and therefore net financial expenses.

Possible event risks include accidents related to personal or information security and sudden and unforeseen material damage to premises, project sites and other property, resulting from fire, collapse or theft, for example. YIT complies with a group-wide security policy covering the different areas of security. A more detailed account of YIT's risk management policy and the most significant risks will be published in the Annual Report 2013. Financial risks are described in more detail in the notes to the 2013 financial statements.

Shares

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

SHARE CAPITAL AND NUMBER OF SHARES

YIT Corporation's share capital and the number of shares outstanding did not change during the review period. YIT Corporation's share capital was EUR 149,216,748.22 at the end of 2013 (2012: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2012: 127,223,422).

TREASURY SHARES AND AUTHORISATIONS OF THE BOARD OF DIRECTORS

In accordance with the Limited Liability 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. The Annual General Meeting of YIT Corporation resolved on 15 March, 2013, to authorise the Board of Directors to purchase YIT's own shares as proposed by the Board of Directors. In addition to this, the Board of Directors maintains a valid share issue authorisation issued by YIT's Annual General Meeting on 10 March, 2010. The authorisation is valid for five years after its granting. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 1,839,577 treasury shares at the beginning of the review period purchased on the basis of the authorisation given by the General Meeting on 6 October, 2008. During the review period, the company conveyed 224,743 shares without consideration to the key persons participating in the Share Ownership Plan under the authorisation granted by the Annual General Meeting to the Board of Directors on 10 March, 2010. During the financial period, 18,452 shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme, after which the company held 1,633,286 treasury shares at the end of December 2013.

TRADING ON SHARES

The price of YIT's share was EUR 15.08 at the beginning of the 2013 (2 January, 2012: EUR 12.38). The closing price of the share on the last trading day of the review period on 30 December 2013 was EUR 10.16 (28 December 2012: EUR 14.78). The share price decreased in 2013 by roughly 33%. The highest price of the share during the review period was EUR 17.88 (1–12/2012: EUR 17.25), while the lowest was EUR 8.67 (1–12/2012: EUR 11.87) and the average price was EUR 13.01 (1–12/2012: EUR 14.90). The turnover of the YIT share on Nasdaq OMX Helsinki in 2013 amounted to 111,193 thousand shares (1–12/2012: 96,887 thousand). The value of the share turnover was EUR 1,400.8 million (1–12/2012: EUR 1,443.9 million), source: Nasdaq OMX.

In addition to the Helsinki Stock Exchange, YIT shares are also traded in other marketplaces, such as Chi-X, BATS and Turquoise. The share of trade volume in alternative marketplaces increased clearly compared to the previous year during the review period. During 2013, 73,167,000 YIT Corporation shares changed hands in alternative marketplaces (1–12/2012: 31,183 thousand), which corresponds to approximately 40 per cent of the entire trading volume of the share (1–12/2012: 25%). Of the alternative marketplaces, YIT shares changed hands particularly in Chi-X, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last trading day of the review period on 30 December 2013 was EUR 1,276 million (12/2012: EUR 1,853 million). The market capitalisation has been calculated excluding the treasury shares. The business operations of Caverion Corporation, which was established in the partial demerger, were included in the YIT share and its value until 30 June, 2013. For this reason, pre-demerger figures are not comparable to the figures after the demerger.

Shareholders

At the end of December 2013, the number of registered shareholders was 43,752 (12/2012: 36 064). At the end of December 2013, a total of 33.8% of the shares were owned by nominee-registered and non-Finnish investors (12/2012: 34.8%).

During 2013, the company received no "flagging notifications" of change in ownership in YIT Corporation in accordance with Chapter 2, Section 9, of the Securities Market Act.

SHAREHOLDERS ON 31 DECEMBER, 2013

	Number of shares	% of shares and votes
1. Structor S.A.	12,930,000	10.16
2. Varma Mutual Pension Insurance Company	8,432,100	6.63
3. Mandatum Life Insurance Company Limited	4,370,951	3.44
4. Herlin Antti	4,274,180	3.36
5. LocalTapiola Mutual Pension Insurance Company	3,000,000	2.36
6. Odin funds	1,772,095	1.39
7. Svenska litteratursällskapet i Finland r.f.	1,680,400	1.32
8. Nordea funds	1,659,625	1.30
9. YIT Corporation	1,633,286	1.28
10. State Pension Fund	1,570,000	1.23
11. Danske Invest funds	1,475,832	1.16
12. Ilmarinen Mutual Pension Insurance Company	1,457,115	1.15
13. Brotherus Ilkka	1,304,740	1.03
14. Kaleva Mutual Insurance Company	1,100,000	0.86
15. Aktia funds	1,011,000	0.79
Nominee-registered shares total	27,405,097	21.54
Other shareholders	52,147,001	40.99
Total	127,223,422	100.00

OWNERSHIP BY SHAREHOLDER GROUPS, 31 DECEMBER, 2013

	Number of owners	Proportion, %	Number of shares	Proportion, %
Nominee registered and non-Finnish	225	0.5	42,983,600	33.8
Households	40,466	92.5	31,278,958	24.6
Public institutions	46	0.1	16,835,563	13.2
Financial and insurance corporations	129	0.3	13,523,573	10.6
Non-profit institutions	536	1.2	9,374,848	7.4
Non-financial corporations and housing corporations	2,350	5.4	13,226,880	10.4
Total	43,752	100.0	127,223,422	100.0

OWNERSHIP BY NUMBER OF SHARES HELD, 31 DECEMBER, 2013

Number of shares	Number of shareholders	Proportion, %	Number of shares	Proportion, %
1–100	11,775	26.9	762,740	0.6
101–500	18,265	41.7	5,132,741	4.0
501–1,000	6,599	15.1	5,229,952	4.1
1,001–5,000	5,864	13.4	12,759,575	10.0
5,001–10,000	656	1.5	4,686,809	3.7
10,001–50,000	454	1.0	9,395,194	7.4
50,001–100,000	59	0.1	4,012,448	3.2
100,001–500,000	54	0.1	10,834,636	8.5
500,001–	26	0.1	74,409,327	58.5
Total	43,752	100.0	127,223,422	100.0

This information is based on the shareholder register maintained by Euroclear Finland Ltd. Each nominee-registered shareholder is recorded in the share register as a single shareholder. The portfolios of many investors can be managed through one nominee-registered shareholder.

Events after the review period

YIT changed its business segment structure to better correspond to the company's new management structure and business areas. As of 1 January, 2014, YIT Corporation's two reporting segments will be "Housing" and "Business Premises and Infrastructure". Under the Housing segment, key financial figures such as revenue, operating profit and invested capital will also be reported for two geographical regions: 1) Finland, the Baltic countries and Central Eastern Europe, and 2) Russia. The Business Premises and Infrastructure segment comprises business premises construction in Finland, the Baltic countries and Central Eastern Europe, as well as infra services in Finland. Reporting under the new segment structure will begin from the January–March 2014 interim report, which will be published on 25 April, 2014. The 2013 comparison figures for the new segment structure will be published in March 2014.

In the same context, the composition of the Group's Management Board was condensed to match the new management structure.

The Group Management Board as of 1 January, 2014:

- Kari Kauniskangas, Chairman, President and CEO, head of the Housing segment
- Tero Kiviniemi, Vice Chairman, Executive Vice President and deputy to the CEO, head of the Business Premises and Infrastructure segment
- Timo Lehtinen, Chief Financial Officer
- Pii Rauho, Senior Vice President, Human Resources
- Juhani Nummi, Secretary to the Management Board, Senior Vice President, Business Development
- Teemu Helppolainen, head of business area Russia

In addition to the above, the extended Management Board also includes, as of 1 January, 2014:

- Yuri Belomestnov, General Director of YIT Moskovia (Moscow region)
- Jouni Forsman, Head of InfraserVICES business division
- Harri Isoviita, Head of Residential Construction business division
- Matti Koskela, Head of Building Construction business division
- Timo Lehmus, Head of Business Premises business division
- Tom Sandvik, Head of Central Eastern Europe business division
- Mikhail Voziyanov, General Director of YIT Lentek (St. Petersburg)

The agreements concerning the development of the Central Pasila Centre between YIT, Senate Properties, the City of Helsinki, Finland, and the Finnish Transport Agency were signed on 29 January, 2014. The three agreements signed comprise the design and build agreement on the Central Pasila Centre, a preliminary agreement on the real estate transaction and a turnkey contract on the public sections.

On 5 February, 2014, YIT Corporation's Board of Directors confirmed YIT's financial targets, revised in terms of growth target, for the strategy period of 2014–2016. More information on this is presented in section Strategic objectives.

Outlook for 2014

GUIDANCE FOR 2014: The Group revenue based on segment reporting is estimated to grow by 0–10% at comparable exchange rates. The operating profit margin based on segment reporting is estimated to be in the range of 7.5–8.5% excluding non-recurring items.

Continuing uncertainty over the general macroeconomic development impacts YIT's business operations and customers.

HOUSING

In the long term, residential demand in Finland will be supported by migration to growth centres. Furthermore, the population and the number of households will increase with continued migration and the increasing number of one-person households. YIT estimates that the demand for small apartments, in particular, will remain good.

According to Euroconstruct's November 2013 estimate, the construction of 25,000 apartments will start in Finland during 2014. According to a report published by VTT Technical Research Centre of Finland in January 2012, the annual need for the production of new apartments amounts to 24,000–29,000 apartments. YIT's goal is to strengthen its position as the leading housing developer in Finland.

YIT estimates that housing prices in Finland will remain stable in 2014. Construction costs are estimated to increase, mainly due to new energy norms, but the increase is expected to be moderate in 2014. The interest rates of mortgages are forecasted to remain low, and slight improvement in consumers' access to financing is expected. There are plans for legislation on a binding debt ceiling for mortgages in Finland. However, planned terms for the debt ceiling are largely in line with current market practices.

Residential demand in the Baltic countries is expected to receive support from economic growth. Furthermore, the poor condition of residential buildings creates a need for new high-quality apartments. The volume of residential construction is estimated to grow in the Baltic countries (VTT Technical Research Centre of Finland, December 2013). Euroconstruct estimated in November 2013 that residential start-ups will decline slightly in the Czech Republic and Slovakia in 2014. In the Baltic countries and Central Eastern Europe, the prices of apartments are expected to increase slightly.

The volume of housing construction is estimated to continue growing in Russia in 2014, but the growth is expected to slow down somewhat from the level of the previous years (VTT Technical Research Centre of Finland, December 2013). YIT expects housing prices to be stable in 2014. Residential demand has been supported by low unemployment rates and favourable development in the mortgage market. Moreover, the increase in the interest rates on mortgages has levelled off in recent times. Forecasts of economic growth in Russia have been lowered recently and Russian ruble has weakened significantly against euro.

The long-term outlook for Russian residential construction is good. Living space per person is still clearly lower than in Western Europe and existing buildings are in poor condition, which creates the need for new, high-quality apartments. Furthermore, the middle class is expected to grow in proportion to the population and the number of households is expected to increase. The development of the mortgage market in Russia has also contributed to the expansion of the potential buyer base. YIT has promoted the availability of mortgages to consumers through extensive cooperation with partner banks.

BUSINESS PREMISES AND INFRASTRUCTURE

The business premises market is expected to continue to be weak in Finland in 2014. Real estate investors are still cautious due to the general economic situation and, in order to control risks, the Helsinki metropolitan area and good tenants are appreciated. The low level of long-term interest rates increases investors' interest in high-yield properties. Vacancy rates for offices are still high, with vacant building stock also including relatively old office premises in poor condition. YIT believes that the demand will focus on modern and energy-efficient offices. Commercial construction is supported by investments in retail trade and the expansion of foreign retail chains in the Finnish market. Vacancy rates for commercial premises are quite low.

In the Baltic countries, non-residential construction is estimated to increase by 5% in 2014 (VTT Technical Research Centre of Finland, December 2013). In Slovakia, non-residential construction is expected to decrease by 8% in 2014 (Euroconstruct, November 2013).

Infrastructure construction is estimated to decrease slightly in comparison with 2013 (Euroconstruct, November 2013). The competition especially for smaller contracts has increased.

Consolidated income statement

EUR million	Note	2013	Restated 2012
Continuing operations			
Revenue	2,4,5	1,743.0	1,988.9
Other operating income	6	15.7	18.6
Change in inventories of finished goods and in work in progress		207.5	201.8
Production for own use		0.6	0.4
Materials and supplies		-392.7	-477.7
External services		-928.1	-923.0
Personnel expenses	9	-286.9	-297.1
Other operating expenses	7,10	-237.7	-293.5
Share of results in associated companies	16	0.0	0.2
Depreciation and value adjustments	8	-17.4	-20.6
Operating profit		104.0	198.0
Financial income		9.6	4.6
Exchange rate differences (net)		-5.2	-5.5
Financial expenses		-13.3	-13.3
Financial income and expenses	11	-9.0	-14.2
Profit before taxes		95.0	183.8
Income taxes	12	-24.8	-41.5
Net profit for the financial year		70.2	142.3
Attributable to			
Equity holders of the company		70.3	141.2
Non-controlling interests		-0.1	1.1
Discontinued operations			
Net profit for the financial year	35	287.5	37.5
Equity holders of the company		287.5	37.4
Non-controlling interests			0.1
Continuing and discontinued operations total			
Net profit for the financial year		357.6	179.8
Equity holders of the company		357.7	178.6
Non-controlling interests		-0.1	1.2
Earnings per share for profit attributable to the equity holders of the Company during the financial year			
Earnings/share, EUR, diluted and undiluted	13		
Continuing operations		0.56	1.13
Discontinued operations		2.29	0.30
Continuing and discontinued operations total		2.85	1.43

Statement of comprehensive income

EUR million	Note	2013	Restated 2012
Continuing operations			
Profit for the financial year		70.2	142.3
Items that may be subsequently recognised through profit or loss			
Cash flow hedging	30	3.0	0.6
- Deferred tax		-0.8	-0.1
Change in fair value of available-for-sale assets	17	0.0	
- Deferred tax		0.0	
Change in translation differences		-50.3	13.5
Other comprehensive income, total		-48.1	14.1
Total comprehensive income		22.1	156.5
Attributable to			
Equity holders of the company		22.2	155.4
Non-controlling interests		-0.1	1.1
Discontinued operations			
Profit for the financial year		287.5	52.0
Equity holders of the company		287.5	51.9
Non-controlling interests			0.1
Continuing and discontinued operations total			
Profit for the financial year		309.5	208.5
Equity holders of the company		309.6	207.3
Non-controlling interests		-0.1	1.2

The notes are an integral part of these consolidated financial statements.

Consolidated balance sheet

EUR million	Note	31 Dec 2013	Restated 31 Dec 2012
ASSETS			
Non-current assets			
Tangible assets	14	65.2	110.6
Goodwill	15	10.9	346.6
Other intangible assets	15	7.1	61.8
Investments in associated companies and joint ventures	16	0.5	0.6
Available-for-sale financial assets	17	0.8	3.4
Receivables	18	0.6	6.3
Deferred tax receivables	19	41.1	49.8
Total non-current assets		126.2	579.0
Current assets			
Inventories	20	2,062.1	1,901.5
Trade and other receivables	3, 21	273.5	1,008.0
Tax receivables		14.5	7.5
Cash and cash equivalents	22	76.3	175.7
Total current assets		2,426.4	3,092.7
TOTAL ASSETS		2,552.6	3,671.6

EUR million	Note	31 Dec 2013	Restated 31 Dec 2012
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital	23	149.2	149.2
Legal reserve		1.5	1.9
Other reserves		0.0	3.8
Treasury shares		-8.2	-9.2
Translation differences		-64.1	-6.1
Fair value reserve		-1.2	-3.4
Retained earnings		620.5	869.7
		697.7	1,005.9
Non-controlling interest		0.4	3.3
Total equity		698.2	1,009.2
Non-current liabilities			
Deferred tax liabilities	19	14.4	89.4
Pension obligations	24	0.7	52.4
Provisions	25	42.5	48.5
Borrowings	26	305.1	517.1
Other liabilities	27	35.0	32.6
Total non-current liabilities		397.7	739.9
Current liabilities			
Trade and other liabilities	27	884.6	1,447.8
Income tax liabilities		0.2	14.9
Provisions	25	19.0	54.9
Borrowings	26	552.9	404.9
Total current liabilities		1,456.7	1,922.5
Total liabilities		1,854.4	2,662.3
TOTAL EQUITY AND LIABILITIES		2,552.6	3,671.6

The notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement

EUR million	2013	Restated 2012
Cash flow from operating activities		
Net profit for the financial year	70.2	142.3
Adjustments for:		
Depreciation and value adjustments	17.4	20.6
Reversal of accrual-based items	11.6	9.8
Financial income and expenses	9.0	14.2
Gains on the sale of tangible and intangible assets	-1.5	-0.5
Taxes	24.8	41.5
Total adjustments	67.8	85.7
Change in working capital:		
Change in trade and other receivables	-42.8	6.4
Change in inventories	-296.8	-198.0
Change in trade and other payables	186.9	93.6
Total change in working capital	-152.7	-98.0
Interest paid	-34.8	-30.4
Other financial items, net cash flow	5.2	-6.6
Interest received	2.0	3.2
Dividends received	0.0	0.0
Taxes paid	-43.7	-24.1
Continuing operations, total	-92.5	72.1
Discontinued operations	-30.7	49.3
Net cash generated from operating activities	-123.2	121.5

EUR million	Note	2013	Restated 2012
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	3	-4.9	
Purchases of property, plant and equipment	14	-9.4	-21.5
Purchases of intangible assets	15	-5.7	-7.5
Disposals of subsidiaries and operations, net of cash	4		0.0
Disposal of affiliated companies			2.9
Proceeds from sale of tangible and intangible assets		24.6	3.8
Proceeds from sale of available-for-sale financial assets		0.1	0.1
Continuing operations, total		4.7	-22.2
Discontinued operations		-17.2	-8.8
Net cash used in investing activities		-12.5	-31.2
Operating cash flow after investments		-135.7	90.4
Cash flow from financing activities			
Proceeds from borrowings	26	27.7	150.0
Repayment of borrowings	26	-132.9	-121.6
Change in loan receivables		5.1	-13.9
Change in current liabilities, net	26	133.2	-34.9
Payments of financial leasing debts		-0.3	-0.2
Dividends paid and other distribution of assets		-94.0	-88.1
Continuing operations, total		-61.2	-108.7
Discontinued operations		147.2	-15.5
Net cash used in financing activities		86.0	-124.2
Net change in cash and cash equivalents		-49.7	-33.9
Cash and cash equivalents at the beginning of the financial year		174.6	204.8
Cash and cash equivalents transferred in demerger		-43.8	
Foreign exchange rate effect on cash and cash equivalents		-4.7	3.8
Cash and cash equivalents at end of period	22	76.3	174.6

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

EUR million	Note	Equity attributable to equity holders of the parent company							Non-controlling interest	Equity, total	
		Share capital	Legal reserve	Other reserve	Translation difference	Fair value reserve	Treasury shares	Retained earnings			Total
Equity on 1 January 2013		149.2	1.9	3.8	-6.1	-3.4	-9.2	869.8	1,005.9	3.3	1,009.2
Comprehensive income											
Profit for the financial year								357.7	357.7	-0.1	357.6
Other comprehensive income:											
Cash flow hedges	30					3.0			3.0		3.0
– Deferred tax						-0.8			-0.8		-0.8
Change in fair value of available for sale investments	17					0.0			0.0		0.0
– Deferred tax						0.0			0.0		0.0
Translation differences					-50.3				-50.3		-50.3
Comprehensive income, total					-50.3	2.2		357.7	309.6	-0.1	309.5
Transactions with owners											
Dividend distribution, EUR 0.75 per share								-94.0	-94.0	0.0	-94.0
Share-based incentive schemes	23			-3.8			1.0	4.5	1.7		1.7
Assets transferred in the demerger, fair value								-515.2	-515.2		-515.2
Demerger effect			-0.4		-7.7	0.1			-8.0	-0.6	-8.6
Transactions with owners, total			-0.4	-3.8	-7.7	0.1	1.0	-604.7	-615.7	-0.6	-616.3
Changes in ownership shares in subsidiaries no loss of control											
Acquisition of non-controlling interest								-2.2	-2.2	-2.2	-4.4
Changes in ownership shares in subsidiaries, total								-2.2	-2.2	-2.2	-4.4
Equity on 31 December 2013		149.2	1.5	0.0	-64.1	-1.2	-8.2	620.5	697.7	0.4	698.2

The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

EUR million	Note	Equity attributable to equity holders of the parent company							Non-controlling interest	Equity, total	
		Share capital	Legal reserve	Other reserve	Translation difference	Fair value reserve	Treasury shares	Retained earnings			Total
Equity on 1 January 2012		149.2	1.9	2.8	-23.4	-3.6	-9.7	801.5	918.7	2.5	921.1
Defined benefit pension, remeasurement due to IAS 19 change								-37.0	-37.0		-37.0
Adjusted equity on 1 January 2012		149.2	1.9	2.8	-23.4	-3.6	-9.7	764.5	881.7	2.5	884.1
Comprehensive income											
Profit for the financial year								178.7	178.7	1.2	179.9
Profit for the period remeasurement due to IAS 19								-0.1	-0.1		-0.1
Other comprehensive income:											
Change in fair value of defined benefit pension, remeasurement due to IAS 19 change								15.3	15.3		15.3
– Deferred tax								-4.2	-4.2		-4.2
Cash flow hedges	30					0.6			0.6		0.6
– Deferred tax						-0.1			-0.1		-0.1
Change in fair value of available for sale investments	17					-0.4			-0.4		-0.4
– Deferred tax						0.1			0.1		0.1
Translation differences					17.4				17.4		17.4
Comprehensive income, total					17.4	0.2		189.7	207.3	1.2	208.5
Transactions with owners											
Dividend distribution, EUR 0.70 per share								-87.7	-87.7	-0.4	-88.1
Share-based incentive schemes	23			1.0			0.5	3.3	4.8		4.8
Transactions with owners, total				1.0	0.0	0.0	0.5	-84.4	-82.9	-0.4	-83.3
Equity on 31 December 2012		149.2	1.9	3.8	-6.1	-3.4	-9.2	869.7	1,005.9	3.3	1,009.2

The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. Accounting principles of the financial statement

GENERAL INFORMATION

YIT Group provides services for the construction sector. The services provided by the Group companies include construction services for the industrial and public sectors, residential construction services for consumers and road maintenance services in Finland. Furthermore, in Russia the Group provides after-sales service and maintenance for consumer customers' new homes. The main market areas are Finland, Russia, the Baltic countries, the Czech Republic and Slovakia. YIT Group's segments are Construction Services Finland and International Construction Services.

YIT's partial demerger was implemented on 30 June, 2013. In the partial demerger, the assets and liabilities related to YIT's Building Services business were transferred to Caverion Corporation. Until the execution date of the partial demerger (30 June 2013), the transactions included in YIT's Building Services business transferred to Caverion Corporation are presented on a separate line in discontinued operations in YIT's income statement and cash flow statement. In the comparative information in accordance with IFRS, the balance sheet is not adjusted and includes also the items related to the building services business, thus corresponding to the previously reported balance sheet of YIT Group. Therefore, the balance sheet presented as comparative information does not reflect the financial position of continuing operations in this respect.

The Group's parent company is YIT Corporation. The parent company is domiciled in Helsinki, and its registered address is Panuntie 11, 00620 Helsinki, Finland. The parent company's shares have been listed on Nasdaq OMX Helsinki Oy Helsinki stock exchange since 1995.

Copies of the consolidated financial statements are available at www.yitgroup.com or the parent company's head office, address Panuntie 11, 00620 Helsinki, Finland. YIT Corporation's Board of Directors approved these consolidated financial statements for publication in its meeting held on 5 February 2014. In accordance with the Finnish Companies Act, shareholders may approve or reject the financial statements in an Annual General Meeting held after their release. The General Meeting also has the right to pass a resolution on changing the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). All of the IAS/IFRS standards and SIC/IFRIC interpretations approved by the EU Commission by 31 December 2013 have been complied with. International Financial Reporting Standards refer to the Finnish Accounting Act and related legal code based on EU regulation 1606/2002 concerning the adoption of IFRS standards and interpretations in the EU. The notes to the consolidated financial statements also comply with the Finnish GAAP and the Companies Act that complement the IFRS standards. The figures in the financial statements are presented in thousands of euro. In the Annual Report the figures are presented in million euros doing the roundings on each line, which may cause some rounding inaccuracies in column and total sums.

The consolidated financial statements have been prepared under the historic cost convention, as modified by revaluation of available-

for-sale investments, financial assets and liabilities at fair value through profit and loss and derivative instruments at fair value. Share-based payments are measured at fair value at the time of granting.

Application of revised standards and interpretations as from 1 January 2013

The effects of other standards and interpretations adopted on 1 January 2013 on the reporting period have been as follows:

- IAS 1 (amendment): Presentation of Financial Statements. The most important amendment is the requirement for grouping other comprehensive income items according to whether they will possibly be subsequently recognised through profit or loss (reclassification adjustments). This amendment does not define what is presented in other comprehensive income items. As a result of the amendment, the Group has regrouped its comprehensive income items and presents the items in the statement of comprehensive income in the manner required by the amendment to the standard.
- IAS 19 (amendment): Employee benefits: The amendments mean that the corridor approach is eliminated and finance costs are calculated on a net funding basis. All actuarial gains and losses will be recognised in the other comprehensive income as they occur. The revised standard requires retroactive application to the presented financial statements figures, and they have been adjusted in the manner required by the amended standard. In addition, the cumulative effect of the adjustments resulting from the adoption of the standard on the consolidated figures is presented in the notes.
- IFRS 7 (amendment): Financial instruments – disclosures The disclosure requirements are expanded in order to improve the presentation of when different financial instruments can be offset. As a result of the amendment, the Group has expanded its disclosure of the offsetting of financial assets and liabilities (note 30).
- Annual improvements 2012: Improvements that were published as a result of the 2009–2011 cycle result in changes to the following standards: IAS 1 "Presentation of Financial Statements"; IAS 16 "Property, Plant and Equipment"; IAS 32 "Financial Instruments: Presentation"; IAS 34 "Interim Financial Reporting". As a result of the amendment, the Group has regrouped its comprehensive income items and expanded its disclosure.
- The purpose of IFRS 13 is to improve the consistency of the definition of fair value and provide new disclosure requirements when an IFRS standard so requires or allows measurement at fair value. According to the standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market parties on the measurement date. As a result of the amendment, the Group has expanded its disclosure of fair values. The amendment has no material effect on the valuation of the Group's assets and liabilities.

CONSOLIDATION Subsidiaries

The consolidated financial statements include YIT Corporation and the subsidiaries it owns either directly or indirectly and in which it has over 50% of the voting rights, or in which the Group otherwise has the controlling interest. "Controlling interest" means the right to dictate a company's financial and business principles in order to benefit from its operations. The existence of potential voting rights has also been considered when assessing whether the Group controls another entity, if the potential voting rights are currently exercisable. The pur-

chase cost method has been used in eliminating the acquisition of subsidiaries. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group, and they are de-consolidated from the date that control ceases. All intra-group transactions, receivables, liabilities and profits are eliminated in the consolidation. Unrealised losses are not eliminated if they are due to impairment.

The Group uses the acquisition method of accounting to account for business combinations. The total consideration to be transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's assets.

Associated companies

The consolidated financial statements include associated companies in which the YIT Group either holds 20%-50% of the voting rights or in which the Group has a significant influence otherwise but not a controlling interest. Associated companies have been consolidated using the equity method. If the Group's share of associates' losses exceeds the carrying amount, losses in excess of the carrying amount are not consolidated unless the Group has committed itself to fulfilling the obligations of the associates. Unrealised profits between the Group and associates have been eliminated in accordance with the Group's holding. An investment in an associate includes the goodwill arising from acquisition, which has been tested for impairment.

Joint ventures

Joint ventures are companies in which YIT Group exercises a shared controlling interest with other parties. YIT Group's holdings in joint ventures are consolidated using the equity method. The Group's investments in joint ventures are initially recognised at cost and the post-acquisition movements in net assets of the joint venture are adjusted against the carrying value of the investment. The Group's share of joint ventures profits or losses is recognised in the income statement. Unrealised profits between the Group and joint ventures have been eliminated in accordance with the Group's holding.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners. When the Group purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any remaining interest in the entity is re-measured at fair value, with the change in the carrying amount recognised through profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as realised and booked to income statement. If the interest is reduced but control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are booked to non-controlling interest in equity.

The Group has applied the new accounting principles to transactions occurring on or after 1 January 2010. Previously, disposals with non-controlling interest resulted in gains or losses through profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate share in reserves attributable to the subsidiary was reclassified to profit and loss. When the Group ceased to have control, the remaining proportionate interest was valued at cost. The Group applied the new amendment to the standard prospectively; no adjustments to previous figures have been made.

FOREIGN CURRENCY TRANSLATION

The financial statement items of each Group company are measured using the currency of its business environment (functional currency). The consolidated financial statements are presented in euro, which is the Group's functional and reporting currency.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction or valuation, where items are re-measured. Foreign exchange rate gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Finance income and costs". All other foreign exchange gains and losses are presented in the income statement above operating profit. Non-monetary items are mainly valued at the transaction date's foreign exchange rates. The foreign exchange rate gains or losses related to non-monetary items valued at fair value are included in the change of the fair value.

Translation of financial statements of foreign Group companies

The income statements of foreign Group companies have been translated to euro using the average exchange rate quoted for the calendar months of the reporting period. The balance sheets have been translated using the rates on the closing date. The translation of the result for the period using different exchange rates in the income statement and balance sheet results in a translation difference, which is entered in equity in the retained earnings.

Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and items classified to be a part of net investments and the hedging result of these net investment are entered in shareholders' equity. When a foreign subsidiary is disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Translation differences arising before 1 January 2004, are recorded in the retained earnings at the transition to IFRS and they will not be entered in the income statement in the event of the sale of a subsidiary.

Both the goodwill arising from the acquisition of a foreign unit and the adjustments of acquired assets and liabilities to their fair values have been treated as the assets and liabilities of the foreign unit in question and translated at the rate on the closing date. The goodwill and fair value adjustments related to acquisitions before 1 January 2004, have been denominated in euro.

CURRENCY EXCHANGE RATES USED IN YIT CONSOLIDATED FINANCIAL STATEMENTS

	Income statement Jan-Dec 2013	Income statement Jan-Dec 2012	Balance sheet 31 Dec 2013	Balance sheet 31 Dec 2012
1 EUR =				
CZK	25.9904	25.1460	27.4270	25.1510
DKK	7.4579	7.4438	7.4593	7.4610
HUF	296.9644	289.3200	297.0400	292.3000
MYR	4.1858	3.9687	4.5221	4.0347
NOK	7.8075	7.4752	8.3630	7.3483
PLN	4.1971	4.1843	4.1543	4.0740
RUB	42.3362	39.9239	45.3246	40.3295
SEK	8.6514	8.7061	8.8591	8.5920
SGD	1.6610	1.6059	1.7414	1.6110
USD	1.3281	1.2854	1.3791	1.3194
LVL	0.7015	0.6973	0.7028	0.6977
LTL	3.4528	3.4528	3.4528	3.4528

TANGIBLE ASSETS

Tangible assets are stated at historical cost less depreciation and impairment.

Depreciation on tangible assets is calculated using the straight-line method to allocate the cost to over their estimated useful lives. Land is not depreciated. The estimated useful lives of tangible assets are the following:

Buildings	40 years
Constructions	5–10 years
Productive machinery and equipment	10 years
Office furniture	5 years
Computers and computer supplies	3–5 years
Cars and transferable vehicles	3–8 years
Other property, plant and equipment	10–40 years

The residual values and economic lifetimes of assets are assessed in each closing. If necessary, they are adjusted to reflect the changes in expected financial benefits. Capital gains or losses on the sale of property, plant and equipment are included in other operating income or losses.

GOVERNMENT GRANTS

Government grants are recognised as decreases in the carrying amount of property, plant and equipment. Grants are recognised as revenue through smaller depreciations over the economic life of an asset. Government grants relating to costs are recognised in the income statement in the same period when the costs are expensed.

INVESTMENT PROPERTY

YIT Group has no assets that are classified as investment properties.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. The net identifiable assets include the assets and liabilities acquired and the liabilities assumed as well as the contingent liabilities. The acquisition cost is valued at fair value. Goodwill on the consolidation of business functions before 1 January 2004, corresponds to the carrying amount as per the previously employed accounting standards, which has been used as the deemed cost in the IFRS transition. Goodwill is subjected to an annual impairment test. To this end, goodwill is allocated to cash-generating units. Goodwill is measured at the original acquisition cost less impairment. Impairment is expensed directly in the income statement. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

OTHER INTANGIBLE ASSETS

An intangible asset is initially entered in the balance sheet at acquisition cost when the acquisition cost can be reliably determined and the intangible asset is expected to yield economic benefit to the Group. Intangible assets with a known or estimated limited economic lifetime are expensed in the income statement on a straight-line basis over their economic lifetime. Intangible assets with an unlimited economic lifetime are not depreciated, but are instead subjected to an impairment test annually.

Other intangible assets acquired in connection with business acquisitions are recognised separately from goodwill if they fulfil the definition of an asset: they can be specified or are based on agreements or legal rights. Intangible assets recognised in connection with business acquisitions include the value of customer agreements and associated customer relationships, prohibition of competition agreements, and the value of acquired technology and industry-related process competence. The value of customer agreements and associated customer relationships and industry-related process compe-

tence is defined on the basis of cash flows estimated according to the durability and duration of the assumed customer relations.

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The acquisition cost is amortised on a straight-line basis over the estimated useful life. Computer maintenance costs are expensed as they are incurred. In IT projects that are classified as strategic, own work is capitalised in the balance sheet insofar as the capitalisation criteria are met in respect of cost monitoring, etc. Amortisation begins when the IT project is ready for use.

Research expenditure is expensed in the income statement. Expenditure on the design of new or more advanced products is capitalised as intangible assets in the balance sheet as from the date when the product is technically feasible, can be utilised commercially and is expected to yield future financial benefits. Capitalised development expenditure is amortised over the economic life. Amortisation begins when the asset is ready for use. Incomplete assets are tested annually for impairment. Development expenses that are not expected to yield financial benefits are expensed in the income statement. To date, the Group's research and development expenditure has not met capitalisation criteria.

The amortisation periods of other intangible assets are as follows:

Customer relations and contract bases	3–5 years
Unpatented technology	3–5 years
Computer software and other items	2–5 years
Prohibition of competition	2–3 years

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each closing date, YIT Group evaluates whether there are indications of impairment in any asset item. If impairment is indicated, the recoverable amount of said asset is estimated. In addition, the recoverable amount is assessed annually for each of the following asset items regardless of whether impairment is indicated: goodwill, intangible assets with an unlimited economic lifetime and incomplete intangible assets. The need for impairment is assessed at the level of cash-generating units.

The recoverable amount is the fair value of the asset item less the higher of selling costs or the value in use. The value in use is determined based on the discounted future net cash flows estimated to be recoverable from the assets in question or cash-generating units. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset items. An impairment loss is recognised if the carrying amount of the asset item is higher than its recoverable amount. The impairment loss is entered directly in the income statement and is initially allocated to the goodwill allocated to the cash-generating unit and thereafter equally to other asset items. An impairment loss is reversed when the situation changes and the amount recoverable from the asset item has changed since the date when the impairment loss was recorded. However, impairment losses are not reversed beyond the carrying amount of the asset exclusive of impairment losses. Impairment losses on goodwill are never reversed. The calculation of recoverable amounts requires the use of estimates. For more information on impairment testing, see note 15.

INVENTORIES

Inventories are measured either at the lower of acquisition cost or net realisable value. The acquisition cost of materials and supplies is determined using the weighted average price method. The acquisition cost of work in progress and shares in completed housing and real estate companies comprises the value of the plot and other raw materials, planning costs, direct costs of labour, other direct costs and the appropriate portion of the variable general costs of manufacture and fixed overhead. The net realisable value is the estimated selling price in ordinary business operations less the estimated expenditure on product completion and sales. In estimating the net realisable value of shares in completed housing and real estate com-

panies, the available market information and the level of the yield on the properties are taken into account. In assessing the net realisable value of plots of land, their intended use is taken into account. In the valuation of plots of land used for construction, the completed products in which they will be included are taken into consideration. The carrying amount of plots of land is decreased only when the completed products are expected to be sold at a price lower than the acquisition cost. The net realisable value of other plots of land is based on the market price of the land.

LEASE AGREEMENTS

Group as lessee

Lease agreements concerning assets in which the Group holds a material share of the risks and benefits of ownership are classified as financial lease agreements. A financial lease agreement is entered in the balance sheet at the lower of the fair value of the leased asset on the starting date of the lease agreement or the current value of the minimum rents. Assets acquired under financial lease agreements are depreciated over their economic lifetime or the period of lease, whichever is shorter. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding per financial period. The lease commitments of financial lease agreements are included in the financial liabilities.

Lease agreements in which the risks and benefits of ownership are retained by the lessor are treated as other lease agreements. Rents paid on other lease agreements are expensed in even instalments in the income statement over the duration of the rental period. Incentives received are deducted from the rents paid on the basis of the time pattern of the benefit.

NON-CURRENT ASSETS AND DISCONTINUED OPERATIONS HELD FOR SALE

Non-current assets or assets related to discontinued operations are classified as assets held for sale when their carrying amount is to be recovered principally through a sale or disposal transfer transaction. An asset is to be classified as held for sale when the sale or disposal is highly probable, the asset is available for sale in its present condition and on customary terms, the management is committed to sell the asset and the sale is expected to be completed within one year from the date of classification. Assets held for sale are valued at the lower of their carrying amount or fair value less costs to sell. The depreciation of these assets will be discontinued at the time of reclassification.

The disposal group includes assets, which do not fall within the scope of IFRS 5, while liabilities are measured in accordance with the applicable IFRS standards also after the classification.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held of sale and meets the following conditions:

- It represents a separate major line of business or geographical area of operations
- It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations
- It is a subsidiary acquired exclusively with a view to resale.

Revenue from discontinued operations is presented as a separate item in the Group's OCI. Assets held for sale, disposal groups, items related to the assets held for sale and recognised directly in the shareholders' equity, and liabilities related to the disposal group are presented separately from other assets in the balance sheet.

EMPLOYEE BENEFITS

Pension liabilities

The Group has different defined contribution and defined benefit pension plans in its various operating areas. The local regulations and practices of the countries in question are applied in these plans. Contributions to defined contribution pension plans are entered in

the income statement in the financial period during which the charge applies.

The Group has defined benefit pension plans in Finland. The Building Services business that was transferred to Caverion Corporation in the partial demerger had defined benefit pension plans in Norway, Austria and Germany. Obligations connected with the Group's defined benefit plans are calculated by independent actuaries. The discount rate used in calculating the present value of the pension liability is the market rate of high-quality corporate bonds or the interest rate of treasury notes. The maturity of the reference rate substantially corresponds to the maturity of the calculated pension liability. In defined benefit plans, the pension liability presented is the current value of future pension payments at the closing date less the fair value of the plan assets at the closing date together with adjustments for actuarial gains or losses and past service costs. Pension expenditure is expensed in the income statement, periodising the costs over the time in employment of the employees. Actuarial profits and losses are entered through profit and loss for the average remaining time in employment of the employees. Occupational pensions in Sweden had been insured under a pension scheme shared with numerous employers. It has not been possible to acquire sufficient information about these pension liabilities to divide liabilities and assets by employer. Occupational pensions in Sweden have been treated on a defined contribution basis.

Share-based payments

At the balance sheet date, the Group did not have a share-based incentive scheme for key employees in force. The rewards of the expired incentive scheme were paid as a combination of YIT Corporation shares and cash settlement based on achieved financial target levels. The cost effect of equity-settled share was recognised as personnel expenses and equity reserve. The cost was based on the market price of the YIT Corporation share at the grant date and it will be expensed over the vesting period. The cash-settled reward is based on the market value of YIT's share at the balance sheet date and it was expensed to personnel expenses and current liabilities until the settlement date.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before normal retirement. The Group recognises termination benefits when it is committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. In Finland a provision is charged at the beginning of the statutory "YT procedure". In addition, benefits that the Group has offered in connection with terminations to encourage voluntary redundancy are expensed. Benefits falling due more than 12 months after the balance sheet date are discounted to present value. Other possible liabilities arising from the termination of employees in different legislations are assessed at the closing date and recognised as an expense and liability.

PROVISIONS

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event, the materialisation of the payment obligation is probable and the size of the obligation can be reliably estimated. Provisions are valued at the current value of the costs required to cover the obligation. If compensation for a share of the obligation can be received from a third party, the compensation is recorded as a separate asset item, but only when it is practically certain that said compensation will be received. Provisions are booked for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement. The amount of the guarantee and Finnish 10-year provisions for commitments in the construction industry provision is set on the basis of experience of the materialisation of these commitments. Provisions for restructuring are recognised when the Group has made a detailed restructuring plan and initiated the implementation of the plan or has communicated about it. Provisions are not recognised for the con-

tinuing operations of the Group. A contingent liability is an obligation that has possibly arisen as a result of past events and whose existence is confirmed only when the uncertain event that is beyond the Group's control is realised. In addition, an existing obligation that probably does not require the fulfilment of debt or whose amount cannot be reliably assessed is considered a contingent liability. Contingent liabilities are presented in the notes.

INCOME TAXES

Tax expenses in the income statement comprise taxes on the taxable income for the financial period and deferred tax liabilities. Taxes are entered in the income statement except when they are associated with items recognised under shareholders' equity. Taxes on the taxable income for the financial period are calculated on the taxable income on the basis of the tax rate stipulated for each country by the balance sheet date. Taxes are adjusted for the taxes of previous financial periods, if applicable. The management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The tax provisions entered in such situations are based on evaluations by the management.

Deferred taxes are calculated on all temporary differences between the carrying amount and taxable value. No deferred taxes are calculated on goodwill impairment that is not deductible in taxation and no deferred taxes are recognised on the undistributed profits of subsidiaries to the extent that the difference is unlikely to be discharged in the foreseeable future. Deferred taxes have been calculated using the statutory tax rates or the tax rates whose confirmed content has been announced by the closing date. Deferred tax assets have been recognised to the extent that it is probable that taxable income against which the temporary difference can be applied will materialise in the future. The most significant temporary differences arise from differences of the partial debiting and taxable income of long-term projects, depreciation differences of property, plant and equipment, defined benefit pension plans, provisions deductible at a later date, measurement at fair value in connection with acquisitions, unused tax losses and voluntary provisions.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

FINANCIAL ASSETS AND LIABILITIES

Classification and entry of financial assets

The Group records financial assets at the settlement day. Financial assets are derecognised from the balance sheet when the right to cash flows from an item included in financial assets ends or when control over said cash flows has been assigned outside the Group with the related risks and revenue.

The fair values of the financial assets are market rates if one has been reliably available, or otherwise discounted values or accounting values if this is reasonably close to the fair value. The discount rate used is the rate at which the Group could possibly sell a corresponding batch on the closing date.

The Group has, at the initial recognition, classified its financial assets into the following categories on the basis of the purpose for which they have been acquired:

Financial assets originally measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss are financial assets or derivatives held for trading that do not meet the criteria for hedge accounting according to IAS 39. Currency forward contracts and interest rate swaps associated with business operations and financing to which IAS 39-compliant hedging is not applied have been classified into this category. Derivatives are originally measured at fair value when the Group becomes a contractual party to an agreement and are subsequently measured at fair value. Currency

forward contracts are used for hedging against the currency exposure of exchange rates and resulting changes in fair value are entered in other operating income and expenses or financial income and expenses based on their nature in the financial period in which they were incurred. Interest rate swaps are used to hedge against changes in market interest rates, and changes in the fair value of interest rate swaps are entered in financing income or expenses in the financial period in which they were incurred. Derivatives are non-current assets when their maturity is more than 12 months (Receivables) and current assets (Trade and other receivables) when the remaining maturity is less than 12 months. Derivatives may also be liabilities; their accounting principles are specified below under "Financial liabilities."

Loans and receivables

Loans and receivables consist of loan receivables, trade receivables and certain other receivables. Loan receivables are current if the maturity date is within 12 months after the closing date, otherwise they are non-current. They are initially measured at fair value and subsequently valued at the periodised acquisition costs using the effective yield method less any impairment. The changes are recognised in the income statement under financial income or expenses.

Trade and other receivables are current if the maturity date is within 12 months after the closing date, otherwise they are non-current. They are initially measured at fair value and subsequently valued at the periodised acquisition costs using the effective yield method less any impairment. The changes are recognised under other operating income or expenses.

Available-for-sale financial assets

Available-for-sale financial assets not falling into the categories presented above. They are non-current financial assets that the Group will not actively dispose of in the short-term. Available-for-sale financial assets primarily comprise shares and participations acquired to support business operations, e.g. in local telecom, water and environment service companies. They are not primarily quoted in well-functioning markets and they are measured at acquisition cost less any impairment. Quoted shares are measured at fair value and others, when the fair value cannot be evaluated reliably, at the original acquisition cost. When fair value can be evaluated reliably, the changes in fair value are entered in the comprehensive income statement and are presented in the fair value reserves in shareholders' equity, taking the tax impact into consideration. Changes in fair value are transferred from the fair value reserve to financing income or expenses when the Group disposes of an available-for-sale financial asset or its value has declined such that an impairment loss must be recognised on it. Impairment of an equity investment classified as an available-for-sale financial asset is not derecognised through profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits withdrawable on demand and liquid short-term investments whose original maturity is no more than three months. They are recorded in the balance sheet at the original acquisition cost and the yield under financing income. The available overdraft facilities are included in current liabilities in the balance sheet and netted as the Group has a contractual offsetting right to execute the net amount to the creditor.

Impairment of financial assets

Assessment as to whether there is objective evidence of an impairment of an item included in the financial assets occurs on the closing date. An impairment loss is recognised if the carrying amount of the asset item is higher than its recoverable amount. An impairment loss is reversed if the recoverable amount has changed from the date it was recognised due to a change in circumstances.

The fair value of available-for-sale financial assets is considered decreased when their value has decreased significantly over a longer term. In this case, changes to the fair value are entered from shareholders' equity to the income statement. Impairment losses to equity

investments classified as available-for-sale financial assets are not derecognised through profit or loss.

The value of loan and trade receivables in other receivables is considered to have decreased when it is apparent that the Group will not be able to collect the receivable in accordance with the original terms and conditions. The Group recognises the impairment loss concerning sales receivables immediately when there is objective evidence that the receivable cannot be collected in full. In addition, delay or default on a payment by the debtor or known financial difficulties of the debtor are considered additional factors indicative of an impairment of trade receivables. According to the Group's principle concerning the valuation of trade receivables, 50% of unsecured and uncertain receivables overdue more than 180 days and 100% of those overdue more than 360 days is recognised as an expense. Due to the application of the percentage of completion method, part of the items considered write-downs is included in the project cost estimate and taken into consideration as weakened margin forecast. Write-downs on loss-making projects are included in the provisions for losses.

Financial liabilities

Financial liabilities are recorded in the balance sheet at the settlement day and derecognised from the balance sheet when the related obligations expire or transfer outside the Group in accordance with the agreements.

The Group has classified its financial liabilities into the following categories:

Financial liabilities at periodised acquisition cost using the effective interest rate method

These are originally measured at fair value. Transaction costs arising in connection with taking out the loan have been included in the original carrying amount. Financial liabilities may be current or non-current. Financial liabilities are later valued at the periodised acquisition cost using the effective interest rate method. Borrowing costs arising as a result of the acquisition, construction or manufacturing of a qualifying asset are capitalised as part of the acquisition cost of the asset in question when it is probable that they will produce future financial benefit and can be reliably determined. Other borrowing costs are expensed in the period during which they emerged. Fees paid on the establishment of loan facilities are recognised as expenses over the period of the facility to which it relates.

Developer contracting-related debts from contract receivables sold to financing companies are also presented in financial liabilities. The receivables sold to financing companies are included in the current borrowings during the loan period to the extent they are related to housing production or commercial real estates recognised as revenue upon completion. Loans from external financial institutions drawn down by housing corporations have been accounted for as liabilities to the extent that they apply to unsold shares.

The Group has applied from 1 January 2010 the IFRIC15 interpretation, according to which sold residential units in own residential development projects are recognised when projects are complete. As a result, all construction-stage contract receivables related to residential housing production or business premises recognised as revenue upon completion must be reported as part of the interest-bearing liabilities on the balance sheet. Previously, this part of the construction-stage contract receivables was reported as an off-balance sheet item.

The fair values of the financial liabilities are market rates if one has been reliably available, or otherwise discounted values or accounting values if this is reasonably close to the fair value. The discount rate used is the rate at which the Group could possibly buy a corresponding item on the closing date.

Financial liabilities measured at fair value

Currency forward contracts and interest rate swaps associated with business operations and financing to which IAS 39 compliant hedging is not applied have been classified into this category. Derivatives are originally measured at fair value when the Group becomes party

to an agreement and is subsequently measured at fair value. Currency forward contracts are used for hedging against the currency exposure of exchange rates and resulting changes in fair value are entered in other operating income and expenses or financial income and expenses in the financial period in which they were incurred. Interest rate swaps are used to hedge against changes in market interest rates, and changes in the fair value of interest rate swaps are entered in financing income or expenses in the financial period in which they were incurred. Derivatives are non-current liabilities when their maturity is more than 12 months (Other liabilities) and current liabilities when the remaining maturity is less than 12 months (Trade and other payables).

Fair value of derivative instruments and hedge accounting

The fair value of derivative instruments equals the value the Group would receive or pay if the derivative contract would be terminated. The fair value of exchange rate forward agreements has been assessed by using the market prices at the closing day. The fair value of interest rate forward agreements are based on the counterparts' quoted prices. These quoted prices for interest rate swap agreements are derived from the discounted future cash flows, and the quoted prices for other agreements are based on general market conditions and common pricing models. The fair value of commodity derivatives is based on average market price on the balance sheet date.

Derivative instruments used in hedge accounting that meet the hedge accounting criteria under IAS 39 are entered in the balance sheet at fair value on the day that the Group becomes counterpart to the agreement. The Group has applied hedge accounting for hedging against the reference rate of floating rate loans (cash flow hedging). The Group documents the relationship between the target and the hedging instruments and assesses the effectiveness of the hedging ratio. The effectiveness of hedging is evaluated in connection with the preparation of each financial statement, at minimum. Changes in the fair value of the effective part of derivative instruments meeting the criteria for cash flow hedging are entered in the fair value reserves in shareholders' equity, taking the tax impact into consideration. Gains and losses recognised in shareholders' equity are transferred to financial income or expenses within the same financial periods as the items of the hedging target. When a hedging instrument acquired to hedge cash flow matures or is sold, or when the criteria of hedging accounting are no longer satisfied, the profit or loss accrued from the hedging instrument remains in equity until the forecasted transaction is realised. Nevertheless, if the forecasted hedged transaction is no longer expected to be implemented, the profit or loss accrued in equity is recognised immediately in the income statement.

TREASURY SHARES

If a Group company acquires YIT Corporation shares, the consideration paid for the shares and acquisition-related costs are decreased from shareholders' equity until the shares are nullified or re-circulated. When the company sells its own shares, the direct transaction costs can be decreased from the consideration received, which is then entered in shareholders' equity.

INCOME RECOGNITION

Income from product and service sales is recorded as revenue at fair value with the indirect taxes, discounts.

Goods and services sold

YIT Group designs, constructs and sells residential units and business premises and develops and maintains living infrastructure. Furthermore, in Russia, the Group provides after-sales service and maintenance for consumer customers' new homes. Income from sales of products is recorded when the significant risks, benefits and control associated with the ownership of the goods have transferred to the buyer. Income from short-term services is recorded when the service has been performed.

Long-term service agreements and construction contracts

Long-term service agreements and construction contracts are recorded as revenue on the basis of the degree of completion when the end result of the project can be estimated reliably. The degree of completion of long-term service agreements is calculated on the basis of the share of the estimated total cost of a contract represented by the costs realised at the time of assessment. The revenue from developer contracting is recognised on the basis of the percentage of degree of completion and the degree of sale. Costs in excess of the degree of completion are capitalised in work in progress included in inventories. Revenue from construction projects including leasing liabilities is recognised as revenue on the basis of the percentage of degree of completion, degree of sale and occupancy rate. Leasing liabilities are treated as contract expenses. A provision for leasing liabilities is made if the remaining unrecognised margin of the construction project is lower than the amount of the remaining leasing liability.

YIT group may also carry out a certain construction contract or long-term service agreement through a construction consortium. A construction consortium is not an independent legal unit; instead the contracting parties are directly responsible for its operations and liabilities. Construction contracts and long-term service agreements carried out through a consortium are included in the relevant group company's reporting and are recorded as revenue on the basis of the degree of completion and group's share in the consortium.

Own residential and commercial real estate development projects (IFRIC 15)

From 1 January 2010, the revenue generated by YIT's own residential development projects is recognised when the project is complete i.e. when the residential units are ready to be handed over to the client. Revenue recognition of completed projects is based on degree of sale. Under the old practice, the revenue was recognised during the construction phase based on the percentage of degree of completion and the degree of sale.

In the case of YIT's commercial real estate development projects, the recognition practice will be evaluated on a case-by-case basis and in accordance with the terms and conditions of each contract. These projects will be recognised when the construction work has started or when the project is complete. The share of income and expenses to be recognised is calculated by using the formula percentage of completion multiplied by the percentage of sale multiplied by the occupancy rate. YIT normally secures the key tenants prior to starting a business premises project and the investor at the early stage of construction of the project.

If it is probable that the total expenditure required to complete a contract will exceed the total income from the project, the expected loss is expensed immediately in all circumstances. Revenue recognition on the basis of the degree of completion related to long-term service agreements and construction contracts is based on estimates. If the estimates of the end result of a contract change, the sales and profits recognised are adjusted in the reporting period when the change first becomes known and can be evaluated.

Interest and dividends

Interest income is recognised using the effective yield method and dividend income when the right to dividend has materialised.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When financial statements are prepared in accordance with IFRS, the Group management must make estimates and exercise judgement in the application of the accounting policies. Estimates and assumptions have an effect on the amounts of assets, liabilities and contingent liabilities in the balance sheet of the financial statements and the final actual results may differ from the estimates. The following presents the critical accounting estimates and judgements included in the financial statements:

Estimated impairment of goodwill

Goodwill is tested for any impairment annually in accordance with the accounting policy stated in note 15. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The cash flows in the value-in-use calculations are based on the management's best estimate of market development for the subsequent years.

The cash flows in the value-in-use calculations reflect the best estimate for different time period, and the sensitivity analysis for discount rate, profitability as well as terminal value have been made. On 31 December 2013, goodwill amounted to EUR 10.9 million.

Percentage of completion revenue recognition of long-term projects

Due to estimates included in the revenue recognition of long-term service agreement and construction projects, revenue and profit presented by financial period only rarely correspond to the equal distribution of the total profit over the duration of the project. When revenue recognition from long-term projects is based on the percentage of completion method, the final result of the projects is regularly and reliably estimated. Calculation of the total income of projects includes estimates on the total expenditure required to complete the project as well as the development of sales prices. If the estimates of the end result of a contract change, the sales and profits recognised are adjusted in the reporting period when the change first becomes known and can be evaluated. If it is probable that the total expenditure required to complete a contract will exceed the total income from the project, the expected loss is expensed immediately. In 2013, revenue recognition through percentage of completion method amounted to EUR 1,229.3 million, representing 66 per cent of the Group's revenue (Note 5).

Income taxes

The Group is subject to income taxes in several countries. Evaluating the total amount of income taxes at the Group level requires significant consideration, so the amount of total tax includes uncertainty. On 31 December 2013, deferred tax receivables amounted to EUR 41.1 million and deferred tax liabilities amounted to EUR 14.4 million (Note 19).

Provisions

The recognition of provisions is associated with estimates concerning probability and quantity. Provisions are booked for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement. A guarantee provision and Finnish 10-year provisions for commitments are recorded when a project is recognised in the income statement. The amount of the guarantee and Finnish 10-year provisions for commitments in the construction industry provision is set on the basis of experience of the materialisation of these commitments. On 31 December 2013, provisions amounted to EUR 61.4 million (Note 25).

Pension benefits

The current value of pension obligations depends on various actuarial factors and the discount rate used. Changes in the assumptions and discount rate have an effect on the carrying amount of pension liabilities. The discount rate used is the market rate of high-quality corporate bonds or the interest rate of treasury notes for the currency in which the benefits will be realised. The maturity of the reference rate used corresponds substantially to the maturity of the calculated pension liability. Other assumptions are based on actuarial statistics and prevailing market conditions. On 31 December 2013, pension liabilities amounted to EUR 0.7 million (Note 24).

Inventories

On each closing date, the Group assesses the valuing of inventory and possible decrease in value based on its best estimate. The estimates are based on systematic and continuous monitoring. Plot reserves are measured at acquisition cost and the value is impaired

only when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs. The valuing of plot reserves has been made by using time period of 3–4 years. On 31 December 2013, work in progress amounted to EUR 1,053.4 million, completed housing units amounted to EUR 235.7 million and plot reserves amounted to EUR 681.2 million (Note 20).

Trade receivables

The Group books write-offs or provision on receivables when it is evident that no payment can be expected. Group adopts its policy of valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience on real-ised write-offs in previous years, empirical knowledge of debt collecting, analysis made by clients and general market situation at the time. On 31 December 2013, trade receivables amounted to EUR 114.8 million (Note 21).

EVALUATION OF THE FUTURE IMPACT OF NEW STANDARDS AND INTERPRETATIONS

IASB has published the following new or amended standards and interpretations, which group has not applied for or EU commission has not approved yet. YIT Group will adopt them in the financial statements for the year 2014 or later.

- IFRS 9: Financial Liabilities – Classification and Measurement. The part of IFRS 9 concerning the classification and measurement was published in November 2009. It represents the first milestone in the process to replace IAS 39 “Financial Instruments – Recognition and Measurement” with a new standard. IFRS 9 includes new kinds of requirements for the classification and measurement of financial assets, and it will probably have an impact on accounting for financial assets in the Group. The Group will adopt the standard in its 2013 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 10, 11 and 12 transition rules (amendment): These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 10 Consolidated Financial Statements: The aim of IFRS 10 is to define principles applied to the preparation and presentation of consolidated financial statements when the entity has control in one or several entities. The standard specifies the principle of control, and control is defined as grounds for consolidation. The standard provides guidelines on the application of the concept of control in determining whether the investor has control and must therefore consolidate the investee in its consolidated financial statements. The standard also includes requirements for the procedure of preparing consolidated financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 11 Joint Arrangements: IFRS 11 provides for a more realistic reflection of joint arrangements. In accordance with it, the focus is on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations and accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise when a joint venturer has rights to the net assets of the arrangement and accounts for its interest using the equity method. Proportional consolidation of joint ventures is no longer allowed. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 12 Disclosures of Interests in Other Entities: IFRS 12 includes all of the disclosure requirements for all types of interests. It applies to joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IAS 27 Separate Financial Statements: The revised standard sets out the requirements for separate financial statements remaining after the provisions concerning control were included in the new IFRS 10. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IAS 28 Investments in Associates and Joint Ventures: The revised standard outlines the accounting for investments in associates and joint ventures. As a result of the publication of IFRS 11, the equity method is applied to both. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IAS 32 Financial Instruments: Presentation: The amendments concern the implementation guideline of IAS 32. They clarify certain requirements concerning the offsetting of financial assets and liabilities on the balance sheet. The Group management is assessing the impact of the standard on the financial statements of the Group.
- Amendment to IFRS 10, IFRS 12 and IAS 27 concerning the consolidation of investment entities: These amendments mean that many funds and similar entities are exempted from consolidating most of their subsidiaries in the consolidated financial statements. Instead, subsidiaries are measured at fair value through profit or loss. The exemption applies to entities which meet the definition of “investment entity” and have certain specific characteristics. Disclosure requirements for investment entities have been added to IFRS 12. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IAS 36 Impairment of Assets: The amendment concerns information on the recoverable amount that must be disclosed for impaired assets if their value is based on fair value less costs of disposal. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IAS 39 Financial Instruments – Recognition and Measurement: The amendment provides for an easement according to which hedge accounting can be continued under certain criteria when a derivative instrument is novated to a central counterparty. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRIC 21 Levies: The interpretation concerns the standard IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. IAS 37 outlines the accounting for liabilities. One of them is the requirement that the company has an existing obligation resulting from a past event (obligating event). The interpretation defines the obligating event for a levy as the activity that triggers the payment of the levy in accordance with the relevant legislation.
- IFRS 9 Financial Instruments: The purpose of this standard is to supersede IAS 39. At this stage, IFRS 9 contains measurement principles of financial assets and liabilities and hedge accounting. The different measurement requirements have been carried forward unchanged, but they have been simplified by dividing financial assets into two classifications: amortised cost and fair value. The classification depends on the business model of the entity and cash flow characteristics of an asset included in financial assets. The new guidance on hedge accounting brings hedge accounting and risk management closer to each other. In addition, the requirements for effectiveness testing have been simplified. In the future, hedged items can include risk components associated with commodities, combinations of exposures, groups of several items when hedging against foreign currency risk as well as equity investments. The guidance included in IAS 39 on the impairment of financial assets and hedge accounting will remain in force.

- IAS 19 Employee benefits: Defined Benefit Plans – Employee Contributions The amendment allows contributions associated with employee service and whose amount does not vary based on the employee's period of employment to be deducted from the costs of benefits earned during which the services are rendered. The Group management is assessing the impact of the standard on the financial statements of the Group.
- Annual improvements 2010–2012: Improvements that were published as a result of the 2010–2012 cycle result in changes to the following standards:
 - IFRS 2 Share-based Payment
 - IFRS 3 Business Combinations
 - IFRS 8 Operating Segments
 - IFRS 13 Fair Value Measurement
 - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets IAS 24 Related Party Disclosures

The Group management is assessing the impact of the improvements on the financial statements of the Group.

- Annual improvements 2011–2013: Improvements that were published as a result of the 2011–2013 cycle result in changes to the following standards:
 - IFRS 3 Business Combinations
 - IFRS 13 Fair Value Measurement
 - IAS 40 Investment Property

The Group management is assessing the impact of the amendments on the financial statements of the Group.

The possible restatements made in the previous year's figures are only done in order to remain the comparability with the actual year's figures.

2. Segment information

YIT's business and reportable segments are Construction Services Finland and International Construction Services. Segments' operating activities are organised as follows:

CONSTRUCTION SERVICES FINLAND

- Residences: block of flats, single-family houses, leisure solutions.
- Maintenance of roads, streets and properties.
- Construction investments, renovation and property development projects, as well as infrastructure property development projects.

INTERNATIONAL CONSTRUCTION SERVICES

- Block of flats, single-family houses and leisure solutions. Maintenance of properties.
- Construction investments, renovation and property development projects.

OTHER ITEMS

Other items include Group internal services, rental revenue from external customers and Group level unallocated costs.

ACCOUNTING PRINCIPLES IN SEGMENT REPORTING

In Construction Services Finland and International Construction Services segments' reporting to the management the revenue from own residential and commercial development projects is recognised by multiplying the degree of completion and the degree of sale, i.e. according to the percentage of completion method, which does not fully comply with Group's IFRS accounting principles. According to the Group's IFRS accounting principles revenue from own residential construction projects is recognised on completion and the commercial development projects the recognition practice will be evaluated on a case-by-case basis and in accordance with the terms and conditions of each contract. The share of income and expenses to be recognised is calculated by multiplying the percentage of completion by the percentage of sale multiplied by the occupancy rate. YIT

normally secures the key tenants prior to starting a business premises project and the investor at the early stage of construction of the project. The impact of the difference in reporting principles is shown in the line IFRS adjustment. As a result of the accounting policy, Group figures can fluctuate greatly between quarters. The chief operating decisionmaker is the YIT Group's Management Board, which reviews the Group's internal reporting in order to assess performance and allocate resources to the segments.

On 1 January 2013, the Group adopted a new recording method in segment reporting, according to which the capitalisation of borrowing costs according to the IAS 23 is not applied in segment reporting. IAS 23 defines the recording method of borrowing costs in long-term construction projects. The comparison figures have been adjusted to correspond with the new accounting practice. The change increased the operating profit based on segment reporting by EUR 13.6 million in January–December 2012.

The operative invested capital and return on operative invested capital (%) are included in the reports regularly reviewed by the YIT Group's Management Board. These key indicators are reported regularly to Group's Management. Operative invested capital is determined as follows:

- + Tangible and intangible assets
- + Goodwill
- + Investments in associates and joint ventures
- + Inventories
- + Trade receivables and other non-interest-bearing receivables (excl. items related to taxes, interests and distribution of assets)
- = Segments' assets
- Provisions
- Trade payables
- Advances received
- Other non-interest-bearing liabilities (excl. items related to taxes, interests and distribution of assets)
- = Segments' liabilities

Segment's assets – Segment's liabilities = Operative invested capital

$$\text{Return on operative invested capital \%} = \frac{\text{Segment's operating profit}}{\text{Operative invested capital (average)} * 100}$$

OPERATING SEGMENTS 2013

EUR mill.	Construction Services Finland	International Construction services	Other items and eliminations	Continuing operations, total	Discontinued operations	Eliminations	Items allocated to segments
Segments' revenue	1,219.8	621.2	17.8	1,858.8			1,858.8
Group internal	-1.1	-0.3	1.4	0.0			0.0
Revenue from external customers	1,218.8	620.9	19.2	1,858.8			1,858.8
Share of profit from associates and joint ventures	0.0			0.0			0.0
Operating profit segment/Group	94.5	71.9	-13.6	152.8			152.8
Operating profit includes:							
Depreciation and amortization	-0.2	-3.1	-14.2	-17.4			-17.4
Change in provisions	0.8	-6.8	2.7	-3.3			-3.3
Segments' assets	1,028.9	986.8	61.1	2,076.8			2,076.8
Total assets include:							
Investments	0.3	7.5	12.4	20.2			20.2
Investments in associates and joint ventures	0.5	0.0	0.0	0.5			0.5
Segments' liabilities	345.8	254.3	15.4	615.5			615.5
Segment's operative invested capital	683.1	732.5					
Return on operative invested capital (last 12 months) % =	14.9	10.0					

OPERATING SEGMENTS 2012

EUR mill.	Construction Services Finland	International Construction services	Other items and eliminations	Continuing operations, total	Discontinued operations	Eliminations	Items allocated to segments
Segments' revenue	1,329.0	599.6	64.8	1,993.4	2,803.4		4,796.8
Group internal	-1.1	-0.2	-33.2	-34.5	-0.2	-86.2	-120.9
Revenue from external customers	1,328.0	599.4	31.6	1,959.0	2,803.2	-86.2	4,675.9
Share of profit from associates and joint ventures	0.0	0.3		0.2	0.0		0.2
Operating profit segment/Group	134.1	80.4	-13.4	201.1	61.1	0.1	262.2
Operating profit includes:							
Depreciation and amortization	-0.1	-4.2	-16.4	-20.6	-24.2		-44.9
Change in provisions	-0.8	5.1	0.1	4.4	-4.0		0.4
Segments' assets	944.9	918.3	78.0	1,941.2	1,235.9	-0.7	3,176.4
Total assets include:							
Investments	0.0	3.9	24.5	28.4	16.2		44.6
Investments in associates and joint ventures	0.4	0.0		0.4	0.1		0.6
Segments' liabilities	363.2	210.0	1.8	574.9	758.7	16.2	1,349.9
Segment's operative invested capital	581.7	708.3					
Return on operative invested capital (last 12 months) % =	23.5	12.3					

SEGMENT INFORMATION RECONCILIATION

EUR mill.	Group 2013	Continuing operations, restated 2012	Discontinued operations, restated 2012	Eliminations 2012	Group, restated 2012
Revenue reconciliation					
Revenue, segment reporting	1,858.8	1,959.0	2,803.2	-86.2	4,675.9
IFRS adjustment	-115.9	29.9			29.9
Revenue, group	1,743.0	1,988.9	2,803.2	-86.2	4,705.9
Reconciliation of net profit for the financial year					
Operating profit, segment reporting	152.8	201.1	61.1	0.1	262.2
Unallocated items:					
Financial income and expenses	-30.0	-31.5	-7.0	-0.2	-38.7
Profit before taxes, segment reporting	122.8	169.6	54.1	0.0	223.7
Taxes	-29.0	-37.9	-16.6		-54.5
Non-controlling interests	0.1	-0.9	-0.1		-1.0
Net profit for the financial year, segment reporting	93.9	130.7	37.4	0.0	168.1
IFRS adjustment:					
Operating profit	-48.8	-3.1			-3.1
Financial income and expenses	21.0	17.4			17.4
Deferred taxes	4.2	-3.5			-3.5
Non-controlling interests	0.0	-0.2			-0.2
Net profit for the financial year, group	70.2	141.2	37.4	0.0	178.6

EUR mill.	Group 2013	Continuing operations, restated 2012	Discontinued operations, restated 2012	Eliminations 2012	Group, restated 2012
Assets					
Assets allocated to segments	2,076.8	1,941.2	1,235.9	-0.7	3,176.4
Unallocated items:					
Cash and cash equivalents	76.3	74.9	100.8		175.7
Non-current receivables	10.9	14.8	2.5		17.3
Tax related items	47.3	37.9	10.2		48.2
Periodisations of financial items		8.2	3.4		11.6
Assets total, segment reporting	2,211.3	2,077.0	1,352.8	-0.7	3,429.1
IFRS adjustment:					
Inventories	387.8	322.1			322.1
Other current receivables	-54.8	-66.8			-66.8
Deferred tax receivables	8.3	9.1			9.1
Assets total, group	2,552.6	2,341.5	1,352.8	-0.7	3,693.6
Liabilities					
Liabilities allocated to segments	615.5	574.9	758.7	16.2	1,349.9
Unallocated items:					
Interest-bearing liabilities	783.9	618.9	91.0	140.0	849.9
Tax related items	25.3	35.7	76.1		111.8
Periodisations of financial items	11.7	25.6	0.6		26.2
Liabilities total, segment reporting	1,436.4	1,255.1	926.4	156.2	2,337.8
IFRS adjustment:					
Interest-bearing current liabilities	74.1	72.0			72.0
Other current liabilities	354.6	260.0			260.0
Deferred tax liabilities	-10.7	-7.5			-7.5
Liabilities total, group	1,854.4	1,579.7	926.4	156.2	2,662.3

GEOGRAPHICAL INFORMATION

In geographical segments revenues are presented by location of customers and assets are presented by location of assets.

REVENUE FROM EXTERNAL CUSTOMERS

EUR mill.	Group 2013	Continuing operations, restated 2012	Discontinued operations, restated 2012	Eliminations 2012	Group, restated 2012
Finland	1,254.5	1,402.5	585.8	-59.7	1,928.6
Sweden	2.9	4.6	723.8	-4.7	723.8
Norway	2.1	3.7	564.6	-3.7	564.6
Germany	1.7	3.8	521.1	-3.8	521.1
Russia	362.5	441.7	32.0	-10.7	463.0
Denmark	0.4	1.7	142.8	-1.7	142.8
Baltic countries	95.7	102.8	25.5	-1.3	127.1
Other Europe	23.2	28.1	191.8	-0.8	219.1
Other countries			15.9	0.0	15.9
Group total	1,743.0	1,988.9	2,803.2	-86.2	4,705.9

NON-CURRENT ASSETS

EUR mill.	Group 2013	Continuing operations, restated 2012	Discontinued operations, restated 2012	Eliminations 2012	Group, restated 2012
Finland	60.1	83.4	121.1		204.5
Sweden			58.5		58.5
Norway			96.1		96.1
Germany			97.6		97.6
Russia	12.3	17.8	1.0		18.8
Denmark			10.6		10.6
Baltic countries	10.6	10.5	0.2		10.7
Other Europe	1.5	2.4	23.5		26.0
Other countries			0.1		0.1
Group total	84.5	114.1	408.7		522.9

3. Acquisitions

ACQUISITIONS IN 2013

In December 2013, International Construction Services acquired 100% holding of company LLC Sovremennik, which engages in building technology contracts and maintenance in Russia. The acquisition did not have a direct economic impact to YIT Group and goodwill was not generated.

ACQUISITIONS IN 2012

In Sweden, YIT acquired the share capital of Elektriska Installationer i Finspång AB, a company specialising in electricity, telecommunications, data, alarm and low voltage installations, and its sister company Kraftmontage i Finspång AB, specialising in electrical installations in February. In Norway, YIT acquired the share capital of electrical installations specialist Madla Elektro AS in March. In Sweden, YIT acquired the security business operations of Level5 security in April and the share capital of electrical installations company Dala Elmontage Lindkvist & Bodin AB in May.

During the first half of the year 2012, YIT made two acquisitions in the Building Services Central Europe segment. In Austria, YIT acquired the share capital of P&P Kältengebäude GmbH, a cooling solutions and services provider, and the share capital of WM Haustechnik GmbH, an HVAC solution provider, in January 2012.

The Swedish, Norwegian and Austrian companies mentioned above were transferred to the Caverion Group as part of the partial demerger.

In December 2012 International Construction Services acquired 100% holding in LLC Maintenance Company "Vesta", a company specialising in contracting and services within technical building systems in Russia.

The total acquisition price amounted to EUR 9.5 million and goodwill was not generated.

COMPOSITION OF ACQUIRED NET ASSETS AND GOODWILL

EUR mill.	2013	2012
Consideration		
Cash	0.0	8.5
Contingent consideration		1.1
Total consideration	0.0	9.5
Acquisition-related costs recognised as expenses		0.2

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED

EUR mill.	2013	Restated 2012
Cash and cash equivalents	0.0	1.1
Property, plant and equipment		0.5
Intangible assets:		
Customer base		1.6
Order backlog		4.5
Other intangible rights		12.9
Inventories	0.0	0.9
Trade and other receivables	0.0	6.6
Deferred tax liabilities, net		-2.0
Trade and other liabilities	0.0	-16.6
Total identifiable net assets	0.0	9.5
Non-controlling interest		
Goodwill		
Total	0.0	9.5
Revenue included in the income statement for the period	0.0	17.4
Profit for the period included in the income statement for the period	0.0	0.2
Revenue had the consolidation taken place from the beginning of financial year	0.0	19.2
Profit for the period had the consolidation taken place from the beginning of the financial year	0.0	0.4

The assets and liabilities of year 2012 were transferred to the Caverion Group as part of the demerger.

4. Disposals

DISPOSED BUSINESSES IN 2013

There were no disposed businesses in 2013.

DISPOSED BUSINESSES IN 2012

International Construction Services sold the shares held in a Russian company called UJUT Service. The sale had no significant relevance to the YIT Group.

EFFECT ON REVENUE, NET PROFIT AND CASH FLOW

EUR mill.	January-December 2012
Revenue	0.1
Operating expenses	-0.1
Operating profit	0.0
Financial expenses	0.0
Profit before taxes	0.0
Taxes	0.0
Net profit	0.0
Received in cash	0.0
Direct costs related to disposals	0.0
Cash and cash equivalents in disposed entity	0.0
Cash flow on disposals	0.0

EFFECT ON CONSOLIDATED ASSETS AND LIABILITIES

EUR mill.	2012
Trade and other receivables	0.5
Cash and cash equivalents	
Total assets	0.5
Deferred tax liability	
Trade and other liabilities	0.5
Total liabilities	0.5
Net assets	0.0

5. Long-term construction contracts

EUR mill.	2013	Restated 2012
Contract revenue recognised as revenue in the period	1,229.3	1,571.5
Contract costs incurred and recognised profits less recognised losses to date for work in progress	1,178.8	1,243.8
EUR mill.	2013	2012
Accrued income from long-term projects ¹⁾	61.5	329.3
Advances received ²⁾	149.1	340.4

1) EUR 49.9 million of the item for the comparison year 2012 is allocated to the construction business.

2) EUR 203.6 million of the item for the comparison year 2012 is allocated to the construction business.

The expenditure incurred and the profits recognized for the long-term projects, that exceed the amount invoiced for the project, the difference is disclosed in "Trade and other receivables" in the balance sheet. Advances received and difference that arises if the expenditure and recognised income are lower than the amount of invoiced for the project, the difference is disclosed in "Trade and other payables".

6. Other operating income

EUR mill.	2013	Restated 2012
Gains on the sale of tangible and intangible assets	1.6	0.7
Rent income	0.0	7.5
Gains on disposed companies or businesses	8.0	
Other income	6.1	10.4
Total	15.7	18.6

7. Other operating expenses

EUR mill.	2013	Restated 2012
Losses on the sale of tangible and intangible assets	0.0	0.2
Rent expenses	55.6	57.8
Voluntary indirect personnel expenses	9.6	9.9
Other variable expenses for work in progress	129.8	174.9
Travel expenses	11.3	12.0
IT expenses	4.3	1.9
Premises expenses	11.2	12.3
Other fixed expenses	15.9	24.5
Total	237.7	293.5

AUDIT FEE

EUR million	2013	2012
PricewaterhouseCoopers		
Audit fee	0.8	0.9
Statements ¹⁾	0.2	0.0
Tax services	0.0	0.4
Other services ¹⁾	0.8	0.3
Total	1.8	1.6

1) In 2013 the statement and other services include EUR 0.9 million of costs related to the demerger. Of the audit fee for 2012, EUR 1.0 million is allocated to discontinued operations.

8. Depreciation and impairment

EUR mill.	2013	Restated 2012
Depreciation		
Intangible assets		
Allocations	0.8	1.0
Other intangible assets	3.2	4.9
Tangible assets		
Buildings and structures	0.8	1.0
Machinery and equipment	11.0	11.7
Machinery and equipment, finance lease	0.3	0.3
Other tangible assets	1.5	1.7
Depreciation and impairment, total	17.4	20.6

9. Employee benefit expenses

EUR mill.	2013	Restated 2012
Wages and salaries	231.4	235.8
Pension costs, defined contribution plan	13.5	18.4
Pension costs, defined benefit plan	0.0	0.0
Other post-employment benefits	0.0	0.1
Share-based compensations	2.0	3.4
Other indirect employee costs	40.1	39.5
Total	286.9	297.1

NUMBER OF PERSONNEL BY BUSINESS SEGMENT

Average	2013	Restated 2012
Construction Services Finland	3,453	3,619
International Construction Services	2,786	2,763
Other	337	348
Total	6,575	6,730

The key management compensation in total is disclosed in Note 34 Related party transactions.

10. Research and development expenses

YIT group's research and development expenses amounted to about 15.0 million euros in 2013 and 7.5 million euros (restated) in 2012. The research and development expenses have been mainly recognised as a part of the costs of long-term projects and have been recorded as a project costs.

11. Financial income and expenses

EUR mill.	2013	Restated 2012
Financial income		
Dividend income on available for sale investments	0,0	0,0
Interest income on loans and other receivables	0,8	4,1
Realized gains on available for sale investments	0,0	
Changes in fair values on financial instruments at fair value through profit and loss account	7,7	0,4
Other financial income on loans and other receivables	1,1	0,1
Financial income, total	9,6	4,6
Financial expenses		
Interest expenses on liabilities at amortized cost ¹⁾	-16,8	-18,1
Interest expenses on receivables sold to financing companies	-3,0	-4,0
Other financial expenses on liabilities at amortized cost	-3,7	-3,4
Interest expenses on hedging derivatives	-2,5	
Interest expenses on non-hedging derivatives	-8,2	-2,5
Changes in fair values on financial instruments at fair value through profit and loss account	0,0	-2,7
Interest expenses on finance leases	-0,1	0,0
Financial expenses	-34,3	-30,7
Interest expenses capitalised on qualifying assets ²⁾	21,0	17,4
Financial expenses, total	-13,3	-13,3
Exchange rate differences		
Exchange rate gains	23,7	34,3
Exchange rate losses	-28,9	-39,7
Exchange rate differences, net ³⁾	-5,2	-5,5
Financial expenses, net	-9,0	-14,2

1) Interest expenses on liabilities at amortised cost include EUR 2.6 million (EUR 2.0 million in 2012) of interest expenses on derivatives with hedge accounting applied.

2) Capitalisation of interest expenses is based on the effective weighted average interest of the Group loan portfolio. Currency-specific factors include the impact of hedging.

3) Exchange rate differences, net, were mainly caused by realised losses from hedging the rouble against the euro.

12. Income taxes

INCOME TAXES IN THE INCOME STATEMENT

EUR mill.	2013	Restated 2012
Current taxes	26.1	32.3
Taxes for prior years	0.1	-0.4
Deferred taxes	-1.3	9.5
Total income taxes	24.8	41.5

The reconciliation between income taxes in the consolidated income statement and income taxes at the statutory tax rate in Finland 24,5% is as follows:

EUR mill.	2013	Restated 2012
Profit before taxes	95.0	183.8
Income taxes at the tax rate in Finland (24.5%)	23.3	45.0
Effect of different tax rates outside Finland	-1.7	-3.3
Tax exempt income and non-deductible expenses	3.7	0.6
Net results of associated companies and joint ventures	0.0	-0.1
Impact of the changes in the tax rates on deferred taxes ¹⁾	3.1	0.0
Impact of losses for which deferred tax asset is recognised	-4.7	-4.7
Impact of losses for which deferred taxes is not recognised	1.2	0.4
Reassessment of deferred taxes	-0.1	3.8
Taxes for prior years	0.1	-0.4
Income taxes in the income statement	24.9	41.5

1) The affect of the change of tax rate in Finland from 24.5% to 20.0% in year 2014 and in Slovakia from 19.0% to 23.0% in 2013.

14. Tangible assets

2013

EUR mill.	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Historical cost at 1 January	4.6	44.2	239.7	31.5	0.9	320.9
Historical cost transferred in partial demerger	-1.6	-17.5	-69.9	-17.0	-1.2	-107.2
Translation differences	0.0	-0.9	-3.0	-0.7		-4.6
Increases	0.0	0.3	9.4	1.7	1.4	12.8
Decreases	-0.1	-1.9	-10.5	-0.7	-0.4	-13.6
Reclassifications	0.1	1.1	-0.5	0.4	-0.3	0.8
Historical cost at 31 December	3.0	25.2	165.2	15.2	0.4	209.1
Accumulated depreciation at 1 January		-24.5	-166.5	-19.3		-210.2
Accumulated depreciation transferred in partial demerger		11.2	57.4	8.8		77.3
Translation differences		0.2	2.0	0.3		2.5
Depreciation		-1.1	-13.9	-2.7		-17.7
Accumulated depreciation of reclassifications		0.4	3.1	0.8		4.3
Accumulated depreciation at 31 December		-13.8	-117.9	-12.1	0.0	-143.8
Carrying value 1 January	4.6	19.7	73.2	12.2	0.9	110.6
Carrying value 31 December	3.0	11.4	47.3	3.1	0.4	65.2

13. Earnings per share

	2013	Restated 2012
Profit attributable to the equity holders of the Company, EUR mill.		
– Continuing operations	70.3	141.2
– Discontinued operations	287.5	37.4
– Continuing and discontinued operations, total	357.7	178.6
Weighted average number of shares, million	125.5	125.4
Earnings per share, EUR		
– Continuing operations	0.56	1.13
– Discontinued operations	2.29	0.30
– Continuing and discontinued operations, total	2.85	1.43

Diluted earnings per share is calculated by adjusting number of shares to assume conversion of all diluting potential shares. There were no diluting effects in 2013 and 2012.

2012

EUR mill.	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Historical cost at 1 January	4.2	48.6	233.1	30.9	3.0	319.7
Translation differences	0.0	0.2	2.0	0.4	0.0	2.6
Increases	0.5	0.7	25.4	2.5	-1.4	27.7
Acquisitions	0.0		0.5			0.5
Decreases	-0.1	-2.4	-21.8	-1.5	-0.7	-26.5
Reclassifications	0.0	-2.9	0.4	-0.8	0.0	-3.3
Historical cost at 31 December	4.6	44.2	239.7	31.5	0.9	320.9
Accumulated depreciation at 1 January		-24.6	-167.3	-17.1		-209.0
Translation differences		0.2	-1.4	-0.2		-1.4
Depreciation		-1.6	-18.0	-4.2		-23.8
Accumulated depreciation of reclassifications		1.6	20.2	2.2		23.9
Accumulated depreciation at 31 December		-24.5	-166.5	-19.3		-210.2
Carrying value 1 January	4.2	24.0	65.8	13.8	3.0	110.8
Carrying value 31 December	4.6	19.7	73.2	12.2	0.9	110.6

FINANCE LEASE ASSETS

Tangible assets include assets leased by finance lease agreements as follows:

EUR mill.	Buildings and structures 2013	Machinery and equipment 2013	Total 2013	Buildings and structures 2012	Machinery and equipment 2012	Total 2012
Historical cost at 1 January		14.7	14.7		13.5	13.5
Historical cost transferred in partial demerger		-8.0	-8.0			
Translation differences		-0.5	-0.5		0.3	0.3
Increases		0.7	0.7		1.0	1.0
Decreases		-0.4	-0.4		0.0	0.0
Reclassifications	0.6	0.1	0.7		-0.1	-0.1
Historical cost at 31 December	0.6	6.6	7.2		14.7	14.7
Accumulated depreciation	0.0	-13.1	-13.1		-13.0	-13.0
Carrying value 31 December	0.6	0.5	1.1		1.7	1.7

No impairment losses have been recognised in the years 2013 and 2012. The government grants received are not material and have been deducted from the carrying value.

15. Intangible assets

2013

EUR mill.	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at 1 January	346.6	80.7	49.8	7.8	138.2
Historical cost transferred in partial demerger	-335.7	-74.8	-30.0	-0.8	-105.6
Increases			14.4	5.6	20.0
Decreases			-19.0	-7.1	-26.1
Reclassifications			2.2	-1.9	0.3
Translation differences		-2.6	-0.5	0.0	-3.1
Historical cost at 31 December	10.9	3.3	16.9	3.5	23.7
Accumulated depreciation at 1 January		-43.5	-33.0		-76.5
Accumulated depreciation transferred in partial demerger		44.9	15.0		59.9
Depreciation		-6.2	-3.8		-10.0
Translation differences		1.5	0.2		1.7
Accumulated depreciation of reclassifications			8.3		8.3
Accumulated depreciation at 31 December		-3.3	-13.3	0.0	-16.6
Carrying value 1 January	346.6	37.2	16.8	7.8	61.8
Carrying value 31 December	10.9	0.0	3.6	3.5	7.2

2012

EUR mill.	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at 1 January	347.5	60.7	67.2	3.0	130.9
Increases		0.0	3.2	5.2	8.4
Acquisitions		18.9	0.0		18.9
Decreases	-0.9	-0.5	-21.7	-0.1	-22.3
Reclassifications		-0.3	0.8	-0.5	0.0
Translation differences		1.9	0.3		2.2
Historical cost at 31 December	346.6	80.7	49.8	7.8	138.2
Accumulated depreciation at 1 January		-28.5	-48.3		-76.8
Depreciation		-14.5	-5.6		-20.2
Translation differences		-1.1	-0.2		-1.3
Accumulated depreciation of reclassifications		0.6	21.2		21.7
Accumulated depreciation at 31 December		-43.5	-33.0		-76.5
Carrying value 1 January	347.5	32.2	18.9	3.0	54.1
Carrying value 31 December	346.6	37.2	16.8	7.8	61.8

ALLOCATIONS FROM BUSINESS COMBINATIONS:

EUR mill.	2013	2012
Customer relations and contract bases	0.0	20.1
Unpatented technology		0.2
Order backlog		16.2
Prohibition of competition clause		0.6
Total	0.0	37.2

Of the customer relations and contract bases for the comparison year 2012, EUR 0.8 million is allocated to the construction business. The remainder of the allocations were transferred to Caverion Group as part of the demerger.

YIT GROUP'S GOODWILL IS ALLOCATED TO THE BUSINESS SEGMENTS AND TO THE CASH GENERATING UNITS (CGU) AS FOLLOWS:

EUR mill.	2013	2012
Building Services Northern Europe		
Finland		68.9
Sweden		41.8
Norway		69.7
Denmark		7.6
Industrial services		41.8
Total Building Services Northern Europe		229.7
Building Services Central Europe		
Germany		86.0
Austria		16.5
Poland		2.4
Czech		1.1
Building Services Central Europe		106.0
International Construction Services	10.9	10.9
Total goodwill	10.9	346.6

The recoverable amount of all cash generating units (CGU) is based on value in use calculations. The recoverable cash flows are based on the set out budget for 2014 and the set out strategy of 2015–2016. A growth rate for the terminal value of 2% has been used in the impairment testing in 2013. The estimated business volumes are based on the current Group structure. The estimates include e.g. the outlook for residential demand in Central Eastern Europe and Russia. The estimates rest on the former experience and trends in these markets. Forecast of several research institutes related to growth, demand and price trends have also been utilised when preparing the estimates.

The discount factor employed is YIT's latest confirmed pre-tax WACC (Weighted Average Cost of Capital). Goodwill is allocated in its entirety to International Construction Services. A WACC of 15.8 per cent was used in testing of goodwill.

The goodwill test results are evaluated by comparing the recoverable amount (E) with the carrying amount of the CGU (T), as follows:

	Ratio		Estimate	
E	<	T	Impairment	
E	0–20 %	>	T	Slightly above
E	20–50 %	>	T	Clearly above
E	50 %–	>	T	Substantially above

The recoverable amount exceeded the carrying amount substantially in the cash generating unit that has goodwill.

The sensitivity analysis for the recoverable cash flows has been made assessing the impact of changes in e.g. discount rate, profitability and terminal value. Even a remarkable negative change in these factors would not lead to impairment losses of tested assets.

16. Investments in associated companies and joint ventures

EUR mill.	2013		
	Associated companies	Joint ventures	Total
Historical costs on 1 January	0.5	0.1	0.6
Historical cost transferred in partial demerger	-0.1		-0.1
Increased	0.0	0.0	0.0
Disposals			
Historical costs on 31 December	0.4	0.1	0.5

EUR mill.	2012		
	Associated companies	Joint ventures	Total
Historical costs on 1 January	3.1	0.1	3.1
Increased	0.2	0.0	0.2
Disposals	-2.8		-2.8
Historical costs on 31 December	0.5	0.1	0.6

In year 2012 YIT sold the 25% ownership of Estonian company AS Tartu Maja Betoonitooted. The profit of EUR 0.3 million was consolidated into YIT's Income statement from period 1 January – 29 June 2012.

The carrying amounts of the shares in associated companies do not include goodwill in 2013 and 2012.

YIT GROUP'S ASSOCIATED COMPANIES AND JOINT VENTURES AND THEIR COMBINED ASSETS, LIABILITIES, REVENUE AND PROFIT/LOSS

2013

EUR mill.	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
YIT Kuntatekniikka Oy ¹⁾	Mikkeli	2.7	1.8	14.5	0.1	40.00%
Ruoholahti 23 Oy ²⁾	Helsinki	0.5	0.5	0.0	0.0	50.00%
Valtatie 7 Group ²⁾	Helsinki	284.6	298.9	0.0	0.0	10.05%
Total		287.8	301.2	14.5	0.1	

2012

EUR mill.	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
Arandur Oy ¹⁾	Vantaa	4.0	3.7	5.4	0.0	33.00%
YIT Kuntatekniikka Oy ¹⁾	Mikkeli	2.5	1.8	15.4	-0.2	40.00%
Ruoholahti 23 Oy ²⁾	Helsinki	2.3	2.2	1.2	0.1	50.00%
Valtatie 7 Group ²⁾	Helsinki	167.2	170.3	0.0	0.0	10.05%
Total		176.0	178.0	22.0	-0.1	

1) Associated company

2) Joint venture

Arandur Oy was part of the Building Services business and was transferred to Caverion Group as part of the demerger.

17. Available for sale investments

EUR mill.	2013	2012
Carrying value 1 January	3.4	3.8
Assets transferred in partial demerger	-2.3	
Increases		0.1
Decreases	0.0	-0.2
Changes in fair values	0.0	-0.4
Translation difference	-0.2	0.1
Carrying value 31 December	0.8	3.4

Available for sale investments consist of as follows:

	2013	2012
Quoted	0.1	2.1
Unquoted	0.7	1.3
Total	0.8	3.4

18. Non-current receivables

EUR mill.	Carrying value 2013	Fair value 2013	Restated carrying value, 2012	Restated fair value, 2012
Trade receivables	0.6	0.6	0.7	0.7
Other receivables ¹⁾			5.7	5.7
Accrued receivables of derivatives		0.0		
Total	0.6	0.6	6.3	6.3

1) Other receivables include defined benefit plan pension assets of EUR 1.9 million in 2012. The pension plan assets were transferred to Caverion Group in the partial demerger.

RECONCILIATION TO THE NOTE 29 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR mill.	2013	Restated 2012
Trade receivables	0.6	0.7
Other receivables		5.7
Total	0.6	6.3
Defined benefit pension asset		-1.9
Remainder	0.6	4.4

Non-current receivables do not include receivables from related parties.

19. Deferred tax receivables and liabilities

EUR mill.	2013	Restated 2012
Deferred tax receivable	41.1	49.8
Deferred tax liability	-14.4	-89.4
Deferred tax liability, net	26.7	-39.6

Changes in deferred tax receivables and liabilities:

	2013	2012
Deferred tax liability, net 1 January	-39.6	-13.3
Deferred tax liability transferred in partial demerger, net	64.1	
Translation difference	1.5	-2.3
Changes recognised in income statement	1.2	-17.8
Changes recognised in comprehensive income	-0.5	-4.2
Business acquisitions		-2.0
Deferred tax liability, net 31 December	26.7	-39.6

CHANGES IN DEFERRED TAX RECEIVABLES AND LIABILITIES BEFORE THE OFFSET

2013

EUR mill.	1 January	Transferred in demerger	Translation difference	Recognised in the income statement	Recognised in comprehensive income/equity	31 December
Deferred tax receivables:						
Provisions	18.8	-4.7	-0.3	-1.3		12.5
Tax losses carried forward	11.2	-11.4	-0.3	7.8		7.4
Pension obligations	7.9	-8.1	0.0	0.3		0.1
Percentage of completion method	14.9	-0.2	-0.5	-4.9		9.4
Inventories	9.1	0.0	-0.8	6.1		14.3
Other items	16.4	-1.3	-0.9	4.5	-0.8	17.8
Total deferred tax receivables	78.3	-25.7	-2.8	12.5	-0.8	61.5
Deferred tax liabilities:						
Allocation of intangible assets	46.8	-45.3	-1.5	0.8		0.8
Accumulated depreciation differences	12.6	-7.5	-0.1	-0.5		4.5
Pension obligations	0.0	-0.8	-0.6	1.4		0.0
Percentage of completion method	42.7	-33.4	-2.0	8.0		15.2
Inventories	6.9	-1.8	-0.1	2.5		7.5
Available-for-sale investments	0.0	0.0		0.1		0.1
Other items	9.1	-1.1	0.1	-1.0	-0.3	6.7
Total deferred tax liabilities	118.0	-89.8	-4.3	11.2	-0.3	34.7

2012

EUR mill.	1 January	Transferred in demerger	Translation difference	Recognised in the income statement	Recognised in comprehensive income/equity	31 December
Deferred tax receivables:						
Provisions	18.9	0.2	-0.3		0.0	18.8
Tax losses carried forward	11.2	0.1	-0.1			11.2
Pension obligations	13.1	-1.4	0.4	-4.2		7.9
Percentage of completion method	23.5	0.5	-9.1			14.9
Inventories	4.4	0.0	4.7			9.1
Other items	11.8	0.0	4.7	-0.1	0.0	16.4
Total deferred tax receivables	83.0	-0.6	0.3	-4.3	0.0	78.3
Deferred tax liabilities:						
Allocation of intangible assets	40.0	0.6	4.1		2.1	46.8
Accumulated depreciation differences	13.6	0.2	-1.3			12.6
Pension obligations	0.0	0.0	0.0			0.0
Percentage of completion method	33.9	0.6	8.1			42.7
Inventories	2.7	-0.2	4.3			6.9
Available-for-sale investments	0.1	0.0		-0.1		0.0
Other items	5.9	0.4	2.8		-0.1	9.1
Total deferred tax liabilities	96.2	1.8	18.1	-0.1	2.0	118.0

The deferred tax receivables on the taxable losses will be booked to extend the benefit is expected to be able to deduct from the taxable profit in the future. No deferred tax asset of EUR 1.3 million (EUR 1.9 million in 2012) has been recognised on accumulated losses, of which some part is not approved by tax authorities. Deferred tax liability on

undistributed earnings of subsidiaries, where the tax will be paid on the distribution of earnings, has not been recognised in the consolidated balance sheet, because distribution of the earnings is in the control of the Group and it is not probable in the near future.

20. Inventories

EUR mill.	2013	2012
Raw materials and consumables	10.2	36.2
Work in progress	1,053.4	894.8
Land areas and plot-owing companies	681.2	673.5
Shares in completed housing and real estate companies	235.7	232.0
Advance payments	81.0	64.1
Other inventories	0.4	0.9
Total inventories	2,062.1	1,901.5

The write-downs of inventories were EUR 0.1 million (EUR 0.2 million in 2012). Work in progress include capitalised interests EUR 24.7 million (EUR 16.3 million in 2012).

YIT Group has acquired land areas in Finland and abroad for the construction activities. The acquisition of a land area may be done by buying the ownership of property or of shares of a plot-owing company. The goodwill arisen from the acquisitions of plot-owing companies have been included in the total amount of Land areas or Work in progress in inventories.

21. Trade and other receivables

EUR mill.	2013 Carrying value	2012 Carrying value
Trade receivables	114.8	571.1
Loan receivables	8.8	13.9
Accrued income from long-term projects	61.5	329.3
Accrued income	18.8	52.2
Receivables from derivative agreements	1.3	0.0
Other receivables	68.3	41.6
Total	273.5	1,008.0

The trade receivables were on average EUR 122.3 million during 2013 (EUR 542.7 million in 2012 including the trade receivables transferred to Caverion Group in the partial demerger). The Group has not received collateral.

RECONCILIATION TO THE NOTE 29 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR mill.	2013	2012
Loan receivables	8.8	13.9
Trade receivables	114.8	571.1
Accrued income from long-term projects	61.5	329.3
Other receivables	68.1	41.6
Total	244.4	941.9

22. Cash and cash equivalents

EUR mill.	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
Cash and cash equivalents	76.3	76.3	175.7	175.7

CASH AND CASH EQUIVALENTS PRESENTED IN GROUP CASH FLOW STATEMENT:

EUR mill.	2013	2012
Cash and cash equivalents	76.3	175.7
Accounts with overdraft facility		-1.1
Total	76.3	174.6

23. Equity

SHARE CAPITAL AND SHARE PREMIUM RESERVE

EUR mill.	Number of outstanding shares	Share capital EUR mill.	Treasury shares EUR mill.
1 January 2012	125,271,008	149.2	-9.7
Transfer of treasury shares	130,976		0.6
Return of treasury shares	-18,139		
31 December 2012	125,383,845	149.2	-9.2
1 January 2013	125,383,845	149.2	-9.2
Transfer of treasury shares	224,743		1.0
Return of treasury shares	-18,452		
31 December 2013	125,590,136	149.2	-8.2

The total number of YIT Oyj's shares was 127,223,422 and the share capital amounted to EUR 149.217 thousand euros at 31 December 2013. All the issued and subscribed shares have been fully paid to the company. Shares do not have a nominal value.

TREASURY SHARES

Changes in own shares if YIT corporation during the accounting period:

Aika	Amount, pcs.
1 January 2013	1,839,577
Treasury shares granted for years 2012 option scheme	-224,743
Return of treasury shares	18,452
31 December 2013	1,633,286

The consideration paid for the treasury shares amounted to EUR 8.2 million and is disclosed as a separate fund in equity. The consideration paid on treasury shares decreases the distributable equity of YIT Corporation. YIT Corporation holds the own shares as treasury shares and has the right to return them to the market in the future.

LEGAL AND OTHER RESERVES

Legal reserves include the distributable earnings that have been booked to legal reserve based on the rule of Articles of Associations or by decision of Annual General Meeting. Other reserves include reserve of unrestricted equity in parent company and other reserves based on the regulation of local group companies.

TRANSLATION DIFFERENCES

Translation differences include the exchange rate differences recognised in Group consolidation. In addition, on the net investment in

foreign subsidiaries, which are hedged with currency forwards, the portion of the gains and losses of effective hedges is recognised in translation differences. There were no hedges of a net investment in a foreign operation in 2013 and 2012.

FAIR VALUE RESERVES

Fair value reserves include movements in the fair value of the available-for-sale financial assets and the derivative instruments used for cash flow hedging.

DIVIDENDS

After the balance sheet date the Board has proposed to Annual General meeting a dividend of 0.38 euros per share.

SHARE-BASED INCENTIVE PLAN

From 2010, the Group has had a long-term share-based incentive plan for its key personnel. The incentive plan has three separate earning periods for the years 2010, 2011 and 2012. The reward is based on the achievement of the set financial targets, which are the revenue increase and the return on investment (ROI). The possible reward will be settled in YIT's shares and in cash. The cash-settled reward will cover the tax and tax related obligations. The shares received are forbidden to sell during the commitment period. The commitment period in scheme 2010 is two years and in schemes 2011 and 2012 three years. For each earning period will be approved separate financial targets and the list of key personnel. Every year it is possible to grant maximum 700,000 shares in the scheme. Into share-based incentive plan belongs to 255 persons for 2010, 260 persons for 2011 and 250 persons for 2012.

GRANTED SHARES IN THE INCENTIVE PLANS

Year	Grant date	Maximum amount of shares	Market value at grant date
2010	6 April 2010	700,000	17.52
2011	18 March 2011	700,000	20.67
2012	29 February 2012	700,000	15.80

Number of shares granted	2013	2012
1 January	700,000	700,000
Granted shares, maximum	700,000	700,000
Granted shares, realised	-224,743	-130,976
Exercised	-475,257	-569,024
31 December	700,000	700,000

The granted shares are the maximum amount to be delivered from the year 2010. The final outcome of the financial key targets set, affects the realised number of granted shares. The difference between the maximum and realised share number will be shown in the exercised shares.

Shares granted in 2011 were based on the performance of the year 2010, shares granted in 2012 based on the performance of the year 2011 and shares granted in 2013 based on the performance of the year 2012.

COSTS RECOGNISED FOR THE SHARE-BASED INCENTIVE PLAN

Earning period	Persons	Group 2013	Continuing operations 2012	Discontinued operations 2012	Group 2012
2010	255	1.7	0.7	0.4	1.1
2011	260	0.5	0.5	0.6	1.1
2012	250	-0.2	2.1	0.7	2.9
		2.0	3.4	1.7	5.1

The accrued liabilities related to the cash-settled part of the compensation amount to EUR 0.4 million (in 2012 EUR 1.7 million). EUR 0.5 million (EUR 0.8 million in 2012, with regard to continuing operations EUR 0.4 million) of the cost recognised is related to YIT Group's Management Board.

24. Employee benefit obligations

EUR mill.	Group 2013	Continuing operations 2012	Discontinued operations 2012	Group, restated 2012
Balance sheet obligations for pension benefits	0.7	0.8	51.8	52.4
Balance sheet assets for pension benefits			-1.9	-1.9
Income statement charge for pension benefits	0.0	0.1	9.1	9.1

In 2013, the Group had defined benefit pension plans resulting from supplementary pension insurance in Finland. In all plans the pension liability has been calculated based on the number of years employed and the salary level. All the pension plans are managed in insurance companies, which follow the local pension legislation in their management. In addition to these, the Group had defined benefit pension plans in Norway, Germany and Austria related to the Building Services business until the demerger date 30 June 2013. In the demerger, the obligations related to these plans were transferred to Caverion Group.

THE AMOUNTS ARE DETERMINED AS FOLLOW:

EUR mill.	Group 2013	Continuing operations 2012	Discontinued operations 2012	Group, restated 2012
Present value of funded obligations	4.1	4.2	101.8	106.0
Fair value of plan assets	-3.4	-3.4	-74.4	-77.9
Deficit/surplus	0.7	0.8	27.4	28.1
Present value of unfunded obligations			22.4	22.4
Pension liability, net	0.7	0.8	49.8	50.6

Disclosed in the balance sheet as follows:

Pension obligations	0.7	0.8	51.8	52.4
Defined benefit pension assets (Note 18)			-1.9	-1.9

THE MOVEMENT IN THE DEFINED BENEFIT OBLIGATION OVER THE YEAR IS AS FOLLOWS:

EUR mill.	Group 2013	Continuing operations 2012	Discontinued operations 2012	Group, restated 2012
1 January	130.1	5.0	134.0	139.0
Obligations transferred in partial demerger	-125.9			
Exchange differences			6.0	6.0
Current service cost			5.5	5.5
Interest cost			3.6	3.6
Contributions by plan participants			0.6	0.6
Actuarial profits/losses	0.1	-0.6	-21.5	-22.1
Benefits paid	-0.1	-0.2	-3.9	-4.1
31 December	4.2	4.2	124.2	128.4

THE MOVEMENT OF PLAN ASSETS OF THE YEAR IS AS FOLLOWS:

EUR mill.	Group 2013	Continuing operations 2012	Discontinued operations 2012	Group, restated 2012
1 January	77.9	4.3	69.1	73.4
Assets transferred in partial demerger	-74.4			
Exchange differences			3.8	3.8
Expected return of plan assets	0.1	0.2	3.0	3.2
Actuarial profits/losses		-0.9	-3.1	-3.9
Employer contribution	0.2	0.2	4.0	4.1
Benefits paid	-0.3	-0.3	-2.5	-2.8
31 December	3.4	3.4	74.4	77.9
Expected return on the plan assets			3.0	3.0

THE AMOUNTS RECOGNISED IN THE INCOME STATEMENT ARE AS FOLLOWS:

EUR mill.	Group 2013	Continuing operations 2012	Discontinued operations 2012	Group, restated 2012
Current service cost			5.4	5.4
Interest cost			3.6	3.6
Expected return on plan assets	0.1	0.3	-3.0	-2.7
Actuarial gains (-) and losses (+)	-0.1	-0.2	3.1	2.9
Total, included in personnel expenses	0.0	0.1	9.1	9.1

ACTUARIAL ASSUMPTIONS ARE AS FOLLOWS

	2013	2012
Discount rate	3.5%	3.5–3.8%
Rate of salary increase	2.0%	1.3–3.5%
Rate of pension increases	0%/2.1%	0.2–2.3%

25. Provisions

EUR mill.	Guarantee reserve	10-year Provisions for commitments in construction	Provisions for loss making projects	Restructuring provisions	Legal provisions	Rental guarantee provisions	Other provisions	Total
1 January 2013	18.7	42.5	11.3	2.1	3.1	3.0	22.6	103.3
Provisions transferred in partial demerger	-12.6		-3.1	-2.5	-2.5		-5.9	-26.7
Translation difference	-0.7	0.0	-0.4	0.0	0.0	0.0	-0.5	-1.7
Additions	8.3	4.7	1.9	2.0	0.4	3.0	4.2	24.6
Released during the period	-6.8	-4.7	-2.3	-1.6	-0.2	-2.2	-15.8	-33.5
Reversals of unused provisions	-0.2	-0.1	-3.5	0.0	-0.6	0.0	-0.2	-4.6
31 December 2013	6.7	42.5	3.9	0.0	0.1	3.9	4.4	61.4
Current	2.4	35.2	1.9	0.0	0.1	2.8	0.0	42.5
Non-current	4.3	7.3	2.0	0.0	0.0	1.0	4.4	19.0
Total	6.7	42.5	3.9	0.0	0.1	3.9	4.4	61.4

Provisions for contractual guarantees and for Finnish 10-year commitments in construction are determined on the basis of experience of the realisation of commitments.

26. Borrowings

EUR mill.	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
Non-current liabilities				
Bonds	210.5	218.9	320.9	330.3
Loans from financial institutions	20.0	21.0	88.4	93.9
Pension loans	73.6	72.8	104.6	99.1
Other loans	0.6	0.6	2.6	2.9
Finance lease liabilities	0.3	0.3	0.5	0.5
Non-current liabilities, total	305.1	313.6	517.1	526.7

EUR mill.	2013 Carrying value	2013 Fair value	2012 Carrying value	2012 Fair value
Current liabilities				
Bonds	83,8	83,9	7,1	6,9
Loans from financial institutions	17,7	17,7	62,0	62,0
Overdraft facility used			1,1	1,1
Pension loans	21,0	21,0	37,0	37,0
Commercial papers	157,5	157,5	43,8	43,8
Developer contracting liabilities				
Receivables sold to financing companies ¹⁾	181,4	181,4	175,4	175,4
Liability in housing corporation loans ²⁾	91,3	91,3	77,5	77,5
Other loans	0,1	0,1	0,4	0,4
Finance lease liabilities	0,2	0,2	0,6	0,6
Current liabilities, total	552,9	553,1	404,9	404,6

In the table are included all other liabilities than presented in Note 27. The fair values of bonds are based on the market price at the closing date.

The fair values of other non-current loans are based on discounted cash flows. The discount rate is defined to be the rate YIT Group was to pay for equivalent external loans at year-end. It consists of a risk-free market rate and a company and maturity-related risk premium of 1.60–3.30% (0.80–4.00%) p.a.

- 1) The construction-stage contract receivables sold to banks and other financing companies totalled EUR 211.7 million (EUR 265.5 million) at year-end. Of this amount, EUR 181.4 million (175.4 million) is included in interest-bearing liabilities on the balance sheet and the remainder comprises receivables which qualify for derecognition according to IAS 39.15–37 and AG 36–52. Possible re-purchase liabilities in off-balance sheet items are related to violations in contract agreements. The interest paid on receivables sold to financing companies, EUR 2.9 million (EUR 4.0 million), is included in net financial expenses.
- 2) The interest on shares in the housing corporation loans of unsold completed residences is recognised in project expenses, because it is included in housing corporation maintenance charges.

27. Trade and other payables

BONDS

	Interest rate, %	Currency	Nominal value, EUR mill.
Floating-rate bonds			
2/2006–2016 ¹⁾	0.774	EUR	16.3
1/2007–2014 ²⁾	0.802	EUR	28.5
1/2012–2014 ⁵⁾	1.968	EUR	49.9
Fixed-rate bonds			
1/2010–2015 ³⁾	5.323 ⁶⁾	EUR	100.0
1/2011–2016 ⁴⁾	5.300 ⁶⁾	EUR	100.0
Total			294.7

Terms of the bonds in brief:

- 1) Loan-period 28 September 2006–28 September 2016, interest payments annually at 28 December, 28 March, 28 June and 28 September in arrears. Interest rate is 3-month Euribor +0.48%. Amortisations à EUR 3,570,000 semi-annually at 28 March and 28 September, starting at 28 March 2010. The loan is not secured. ISIN code SE0001826686.
- 2) Loan period 26 March 2007–26 March 2014, interest payments annually at 26 March, 26 June, 26 September and 26 December in arrears. Interest rate is 3-month Euribor +0.51%. The loan is not secured. ISIN code FI0003024216.
- 3) Loan period 26 March 2010–26 March 2015, interest payments annually at 26 March in arrears. The loan is not secured. ISIN code FI4000012067.
- 4) Loan-period 20 June 2011–20 June 2016, interest payments annually at 20 June in arrears. The loan is not secured. ISIN code FI4000026653.
- 5) Loan period 17 February 2012–18 August 2014, interest payments annually at 17 February, 17 May, 17 August and 17 November in arrears. Interest rate is 3-month Euribor +1.75%. The loan is not secured. ISIN code FI4000037874.
- 6) During the review period, YIT convened the holders of the fixed-rate bonds due 2015 issued on 26 March 2010, and holders of the fixed-rate bonds due 2016 issued on 20 June 2011, to noteholders' meetings. YIT's Board of Directors proposed that the noteholders' meeting decide that the noteholders be compensated for the effects of the partial demerger by increasing the payable coupon interest by 0.868 percentage points to 5.691 per cent (bond due 2015) and the payable coupon interest by 0.817 percentage points to 5.567 per cent (bond due 2016). The noteholders' meetings unanimously accepted the proposals of YIT's Board of Directors.

FINANCE LEASE LIABILITIES

EUR mill.	2013	2012
Finance lease liabilities fall due in as follows:		
Minimum lease payments		
No later than 1 year	0.2	0.6
1–5 years	0.3	0.5
Later than 5 years		0.0
Total minimum lease payments	0.6	1.1
Present value of minimum lease payments		
No later than 1 year	0.3	0.5
1–5 years	0.3	0.5
Later than 5 years		0.0
Total present value of minimum lease payments	0.6	1.1

EUR mill.	2013	Restated 2012
Future finance charges	0.1	0.0
Finance expenses charged to income statement	0.1	0.0

YIT Group's main finance lease agreements are the agreements of cars, machinery and equipment both in production and offices.

EUR mill.	2013 Carrying value	2012 Carrying value
Non-current liabilities		
Trade payables	25.3	11.1
Liabilities of derivative instruments	2.4	12.6
Other liabilities	7.3	8.9
Total non-current payables	35.0	32.6
Current liabilities		
Trade payables	139.2	343.4
Accrued expenses	75.2	210.3
Liabilities of derivative instruments	0.3	3.5
Accrued expenses in work in progress	82.2	171.6
Advances received	514.3	566.6
Other payables	73.5	152.3
Total current payables	884.7	1,447.8

ACCRUED EXPENSES

EUR mill.	2013	2012
Accrued employee-related liabilities	35.6	152.6
Interest expenses	9.0	10.2
Other accrued expenses	30.6	47.6

The carrying value of the non-interest bearing liabilities reflects nearly the fair value of them.

RECONCILIATION TO THE NOTE 29 FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

EUR mill.	2013	2012
Non-current liabilities		
Derivatives	-2.4	-12.6
Accrued expenses	-2.2	-2.8
Total	30.4	17.2
Current trade and other payables		
Current trade and other payables	884.7	1,447.8
Accrued expenses	-75.2	-210.3
Derivatives	-0.3	-3.5
Accrued expenses in work in progress	-82.2	-171.6
Total	727.0	1,062.4

28. Nominal values and fair values of derivative instruments

NOMINAL VALUES

EUR mill.	2013	2012
Commodity derivatives ¹⁾		
Steel derivatives		1.9
Foreign exchange forward contracts	146.5	220.4
Interest rate forward contracts		
Hedge accounting applied		
Interest rate swaps	110.0	275.5
Hedge accounting not applied		
Cancellable interest rate swaps	0.0	52.0
Interest rate swaps	178.0	148.0
Interest rate caps	50.0	104.1
Interest rate forward contracts, total	338.0	579.6

FAIR VALUES

EUR mill.	2013 Positive fair value (carrying value)	2013 Negative fair value (carrying value)	2013 Net value	2012 Positive fair value (carrying value)	2012 Negative fair value (carrying value)	2012 Net value
Foreign exchange forward contracts						
Hedge accounting applied						
Hedge accounting not applied	1.3	0.0	1.3	0.0	-1.6	-1.6
Total	1.3	0.0	1.3	0.0	-1.6	-1.6
Interest rate derivatives						
Hedge accounting applied		-1.5	-1.5		-4.7	-4.7
Hedge accounting not applied		-1.2	-1.2		-8.9	-8.9
Total		-2.7	-2.7		-13.6	-13.6
Commodity derivatives						
Hedge accounting not applied					-0.9	-0.9
Total					-0.9	-0.9

All derivatives are hedges according to the Group's financial risk management policy, but hedge accounting, as defined in IAS 39, is only applied to certain derivative contracts. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in financial income/expenses. Foreign exchange forward contracts' maturity dates are mainly within 2014. The duration of Group's interest bearing loans has been increased by interest rate derivatives. Changes in the fair value of derivatives with hedge accounting applied are recognised in the fair value reserve

in equity and changes in the fair value of derivatives with hedge accounting not applied are recognised through profit or loss (Notes 27 and 29). All the interest rate derivatives to which hedge accounting is applied are long-term agreements corresponding to the maturity of the hedged liability.

A variety of interest rate derivatives are designated as hedges of sold receivables linked to floating Euribor interest rates. Changes in the fair value of these interest rate derivatives have been charged to P/L.

29. Financial assets and liabilities by category

2013

EUR mill.	Available for sale investments	Loans and other receivables	Held for trading	Derivatives/hedge accounting	Finance liabilities	Carrying value	Fair value	Note
Valuation	Fair value	Measured at amortised cost	Fair value	Fair value	Measured at amortised cost			
Non-current financial assets								
Available for sale investments ¹⁾	0.8					0.8	0.8	17
Receivables								
Trade receivables and other receivables		0.6				0.6	0.6	18
Current financial assets								
Receivables								
Loan receivables		8.8				8.8	8.8	21
Derivatives (hedge accounting not applied)			1.3			1.3	1.3	21
Trade and other receivables		244.4				244.4	244.4	21
Cash and cash equivalents		76.3				76.3	76.3	22
Total by valuation group	0.8	330.1	1.3			332.4	332.4	
Non-current financial liabilities								
Borrowings					305.1	305.1	313.6	26
Other liabilities								
Trade payables and other liabilities					30.1	30.1	30.1	27
Derivatives (hedge accounting applied)				1.2		1.2	1.2	27, 28
Derivatives (hedge accounting not applied)			1.2			1.2	1.2	27, 28
Current financial liabilities								
Borrowings					552.9	552.9	553.1	26
Trade payables and other liabilities								
Trade payables and other liabilities					727.0	727.0	727.0	27
Derivatives (hedge accounting applied)				0.3		0.3	0.3	27, 28
Total by valuation group			1.2	1.5	1,615.4	1,618.1	1,626.8	

1) Quoted shares valued at fair value EUR 0.1 million and unquoted shares valued at cost less impairments EUR 0.7 million.

2012

EUR mill.	Available for sale investments	Loans and other receivables	Held for trading	Derivatives/ hedge accounting	Finance liabilities	Carrying value	Fair value	Note
Valuation	Fair value	Measured at amortised cost	Fair value	Fair value	Measured at amortised cost			
Non-current financial assets								
Available for sale investments ¹⁾)	3.4					3.4	3.4	17
Receivables								
Trade receivables and other receivables		4.4				4.4	4.4	18
Current financial assets								
Receivables								
Loan receivables		13.9				13.9	13.9	21
Trade receivables and other receivables		941.9				941.9	941.9	21
Cash and cash equivalents		175.7				175.7	175.7	22
Total by valuation group	3.4	1,135.9				1,139.3	1,139.3	
Non-current financial liabilities								
Borrowings					517.1	517.1	526.7	26
Other liabilities								
Trade payables and other liabilities					17.2	17.2	17.2	27
Derivatives (hedge accounting applied)				3.7		3.7	3.7	27, 28
Derivatives (hedge accounting not applied)			8.9			8.9	8.9	27, 28
Current financial liabilities								
Borrowings					404.9	404.9	404.6	26
Trade payables and other liabilities								
Trade payables and other liabilities					1,062.4	1,062.4	1,062.4	27
Derivatives (hedge accounting applied)				1.0		1.0	1.0	27, 28
Derivatives (hedge accounting not applied)			2.5			2.5	2.5	27, 28
Total by valuation group			11.4	4.7	2,001.5	2,017.5	2,026.9	

1) Quoted shares valued at fair value EUR 2.1 million and unquoted shares valued at cost less impairments EUR 1.3 million.

30. Financial risk management

YIT Group is exposed to a variety of financial risks in its business operations. Main risks are liquidity risk, credit risk and market risks including foreign exchange and interest rate risk. The objective of the Group's financial risk management is to minimise the uncertainty which the changes in financial markets cause to the Group's financial performance.

The Board of Directors has approved a treasury policy for the Group. The Group Treasury is responsible for the practical implementation of the policy together with the business units. In the operating units and subsidiaries the financial personnel and operative management are responsible for the matters related to finance. Responsibilities between the Group Treasury and operating units are defined in the Group's treasury policy. Operating units are responsible for providing the Group Treasury with timely and accurate information on financial position, cash flows and foreign exchange position in order to ensure the Group's efficient cash and liquidity management, funding and risk management. In addition to the above, the Group's treasury policy defines the principles and methods for financial risk management, cash management and specific treasury-related areas e.g. commercial guarantees, relationships with financiers and customer financing.

INTEREST RATE RISK

The Group has interest-bearing receivables related to cash and cash equivalents. Otherwise its revenues and operating cash flows are mostly independent of changes in market interest rates

Interest rate risk arises mainly from the Group's current and non-current loans, receivables sold to banks and financial institutions and the related interest rate derivatives. In addition, the Group has interest-bearing receivables from banks. Loans issued at floating interest rates expose the Group to cash flow interest rate risk, which is hedged using interest rate swaps. To manage the interest rate risk, the Board of

Directors has defined a duration target of two years for loans and for the related interest rate derivative hedges. The duration may be deviated from by +/- 1.5 years at the decision of Vice President, Group Treasurer. In order to meet the duration target, part of the loans at floating rates are converted to fixed rate using interest rate swaps. At the end of 2013 the duration of loans including the derivatives was 1.33 years (1.84 years).

The cash flow risk related to floating-rate loans is hedged by using interest rate swaps. At the end of 2013, the nominal amounts of the loans hedged were EUR 25 million (EUR 35 million) and EUR 85 million (EUR 100 million) and their reference interest rates were 1-month Stibor and 3-month Euribor, respectively. The hedged cash flows will be realised within five years. As a rule, the Group applies hedge accounting as set out in IAS 39 to hedge its cash flow interest rate risk (Notes 28–29). The hedges are effective and according to accounting policies changes in the fair value of interest rate swaps are recognised in the fair value reserve in equity.

In addition to non-current loans, the duration target guides the management of the cash flow interest rate risk related to receivables sold to banks and financial institutions. Hedging decisions for this exposure are made by the Chief Financial Officer (CFO) of the Group. At the end of 2013, the Group used interest rate derivatives to hedge the cash flow risk related to sold receivables. The nominal value of the hedged items was EUR 181 million and their reference interest rate was one-month Euribor. Hedge accounting as set out in IAS 39 is not applied and the fair value changes are recognised as financial income and expenses in the income statement in accordance with accounting policies (Note 11).

Loans issued at fixed interest rates comprised approximately 62% (approximately 75%) of the loan portfolio at the balance sheet date. The weighted average effective interest rate of the loans at fixed rate was 3.511% (3.348%). The weighted average effective interest rate of the loans at floating rates was 1.444% (2.254%). The weighted

average effective interest rate of the portfolio as a whole was 2.730% (3.074%). These figures include the effect of derivative instruments. Interest rate derivatives increase the weighted average effective interest rate of the loan portfolio as a whole by 0.29 (increase by 0.58) percentage points.

In addition to the duration target, the management monitors the effect of the possible change in interest rate level on the Group's financial result on monthly basis (effect of one percentage point change in interest rate level on yearly net interest expenses). The effect on yearly net interest expenses would have been EUR 2.0 million (EUR 0.7 million) net of tax at the balance sheet date. One percentage point change in interest rates has been used for each currency and the effect of analysis has varied from EUR 1.9 million to EUR 3.1 million (EUR 0.70–1.83 million). In addition, the effect of fair valuation of interest rate derivatives for which hedge accounting is not applied would have been EUR 4.5 million (EUR 5.5 million) net of tax on the profit for the period when interest rates rise one percentage point. If interest would have decreased to 0%, the effect would have been EUR -2.5 million net of tax on the profit for the period.

The calculation is based on the maturities of the Group's interest-bearing net debt depending on the reference interest rate:

REPRISING SCHEDULE OF THE INTEREST BEARING NET DEBT

EUR mill.	2013	2012
< 1 month	-111.7	65.4
1–3 months	-170.6	-100.8
3–12 months	-101.7	-130.6
1–5 years	-429.1	-583.8
> 5 years	0.0	-9.0
	-813.1	-758.8

The figures in the table are nominal values. Off-balance sheet receivables sold to financial institutions amounting to EUR 30.4 million (EUR 90.1 million) are included in these figures.

In addition to interest-bearing net debt, the foreign exchange forward contracts associated with the intra-Group loans expose the Group's result to interest rate risk. The Group's external loans are mainly denominated in euros, but the subsidiaries are financed in their local currency. The parent company is exposed to the interest rate risk of the different local currencies in the Group when it hedges the foreign exchange risk arising from the foreign currency denominated loans granted to subsidiaries using foreign exchange forward contracts. The most significant currency of the intra-Group loans is the Russian rouble. As the parent company hedges the receivables denominated in roubles, the parent company has to pay the interest rate difference between the rouble and the euro.

One percentage point change in the interest rate difference between euro and Russian rouble would have had an impact of EUR 0.78 million (EUR 0.64 million) on the profit of the period net of tax. The sensitivity analysis is based on the foreign exchange forward contracts outstanding at the balance sheet date.

A change of one percentage point in interest rates at the balance sheet date would have affected the consolidated balance sheet by EUR 0.3 million (EUR 1.9 million) net of tax. The effect would have changed the fair values of the interest rate derivatives in hedge accounting, in the fair value reserve in equity.

CREDIT AND COUNTERPARTY RISK

The Group's credit risk is related to clients with open balances or with long term agreements and to the counterparties to cash and cash equivalents and derivative agreements. The Group Treasury is responsible for the counterparty risk of the derivative instruments and cash and cash equivalents. Operating units are responsible for the credit

risk related to operating items, such as trade receivables. Customers and the nature of the agreements differ between the Group's segments. Customer-specific credit risk management is carried out in the segments' finance departments in cooperation with the operating units.

The counterparties of financial instruments are chosen based on the management's estimate of their reliability. The Board of Directors accepts the main banks used by the Group and counterparties to the current investments and derivative instruments and their limits. According to the treasury policy, short-term investments related to liquidity management are made. No impairment has been recognised on the derivative instruments or the cash and cash equivalents in the period. The management does not expect any credit losses from counterparties to financing assets or derivative instruments.

The Group manages credit risk related to operating items by holding the ownership of the projects, like apartments and office buildings, until payment is received; taking advance payments; accelerated payment programmes of projects; payment guarantees; site-specific mortgages; credit risk insurance policies; and careful examination of clients' background information. In addition, selling of receivables to financial institutions is used in the management of the credit risk of operations. The term of payment for invoices is mainly 14 to 30 days. The background of the new customers is examined thoroughly by for example acquiring credit information. The Group does not have any significant concentrations of credit risk as the clientele is widespread and geographically divided into the countries in which the Group operates. Trade receivables related to sales of office buildings which are paid only when the ownership is transferred, and the related risk of insolvency of the counterparty, are typically transferred to banks and financial institutions. These transfers meet the conditions set out in IAS 39 for derecognition of financial assets.

The credit losses and the provision for impairment of receivables were EUR 0.6 million. There were no significant credit losses or provisions for impairment of receivables in 2013. The operating units are not expecting any unusual credit risk arising from trade receivables or construction contracts.

As a result of the partial demerger registered on 30 June 2013, YIT Corporation bears secondary liability for certain Group and bank guarantees transferred to Caverion Corporation if Caverion cannot cope with these obligations.

ANALYSIS OF TRADE RECEIVABLES 31 DECEMBER 2013

EUR mill.	Carrying value	Impaired	Gross
Not past due ¹⁾	88.5	0.0	88.5
1-90 days	13.5	-0.1	13.6
91-180 days	3.9	0.0	3.9
181-360 days	0.9	-0.1	1.0
Over 360 days	8.6	-1.3	9.9
Total	115.4	-1.5	116.9

ANALYSIS OF TRADE RECEIVABLES 31 DECEMBER 2012 CONTINUING OPERATIONS

EUR mill.	Carrying value	Impaired	Gross
Not past due ¹⁾	105.4		105.4
1-90 days	11.1		11.1
91-180 days	11.7	-0.1	11.8
181-360 days	0.6	-0.1	0.7
Over 360 days	1.8	-0.4	2.2
Total	130.6	-0.7	131.2

DISCONTINUED OPERATIONS

EUR mill.	Carrying value	Impaired	Gross
Not past due ¹⁾	308.8	-4.1	312.8
1-90 days	94.9	-2.4	97.3
91-180 days	16.6	-1.1	17.8
181-360 days	9.2	-6.5	15.7
Over 360 days	11.6	-27.2	38.8
Total	441.1	-41.4	482.5

CONTINUING AND DISCONTINUED OPERATIONS, TOTAL

EUR mill.	Carrying value	Impaired	Gross
Not past due ¹⁾	414.2	-4.1	418.2
1-90 days	106.0	-2.4	108.4
91-180 days	28.3	-1.3	29.5
181-360 days	9.9	-6.6	16.5
Over 360 days	13.4	-27.7	41.1
Total	571.7	-42.0	613.7

1) There are no material trade receivables that would be otherwise past due but whose terms have been renegotiated. For additional information on trade receivables, please see notes 18 and 21.

SET-OFF ARRANGEMENTS FOR FINANCIAL INSTRUMENTS

a) Assets	Gross amount of the asset item	Amount set off on the balance sheet	Amount shown on the balance sheet	Amounts related to assets that have not been set off on the balance sheet		Net
				Financial instruments	Cash collateral	
31 December 2013						
Exchange rate derivatives	1.5	-0.2	1.3	0.0	0.0	1.3
Interest rate derivatives	0.3	-0.3	0.0			0.0
Trade receivables	115.5	-0.1	115.4	0.0	0.0	115.4
31 December 2012						
Exchange rate derivatives	0.4	-0.4	0.0	0.0	0.0	0.0
Interest rate derivatives	0.4	-0.4	0.0	0.0	0.0	0.0
Trade receivables	572.0	-0.3	571.7	0.0	0.0	571.7

b) Liabilities	Gross amount of the asset item	Amount set off on the balance sheet	Amount shown on the balance sheet	Amounts related to assets that have not been set off on the balance sheet		Net
				Financial instruments	Cash collateral	
31 December 2013						
Exchange rate derivatives	0.2	-0.2	0.0	0.0	0.0	0.0
Interest rate derivatives	2.7	-0.3	2.4			2.4
Trade payables	164.6	-0.1	164.5	0.0	0.0	164.5
31 December 2012						
Exchange rate derivatives	2.0	-0.4	1.6	0.0	0.0	1.6
Interest rate derivatives	14.0	-0.4	13.6	0.0	0.0	13.6
Trade payables	354.8	-0.3	354.5	0.0	0.0	354.5

A set-off arrangement that can be implemented is related to derivative assets and liabilities. If such a choice is not made, financial assets and liabilities are settled in gross amounts, but both parties of a general set-off arrangement are entitled to the net settlement of all such monetary amounts if the other party neglects to fulfil its obligations.

One company included in the Group had a trade receivable and trade payable from the same counterparty with which the company had a contractual set-off right. These trade receivables and trade payables were set off on the balance sheet.

In addition, the Group has a total of approximately EUR 37.6 million in bank loan agreements where the bank has the right to set off its receivables against the Group's assets with regard to matured receivables. There were no such matured liabilities at the balance sheet date or during the year.

LIQUIDITY RISK

The management continuously evaluates and monitors the amount of funding required by the Group's business activities to ensure adequate liquid funds to finance its operations, repay its loans at maturity and pay annual dividends. The funding requirements are evaluated based on a financial budget prepared every six months, a monthly financial forecast and short-term, timely cash planning. The Group Treasury is responsible for the adequacy of funding, the availability of different sources of funding and the controlled maturity profile of external loans. According to financing policies, in order to minimise the refinancing risk, only 1/4 of the non-current loans can mature over one calendar year. When the amount of maturing loans is calculated, commercial papers, receivables sold to banks or housing company loans are not taken into account.

The Group uses cash and cash equivalents, Group accounts with overdraft facilities, revolving credit facilities, commercial paper programmes and bond programmes to manage the liquidity risk. In 2013,

one committed credit facility totalling EUR 50 million was concluded. At the balance sheet date, YIT had in total EUR 330 million of committed, undrawn credit facilities and EUR 65.1 million of overdraft facilities available. Of the credit facilities, EUR 30 million are valid until December 2014, EUR 250 million until December 2015 and EUR 50 million until October 2016. In addition to these, YIT concluded a non-current loan agreement in Russian roubles in December 2013, amounting to approximately EUR 35.3 million, which was drawn in January 2014. After the ended financial period, YIT has additionally concluded a loan agreement to secure refinancing in 2014. The amount that can be drawn on the basis of the loan agreement is approximately EUR 62 million, and it allows covering about half of the refinancing for non-current loans during the current year. The cash management and the funding of the Group is centralised to the Group Treasury. As the cash management is centralised to the Group Treasury, the use of liquid funds can be optimised between the different units of the Group. At the balance sheet date the Group's cash and cash equivalents amounted to EUR 76.3 million (EUR 175.7 million).

The following table describes the contractual maturities of the financial liabilities. The amounts are undiscounted. The interest flows of floating-rate loans and derivative instruments are based on interest rates prevailing on 31 December 2013 (31 December 2012). Cash flows of foreign currency denominated loans are translated into euros at the foreign currency rates prevailing at the balance sheet date. Cash flows of foreign currency forward contracts are translated into euros at forward rates.

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES AND INTEREST PAYMENTS AT 31 DECEMBER 2013

EUR mill.	2014	2015	2016	2017	2018	2019–	Total	Note
Bonds	94.8	116.1	110.8	0.0			321.7	26, 29
Loans from financial institutions	18.3	5.3	5.3	5.2	5.1	0.0	39.2	26, 29
Pension loans	23.1	22.5	22.0	21.6	9.1	1.8	100.1	26, 29
Receivables sold to banks/financial institutions ¹⁾	155.4	29.5					184.9	26, 29
Finance lease liabilities	0.2	0.1	0.2				0.6	26, 29
Other financial liabilities ²⁾	92.7	0.0	0.0	0.0	0.0	0.0	92.7	26, 29
Commercial papers	158.0						158.0	26, 29
Trade and other payables	726.8						726.8	27, 29
Interest rate derivatives								
Hedge accounting applied	1.2	0.0	0.0	0.0	0.0	0.0	1.2	27, 28, 29
Hedge accounting not applied	0.9	0.9	0.9	0.6	0.2	0.0	3.5	27, 28, 29
Foreign currency derivatives								
cash outflow	-145.3	-0.1					-145.4	27, 28, 29
cash inflow	146.6	0.1					146.7	27, 28, 29

CONTRACTUAL MATURITY ANALYSIS OF FINANCIAL LIABILITIES AND INTEREST PAYMENTS AT 31 DECEMBER 2012

EUR mill.	2013	2014	2015	2016	2017	2018–	Total	Note
Bonds	18.2	117.7	116.8	111.9			364.6	26, 29
Loans from financial institutions	64.4	14.9	17.5	17.2	16.8	28.5	159.3	26, 29
Pension loans	40.7	25.8	25.2	24.5	23.9	13.1	153.2	26, 29
Receivables sold to banks/financial institutions ¹⁾	165.4	10.8					176.3	26, 29
Finance lease liabilities	0.6	0.4	0.1	0.0	0.0		1.1	26, 29
Other financial liabilities ²⁾	78.0	2.9	0.8	1.5	0.0	0.0	83.3	26, 29
Commercial papers	44.3						44.3	26, 29
Trade and other payables	1,062.4						1,062.4	27, 29
Interest rate derivatives								
Hedge accounting applied	4.4	1.9	0.2	0.1	0.1	0.0	6.6	27, 28, 29
Hedge accounting not applied	2.3	2.3	2.3	2.3	2.0	0.0	11.1	27, 28, 29
Foreign currency derivatives								
cash outflow	-162.1	-8.2	-0.1				-170.4	27, 28, 29
cash inflow	160.7	8.0	0.1				168.8	27, 28, 29

1) Receivables sold to banks and financial institutions are financial liabilities connected with developer-contracted housing projects that are set off by payments made by the buyers of the residential units.

2) Includes the shares in the housing corporation loans of unsold completed residential projects, whose duration depends on the turnover of residential sales.

FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risks arising from the currencies of the countries in which it operates. The risk arises mainly from the assets and liabilities on the balance sheet and net investments in foreign operations. In addition, commercial contracts of the subsidiaries cause foreign exchange risk. However, the contracts are mainly made in the units' own local currencies.

The objective of managing foreign exchange risk at YIT is to reduce the uncertainty caused by foreign exchange rate movements on profit through cash flows and the valuation of commercial receivables and liabilities.

By decision of the Board of Directors, the net investments in foreign operations are not hedged from the changes in foreign exchange rates. Part of the intra-group loans given to Russian subsidiaries is considered to form part of net investments. These loans are included in net investments in the table below.

The change in foreign exchange rates decreased the value of the Group's net investments in equity by EUR 50.3 million as at 31 December 2013 compared to financial statements as at 31 December 2012. The weakening of the Russian rouble had a decreasing effect on the value of net investments. An increase or decrease of 5 percentage points in the exchange rate between the euro and these currencies

would have had an impact of EUR 18.0 million (EUR 22.4 million) on translation differences under consolidated shareholders' equity net of tax.

FOREIGN CURRENCY DENOMINATED NET INVESTMENTS AT THE BALANCE SHEET DATE

EUR mill.	2013	2012
SEK		53.6
NOK		44.5
DKK		4.1
RUB	449.8	494.1
LTL	67.8	19.6
LVL		27.5
CZK	23.2	-2.7

According to the Group's treasury policy, the business units and the subsidiaries are responsible for identifying the foreign exchange risk related to their foreign currency denominated cash flows and reporting it to the Group Treasury. All committed positions must be hedged. Hedging is performed by intra-group transactions with the Group Treasury as the counterparty. The Group Treasury hedges the Group

net position and takes care of all external hedging transactions. The Group does not apply hedge accounting as set out in IAS 39 to hedge its foreign exchange risk. Accordingly, the fair value changes in derivative instruments are recognised in the consolidated income statement according to the accounting policies. With regard to the continuing operations in 2013, the most significant currency related to commercial agreements and their hedges was the Russian rouble. If the euro had strengthened by 5% compared to the Russian rouble at the balance sheet date, the fair valuation of the foreign exchange forward contracts would have caused a foreign exchange loss of EUR 0.9 million net of tax.

Loans taken by the parent company are mainly denominated in euro, but the intra-Group loans are given in the local currency of each subsidiary. The parent company hedges this foreign exchange risk by using foreign exchange forward contracts and currency options, as necessary. The most significant currency used in intra-Group loans is the Russian rouble. In 2013, YIT concluded a non-current rouble-denominated bank loan agreement amounting to approximately EUR 35.3 million.

In addition to the foreign exchange differences due to derivatives not in hedge accounting, the strengthening or weakening of the euro would not have had a material impact on the result of the Group if the translation difference in consolidation is not considered. The sensitivity analysis takes into consideration the foreign exchange derivative contracts made for hedging both the internal and external loans and receivables which offset the effect of changes in foreign exchange rates.

GROUP'S EXTERNAL LOANS

EUR mill.	External loans		Adjusted by derivative contracts	
	2013	2012	2013	2012
EUR	862.8	838.0	713.0	746.7
RUB	0.6	2.1	97.6	82.3
SEK	24.9	30.8	0.0	17.5
DKK		1.1	0.0	1.1
NOK	0.0	0.0	0.0	0.0
LTL			52.1	52.1
GBP		49.9		
CZK			25.5	22.2
Total	888.3	921.9	888.3	921.9

The division of trade receivables and payables by currencies corresponds to the local currencies of the charging and the charged companies. Accordingly, no open foreign exchange risk is included.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to maintain the optimal strategic capital structure. Capital risk management of the Group aims to safeguard its ability to continue as a going concern, to increase the shareholder value in the long term and secure its ability to pay dividends.

In YIT's business operations capital is particularly tied up in plot reserves, their development and ongoing construction production. In business where investments are small, such as infrastructure construction, the objective is effective turnover of net working capital. In the more capital-intensive business operations, such as residential development projects and real estate development projects, capital investments must be adjusted according to the market conditions by decreasing or increasing the number of plot investments and residential start-ups. The amount and structure of capital is also

controlled by adjusting the amount of dividend, acquiring the company's own shares, issuing new shares or selling assets in order to reduce debt.

YIT monitors its capital structure on the basis of the equity ratio. The strategic goal for YIT's equity ratio set by the Board of Directors is 40% (POC).

The Group's equity ratio has been the following:

EUR mill. (POC)	2013	2012
Equity	774.9	821.8
Balance sheet total	2,211.3	2,076.9
./. Advances received (Note 27)	-161.9	-168.4
Capital	2,049.4	1,908.5
Equity ratio %	37.8%	43.1%

YIT Corporation's bank loan and credit facility agreements include a financial covenant linked to YIT's equity ratio. The financial covenant requires an equity ratio higher than 25% and is based on the IFRS balance sheet. The covenant has not been breached during the financial period, and the equity ratio according to IFRS at the balance sheet date was 34.3%.

FAIR VALUE ESTIMATION

Group measures the fair value measurement hierarchy as follows:

- Level 1: The fair values of financial instruments are based on quoted prices on active markets. A market may be considered active when quoted prices are available on a regular basis and the prices represent the instrument's actual value in liquid trading.
- Level 2: The financial instruments are not traded on active and liquid markets. The value of the financial instrument can be determined on the basis of market value and possibly a partially derived determination of value. If the factors influencing the instrument's fair value are nevertheless available and verifiable, the instrument belongs to level 2.
- Level 3: The valuation of the financial instrument is not based on verifiable market information. Nor are other factors that affect the instrument's fair value available or verifiable.

The following table presents the Group's assets and liabilities that are measured at fair value and their levels.

31. Other lease agreements

YIT GROUP AS LESSEE

The future minimum lease payments under non-cancellable operating leases:

EUR mill.	2013	2012
No later than 1 year	23.8	79.0
1–5 years	82.2	182.8
Later than 5 years	58.9	93.1
Total	165.0	355.0

The minimum lease payments for the comparison period include contingent assets and liabilities related to YIT's Building Services business, transferred to Caverion Corporation in the partial demerger at 30 June 2013.

The lease payments of non-cancellable operating leases charged to the income statement in 2013 amounted to EUR 24.4 million (EUR 22.8 million in 2012).

The YIT group has leased the office facilities in use. The operating lease agreements of office facilities have a period of validity of up to 15 years. Most of the agreements include the possibility of continuing after the initial expiry date. The index, renewal and other terms of the lease agreements of office facilities are dissimilar to each other. Operating leases also include the liabilities of operating lease agreements of employee cars, which have the average duration of four years.

32. Commitments and contingent liabilities

EUR mill.	2013	2012
Collateral given for own liabilities		
Corporate mortgages		29.3
Pledged assets ¹⁾		0.0
Guarantees on behalf of associated companies and joint ventures	6.8	7.0
Other commitments		
Rental guarantees for clients	1.6	2.1
Other contingent liabilities		1.3
Investment commitments		
Repurchase commitments	319.0	349.3

The commitments and contingent liabilities for the comparison period include contingent assets and liabilities related to YIT's Building Services business, transferred to Caverion Corporation in the partial demerger at 30 June 2013.

As a result of the partial demerger registered at 30 June 2013, YIT Corporation has secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 140.1 million at 31 December 2013.

YIT Corporation has guaranteed obligations of its subsidiaries. At 31 December 2013, the total amount of these guarantees was EUR 956.7 million (1,537.3 million).

The Group is involved in legal proceedings in preparation and pending that are connected to ordinary operations and whose outcomes are difficult to predict. It is the understanding of the Group that the legal proceedings do not have a significant effect on the Group's result.

ASSETS 2013

EUR mill.	Level 1	Level 2
Available-for-sale investments	0.1	
Derivatives (hedge accounting not applied)		1.8
Total assets	0.1	1.8

LIABILITIES 2013

EUR mill.	Level 1	Level 2
Derivatives (hedge accounting not applied)		1.7
Derivatives (hedge accounting applied)		1.5
Total liabilities		3.2

ASSETS 2012

EUR mill.	Level 1	Level 2
Available-for-sale investments	2.1	
Derivatives (hedge accounting not applied)		
Total assets	2.1	

LIABILITIES 2012

EUR mill.	Level 1	Level 2
Derivatives (hedge accounting not applied)		11.4
Derivatives (hedge accounting applied)		4.7
Total liabilities		16.1

In the past financial year, there were no transfers between level 1 and level 2. At the balance sheet date, the Group had no assets categorised at level 3.

33. Subsidiaries

Excluding the real estate companies presented in inventories

Company name	Domicile	Holding, %
Shares in subsidiaries, owned by the parent company		
YIT Construction Ltd	Helsinki	100.00
YIT Kalusto Oy	Urjala	100.00
YIT Information Services Oy	Helsinki	100.00
YIT IT East Oy	Helsinki	100.00
LLC YIT Information Systems	St. Petersburg	100.00
Perusyhtymä Oy	Helsinki	100.00
Shares in subsidiaries, owned by YIT Construction Ltd		
YIT Concept Projektinjohtopalvelut Oy	Helsinki	100.00
AS YIT Ehitus	Tallinn	100.00
AS Koidu Kinnisvara	Tallinn	100.00
SIA YIT Celtnieciba	Riga	100.00
YIT Invest Export Oy	Helsinki	100.00
CJSC YIT Moskovia	Moscow	100.00
LLC YIT-Service	Moscow	100.00
CJSC YIT Stroi	Moskova	100.00
YIT Project Invest Oy	Helsinki	100.00
CJSC YIT Lentek	St. Petersburg	100.00
LLC YIT Service	St. Petersburg	100.00
Urepol Oy	Helsinki	100.00
CJSC YIT Don	Rostov	100.00
LLC SP YIT Don	Rostov	100.00
LLC Maintenance Company "Vesta"	Rostov	100.00
YIT Polska Sp zo.o	Krakow	100.00
AB YIT Kausta	Kaunas	97.86
UAB YIT Kausta Bustas	Vilnius	100.00
YIT Salym Development Oy	Helsinki	100.00
CJSC YIT Saint-Petersburg	St. Petersburg	100.00
LLC Gorelovo Infra	St. Petersburg	100.00
Tortum Oy Ab	Helsinki	100.00
CJSC YIT Uralstroi	Yekateringburg	99.94
CJSC YIT Comfort	Yekateringburg	100.00
LLC Olymp Service	Yekateringburg	100.00
Finn-Stroi Oy	Helsinki	100.00
CJSC YIT CityStroi	Moscow	74.99
LLC Hetber	Moscow	100.00
LLC Emerkom-Spetstroi	Moscow	100.00
CJSC TPK Strojmaterialy	Moscow	100.00
YIT Jupiter Oy	Helsinki	100.00
YIT Mars Oy	Helsinki	100.00
YIT Saturnus Oy	Helsinki	100.00
YIT Sirius Oy	Helsinki	100.00
CJSC YIT VDSK	Moscow	90.00
YIT Uranus Oy	Helsinki	100.00
CJSC YIT Properties	Moscow	100.00
YIT Neptunus Oy	Helsinki	100.00
LLC YIT Kazan	Kazan	100.00
LLC YIT Service Kazan	Kazan	100.00
YIT Stavo s.r.o ¹⁾	Prague	100.00

Company name	Domicile	Holding, %
YIT Reding a.s. ¹⁾	Bratislava	100.00
Gala Residence s.r.o.	Bratislava	100.00

¹⁾ YIT Group's share in YIT Stavo s.r.o and YIT Reding a.s. is 100% in IFRS accounting, because the minority share of YIT Stavo 15% and YIT Reding 30% are assessed to be a share based payment to the management.

34. Related party transactions

EUR mill.	2013	2012
Sales of goods and services	74.9	70.9
Purchases of goods and services	3.8	3.8
Trade and other receivables	0.0	0.4
Trade and other payables	3.0	0.6

Goods and services to associated companies are sold on the basis of price lists in force with non-related parties.

KEY MANAGEMENT COMPENSATION ¹⁾

EUR mill.	2013	2012
Salaries and other short-term employee benefits	3.6	2.7
Termination benefits	4.3	2.7
Share-based incentive plan ²⁾	1.0	0.5

¹⁾ President and CEO, Deputy to President and CEO and Management Board

²⁾ The total value of transferred shares, cash bonus and related taxes

PENSION, RETIREMENT AGE AND TERMINATION COMPENSATION

The contractual retirement age of the President and CEO and the Executive Vice President and deputy to the CEO has been set at 62. In other respects, the statutory retirement ages apply to the members of the Management Board. The contractual pension of the CEO and his deputy amounts to 60% of salary accounted according to Finnish employment pension law. The contractual period of notice is three, six or twelve months. If the company terminates the contract, the CEO and his deputy shall also be paid separate compensation amounting to 12 months' salary.

SALARIES AND FEES

EUR	2013	2012
President and CEO	858,684	750,276
Deputy to President and CEO	539,965	373,896
Board of Directors		
Henrik Ehrnrooth	94,600	94,050
Eino Halonen ¹⁾		11,700
Reino Hanhinen	77,050	75,950
Antti Herlin ²⁾	13,900	54,500
Kim Gran	57,800	51,750
Satu Huber	58,350	55,600
Michael Rosenlew ³⁾	32,750	60,000
Erkki Järvinen ⁴⁾	46,400	
Ari Lehtoranta ⁵⁾	16,400	
Board of Directors, total	397,250	403,550

1) Eino Halonen was a member of the Board of Directors, the Audit Committee and the Nomination and Rewards Committee until 13 March 2012.

2) Antti Herlin was a Board member until 15 March 2013.

3) Michael Rosenlew was a member of the Board of Directors, the Working Committee and the Audit Committee until 30 June 2013.

4) Erkki Järvinen has been a member of the Board of Directors and the Audit Committee as of 15 March 2013.

5) Ari Lehtoranta was a Board member 15 March – 30 June 2013.

LOANS TO RELATED PARTIES

There are no loans to related parties in the end of financial year.

35. Discontinued operations

On 17 June 2013, the General Meeting approved the demerger plan concerning the partial demerger of YIT and decided on the demerger in accordance with the demerger plan. YIT demerged through a partial demerger so that the assets and liabilities related to its Building Services and Industrial Services businesses were transferred to Caverion Corporation, the new public limited company established in the demerger. The assets and liabilities of the Construction Services business, including Construction Services Finland and International Construction Services, remained with YIT. The purpose of the demerger was to implement the separation of YIT Group's Building Services and Construction Services businesses into legally independent Groups that have separate parent companies.

The implementation of the partial demerger was registered with the Finnish Trade Register on 30 June 2013. YIT Corporation's shareholders have received as demerger consideration one (1) share in Caverion for each share owned in YIT. No demerger consideration was distributed to any treasury shares held by YIT. The number of shares given as demerger consideration was 125,596,092. The implementation of the demerger did not affect the listing of YIT shares on NASDAQ OMX Helsinki.

The original acquisition cost of YIT Corporation shares in Finnish taxation is divided between YIT and Caverion shares based on the ratio of net assets. In dividing YIT's net assets between YIT and Caverion in the partial demerger, 77.37% remained with YIT and 22.63% was transferred to Caverion.

The profit of the discontinued operations and profit recognised from valuation of assets held for sale are as follows:

CONSOLIDATED INCOME STATEMENT, DISCONTINUED OPERATIONS

EUR mill.	2013	2012
Revenue	1,260.6	2,717.0
Other operating income	4.5	3.6
Change in inventories of finished goods and in work in progress	7.8	-0.6
Production for own use	0.5	0.3
Materials and supplies	-332.1	-836.6
External services	-207.1	-415.9
Personnel expenses	-544.6	-1,113.5
Other operating expenses	-166.9	-268.9
Share of results in associated companies	0.0	0.0
Depreciation and value adjustments	-10.2	-24.3
Operating profit	12.4	61.1
Financial income	4.9	0.9
Exchange rate differences (net)	-0.9	-0.3
Financial expenses	-5.6	-7.6
Financial income and expenses	-1.6	-7.0
Profit before taxes	10.8	54.1
Income taxes	-3.0	-16.6
Net profit for the financial year transferred to Caverion	7.8	37.5
Recognised profit from asset valuation of discontinued operations	287.3	
Translation differences transferred to Caverion	5.8	
Demerger costs	-18.0	
Taxes related to demerger costs	4.5	
Profit for the review period, discontinued operations	287.5	37.5
Attributable to		
Equity holders of the company	287.5	37.4
Non-controlling interests	0.0	0.1
Earnings/share, EUR	2.29	0.30
Earnings/share, EUR, diluted	2.29	0.30

**STATEMENT OF COMPREHENSIVE INCOME,
DISCONTINUED OPERATIONS**

EUR mill.	2013	2012
Profit for the financial year	287.5	37.5
Items that may be subsequently recognised through profit or loss		
Defined benefit pension, remeasurement due to IAS 19 change		15.3
– Deferred tax		-4.2
Cash flow hedging		-0.1
– Deferred tax		0.0
Change in fair value of available-for-sale assets		-0.4
– Deferred tax		0.1
Change in translation differences		3.9
Other comprehensive income, total		14.5
Total comprehensive income	287.5	52.0
Attributable to		
Equity holders of the company	287.5	51.9
Non-controlling interests		0.1

NET ASSET TRANSFERRED IN THE DEMERGER

EUR mill.	30 June 2013
Tangible assets	29.9
Goodwill	335.7
Other intangible assets	45.7
Investments in associated companies	0.1
Available-for-sale financial assets	2.3
Receivables	200.4
Deferred tax receivables	3.8
Total non-current assets	617.9
Inventories	42.4
Trade and other receivables	1,055.1
Tax receivables	18.6
Cash and cash equivalents	43.8
Total current assets	1,159.9
Total assets	1,777.8
Deferred tax liabilities	68.0
Pension obligations	45.5
Provisions	7.1
Borrowings	261.5
Other liabilities	0.2
Total non-current liabilities	382.3
Trade and other liabilities	798.2
Income tax liabilities	7.6
Provisions	19.6
Borrowings	342.5
Total current liabilities	1,167.9
Total liabilities	1,550.1
Net assets transferred in the demerger	227.7
Fair value of Caverion Corporation	514.9
Measurement of fair value	287.3
The fair value of Caverion was determined as follows:	
Number of shares at 1 July 2013, thousands	125,596
Weighted average value of shares at 1 July 2013	4.10
Fair value of Caverion Corporation	514.9

Parent Company
Financial Statements

Parent Company Income statement, FAS

EUR million	Note	2013	2012
Revenue		0.0	0.0
Other operating income	2	119.8	24.2
Personnel expenses	3	-12.1	-11.8
Depreciation and value adjustments	4	-1.7	-1.8
Other operating expenses		-41.3	-34.5
		-55.0	-48.1
OPERATING PROFIT/LOSS		64.8	-24.0
Financial income and expenses	5	-17.6	208.4
PROFIT BEFORE EXTRAORDINARY ITEMS		47.1	184.4
Extraordinary items	6	67.4	105.4
PROFIT BEFORE TAXES		114.5	289.8
Income taxes	7	-5.3	-20.2
NET PROFIT FOR THE FINANCIAL PERIOD		109.2	269.7

Parent Company Balance sheet, FAS

EUR million	Note	31 Dec 2013	31 Dec 2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	8		
Intangible rights		0.3	0.3
Other capitalize expenditure		1.3	1.8
		1.6	2.1
Tangible assets	8		
Land and water areas		1.4	1.5
Buildings and structures		2.9	3.3
Machinery and equipment		0.3	0.6
Other tangible assets		0.1	0.1
		4.7	5.5
Investments	9		
Shares in Group companies		233.3	386.9
Other shares and holdings		0.1	0.1
		233.5	387.1
TOTAL NON -CURRENT ASSETS		239.8	394.7
CURRENT ASSETS			
Long-term receivables	10		
Receivables from group companies		456.9	541.5
Short-term receivables	10		
Trade receivables		0.2	0.0
Receivables from group companies		544.2	561.4
Other receivables		1.0	0.8
Accrued income		8.2	1.5
		1,010.5	1,105.3
Current investments	11	0.0	0.0
Cash and cash equivalents		35.8	114.7
TOTAL CURRENT ASSETS		1,046.3	1,220.0
TOTAL ASSETS		1,286.1	1,614.7

Parent Company Cash flow statement, FAS

EUR million	Note	31 Dec 2013	31 Dec 2012
EQUITY AND LIABILITIES			
EQUITY			
	12		
Share capital		149.2	149.2
Non restricted equity reserve		8.4	3.8
Retained earnings		252.6	219.7
Net profit for the financial year		109.2	269.7
TOTAL EQUITY		519.4	642.4
PROVISIONS	13	1.4	1.0
LIABILITIES			
Non-current liabilities			
	15		
Bonds		210.9	321.4
Loans from credit institutions		20.0	88.5
Pension loans		73.8	94.8
Non-current liabilities to group companies			10.0
		304.6	514.7
Current liabilities			
	16		
Bonds		83.8	7.1
Loans from credit institutions		17.7	62.0
Pension loans		21.0	29.0
Advances received		0.0	0.0
Trade payables		1.2	1.7
Current liabilities to group companies		167.8	296.0
Other current liabilities		157.9	46.5
Accrued expenses		11.2	14.3
		460.6	456.7
TOTAL LIABILITIES		765.3	971.4
TOTAL EQUITY AND LIABILITIES		1,286.1	1,614.7

EUR million	2013	2012
Cash flow from operating activities		
Profit / loss before extraordinary items	47.2	184.4
Adjustments for:		
Depreciations	1.7	1.8
Reversal of accrual-based items	1.0	0.4
Gains on the sale of tangible and intangible assets	-93.9	-0.1
Financial income and expenses	17.5	-208.4
Cash flow before change in working capital	-26.5	-21.9
Change in working capital		
Change in trade and other receivables	0.4	-12.5
Change in trade and other payables	-2.8	-10.2
Net cash flow from operating activities before financial items and taxes	-28.9	-44.6
Interest paid	-55.7	-55.5
Dividends received	0.0	74.4
Interest received and financial income	37.2	53.8
Taxes paid	-12.6	-17.0
Net cash generated from operating activities	-60.0	11.2
Cash flow from investing activities		
Purchases of tangible and intangible assets	-0.8	-1.0
Proceeds from sale of tangible and intangible assets	0.1	0.1
Purchases of investments	0.0	-10.0
Proceeds from sale of other investments	114.0	0.0
Net cash used in investing activities	113.3	-10.9
Cash flow from financing activities		
Purchase of treasury shares	2.8	1.3
Change in loan receivables	-285.8	-37.7
Change in current loans	149.4	-13.0
Proceeds from borrowings	189.7	150.0
Repayment of borrowings	-162.4	-132.6
Dividends paid and other distribution of assets	-94.0	-87.7
Group contributions received	105.4	96.0
Net cash used in financing activities	-94.9	-23.8
Net change in cash and cash equivalents	-41.6	-23.6
Cash and cash equivalents at the beginning of the financial year		
	114.7	138.3
Cash and cash equivalents transferred in demerger		
	-37.3	
Cash and cash equivalents at the end of the financial year	35.8	114.7

Notes to the Parent Company financial statements

1. Parent company accounting principles

YIT's partial demerger was implemented on 30 June 2013. In the partial demerger, the assets and liabilities related to YIT Corporation's Building Services business were transferred to Caverion Corporation. Until the execution date of the partial demerger (30 June 2013), the transactions included in YIT's Building Services business transferred to Caverion Corporation are included in the income statement. Cash and cash equivalents transferred in the demerger are presented on their own row in the cash flow statement.

YIT Corporation's financial statements are prepared in accordance with the principles of Finnish accounting legislation. The financial statements are prepared for 12 months in the financial period 1 January–31 December 2013.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

Foreign currency business transactions are recognised at the exchange rate of the transaction date. Receivables and liabilities denominated in foreign currencies open on the closing date are valued at the exchange rate of the closing date. Changes in the value of foreign currency denominated loans, deposits and other balance sheet items are recognised under financial income and expenses in the income statement.

DERIVATIVE INSTRUMENTS

Foreign currency forward contracts are valued at the exchange rate of the closing date on the balance sheet, and changes in their value are booked under financial income and expenses in the income statement. Interest related to interest rate swaps are recognised under interest income and expenses in the income statement, and interest accrued is entered under accrued income and accrued expenses on the balance sheet.

NON-CURRENT ASSETS AND DEPRECIATION

Tangible and intangible assets are recognised on the balance sheet at historical cost less depreciation according to plan. Depreciation according to plan is calculated as straight-line depreciation on the basis of the estimated economic service life of tangible and intangible assets.

Depreciation periods are as follows:

Intangible assets	
Goodwill	5 years
IT programs	5 years
Other capitalised expenditure	5–10 years

Tangible assets

Buildings	40 years
Structures	5–10 years
Machinery and equipment	3–10 years

Subsidiary shares and other shares and holdings included in investments under non-current assets are measured at historical cost or fair value, whichever is lower.

PROVISIONS

Provisions represent future expenses to the payment of which the parent company is committed and which are not likely to generate corresponding income, or future losses the realisation of which must be considered evident.

MANAGEMENT OF FINANCIAL RISKS AND INSTRUMENTS

The management of YIT's financial risks is focused on the Group Treasury in the parent company. The financial risk management principles are presented in the notes to the consolidated financial statements in the section Financial risk management.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents in the cash flow statement consist of cash, bank deposits that can be with-drawn on demand and other short-term liquid investments.

Changes in the fair value of hedging instruments used to hedge foreign currency denominated loans, deposits or other balance sheet items are recognised under financial items in the income statement.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are entered as an annual expense in the year they arise.

PENSIONS

The statutory pension security in the parent company is provided by an external pension insurance company. Pension expenditure is expensed in the year it accrues.

LEASING

Lease payments are entered under other operating expenses. The remaining lease payments under lease agreements are recognised under liabilities in the notes. The terms and conditions of lease agreements are not different from the ordinary terms and conditions.

EXTRAORDINARY INCOME AND EXPENSES

Group contributions given and received are recognised under extraordinary income and expenses.

TAXES

The income tax row in the income statement includes the taxes for previous periods. Deferred taxes have not been booked.

2. Other operating income

EUR million	2013	2012
Capital gains on disposals of fixed assets	94.0	0.1
Rent income	16.6	16.4
Service income	7.0	4.2
Other	2.2	3.5
Total	119.8	24.2

3. Information concerning personnel and key management

EUR million	2013	2012
Personnel expenses		
Wages, salaries and fees	10.1	9.2
Pension expenses	2.0	1.6
Other indirect personnel costs	0.1	1.0
Total	12.1	11.8

Salaries and fees to the management

President and executive Vice President	1.4	1.1
Members of the Board of Directors	0.4	0.4
Total	1.8	1.5

Average personnel

	141	152
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PricewaterhouseCoopers Oy, Authorised Public Accountants

Audit fee	0.2	0.2
Statements ¹⁾	0.2	
Tax services	0.0	0.0
Other services ¹⁾	0.8	0.1
Total	1.2	0.3

1) Reporting and opinions and other fees include the costs of EUR 0.9 million related to the demerger.

4. Depreciations and value adjustments

EUR million	2013	2012
Depreciations on other capitalised expenditures	1.0	1.1
Depreciations on buildings and structures	0.3	0.3
Depreciations on machinery and equipment	0.4	0.4
Depreciation on other tangible assets	0.0	0.0
Total	1.7	1.8

5. Financial income and expenses

EUR million	2013	2012
Dividend income		
From Group companies	0.0	207.4
From others	0.0	0.0
Total	0.0	207.4

Interest income from non-current investments

From Group companies	7.5	11.6
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Other interest and financial income

From Group companies	9.7	13.5
From other companies	3.5	1.1
Total	13.2	14.6

Other interest and financial expenses

Interest expenses to Group companies	-11.1	-2.1
Interest expenses on derivatives	-10.7	-3.4
Interest expenses to others	-17.5	-21.3
Other expenses to others	-5.6	-4.1
Total	-44.9	-30.9

Exchange rate gains	15.2	34.5
Fair value change in derivatives	3.8	-1.6
Exchange rate losses	-12.5	-27.2
Total	6.5	5.8

Total financial income and expenses	-17.7	208.4
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6. Extraordinary items

EUR million	2013	2012
Extraordinary income		
Group contributions	67.4	105.4

7. Income taxes

EUR million	2013	2012
Income taxes on extraordinary items	-16.5	-25.8
Income taxes on operating activities	11.2	5.5
Income taxes on previous years	0.1	0.1
Total	-5.2	-20.2

8. Changes in fixed assets

EUR million	2013	2012
Intangible assets		
Intangible rights		
Historical cost at 1 January	0.3	0.3
Book value at 31 December	0.3	0.3
Other capitalized expenditures		
Historical cost at 1 January	13.9	13.5
Increases	0.6	0.4
Decreases	-0.1	
Historical cost at 31 December	14.4	13.9
Accumulated depreciation and value adjustments 1 January	12.1	11.1
Depreciation for the period	1.0	1.1
Accumulated depreciation and value adjustments 31 December	13.1	12.1
Book value at 31 December	1.3	1.8
Total intangible assets	1.6	2.1
Tangible assets		

EUR million	2013	2012
Land and water areas		
Historical cost at 1 January	1.5	1.0
Transferred in demerger	-0.1	
Increases		0.5
Book value at 31 December	1.4	1.5
Buildings and structures		
Historical cost at 1 January	8.3	8.3
Transferred in demerger	-0.2	
Decreases		-0.1
Historical cost at 31 December	8.0	8.3
Accumulated depreciation and value adjustments 1 January	4.9	4.8
Depreciation for the period	0.2	0.2
Accumulated depreciation and value adjustments 31 December	5.1	4.9
Book value at 31 December	2.9	3.3
Machinery and equipment		
Historical cost at 1 January	10.5	10.4
Increases	0.1	0.2
Historical cost at 31 December	10.6	10.5
Accumulated depreciation and value adjustments 1 January	9.9	9.4
Depreciation for the period	0.4	0.4
Accumulated depreciation and value adjustments 31 December	10.3	9.9
Book value at 31 December	0.3	0.6
Other tangible assets		
Historical cost at 1 January	0.9	0.9
Historical cost at 31 December	0.9	0.9
Accumulated depreciation and value adjustments 1 January	0.8	0.8
Depreciation for the period	0.0	0.0
Accumulated depreciation and value adjustments 31 December	0.8	0.8
Book value at 31 December	0.1	0.1
Total tangible assets	4.7	5.5

9. Investments

EUR million	2013	2012
Shares in Group companies		
Historical cost at 1 January	386.9	371.9
Transferred in demerger	-133.6	
Increases		15.0
Decreases	-20.0	
Historical cost at 31 December	233.3	386.9
Other shares and holdings		
Historical cost at 1 January	0.1	0.1
Historical cost at 31 December	0.1	0.1
Total investments	233.5	387.1

10. Receivables

EUR million	2013	2012
Non-current receivables		
Receivables from Group companies		
Loan receivables	456.9	541.5
Current receivables		
Receivables from group companies		
Trade receivables	1.5	4.1
Loan receivables	355.9	260.8
Other receivables	183.8	158.9
Accrued income	3.0	137.6
Total	544.2	561.4
Accrued receivables, intra-group		
Accrued interest receivables	2.5	0.7
Exchange rate derivatives		3.7
Other receivables	0.5	133.2
Total	3.0	137.6
Accrued receivables, group external		
Exchange rate derivatives	1.3	0.0
Accrued tax receivables	5.7	0.0
Other receivables	1.2	1.5
Total	8.2	1.5
Other receivables, group external		
	1.0	0.9

11. Cash and cash equivalents

EUR million	2013	2012
Current investments		
Carrying value	0.0	0.0
Market value	0.0	0.0
Difference	0.0	0.0

In the demerger, EUR 37.3 million of cash and cash equivalents were transferred.

12. Equity

EUR million	2013	2012
Share capital 1 January	149.2	149.2
Share capital 31 December	149.2	149.2
Non restricted equity reserve 1 January		
	3.8	2.8
Reclassification of treasury shares	1.4	
Share issue	3.2	1.0
Non restricted equity reserve 31 December	8.4	3.8
Retained earnings 1 January		
	489.3	306.9
Transferred in demerger	-141.3	
Reclassification of treasury shares	-1.4	
Transfer of treasury shares	0.0	0.5
Dividends paid and other distribution of assets	-94.0	-87.7
Retained earnings 31 December	252.6	219.7
Net profit for the financial period		
	109.2	269.7
Total	361.8	489.3
Total equity	519.4	642.4
Distributable funds at 31 December		
Non restricted equity reserve	8.4	3.8
Retained earnings	252.6	219.7
Net profit for the financial period	109.2	269.7
Distributable fund from shareholders' equity	370.2	493.2

TREASURY SHARES OF YIT OYJ

Parent company had treasury shares at 31 December 2013 as follows:

	Amount	% of total share capital	% of voting rights
	1,633,286	1.28%	1.28%

13. Provisions

EUR million	2013	2012
Pension fund deficit		0.2
Other provisions	1.4	0.8
Total	1.4	1.0

14. Deferred tax receivables and liabilities

EUR million	2013	2012
Deferred tax receivables		
Postponed depreciation	0.1	1.0
Other temporary differences	0.3	0.0
Pension liabilities		0.1
Total	0.4	1.1
Deferred tax liabilities		
Accumulated depreciation difference	0.0	0.0

Deferred taxes have not booked in the Parent Company's financial statements.

15. Non-current liabilities

EUR million	2013	2012
Liabilities falling due after five years		
Loans from credit institutions		27.7
Pension loans	1.8	10.8
Other loans		2.0
Total	1.8	40.5

EUR million	2013	2012
Bonds		
Fixed-rate bond 1/2011, 2011–2016, interest 4.75%	100.0	100.0
Fixed-rate bond 1/2010, 2010–2015, interest 4.823%	100.0	100.0
Floating-rate bond 1/2007, 2007–2014, interest 3 month Euribor + 0.51%	28.5	50.0
Floating-rate bond 1/2012, 2012–2014, interest 3 month Euribor + 1.75%	49.9	50.0
Floating-rate bond 1/2012, 2012–2014, interest 3 month Euribor + 1.75%	16.3	28.6
Total	294.7	328.6

16. Current liabilities

EUR million	2013	2012
Liabilities to Group companies		
Trade payables	2.3	1.2
Other liabilities	162.7	289.7
Accrued expenses	2.8	5.1
Total	167.8	296.0

Accrued expenses, intra-group		
Interest expenses	0.0	0.1
Exchange rate derivatives	2.8	0.0
Other expenses	0.0	5.0
Total	2.8	5.1

Accrued expenses, group external		
Personnel expenses	2.8	3.0
Interest expenses	8.2	9.7
Taxes		1.6
Other expenses	0.2	0.1
Total	11.2	14.3

17. Commitments and contingent liabilities

EUR million	2013	2012
Mortgages given as security for loans		29.3
Leasing commitments for premises		
Payable during the current financial year	12.1	13.3
Payable in subsequent years	105.4	122.4
Total	117.5	135.7
Operating leasing commitments		
Payable during the current financial year	0.1	0.0
Payable during the current financial year	0.0	0.1
Total	0.1	0.1
Other commitments		
Other commitments	0.3	0.7
Guarantees		
On behalf of Group companies	956.7	1 536.0
Derivative contracts		
External foreign currency forward contracts		
Fair value	1.3	-1.6
Value of underlying instruments	146.5	220.4
Internal foreign currency forward contracts		
Fair value	-2.8	2.8
Value of underlying instruments	231.8	322.5
Interest rate swaps and future contracts		
Fair value	-2.4	-14.0
Value of underlying instruments	288.0	475.6
Interest rate options bought		
Fair value	0.3	0.4
Value of underlying instruments	50.0	104.1
Commodity derivatives		
Fair value	0.0	-0.9
Value of underlying instruments	0.0	1.9

18. Salaries and fees to management

DECISION-MAKING REGARDING REMUNERATION

YIT Corporation's Annual General Meeting decides on the fees for the Board of Directors. The Board of Directors decides on the salary and fees and other terms of employment of the CEO and other key Group employees, such as the CEO's deputy and members of the Group's Management Board.

The Personnel Committee of the Board of Directors prepares matters related to the appointment and remuneration of the Board members and the Group's key personnel as well as the Group's HR policy. Among other things, the Committee prepares proposals for the appointment of the Board members, President and CEO and other Group key personnel, as well as their remuneration and other terms of employment. In addition, its tasks include preparing the Group's bonus rules and other issues related to pay policy.

REMUNERATION OF BOARD MEMBERS

The Annual General Meeting 2013 decided that the Board of Directors be paid remuneration as follows:

- Chairman: EUR 6,600 per month (EUR 79,200 per year)
- Vice Chairman: EUR 5,000 per month (EUR 60,000 per year)
- Members: EUR 3,900 per month (EUR 46,800 per year)

In addition, a meeting fee of EUR 550 is paid for each Board and committee meeting. Per diems for trips in Finland and abroad are paid in accordance with the State's travel compensation regulations.

PROPOSAL FOR FEES FOR 2014

The Board of Directors proposes on recommendation of the Board's Personnel Committee that the fees to be paid to the Board of Directors remain the same as in 2013.

FEES PAID TO BOARD OF DIRECTORS

EUR	Board membership	Board meetings	Audit Committee meetings	Personnel Committee meetings	Working Committee	Total 2013	Total 2012	Member of the Board 2013
Henrik Ehrnrooth	79,200	8,250		4,950	2,200	94,600	94,050	1 Jan–31 Dec
Eino Halonen							11,700	
Reino Hanhinen	60,000	8,250	1,650	4,950	2,200	77,050	75,950	1 Jan–31 Dec
Antti Herlin	11,700	1,100		1,100		13,900	54,500	1 Jan–15 Mar
Kim Gran	46,800	7,150		3,850		57,800	51,750	1 Jan–31 Dec
Satu Huber	46,800	8,250	3,300			58,350	55,600	1 Jan–31 Dec
Erkki Järvinen	37,050	6,600	2,750			46,400		15 Mar–31 Dec
Ari Lehtoranta	13,650	2,750				16,400		15 Mar–30 Jun
Michael Rosenlew	23,400	5,500	1,650		2,200	32,750	60,000	1 Jan–30 Jun
Board of Directors total	318,600	47,850	9,350	14,850	6,600	397,250	403,550	

* Eino Halonen was a member of the Board, Audit Committee and Personnel Committee until 13 March 2012.

SHARE-BASED INCENTIVE SCHEMES

Members of YIT Corporation's Board of Directors are not included in the share-based incentive scheme.

MANAGEMENT REMUNERATION

The remuneration paid to the Group's Management Board is comprised of:

- Fixed salary
- Fringe benefits, such as company car and meal benefit
- Annual performance-based bonus, and
- Long-term incentive schemes, such as the share-based incentive scheme and pension benefits.

PERFORMANCE-BASED BONUSES

The basis of remuneration is a fixed salary, in addition to which most of the Group's salaried employees are included in a performance-based bonus scheme. The Board of Directors confirms the criteria for the payment of performance-based bonuses every six months.

The bonuses paid are determined on the basis of the realisation of personal profit objectives, the Group's financial result, and the attainment of profitability, growth and development objectives. Performance and development discussions are an essential part of the management by key results system. In these discussions, employees and their superiors agree on the key objectives and their relative weighting and review the fulfilment of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance-based bonuses are specified at the business division and unit level.

The maximum annual performance-based bonus paid to the CEO and the Management Board may equal 40–60 per cent of their annual taxable pay excluding the performance-based bonus.

Other monetary rewards in use at YIT include new-initiative bonuses and years-of-service bonuses.

SHARE-BASED INCENTIVE SCHEME

YIT has implemented a share-based incentive scheme to support the company's strategy for profitable growth and supplement the already available incentive schemes. The scheme aims at promoting the employees in determined work, rewarding their good performance and committing them to long-term persistent work. Members of YIT

Corporation's Board of Directors are not included in the share-based incentive scheme.

The scheme consists of three earnings periods, i.e. the calendar years 2010, 2011 and 2012. Shares were handed over in 2011, 2012 and 2013 based on the performance the previous year. A total of approximately 700,000 shares could be rewarded annually, of which a maximum of 20,000 to the President and CEO.

Employees included in the incentive scheme are obligated to not transfer their shares within two years of having obtained them for the shares based on performance in 2010 and three years for the shares based on performance in 2011 and 2012, i.e. throughout the duration of the commitment period. If the employment of an employee included within the scope of the scheme is terminated during the commitment period, the employee must return any shares obtained as rewards to the company free of charge. In the case of shares granted for 2010, the commitment period has ended.

According to the terms and conditions of the share-based incentive scheme, YIT Corporation's Board of Directors ratified the numbers of shares to be granted by key person on 25 April 2013 on the basis of the objectives and results set for 2012. The handing over was implemented as a directed, gratuitous share issue using the company's own shares possessed by the company. The number of shares handed over was 224,743, and 247 key persons of the Group were entitled to them.

After the registration of the implementation of the partial demerger of YIT Corporation on 30 June 2013, persons in the employ of YIT Group had a total of 164,405 shares granted as bonuses in 2013.

During 2013, a total of 18,452 shares were returned to the company in accordance with the terms and conditions.

PENSION, RETIREMENT AGE AND TERMINATION COMPENSATION

The contractual retirement age of the CEO and his deputy is 62. In other respects, the statutory retirement ages apply to the members of the Management Board. The contractual pension of the CEO and his deputy amounts to 60 per cent of salary accounted according to Finnish employment pension law. The contractual period of notice is six months. If the company terminates the contract, the CEO and his deputy shall also be paid separate compensation amounting to 12 months' salary.

ACCRUAL-BASED PENSION EXPENDITURE IN 2013

	1 January - 30 June	1 July - 31 December	Statutory pensions in total	Supplementary pension security 1 January - 31 December
President and CEO	64,613	50,236	114,849	3,796
Deputy to the President and CEO	41,810	35,247	77,057	15,205
Total	106,423	85,482	191,906	19,001

The members of the Board of Directors are not insured in terms of TyEL (Employees' Pensions Act) or supplementary pension for their meeting fees.

REMUNERATION PAID TO THE CEO AND MANAGEMENT BOARD IN 2013

Between 1 January and 30 June 2013, Juhani Pitkääkoski served as the President and CEO of YIT Corporation. He was paid a performance-based bonus of EUR 91,523 in March 2013 according to the results of July–December 2012. In 2013, Juhani Pitkääkoski was granted 6,340 shares through the share-based incentive scheme on the basis of the 2012 results. The aggregate value of the shares and the related monetary bonus was EUR 214,260.

As of 30 June 2013, Kari Kauniskangas, who was previously YIT Corporation's Executive Vice President, has served as YIT Corporation's President and CEO. In 2013, he was paid a total of EUR 120,629 in performance-based bonuses. Of this amount, EUR 60,629 was paid according to 2012 results and EUR 60,000 according to the results of January–June 2013.

In 2013, Kari Kauniskangas was granted 3,804 shares through the share-based incentive scheme on the basis of the 2012 results. The aggregate value of the shares and the related monetary bonus was EUR 125,850.

REMUNERATION PAID TO THE CEO AND MANAGEMENT BOARD IN 2013, EUR

1 January – 30 June 2013

Juhani Pitkääkoski, President and CEO

Other Management Board:

- Kari Kauniskangas, Executive Vice President and deputy to the CEO, head of the International Construction Services business segment
- Tero Kiviniemi, head of the Construction Services Finland business segment
- Juha Kostiainen, Senior Vice President, Urban Development and Corporate Relations
- Timo Lehtinen, Chief Financial Officer
- Matti Malmberg, head of the Building Services Northern Europe business segment
- Pii Raulo, Senior Vice President, Human Resources
- Karl-Walter Schuster, head of the Building Services Central Europe business segment
- Sakari Toikkanen, Secretary to the Management Board, Senior Vice President, Business Development

EUR	Fixed salary	Fringe benefits	Bonuses paid	Incentive scheme	Total 1 January – 30 June 2013	Total 2012
President and CEO	274,211	9,320	91,523	214,260	589,314	750,276
Total other Management Board	956,740	58,821	216,207	817,310	2,049,078	2,466,529

30 June – 31 December 2013

Kari Kauniskangas, President and CEO

Other Management Board:

- Tero Kiviniemi, Executive Vice President, deputy to the President and CEO
- Timo Lehtinen, Chief Financial Officer
- Pii Raulo, Senior Vice President, Human Resources
- Juhani Nummi, Senior Vice President, Business Development
- Harri Isoviita, head of Residential Construction business division
- Matti Koskela, head of Building Construction business division
- Timo Lehmus, head Business Premises business division
- Jouni Forsman, head of Infra Services business division
- Tom Sandvik, head of Central and Eastern Europe business division
- Teemu Helppolainen, head of business area Moscow and Russia
- Mikhail Voznyanov, head of St. Petersburg business division
- Yuri Belomestnov, head of Moskovia business division (Moscow Region)

EUR	Fixed salary	Fringe benefits	Bonuses paid	Incentive scheme	Total 1 July – 31 December 2013	Total 2012
President and CEO	201,913	7,458	60,000		269,371	750,276
Total other Management Board	1,322,629	57,319	327,460		1,707,408	2,466,529

Board of directors' proposal for the distribution of distributable equity

The distributable equity of YIT Corporation on 31 December 2013 is:

Retained earnings	252,575,095.42
Profit for the period	109,210,478.98
Retained earnings, total	361,785,574.40
Non-restricted equity reserve	8,443,960.43
Distributable equity, total	370,229,534.83

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

The Board of Directors proposes to the Annual General Meeting that the distributable equity be disposed of as follows:

Payment of a dividend from retained earnings EUR 0.38 per share to shareholders	47,724,251.68
Remains in distributable equity	322,505,283.15

Signature of the Report of the Board of Directors and financial statements

Helsinki, 5 February 2014

Henrik Ehrnrooth
Chairman

Reino Hanhinen
Vice chairman

Kim Gran

Satu Huber

Erkki Järvinen

Kari Kauniskangas
President and CEO

Auditor's Report

TO THE ANNUAL GENERAL MEETING OF YIT CORPORATION

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of YIT Corporation for the year ended 31 December, 2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and

the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 5 February 2014

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Key financial figures

Income statement

		2004	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
		FAS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾
Revenue	EUR mill.	3,033.4	2,780.1	3,023.8	3,284.4	3,706.5	3,939.7	3,485.6	3,787.6	4,382.1	1,988.9	1,743.0
change from previous year	%	26.9		8.8	8.6	12.9	6.3	-11.5	8.7	15.7		-12.4
of which activities outside Finland	EUR mill.	1,212.7	1,183.2	1,326.6	1,477.4	1,798.5	2,072.9	1,885.7	2,343.6	2,607.7	586.4	488.4
Operating income and expenses	EUR mill.	-2,850.6	-2,600.4	-2,772.2	-3,002.8	-3,341.5	-3,647.4	-3,283.9	-3,531.6	-4,142.9	-1,770.3	-1,621.5
Depreciation and write-downs	EUR mill.	-17.1	-22.3	-23.9	-24.1	-27.2	-31.8	-33.6	-35.9	-39.6	-20.6	-17.4
Depreciation of goodwill	EUR mill.	-30.6										
Operating profit	EUR mill.	135.1	157.4	227.7	258.8	337.8	260.6	168.1	220.1	200.0	198.0	104.0
- % of revenue	%	4.5	5.7	7.5	7.9	9.1	6.6	4.8	5.8	4.6	10.0	6.0
Financial income and expenses, net	EUR mill.	-16.8	-17.4	-12.9	-20.6	-32.2	-67.5	-58.6	-25.3	-24.7	-14.2	-9.0
Profit before extraordinary items	EUR mill.	118.2	140.0	214.8	238.2	305.6	193.1	109.5	194.8	175.2	183.8	95.0
- % of revenue	%	3.9	5.0	7.1	7.3	8.2	4.9	3.1	5.1	4.0	9.2	5.5
Profit before taxes	EUR mill.	118.2	140.0	214.8	238.2	305.6	193.1	109.5	194.8	175.3	183.8	95.0
- % of revenue	%	3.9	5.0	7.1	7.3	8.2	4.9	3.1	5.1	4.0	9.2	5.5
Profit for the period	EUR mill.	84.0	100.5	156.9	175.4	228.0	134.3	68.1	140.6	125.1	142.3	70.2
- % of revenue	%	2.8	3.6	5.2	5.3	6.2	3.4	2.0	3.7	2.9	7.2	4.0
Attributable to												
Equity holders of the parent company			99.1	155.5	171.0	224.9	132.9	68.3	140.3	124.5	141.2	70.3
Non-controlling interest			1.4	1.4	4.4	3.1	1.4	-0.2	0.3	0.6	1.1	-0.1

1) YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on 1 January 2010.

The income statement for years 2004–2011 includes the items related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on 30 June 2013.

Balance sheet

		2004	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
		FAS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾
ASSETS												
Intangible assets	EUR mill.	68.4	81.0	77.1	91.8	92.5	104.6	99.8	106.7	110.8	110.6	65.2
Goodwill	EUR mill.	224.2	248.8	248.8	248.8	240.6	291.0	291.0	350.9	347.5	346.6	10.9
Tangible assets	EUR mill.	12.3	13.1	13.4	15.6	27.1	35.1	32.8	50.5	54.1	61.8	7.1
Investments	EUR mill.	6.8	4.2	4.8	5.9	6.2	6.3	5.3	6.1	6.9	3.9	1.3
Inventories	EUR mill.	421.6	629.3	685.2	1,006.4	1,265.0	1,509.9	1,477.6	1,484.9	1,672.6	1,901.5	2,062.1
Receivables	EUR mill.	822.1	503.7	578.1	723.4	769.7	825.3	697.7	969.7	1,106.4	1,071.6	329.7
Current investments	EUR mill.	0.7	0.7	0.0	0.0	0.0	36.4	0.0	0.3	0.0	0.0	0.0
Cash and cash equivalents	EUR mill.	34.2	35.4	80.7	25.9	60.2	165.3	173.1	148.0	206.1	175.7	76.3
Total assets	EUR mill.	1,590.3	1,516.2	1,688.1	2,117.8	2,461.3	2,973.9	2,777.1	3,117.1	3,504.5	3,671.6	2,552.6
EQUITY AND LIABILITIES												
Share capital	EUR mill.	61.3	61.3	62.4	63.4	149.1	149.2	149.2	149.2	149.2	149.2	149.2
Other equity	EUR mill.	395.9	380.0	497.4	607.1	665.4	653.9	611.9	730.8	769.5	856.7	548.5
Non-controlling interest	EUR mill.	3.6	4.1	3.7	3.9	3.8	4.6	3.0	2.9	2.5	3.3	0.4
Provisions	EUR mill.	26.0	59.9	57.5	50.5	59.0	86.9	89.5	94.7	106.4	103.4	61.5
Non-current liabilities												
Interest-bearing	EUR mill.	214.0	224.0	172.4	275.8	356.9	516.2	502.0	504.6	522.9	517.1	305.1
Non interest-bearing	EUR mill.	15.7	23.6	40.9	72.5	80.7	92.1	87.7	114.4	162.7	174.3	50.1
Current liabilities												
Interest-bearing	EUR mill.	47.5	171.5	162.6	256.6	218.1	330.1	200.2	284.6	423.6	404.9	552.9
Advances received	EUR mill.	106.7	77.5	134.9	163.6	230.4	346.8	418.7	349.3	458.3	566.6	514.3
Other non interest-bearing	EUR mill.	719.6	514.3	556.3	624.4	697.9	794.2	714.8	886.6	909.3	896.1	370.5
Total shareholders' equity and liabilities	EUR mill.	1,590.3	1,516.2	1,688.1	2,117.8	2,461.3	2,973.9	2,777.1	3,117.1	3,504.5	3,671.6	2,552.6

1) YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on 1 January 2010.

The balance sheet for years 2004–2012 includes the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on 30 June 2013.

Other key figures

		2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS ¹⁾	2010 IFRS ¹⁾	2011 IFRS ¹⁾	2012 IFRS ¹⁾	2013 IFRS ¹⁾
Operating cash flow after investments	EUR mill.						-19.4	229.8	-61.7	-17.3	49.9	-87.9
Cash flow from operating activities	EUR mill.	35.4	59.2	167.3	-148.3	84.1	47.8	260.9	6.8	17.4	72.1	-92.5
Return on equity	%	19.6	24.3	31.1	28.3	30.5	16.5	8.9	17.1	13.9	15.0	8.2
Return on investment	%	19.6	19.1	26.4	24.8	26.2	17.5	11.0	14.4	12.0	10.9	6.1
Equity ratio	%	31.1	31.0	36.3	34.5	36.7	30.7	32.4	31.9	30.2	32.5	34.3
Net interest-bearing debt	EUR mill.	226.6	359.4	254.4	506.5	514.8	644.5	529.1	640.9	740.4	746.2	781.7
Gearing ratio	%	49.2	80.7	45.1	75.1	62.9	79.8	69.2	72.6	80.4	73.9	112.0
Gross capital expenditures on non-current assets, EUR million	EUR mill.	31.0	35.6	30.1	50.4	51.6	85.2	27.9	129.7	48.7	44.6	20.2
– % of revenue	%	1.0	1.3	1.0	1.5	1.4	2.2	0.8	3.4	1.1	0.9	1.2
Research and development expenditure	EUR mill.	18.0	18.0	19.0	21.0	22.0	19.0	15.2	17.5	20.1	7.5	15.0
– % of revenue	%	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.9
Order backlog as at 31 December	EUR mill.	1,604.9	1,823.4	1,878.8	2,802.3	3,509.3	3,233.7	2,983.3	3,535.7	4,148.6	3,108.6	3,184.6
of which orders from abroad	EUR mill.	621.0	645.0	752.4	1,490.0	1,999.2	2,072.9	1,885.7	1,857.7	2,066.9	1,484.0	1,617.8
Number of employees at 31 December		21,680	21,680	21,289	22,311	24,073	25,784	23,480	25,832	25,996	6,691	6,172
Average number of employees		21,884	21,884	21,194	21,846	23,394	25,057	24,497	24,317	26,254	6,730	6,575

1) YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on 1 January 2010.

Key figures for years 2004–2011 and the balance sheet for year 2012 includes the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on 30 June 2013.

Share-related key figures

		2004	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
		FAS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾	IFRS ¹⁾
Earnings/share	EUR	0.69	0.81	1.26	1.36	1.77	1.05	0.55	1.12	0.99	1.13	0.56
Earnings/share, diluted	EUR	0.68	0.80	1.23	1.35	1.77	1.05	0.55	1.12	0.99	1.13	0.56
Equity/share	EUR	3.73	3.60	4.49	5.29	6.40	6.38	6.09	7.04	7.33	8.02	5.56
Dividend/share	EUR	0.35	0.35	0.55	0.65	0.80	0.50	0.40	0.65	0.70	0.75	0.38
Dividend/earnings	%	51.1	43.2	43.7	47.8	45.2	47.6	73.2	57.9	70.5	66.6	67.9
Effective dividend yield	%	3.8	3.8	3.0	3.1	5.3	10.9	2.8	3.5	5.7	5.1	3.7
Price/earnings multiple (P/E)	%	13.4	11.3	14.3	15.4	8.5	4.4	26.3	16.7	12.5	13.1	18.1
Share price trend												
Average price	EUR	7.96	7.96	13.99	19.24	22.15	10.89	8.52	16.35	15.28	14.90	13.01
Low	EUR	6.76	6.76	8.95	15.20	14.79	3.70	4.31	12.98	10.04	11.87	8.67
High	EUR	9.42	9.42	18.25	23.88	27.90	19.99	14.49	19.00	21.92	17.25	17.88
Price at 31 December	EUR	9.18	9.18	18.07	20.95	14.99	4.58	14.45	18.65	12.38	14.78	10.16
Market capitalisation at 31 December	EUR mill.	1,125.3	1,125.3	2,254.4	2,656.0	1,907.0	576.2	1,807.4	2,332.7	1,550.9	1,853.2	1,276.0
Share turnover trend												
Share turnover	1,000 pcs	91,160	91,160	120,368	184,577	245,672	295,156	190,057	127,537	151,023	96,887	111,193
Share turnover of shares outstanding	%	74.6	74.6	97.4	147.2	193.6	232.2	151.8	102.0	120.6	77.3	88.6
Weighted average share-issue adjusted number of shares outstanding	1,000 pcs	122,246	122,246	123,544	125,357	126,872	127,104	125,167	125,078	125,210	125,352	125,529
Weighted average share-issue adjusted number of shares outstanding, diluted	1,000 pcs	123,646	123,646	126,522	126,773	127,028	127,104	125,167	125,078	125,210	125,352	125,529
Share-issue adjusted number of shares outstanding at 31 December	1,000 pcs	122,586	122,586	124,794	126,777	127,218	125,798	125,078	125,078	125,271	125,384	125,590

1) YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on 1 January 2010.

YIT Corporation's Annual General meeting held on 18 March 2004 decided to change the nominal value of share from two euros to EUR 1,00 and the YIT Corporation's Annual General meeting held on 13 March 2006 decided to change the nominal value of share from one euro to EUR 0.50. The both decisions doubled the number of shares. The comparative figures have been adjusted to be comparable with the figures for 2007.

Key figures for years 2004–2011 and the balance sheet for year 2012 includes the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on 30 June 2013. Also for this reason, pre-demerger figures related to dividend and shares are not comparable to the figures after the demerger.

Financial development by quarter

		Q1/2012	Q2/2012	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Revenue	EUR mill.	444.5	523.3	458.6	562.5	445.6	437.1	363.0	497.3
Operating profit	EUR mill.	37.2	47.4	44.5	68.9	31.0	32.3	11.7	29.0
– % of revenue	%	8.4	9.1	9.7	12.2	7.0	7.4	3.2	5.8
Financial income	EUR mill.	1.1	2.7	0.0	0.8	0.4	8.8	1.1	-0.7
Exchange rate differences	EUR mill.	-0.9	-1.5	-1.4	-1.7	-0.1	-2.2	-1.4	-1.5
Financial expenses	EUR mill.	-3.5	-4.6	-1.9	-3.3	-1.0	-10.7	-2.6	1.0
Profit before taxes	EUR mill.	33.9	44.0	41.2	64.7	30.3	28.2	8.8	27.8
– % of revenue	%	7.6	8.4	9.0	11.5	6.8	6.4	2.4	5.6
Balance sheet total *)	EUR mill.	3,620.2	3,635.8	3,711.4	3,671.6	3,644.3	2,426.8	2,540.0	2,552.6
Earnings per share	EUR	0.20	0.28	0.26	0.38	0.18	0.18	0.06	0.14
Equity per share *)	EUR	6.87	7.12	7.64	8.02	7.52	5.54	5.52	5.56
Share price at the end of period *)	EUR	16.12	13.38	14.93	14.78	16.25	13.19	10.29	10.16
Market capitalization at the end of period *)	EUR mill.	2,019.3	1,677.7	1,872.0	1,853.2	2,037.4	1,656.6	1,292.3	1,276.0
Return on investment, rolling 12 months *)	%				10.9	10.5	10.7	8.3	6.1
Return on equity *)	%				15.0				8.2
Equity ratio *)	%	27.8	29.1	30.8	32.5	31.1	34.9	33.6	34.3
Net interest-bearing debt at the end of period *)	EUR mill.	755.8	803.1	827.3	746.2	839.0	764.4	857.3	781.7
Gearing ratio *)	%	87.6	89.7	86.1	73.9	88.9	109.8	123.7	112.0
Gross capital expenditures *)	EUR mill.	13.6	10.6	10.1	10.3	9.6	5.2	0.9	5.4
Order backlog at the end of period	EUR mill.	2,990.7	3,050.5	3,191.8	3,108.6	3,045.9	3,176.0	3,259.5	3,184.6
Personnel at the end of period		6,505	7,001	6,756	6,691	6,689	6,904	6,384	6,172

*) Balance sheet for year 2012 includes the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger on 30 June 2013. This has also an effect to certain key ratios.

REVENUE BY BUSINESS SEGMENT

EUR million	Q1/2012	Q2/2012	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Construction Services Finland	329.5	347.9	308.9	342.6	326.0	279.2	287.5	327.1
International Construction Services	107.9	133.4	153.3	205.0	119.0	145.7	164.3	192.2
Other items	7.0	7.6	8.1	7.8	7.0	6.0	2.9	1.9
Group total, segment reporting	444.4	488.9	470.3	555.4	452.0	430.9	454.7	521.3
IFRS adjustments	0.1	34.4	-11.7	7.1	-6.4	6.2	-91.7	-24.0
Group total, IFRS	444.5	523.3	458.6	562.5	445.6	437.1	363.0	497.3

OPERATING PROFIT BY BUSINESS SEGMENT

EUR million	Q1/2012	Q2/2012	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Construction Services Finland	31.4	33.5	28.9	40.2	26.5	22.9	22.2	22.8
International Construction Services	9.7	14.1	25.7	31.0	11.6	17.6	20.5	22.1
Other items	-3.9	-4.2	-2.1	-3.2	-2.2	-2.2	-5.4	-3.8
Group total, segment reporting	37.2	43.4	52.5	68.0	35.9	38.3	37.4	41.2
IFRS adjustments	0.0	4.0	-8.1	0.9	-4.9	-6.0	-25.7	-12.2
Group total, IFRS	37.2	47.4	44.5	68.9	31.0	32.3	11.7	29.0

ORDER BACKLOG BY BUSINESS SEGMENT

EUR million	Q1/2012	Q2/2012	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Construction Services Finland	1,428.0	1,499.9	1,541.0	1,499.0	1,424.9	1,584.0	1,555.1	1,428.2
International Construction Services	1,142.9	1,186.7	1,207.4	1,266.1	1,285.3	1,226.8	1,258.3	1,285.5
Group total, segment reporting	2,570.9	2,686.6	2,748.4	2,765.1	2,710.2	2,810.8	2,813.4	2,713.7
IFRS adjustments	419.8	363.9	443.4	343.5	335.7	365.2	446.1	470.9
Group total, IFRS	2,990.7	3,050.5	3,191.8	3,108.6	3,045.9	3,176.0	3,259.5	3,184.6

KEY FIGURES ACCORDING TO SEGMENT REPORTING (POC)

	Q1/2012	Q2/2012	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Profit before taxes, EUR mill.	30.2	35.7	44.6	59.1	30.6	29.8	29.9	32.5
Profit for the review period, EUR mill. ¹⁾	22.9	28.9	35.1	43.8	23.4	23.0	23.1	24.3
Earnings per share, EUR	0.18	0.23	0.28	0.35	0.19	0.18	0.18	0.19

1) Attributable to equity holders of the parent company

YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period begun on 1 January 2010. Due to the application of the interpretation, Group reporting and segment reporting differ. In segment reporting, the

figures will continue to be calculated based on the previous accounting principle, i.e. percentage of completion will be applied in the recognition of revenue from own residential and commercial real estate development projects.

Information for shareholders

ANNUAL GENERAL MEETING 2014

YIT Corporation's Annual General Meeting will be held in Helsinki on Tuesday, 18 March 2014, starting at 10:00 a.m. (Finnish time) at Finlandia Hall (address: Mannerheimintie 13, FI-00100 Helsinki, Finland). Check-in for those who have registered for the meeting, distribution of ballots and serving of coffee will start at 9:00 a.m.

PARTICIPATION RIGHTS

In order to have the right to participate in the Annual General Meeting, a shareholder must be registered in the company's shareholder register, which is maintained by Euroclear Finland Ltd, no later than on the record date of the Annual General Meeting on 6 March 2014. Shareholders whose shares are registered in their personal Finnish book-entry accounts are registered in the company's shareholder register.

A shareholder whose shares are nominee registered and who wishes to participate in the Annual General Meeting and exercise his right to vote must be entered in the company's shareholder register by 13 March 2014, by 10:00 a.m. in order to participate in the meeting.

NOTICE OF MEETING

The notice of meeting is published no later than three weeks before the meeting on the company's website. The notice contains the agenda, the names of the persons nominated for seats on the Board of Directors and the nominated auditor. The resolution proposals and documents presented to the Annual General Meeting and presentation of the nominees for the Board of Directors will also be published on YIT's website at www.yitgroup.com/agm2014.

REGISTRATION

Registration for the Annual General Meeting will begin on 6 February 2014, and end on 13 March 2014, at 4:00 p.m. Registration is possible

- Online through YIT Corporation's website: www.yitgroup.com/agm2014
- by fax on the number +358 20 433 2077
- by telephone on the number + 358 44 743 7500 between 9 a.m. and 4 p.m.
- by sending a letter to YIT Corporation, Marja Salo, P.O. Box 36, FI-00621 Helsinki, Finland.

The shareholder's name, personal ID number or business ID, address and telephone number and name of any assistant, proxy or legal representative must be declared in connection with the registration. The registration must reach the company prior to the end of the registration period. It is requested that the company be notified of any proxies in connection with registration and that any proxies be sent to the address mentioned above before the expiry of the registration period.

PAYMENT OF DIVIDEND

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.38 per share be paid from 2013. The dividend is paid to a shareholder who, by the record date (21 March 2014), has been entered as a shareholder in the company's shareholder register maintained by Euroclear Ltd.

The Board of Directors proposes that the dividend be paid on 28 March 2014.

SHAREHOLDER RIGHTS

Shareholders have the right to have items included on the agenda of the Annual General Meeting, provided they demand, in writing, the Board of Directors to do so early enough so that the item can be included in the notice of the meeting. In order to have their items included on the agenda of the Annual General Meeting 2014, shareholders had to present their requests to YIT's corporate services by 9 January 2014.

Shareholders have the right to raise questions at the General Meeting as set out in the Limited Liability Companies Act.

The minutes of the Annual General Meeting are made available for inspection by shareholders within two weeks of the meeting at YIT's head office (Panuntie 11, Helsinki, Finland) and on the company's website www.yitgroup.com/investors.

A shareholder or shareholders who own at least 10 per cent of all the company's shares may demand that an extraordinary general meeting be convened.

ADDRESS CHANGES OF SHAREHOLDERS

Shareholders are requested to give notification of any changes of address to the bank branch office in which their book-entry account is handled.

If the account is handled by Euroclear Finland Ltd, notifications of a change of address should be sent to

Euroclear Finland Ltd
P.O. Box 1110
FI-00101 Helsinki, Finland
Street address: Urho Kekkosen katu 5 C
Telephone (switchboard): +358 20 770 6000
Fax: +358 20 770 6658
E-mail: info.finland@euroclear.eu

Important dates related to the Annual General Meeting

- Registration opens: 6 February 2014
- Record date of Annual General Meeting: 6 March 2014
- Registration closes: 13 March 2014
- Annual General Meeting: 18 March 2014
- Dividend ex-date: 19 March 2014
- Dividend record date: 21 March 2014
- Proposed dividend payment: 28 March 2014



More information on the Annual General Meeting is available at www.yitgroup.com/agm



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Design: Zeeland
Images: YIT
Printer: Libris

www.yitgroup.com