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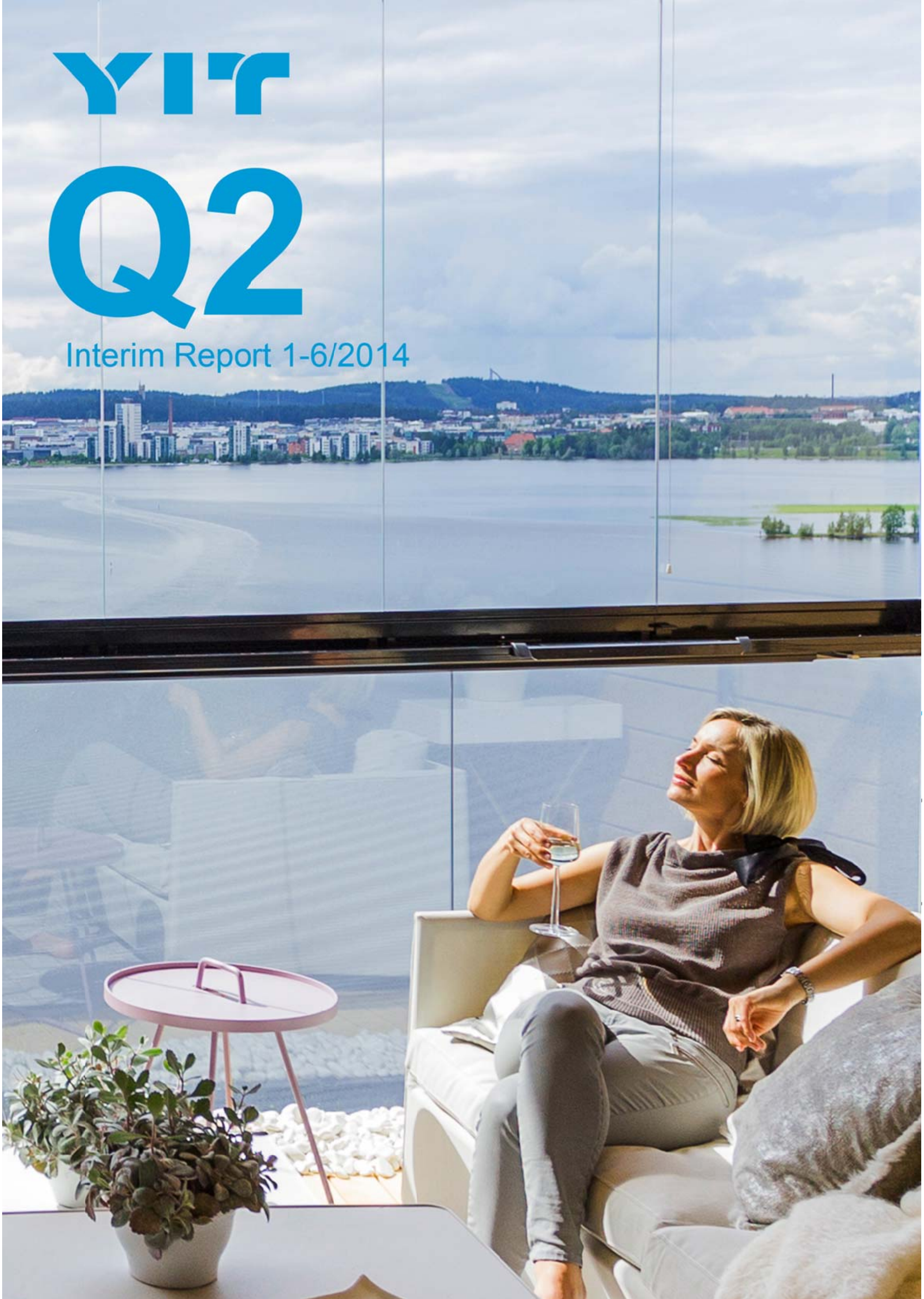
Interim Report 1-6/2014



Interim Report January 1 – June 30, 2014: Growth in Housing, progress in capital release

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

April–June 2014 (Segment reporting, POC)

- Revenue increased by 5% to EUR 451.4 (430.9) million. At comparable exchange rates, revenue increased by 9%.
- Operating profit amounted to EUR 34.7 (38.3) million and operating profit margin was 7.7% (8.9).
- The order backlog increased by 8% from the end of March, amounting to EUR 2,923.9 million.
- Operating cash flow after investments amounted to EUR -16.4 (-76.9) million.

January–June 2014 (Segment reporting, POC)

- Revenue decreased by 3% to EUR 854.5 (882.9) million. At comparable exchange rates, revenue increased by 1%.
- Operating profit amounted to EUR 61.5 (74.2) million and operating profit margin was 7.2% (8.4).
- Operating cash flow after investments amounted to EUR -28.7 (-82.2) million.

Guidance for 2014 specified

The Group revenue based on segment reporting is estimated to grow by 0–5% at comparable exchange rates. The operating profit margin based on segment reporting is estimated to be in the range of 7.5–8.0% excluding non-recurring items.

Continuing uncertainty over the general macroeconomic development impacts YIT's business operations and customers. Prolongation and escalation of the Ukrainian crisis would probably have a negative effect on YIT's business operations.

Previously, YIT estimated that the Group revenue based on segment reporting would grow by 0–10% at comparable exchange rates, and the operating profit margin based on segment reporting was estimated to be in the range of 7.5–8.5% excluding non-recurring items.

Kari Kauniskangas, President and CEO:

I am satisfied with the result we achieved in the second quarter, taking into account the continued challenging market situation in Finland and the impact of capital release on profitability.

In the Housing segment, revenue grew in Finland, the Baltic countries and Central Eastern Europe, and also in Russia at comparable exchange rates, although the growth slowed down in Russia after the exceptionally strong beginning of the year.

The result of the Business Premises and Infrastructure segment improved, as expected, from the weak level seen in the first quarter after infrastructure projects regained full speed. Our most significant projects progressed according to plan. We also signed new road maintenance agreements and won contracts that supported our order backlog. We also took promising steps in leasing business premises and sales to investors.

We carried on our efforts to improve capital efficiency: we continued active sales and signed for example a EUR 50 million agreement on plot cooperation to be implemented in 2014. We expect our measures to release capital to produce results in the second half of 2014.

Cash flow in the second quarter remained slightly negative, but we target positive cash flow after investments and dividends on a full-year level.

Our priorities remain unchanged for the second half of the year, and we will thus continue our efforts to improve customer focus, cost-efficiency, cash flow and capital efficiency.

Key figures

Segment reporting, POC

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Revenue	**451.4**	**430.9**	**5%**	**854.5**	**882.9**	**-3%**	**1,858.8**
Housing	303.8	247.9	23%	585.1	534.1	10%	1,152.2
Finland, the Baltic countries and Central Eastern Europe	*187.0*	*131.6*	*42%*	*359.9*	*320.2*	*12%*	*656.2*
Russia	*116.8*	*116.3*	*0%*	*225.4*	*214.0*	*5%*	*496.0*
Business Premises and Infrastructure	147.0	177.0	-17%	268.1	335.7	-20%	688.9
Other items	0.6	6.1		1.4	13.1		17.8
Operating profit	34.7	38.3	-9%	61.5	74.2	-17%	152.8
Operating profit margin, %	7.7%	8.9%		7.2%	8.4%		8.2%
Operating profit excluding non-recurring items	**34.7**	**38.3**	**-9%**	**61.5**	**74.2**	**-17%**	**154.0**
Housing	30.0	30.6	-2%	58.9	65.6	-10%	136.3
Finland, the Baltic countries and Central Eastern Europe	*16.2*	*13.7*	*18%*	*32.9*	*36.1*	*-9%*	*66.2*
Russia	*13.8*	*17.0*	*-19%*	*25.9*	*29.5*	*-12%*	*70.2*
Business Premises and Infrastructure	6.9	9.9	-31%	7.1	13.0	-46%	31.0
Other items	-2.1	-2.2		-4.4	-4.4		-13.4
Operating profit margin, % excluding non-recurring items	**7.7%**	**8.9%**		**7.2%**	**8.4%**		**8.3%**
Housing	9.9%	12.3%		10.1%	12.3%		11.8%
Finland, the Baltic countries and Central Eastern Europe	*8.6%*	*10.4%*		*9.2%*	*11.3%*		*10.1%*
Russia	*11.8%*	*14.6%*		*11.5%*	*13.8%*		*14.1%*
Business Premises and Infrastructure	4.7%	5.6%		2.6%	3.9%		4.5%
Profit before taxes	25.7	29.8	-14%	43.9	60.4	-27%	122.8
Profit for the review period[1]	20.0	23.0	-13%	34.2	46.4	-26%	93.9
Earnings per share, EUR	0.16	0.18	-11%	0.27	0.37	-27%	0.75
Operating cash flow after investments	-16.4	-76.9		-28.7	-82.2		-87.9
Return on investment (last 12 months), %	9.6%	13.9%		9.6%	13.9%		10.3%
Equity ratio at end of period, %	36.4%	38.5%		36.4%	38.5%		37.8%
Order backlog at end of period	2,923.9	2,810.8	4%	2,923.9	2,810.8	4%	2,713.7

[1] Attributable to equity holders of the parent company

Group reporting, IFRS

	6/14	6/13	Change	6/14	3/14	Change	12/13
Net interest-bearing debt, EUR million	860.2	764.4	13%	860.2	840.3	2%	781.7
Gearing ratio, %	130.4%	109.8%		130.4%	132.1%		112.0%

Group financial development based on segment reporting

Accounting principles applied in the interim report

YIT Corporation's management follows the development of the company's business according to the percentage of completion-based segment reporting method (POC). Therefore, the explanatory statement of the interim report focuses on describing the company's performance according to this reporting. YIT also reports on its operations in accordance with IFRS guidelines, where the company applies, for example, the IFRIC 15 guidelines. The effects of the differences of the recognition principles are presented in detail in the tables to the interim report.

The Building Services segment was transferred to Caverion Corporation in the partial demerger of June 2013, and the comparison figures for 2013 in the explanatory statement of the interim report concern continuing operations. The result of Building Services for January–June 2013 is reported under discontinued operations in the tables section.

Revenue, POC

EUR million	4–6/14	4–6/13	Change	Change at comparable exchange rates	1–6/14	1–6/13	Change	Change at comparable exchange rates	1–12/13
Revenue	**451.4**	**430.9**	**5%**	**9%**	**854.5**	**882.9**	**-3%**	**1%**	**1,858.8**
Housing	303.8	247.9	23%	30%	585.1	534.1	10%	17%	1,152.2
Finland, the Baltic countries and Central Eastern Europe	*187.0*	*131.6*	*42%*	*42%*	*359.9*	*320.2*	*12%*	*13%*	*656.2*
Russia	*116.8*	*116.3*	*0%*	*16%*	*225.4*	*214.0*	*5%*	*24%*	*496.0*
Business Premises and Infrastructure	147.0	177.0	-17%	-17%	268.1	335.7	-20%	-20%	688.9
Other items	0.6	6.1			1.4	13.1			17.8

April–June

The Group's revenue increased by 5% year-on-year. At comparable exchange rates, revenue increased by 9%. The revenue growth was supported by factors including the positive development of housing sales in the Baltic countries and Central Eastern Europe, the higher completion rate of sold apartments compared to the previous year, and the plot sales to the Hypo Group in Finland worth approximately EUR 25 million.

The revenue of the Business Premises and Infrastructure segment decreased substantially due to the weak business premises market, in spite of the expected pick up in infrastructure construction after the slow start of the year.

January–June

The Group's revenue decreased by 3% year-on-year. At comparable exchange rates, revenue increased by 1%. The Housing segment's revenue showed strong development in the Baltic countries and Central Eastern Europe, with growth also achieved in Russia on the back of exceptionally strong sales early in the year. The segment's revenue growth was also supported by the plot sales to the Hypo Group worth approximately EUR 25 million. The Housing segment's revenue was weighed down by the ruble being 18% weaker year-on-year.

The revenue of the Business Premises and Infrastructure segment decreased substantially due to the weak business premises market among other things.

Result, POC

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Operating profit	**34.7**	**38.3**	**-9%**	**61.5**	**74.2**	**-17%**	**152.8**
Housing	30.0	30.6	-2%	58.9	65.6	-10%	135.8
Finland, the Baltic countries and Central Eastern Europe	*16.2*	*13.7*	*18%*	*32.9*	*36.1*	*-9%*	*65.7*
Russia	*13.8*	*17.0*	*-19%*	*25.9*	*29.5*	*-12%*	*70.2*
Business Premises and Infrastructure	6.9	9.9	-31%	7.1	13.0	-46%	30.5
Operating profit margin, %	**7.7%**	**8.9%**		**7.2%**	**8.4%**		**8.2%**
Housing	9.9%	12.3%		10.1%	12.3%		11.8%
Finland, the Baltic countries and Central Eastern Europe	*8.6%*	*10.4%*		*9.2%*	*11.3%*		*10.0%*
Russia	*11.8%*	*14.6%*		*11.5%*	*13.8%*		*14.1%*
Business Premises and Infrastructure	4.7%	5.6%		2.6%	3.9%		4.4%
Non-recurring items							-1.2

April–June

Operating profit declined by 9% year-on-year. The operating profit margin was 7.7% (4–6/13: 8.9%).

The operating profit margin of the Housing segment was weighed down by factors such as bundle deals made in Russia and Finland, changes in the geographic mix and the plot sales to the Hypo Group worth approximately EUR 25 million, which had no earnings effect. The profitability of the Business Premises and Infrastructure segment was negatively affected by volume being lower than in the comparison period. Changes in foreign exchange rates had a negative impact of EUR 2.5 million on operating profit.

January–June

Operating profit declined by 17% year-on-year. The operating profit margin was 7.2% (1–6/13: 8.4%).

The operating profit margin of the Housing segment was weighed down by factors such as weak housing price development in Russia and capital release efforts. The profitability of the Business Premises and Infrastructure segment was negatively affected by low volume. Changes in foreign exchange rates had a negative impact of EUR 5.5 million on operating profit.

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Profit before taxes	25.7	29.8	-14%	43.9	60.4	-27%	122.8
Profit for the review period[1]	20.0	23.0	-13%	34.2	46.4	-26%	93.9
Earnings per share, EUR	0.16	0.18	-11%	0.27	0.37	-27%	0.75
Effective tax rate, %	22.3%	22.8%		22.1%	23.1%		23.6%

[1] Attributable to equity holders of the parent company

Order backlog, POC

EUR million	6/14	6/13	Change	6/14	3/14	Change	12/13
Order backlog	**2,923.9**	**2,810.8**	**4%**	**2,923.9**	**2,696.7**	**8%**	**2,713.7**
Housing	2,172.0	2,092.7	4%	2,172.0	2,027.3	7%	2,070.8
Finland, the Baltic countries and Central Eastern Europe	*953.2*	*1,080.0*	*-12%*	*953.2*	*956.7*	*0%*	*970.8*
Russia	*1,218.8*	*1,012.7*	*20%*	*1,218.8*	*1,070.6*	*14%*	*1,100.0*
Business Premises and Infrastructure	751.9	718.0	5%	751.9	669.4	12%	642.9

The order backlog grew by 8% from the end of March. The order backlog grew particularly in the Business Premises and Infrastructure segment and the Housing Russia business area. Changes in foreign exchange rates increased the order backlog by EUR 60.0 million compared to the end of March. At the end of June, 35% of the order backlog had been sold (3/14: 35%).

Acquisitions and capital expenditure

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	12/13
Gross capital expenditure on non-current assets	3.6	5.2	-31%	5.6	13.9	-59%	20.2
% of revenue	0.8%	1.2%		0.7%	1.6%		1.1%
Depreciation	3.2	5.2	-39%	6.5	10.5	-38%	17.4

The company did not make any acquisitions in the period under review. Gross capital expenditure on non-current assets in January–June amounted to EUR 5.6 million, or 0.7% of revenue. Investments in construction equipment amounted to EUR 1.8 million (1–6/13: EUR 4.2 million) and investments in information technology totalled EUR 2.3 million (1–6/13: EUR 2.5 million). Other investments amounted to EUR 1.5 million. (1–6/13: EUR 7.2 million).

Cash flow and invested capital

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Operating cash flow after investments	-16.4	-76.9		-28.7	-82.2		-87.9
Cash flow of plot investments	-32.4	-51.4	-37%	-76.3	-97.2	-22%	-171.4

EUR million	6/14	6/13	Change	6/14	3/14	Change	12/13
Invested capital	1,603.8	1,492.5	7%	1,603.8	1,553.7	3%	1,558.8
Return on investment (last 12 months), %	9.6%	13.9%		9.6%	10.2%		10.3%

Operating cash flow after investments for January–June amounted to EUR -28.7 million. The cash flow of plot investments totaled EUR -76.3 million. The company paid dividends of EUR 47.7 million for 2013 in compliance with the resolution of the Annual General Meeting.

Return on investment declined from the end of March due to extra capital tied up in business premises construction as production progressed, as well as the decrease in the 12-month rolling operating profit.

One of YIT's key priorities has been to improve capital efficiency. In January–June, capital was released by measures including investor sales, an agreement on plot cooperation worth EUR 50 million, and the sale of EUR 16 million in slow-moving assets. The Ukrainian crisis has increased cautiousness of Western players in Russia which has slowed down the sales of slow-moving assets. Results have, however, been achieved with local players.

Development by business segment

Housing

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Revenue	303.8	247.9	23%	585.1	534.1	10%	1,152.2
Operating profit	30.0	30.6	-2%	58.9	65.6	-10%	135.8
Operating profit margin, %	9.9%	12.3%		10.1%	12.3%		11.8%
Operating profit excluding non-recurring items	30.0	30.6	-2%	58.9	65.6	-10%	136.3
Operating profit margin, % excluding non-recurring items	9.9%	12.3%		10.1%	12.3%		11.8%
Operative invested capital at end of period	1,223.5	1,182.0	4%	1,223.5	1,182.0	4%	1,225.8
Return on operative invested capital (last 12 months), %	10.7%	12.5%		10.7%	12.5%		11.2%
Order backlog at end of period	2,172.0	2,092.7	4%	2,172.0	2,092.7	4%	2,070.8

Housing Finland, the Baltic countries and Central Eastern Europe

Operating environment

Finnish consumer confidence remained weak in January–June, with consumers continuing to be cautious in their purchase decisions. Housing investors remained active. The development of housing prices has been polarised as prices have increased moderately in the Helsinki region while having decreased slightly in rest of Finland. The demand for small, reasonably priced apartments has remained high. The interest rates on mortgages remained low, and margins on loans decreased slightly. The volume of new mortgages began to recover in the second quarter.

Positive macroeconomic development supported the housing markets in the Baltic countries and Central Eastern Europe. Consumer confidence showed positive development particularly in the Czech Republic and Slovakia. Residential prices increased moderately in the Baltic countries and Central Eastern Europe during the review period.

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Revenue	187.0	131.6	42%	359.9	320.2	12%	656.2
Operating profit	16.2	13.7	18%	32.9	36.1	-9%	65.7
Operating profit margin, %	8.6%	10.4%		9.2%	11.3%		10.0%
Operating profit excluding non-recurring items	16.2	13.7	18%	32.9	36.1	-9%	66.2
Operating profit margin, % excluding non-recurring items	8.6%	10.4%		9.2%	11.3%		10.1%
Operative invested capital at end of period	621.9	617.3	1%	621.9	617.3	1%	651.8
Return on operative invested capital (last 12 months), %	10.1%	9.7%		10.1%	9.7%		10.3%
Order backlog at end of period	953.2	1,080.0	-12%	953.2	1,080.0	-12%	970.8

April–June

The revenue of the Housing Finland, the Baltic countries and Central Eastern Europe business area increased by 42% year-on-year. The revenue growth in Finland was attributable to factors such as the higher completion rate of sold apartments compared to the previous year and the plot sales to the Hypo Group worth approximately EUR 25 million. Housing sales continued to develop positively in the Baltic countries and Central Eastern Europe.

The business area's operating profit increased by 18% year-on-year, and the operating profit margin stood at 8.6% (4–6/13: 10.4%). The operating profit margin was affected negatively by bundle deals with investors and the plot sales to the Hypo Group, which had no earnings effect. Profitability improved in the Baltic countries and Central Eastern Europe.

Investor sales in Finland remained active in April–June, and YIT started construction on several apartment building projects for clients including ICECAPITAL, TA-Yhtiöt and VVO. YIT's subsidiary YIT Reding was selected as the Developer of the Year 2014 and Construction Company of the Year 2014 in Slovakia.

YIT's sales inventory of apartments in Finland remained at the level of the end of March, and start-ups focused on small and affordable apartments. The sales inventory has been grown in a controlled manner in the Baltic countries, the Czech Republic and Slovakia according to demand.

January–June

The business area's revenue grew by 12% year-on-year. Of the business area's revenue, Finland accounted for 90%, Estonia, Latvia and Lithuania for 5%, and the Czech Republic and Slovakia for 5%. The revenue grew due to the positive development of housing sales in the Baltic countries and Central Eastern Europe and the plot sales to the Hypo Group worth approximately EUR 25 million.

The business area's operating profit decreased by 9% year-on-year, and the operating profit margin stood at 9.2% (1–6/13: 11.3%). Profitability was weighed down by the capital release efforts. Profitability improved in the Baltic countries and Central Eastern Europe.

Residential construction in Finland, units	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Sold	665	717	-7%	1,318	1,432	-8%	2,779
of which initially started for consumers[1]	384	334	15%	752	995	-24%	2,057
Start-ups	680	975	-30%	1,374	1,561	-12%	2,483
of which to consumers	399	592	-33%	808	1,124	-28%	1,761
Completed	658	725	-9%	1,260	1,620	-22%	3,161
of which to consumers	366	526	-30%	791	1,086	-27%	2,094
Under construction at end of period	3,676	4,181	-12%	3,676	4,181	-12%	3,562
of which sold at end of period, %	59%	56%		59%	56%		59%
For sale at end of period	2,045	2,412	-15%	2,045	2,412	-15%	1,988
of which completed	531	564	-6%	531	564	-6%	513
Capital invested in the plot reserve at end of period, EUR million	175.2	197.7	-11%	175.2	197.7	-11%	197.6
Plot reserve at end of period, floor sq. m.	1,801,000	1,818,000	-1%	1,801,000	1,818,000	-1%	1,854,000
Cost of completion at end of period, EUR million	245.5	356.1	-31%	245.5	356.1	-31%	286.0

[1] Includes sales to residential property funds: 4–6/14: 51 apartments; 1–3/13: 105 apartments; 1–6/13: 221 apartments; 1–12/13: 502 apartments

Residential construction in the Baltic countries and Central Eastern Europe, units	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Sold	207	134	54%	387	243	59%	521
Start-ups	276	286	-3%	522	400	31%	723
Completed	199	0		351	146	140%	382
Under construction at end of period	1,231	970	27%	1,231	970	27%	1,062
of which sold at end of period, %	25%	17%		25%	17%		21%
For sale at end of period	1,083	900	20%	1,083	900	20%	950
of which completed	155	96	61%	155	96	61%	111
Capital invested in the plot reserve at end of period, EUR million	74.8	69.8	7%	74.8	69.8	7%	70.0
Plot reserve at end of period, floor sq. m.	350,000	373,000	-6%	350,000	373,000	-6%	361,000
Cost of completion at end of period, EUR million	50.0	68.5	-27%	50.0	68.5	-27%	43.4

Housing Russia

Operating environment

In the first months of the year, housing demand in Russia grew as a result of the ruble weakening due to the Ukrainian crisis, which led to consumers transferring their assets to fixed property. However, in April–June, housing demand fell from the high level seen earlier in the year. Housing prices remained stable in January–June. The role of mortgage financing has continued to grow in Russia. There were no significant changes in mortgage rates during the review period.

There were no significant changes in the competitive situation during the review period. The increase in construction costs slowed down slightly from the previous year.

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Revenue	116.8	116.3	0%	225.4	214.0	5%	496.0
Operating profit	13.8	17.0	-19%	25.9	29.5	-12%	70.2
Operating profit margin, %	11.8%	14.6%		11.5%	13.8%		14.1%
Operating profit excluding non-recurring items	13.8	17.0	-19%	25.9	29.5	-12%	70.2
Operating profit margin, % excluding non-recurring items	11.8%	14.6%		11.5%	13.8%		14.1%
Operative invested capital at end of period	601.6	564.8	7%	601.6	564.8	7%	574.0
Return on operative invested capital (last 12 months), %	11.4%	14.2%		11.4%	14.2%		12.3%
Order backlog at end of period	1,218.8	1,012.7	20%	1,218.8	1,012.7	20%	1,100.0

April–June

The revenue of the Housing Russia business area remained at the level of the comparison period. At comparable exchange rates, revenue grew by 16%.

The business area's operating profit decreased by 19%, and the operating profit margin stood at 11.8% (4–6/13: 14.6%). Profitability was negatively affected by factors such as the bundle deals totalling 130 apartments in the Moscow region with Norilsk Nickel and the higher share of lower-margin projects.

In April–June, YIT started several projects in Russia, the most significant of which were a start-up of 490 apartments in the vicinity of the historical centre of St. Petersburg and a start-up of 620 apartments in the Novo Orlovsky area development project, also in St. Petersburg.

YIT's sales inventory of apartments in Russia grew by 9% from the end of March due to new start-ups.

In April–June, consumers used mortgages in 46% of YIT's residential deals in Russia. At the end of June 2014, YIT was responsible for the service and maintenance of approximately 17,000 apartments.

January–June

The revenue of the Housing Russia business area grew by 5% year-on-year. At comparable exchange rates, revenue grew by 24%.

The business area's operating profit decreased by 12%, and the operating profit margin stood at 11.5% (1–6/13: 13.8%). Profitability was negatively affected by factors such as the development of prices being more modest than in the comparison period and the higher share of lower-margin projects.

The sales inventory at the end of the period was geographically balanced.

Residential construction in Russia, units	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Sold[1]	1,061	1,037	2%	2,193	1,926	14%	4,480
Start-ups	1,675	941	78%	2,389	2,087	14%	5,099
Completed[2]	199	713	-72%	1,230	1,225	0%	2,976
Under construction at end of period	11,938	9,518	25%	11,938	9,518	25%	10,780
of which sold at end of period, %	40%	36%		40%	36%		37%
For sale at end of period	7,374	6,706	10%	7,374	6,706	10%	7,177
of which completed	257	617	-58%	257	617	-58%	416
Capital invested in the plot reserve at end of period*, EUR million	286.1	297.1	-4%	286.1	297.1	-4%	320.1
Plot reserve at end of period[3], floor sq. m.	2,440,000	2,751,000	-11%	2,440,000	2,751,000	-11%	2,798,000
Cost of completion at end of period, EUR million	667.0	479.0	39%	667.0	479.0	39%	540.0

[1] Includes bundle deals of 130 apartments sold to Norilsk Nickel.
[2] Completion of the residential projects requires commissioning by the authorities.
[3] Figures include Gorelovo industrial park

Under construction at end of period, units	6/14	6/13	Change	6/14	3/14	Change	12/13
St. Petersburg	4,136	1,978	109%	4,136	3,030	37%	3,267
Moscow region	3,681	4,317	-15%	3,681	3,663	0%	4,309
Yekaterinburg, Kazan, Rostov-on-Don, Tyumen and Moscow	4,184	3,223	30%	4,184	3,769	11%	3,204

Business Premises and Infrastructure

Operating environment

The Finnish business premises market remained subdued in January–June. End-users continued to be cautious in renting new business premises, but investor interest in prime locations remained at a moderate level. Rents for business premises were stable in the review period.

Macroeconomic recovery has supported the business premises markets in the Baltic countries and Central Eastern Europe.

Infrastructure market in Finland remained relatively stable in the review period, and private equity investors were active in M&A in the sector.

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Revenue	147.0	177.0	-17%	268.1	335.7	-20%	688.9
Operating profit	6.9	9.9	-31%	7.1	13.0	-46%	30.5
Operating profit margin, %	4.7%	5.6%		2.6%	3.9%		4.4%
Operating profit excluding non-recurring items	6.9	9.9	-31%	7.1	13.0	-46%	31.0
Operating profit margin, % excluding non-recurring items	4.7%	5.6%		2.6%	3.9%		4.5%
Operative invested capital at end of period	233.2	176.9	32%	233.2	176.9	32%	189.8
Return on operative invested capital (last 12 months), %	12.0%	64.5%		12.0%	64.5%		20.6%
Order backlog at end of period	751.9	718.0	5%	751.9	718.0	5%	642.9

Business premises, EUR million	6/14	6/13	Change	6/14	3/14	Change	12/13
Capital invested in the plot reserve	88.2	95.5	-8%	88.2	88.2	0%	93.5
Plot reserve, sq. m.	1,116,433	1,003,000	11%	1,116,433	1,251,000	-11%	1,125,000
Cost of completion	67.7	59.6	14%	67.7	14.9	354%	21.2

April–June

The segment's revenue decreased by 17% year-on-year. In Finland revenue was weighed down particularly by the weak development of business premises construction in the Helsinki region. In infra services, revenue recovered from the low level seen in the first quarter as projects picked up after the slow winter season.

Operating profit declined by 31% year-on-year, and the segment's operating profit margin was 4.7% (4–6/13: 5.6%). Profitability was weakened particularly by the low volume of business premises construction.

In April, YIT sold the Bisnespaja Avia business premises to non-UCITS Fund OP Vuokratuotto. Sales processes are ongoing for other significant self-developed business premises projects. In June, YIT started also the construction of a new business premises project BW Tower, located in connection with the new Lahti bus and freight terminal.

In the Baltic countries and Central Eastern Europe, business premises construction progressed very well and the company won new contracts. The SOK Prisma constructed by YIT opened in Vilnius, Lithuania.

In infra services, YIT won maintenance contracts in Espoo, Mikkeli, Salo and Kuhmo. The total value of the contracts is approximately EUR 68 million, with EUR 43 million recorded in the order backlog in Q2. In addition, YIT, Sito and the City of Lahti signed an agreement to implement the new Lahti bus and freight terminal through an alliance model. The value of the project for YIT is approximately EUR 15 million.

January–June

The segment's revenue decreased by 20% year-on-year. Revenue was weighed down particularly by the weak Finnish business premises market.

Operating profit declined by 46% year-on-year, and the segment's operating profit margin was 2.6% (1–6/13: 3.9%). Profitability was weakened by low volume.

The most significant hybrid projects, Tripla and the Lauttasaari shopping centre, progressed according to plan. YIT won several new contracts in infra services.

The largest ongoing self-developed business premises projects

Project, location	Value, EUR million	Project type	Percentage of completion, %	Estimated completion	Sold/unsold	Leasable area, sq. m.
Dixi, Tikkurila railway station, Vantaa	~20	Office	85%	12/14	Sold	6,000
Dixi, Tikkurila railway station, Vantaa	-	Retail	85%	12/14	Unsold	5,200
Lauttasaari shopping centre, Helsinki	-	Retail	0%	2/17	Unsold	5,700
BW Tower, Lahti	-	Office	3%	11/15	Unsold	7,500
Aleksanterinkatu 11 Koy, Lahti	-	Retail	52%	6/15	Unsold	6,700

The largest ongoing business premises and infrastructure contracts

Project	Value, EUR million	Project type	Percentage of completion, %	Estimated completion
E18 Pulteri	~190	Infra	92%	1/15
E18, Hamina bypass	~60	Infra	85%	12/14
Ring Railway, Aviapolis	~40	Infra	98%	7/14
Ring Road III junction	~40	Infra	19%	12/16
Ring Railway, Ruskeasanta	~30	Infra	98%	7/14

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

EUR million	4–6/14	4–6/13	Change	1–6/14	1–6/13	Change	1–12/13
Revenue	353.7	437.1	-19%	756.9	882.7	-14%	1,743.0
Operating profit	8.3	32.3	-74%	31.5	63.3	-50%	104.0
Operating profit margin, %	2.4%	7.4%		4.2%	7.2%		6.0%
Profit before taxes	3.5	28.2	-88%	22.3	58.5	-62%	95.0
Profit for the review period[1]	2.7	22.0	-88%	17.3	44.9	-62%	70.3
Earnings per share, EUR	0.02	0.18	-89%	0.14	0.36	-61%	0.56
Operating cash flow after investments	-16.4	-76.9		-28.7	-82.2		-87.9
Order backlog at end of period	3,480.3	3,176.0	10%	3,480.3	3,176.0	10%	3,184.6
Invested capital at end of period	1,594.9	1,492.5	7%	1,594.9	1,492.5	7%	1,556.2
Return on investment (last 12 months), %	5.2%	12.6%		5.2%	12.6%		7.0%
Effective tax rate, %	25.0%	22.8%		22.8%	23.3%		26.1%

[1] Attributable to equity holders of the parent company

April–June

After IFRS adjustments, the Group's revenue for the period decreased by 19% year-on-year. The decrease in revenue was due to lower handovers of self-developed apartments to buyers, the lower volume of the Business Premises and Infrastructure segment, and the weakening of ruble.

After IFRS adjustments, the Group's operating profit declined by 74% year-on-year, and after IFRS adjustments, the Group's operating profit margin was 2.4% (4–6/13: 7.4%). The weak profitability was due to low volume. In group reporting, self-developed residential projects are only recognised as income upon project handover. The timing of completion of self-developed projects affects the Group's revenue recognition, and therefore group figures may fluctuate greatly between different quarters. In addition, in group reporting the interest expenses are capitalised according to IAS 23, which causes differences in operating profit and financial expenses between segment reporting and group reporting.

January–June

After IFRS adjustments, the Group's revenue for the period decreased by 14% year-on-year. The decrease in revenue was due to lower handovers of self-developed apartments to buyers, the lower volume of the Business Premises and Infrastructure segment, and the weaker Russian ruble.

After IFRS adjustments, the Group's operating profit declined by 50% year-on-year, and after IFRS adjustments, the Group's operating profit margin was 4.2% (1–6/13: 7.2%). Profitability was weighed down by low volume.

Capital structure and liquidity position

IFRS, EUR million	6/14	6/13	Change	6/14	3/14	Change	12/13
Net interest-bearing debt	860.2	764.4	13%	860.2	840.3	2%	781.7
Cash and cash equivalents	75.3	49.7	52%	75.3	79.7	-5%	76.3
Interest-bearing debt	935.5	814.1	15%	935.5	920.0	2%	858.0
From the capital and money markets	430.5	387.5	11%	430.5	454.5	-5%	451.8
From banks, financial institutions and insurance companies	216.0	149.6	44%	216.0	195.5	10%	132.9
Construction-stage contract receivables sold to financial institutions	186.0	182.6	2%	186.0	173.0	8%	181.4
Participations in the housing corporation loans of completed apartments	102.6	93.3	10%	102.6	97.0	6%	91.4
Other loans	0.4	1.1	-64%	0.4	0.0		0.5
Average interest rate, %	2.95%	2.90%		2.95%	2.84%		2.73%
Committed credit facilities	330.0	280.0	18%	330.0	330.0	0%	330.0
Overdraft facilities	64.6	67.8	-5%	64.6	64.9	-1%	65.1
Net financial expenses	-9.3	-4.8	94%	-9.3	-4.4	111%	-9.0
Costs of hedging	-1.7	-2.3	-26%	-1.7	-1.0	70%	-1.5
Equity ratio, %	32.2%	34.9%		32.2%	31.6%		34.3%
Gearing ratio, %	130.4%	109.8%		130.4%	132.1%		112.0%

YIT's liquidity position remained strong in January–June. Cash and cash equivalents amounted to EUR 75.3 million at the end of June. In addition, YIT had undrawn committed credit facilities amounting to EUR 330.0 million and undrawn overdraft facilities amounting to EUR 64.6 million. YIT Corporation's bank loan and credit facility agreements include a covenant requiring the Group's equity ratio to be higher than 25% based on the IFRS balance sheet. At the end of June, the equity ratio was 32.2%.

The total amount of interest-bearing debt rose to EUR 935.5 million at the end of June. The higher debt was attributable to an increase in capital tied up in production. A total of EUR 65.6 million of long-term loans will mature during the remainder of 2014. Net interest-bearing debt amounted to EUR 860.2 million at the end of June, and the gearing ratio was 130.4%.

Net financial expenses increased in January–June year-on-year and amounted to EUR 9.3 million (1–6/13: EUR 4.8 million), in addition to which, interest expenses at the amount of EUR 8.4 million (1–6/13: EUR 9.0 million) were capitalized in accordance with IAS 23.

The interest on participations in housing corporation loans is included in housing corporation charges and is thus booked in project expenses. Interest on the participations amounted to EUR 1.6 million in January–June (1–6/13: EUR 1.5 million).

The hedged ruble exposure increased from the end of March. At the end of June, EUR 151.3 million of the capital invested in Russia was comprised of debt investments (3/14: EUR 121.3 million) and EUR 400.4 million was equity investments or similar permanent net investments (3/14: EUR 394.2 million). In accordance with YIT's hedging policy, the debt investments are hedged against exchange rate risk, while equity investments are not hedged due to their permanent nature.

Personnel

Personnel by business segment	6/14	6/13	Change	6/14	3/14	Change	12/13
Housing	4,004	4,215	-5%	4,004	3,858	4%	3,818
Finland, the Baltic countries and Central Eastern Europe	*2,017*	*2,063*	*-2%*	*2,017*	*1,857*	*9%*	*1,832*
Russia	*1,987*	*2,152*	*-8%*	*1,987*	*2,001*	*-1%*	*1,986*
Business Premises and Infrastructure	2,022	2,381	-15%	2,022	1,905	6%	2,037
Group Services	332	308	8%	332	313	6%	317
Personnel by country	**6/14**	**6/13**	**Change**	**6/14**	**3/14**	**Change**	**12/13**
Finland	3,685	3,979	-7%	3,685	3,410	8%	3,515
Russia	1,975	2,124	-7%	1,975	1,984	0%	1,968
The Baltic countries and Central Eastern Europe	698	801	-13%	698	682	2%	689
Group, total	**6,358**	**6,904**	**-8%**	**6,358**	**6,076**	**5%**	**6,172**

In January–June, the Group employed 6,169 people on average (1–6/13: 6,692). During the review period YIT hired approximately 540 trainees in Finland. Personnel expenses totalled EUR 132.4 million (1–6/13: EUR 148.2 million). Accident frequency (number of accidents per one million hours worked) was 14 (1–6/13: 12).

The cost effect of YIT's share-based incentive scheme was approximately EUR 0.6 million (1–6/13: EUR 1.7 million).

Strategic objectives

As confirmed on June 3, 2013, YIT's strategy is well-managed, profitable growth. This is pursued through the Group's self-developed projects in all businesses and all current geographical regions. Growth is sought particularly in emerging markets and residential construction. Further focus areas include improving the company's ability to manage cyclicality, widening financial operating space and accelerating renewal.

On February 5, 2014, YIT Corporation's Board of Directors confirmed YIT's financial targets, revised in terms of the growth target, for the strategy period of 2014–2016. The motivation for the change stemmed from the current market environment, and the main objective is to ensure that the targets for cash flow and return on investment are achieved. According to the revised growth target, YIT aims at revenue growth of 5–10% annually on average. The other financial targets published on June 4, 2013, remained unchanged.

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 segment reporting. A stock exchange release on the updated growth target was released on February 6, 2014. YIT's strategy and long-term financial targets were also described in more detail at YIT's Capital Markets Day on September 19, 2013, in Moscow, Russia. The presentation materials and recordings from the Capital Markets Day are available at www.yitgroup.com/Investors.

Resolutions passed at the Annual General Meeting

YIT published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on March 18, 2014. The stock exchange releases and a presentation of the members of the Board of Directors are available on YIT's website at www.yitgroup.com.

Shares and shareholders

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 beginning of 2014 (2013: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2013: 127,223,422).

Treasury shares and authorisations of the Board of Directors

The Annual General Meeting of YIT Corporation resolved on March 18, 2014, to authorise the Board of Directors to purchase the company's 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 March 10, 2010. The authorisation is valid for five years after the date it was granted. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 1,633,286 treasury shares at the beginning of the review period purchased on the basis of the authorisation given by the General Meeting of October 6, 2008. During the review period, 4,060 shares were returned to the company in accordance with the terms and conditions of the share-based incentive scheme, after which the company held 1,637,346 treasury shares at the end of June 2014.

Trading on shares

The price of YIT's share was EUR 10.17 at the beginning of the year. The closing price of the share on the last trading day of the review period on June 30, 2014, was EUR 8.41. YIT's share price decreased by approximately 17% during the review period. The highest price of the share during the review period was EUR 10.70, the lowest EUR 7.05 and the average price was EUR 8.37. Share turnover on Nasdaq OMX Helsinki during the review period was 68 million shares. The value of the share turnover was EUR 572 million.

During the review period, 51 million YIT Corporation shares changed hands in alternative market places, corresponding to approximately 43% of the total share trade, source: Fidessa Fragmentation Index.

YIT Corporation's market capitalisation on the last trading day of the review period on June 30, 2014, was EUR 1,056.2 million. The market capitalisation has been calculated excluding the shares held by the company.

Number of shareholders and flagging notifications

At the end of June 2014, the number of registered shareholders was 44,264 (6/13: 39,251). At the end of June, a total of 30.9% of the shares were owned by nominee-registered and non-Finnish investors (6/13: 34.7%).

During the review period, 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.

Most significant short-term business risks and risk management

YIT classifies as risks 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 risks 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 June 3, 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. 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 self-developed residential and business premises projects, and risks related to contract tenders, service agreements, project management and personnel. YIT manages sales risk by adjusting the number of housing start-ups according to the estimated residential demand and the number of unsold apartments (the figures for residential production are presented under Development by business segment) and by normally securing anchor tenants prior to starting a business premises project and the investor in an early phase of construction. Changes in the availability of mortgages and real estate financing are key risks related to the demand for apartments.

One of YIT's strategic focus areas is widening the financial operating space, and accordingly targets have been set on releasing capital. A risk of loss of income is related to capital release efforts in a challenging market environment.

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 measured 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 financing policies as well as internal and external auditing.

Approximately 77% of the IFRS revenue during the review period was derived from euro countries. The Russian ruble is one of the Group's key currencies. The Group's most significant currency risk is related to ruble-denominated investments. Capital invested in Russia totalled EUR 551.7 million at the end of the review period (6/13: EUR 565.9 million). The amount of equity or equivalent net investments at the end of the period came to EUR 400.4 million (6/13: EUR 434.0 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 a corresponding negative impact on the Group's shareholders' equity. Debt investments in Russian subsidiaries amounted to EUR 151.3 million at the end of the review period (6/13: EUR 131.9 million), and this exposure was hedged in full. 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 were published in the Annual Report 2013.

Prolongation and escalation of the Ukrainian crisis would probably have a negative effect on YIT's business operations. The management will closely monitor the development of the situation and its potential effects on YIT's business operations. YIT will continue its business operations in Russia normally by developing projects according to demand. Cash flow management is a particular focus area in project development, production and sales.

Events after the review period

In July, YIT's residential sales in Finland have been at previous year's level. Respectively, sales have increased in the Baltic countries and Central Eastern Europe.

In Russia, residential sales have been below the previous year's level in July.

Outlook for 2014

Guidance for 2014 specified

The Group revenue based on segment reporting is estimated to grow by 0–5% at comparable exchange rates. The operating profit margin based on segment reporting is estimated to be in the range of 7.5–8.0% excluding non-recurring items.

Continuing uncertainty over the general macroeconomic development impacts YIT's business operations and customers. Prolongation and escalation of the Ukrainian crisis would probably have a negative effect on YIT's business operations.

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.

Apartment start-ups are expected to decrease in Finland. According to RT's (Confederation of Finnish Construction Industries) June 2014 estimate, the construction of 26,500 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 estimates that housing prices in Finland will remain stable on average in 2014, but the polarisation of prices will continue. The increase in construction costs is expected to be moderate. The interest rates of mortgages are forecasted to remain low. However, the macroeconomic uncertainty and consumer confidence being below the long-term average are expected to continue to affect the Finnish housing market.

Residential demand in the Baltic countries is expected to be supported by 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 and Slovakia (Forecon and Euroconstruct, June 2014). Euroconstruct (June, 2014) estimated that residential start-ups will decline slightly in the Czech Republic. YIT estimates that housing prices will increase slightly in the Baltic countries and Central Eastern Europe.

In Russia, the volume of residential construction is estimated to remain unchanged from the previous year (Forecon, June 2014). YIT estimates that housing prices in Russia will remain stable and that interest rates on mortgages will increase in the second half of 2014. The weakened macroeconomic outlook in Russia may have a negative effect on the housing market. Prolongation and escalation of the Ukrainian crisis would probably have a negative effect on YIT's business operations.

The long-term outlook for Russian residential construction is good. Living space per person is still clearly lower than in Western Europe and housing is in poor condition, which creates the need for new, high-quality housing. 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 demand for business premises is expected to remain weak in Finland. Retail construction is expected to increase by 17%, while office construction is expected to contract by 13% in 2014 (Euroconstruct, June 2014). Real estate investors' interest in good projects in prime locations is expected to be good, and long-term tenants are appreciated.

In the Baltic countries, business premises construction is estimated to increase by 9% in 2014 (Forecon, June 2014). In Slovakia, business premises construction is expected to decrease by 8% in 2014 (Euroconstruct, June 2014).

Infrastructure construction in Finland is estimated to decrease slightly in comparison with 2013 (Euroconstruct, June 2014). The competition is expected to remain tight, especially for smaller contracts. The government is expected to initiate further investment into the rail network in the capital region (west metro extension).

Interim Report January 1 – June 30, 2014: Tables

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

1 Summary of Financial Statements

2 Notes, segment reporting

3 Notes, IFRS

1 Summary of Financial Statements

1.1 Consolidated income statement, IFRS and segment reporting POC

EUR million	1-6/14 IFRS	1-6/14 POC	1-6/13 IFRS	1-6/13 POC	Change IFRS	Change POC	1-12/13 IFRS	1-12/13 POC
Continuing operations								
Revenue	756.9	854.5	882.7	882.9	-14%	-3%	1,743.0	1,858.8
of which activities outside Finland	204.4	291.3	245.9	265.6	-17%	10%	488.4	622.9
Other operating income and expenses	-719.0	-786.7	-809.0	-798.2	-11%	-1%	-1,621.6	-1,688.7
Share of results of associated companies and joint ventures	0.2	0.2	0.0	-0.0	-955%		0.0	0.0
Depreciation	-6.5	-6.5	-10.5	-10.5	-38%	-38%	-17.4	-17.4
Operating profit	31.5	61.5	63.3	74.2	-50%	-17%	104.0	152.8
% of revenue	4.2%	7.2%	7.2%	8.4%			6.0%	8.2%
Financial income and expenses	-9.3	-17.6	-4.8	-13.8	93%	28%	-9.0	-30.0
Profit before taxes	22.3	43.9	58.5	60.4	-62%	-27%	95.0	122.8
% of revenue	2.9%	5.1%	6.6%	6.8%			5.5%	6.6%
Income taxes 1)	-5.1	-9.7	-13.6	-14.0	-63%	-31%	-24.8	-29.0
Profit for the review period	17.2	34.2	44.9	46.4	-62%	-26%	70.2	93.8
Equity holders of the parent company	17.3	34.2	44.9	46.4	-6%	-26%	70.3	93.9
Non-controlling interest	-0.1	-0.0	0.0	0.0			-0.1	-0.1
Discontinued operations								
Profit for the review period			288.4	288.4			287.5	287.5
Equity holders of the parent company			288.4	288.4			287.5	287.5
Non-controlling interest								
Continuing and discontinued operations, total								
Profit for the review period	17.2	34.2	333.3	334.8	-95%	-90%	357.6	381.3
Equity holders of the parent company	17.3	34.2	333.3	334.8	-95%	-90%	357.7	381.3
Non-controlling interest	-0.1	-0.0					-0.1	-0.1
Earnings per share, attributable to the equity holders of the parent company, diluted and undiluted, EUR								
Continuing operations	0.14	0.27	0.36	0.37	-61%	-27%	0.56	0.75
Discontinued operations			2.30	2.30	-100%	-100%	2.30	2.29
Continuing and discontinued operations, total	0.14	0.27	2.66	2.67	-95%	-90%	2.86	3.04

1) Taxes for the review period are based on the tax estimate for the whole financial year.

EUR million	4-6/14 IFRS	4-6/14 POC	4-6/13 IFRS	4-6/13 POC	Change IFRS	Change POC
Continuing operations						
Revenue	353.7	451.4	437.1	430.9	-19%	5%
of which activities outside Finland	65.8	151.1	118.5	146.3	-45%	3%
Other operating income and expenses	-342.3	-413.6	-399.6	-387.3	-14%	7%
Share of results of associated companies and joint ventures	0.1	0.1	0.1	0.0	32%	319%
Depreciation	-3.2	-3.2	-5.3	-5.3	-39%	-39%
Operating profit	8.3	34.7	32.3	38.3	-74%	-9%
% of revenue	2.4%	7.7%	7.4%	8.9%		
Financial income and expenses	-4.8	-9.0	-4.1	-7.7	18%	17%
Profit before taxes	3.5	25.7	28.2	29.8	-88%	-14%
% of revenue	1.0%	5.7%	6.4%	6.9%		
Income taxes 1)	-0.9	-5.7	-6.2	-6.8	-86%	-16%
Profit for the review period	2.6	20.0	22.0	23.0	-88%	-13%
Equity holders of the parent company	2.7	20.0	22.0	23.0	-88%	-13%
Non-controlling interest	0.0	-0.0	0.0	-0.0		
Discontinued operations						
Profit for the review period			286.2	286.2		
Equity holders of the parent company			286.2	286.2		
Non-controlling interest						
Continuing and discontinued operations, total						
Profit for the review period	2.6	20.0	308.2	309.2	-99%	-94%
Equity holders of the parent company	2.7	20.0	308.2	309.2	-99%	-94%
Non-controlling interest	0.0	-0.0	0.0	-0.0		
Earnings per share, attributable to the equity holders of the parent company, diluted and undiluted, EUR						
Continuing operations	0.02	0.16	0.18	0.18	-89%	-11%
Discontinued operations			2.28	2.28		
Continuing and discontinued operations, total	0.02	0.16	2.46	2.46	-99%	-93%

1) Taxes for the review period are based on the tax estimate for the whole financial year.

1.2 Statement of comprehensive income, IFRS

EUR million	1-6/14	1-6/13	Change	1-12/13
Continuing operations				
Profit for the review period	17.2	44.9	-62%	70.2
Items that may be reclassified subsequently to profit/loss:				
Cash flow hedges	0.3	2.3	-88%	3.0
-Deferred tax	-0.1	-0.6	-91%	-0.8
Change in fair value of for available for sale investments	0.0			0.0
-Deferred tax	0.0			0.0
Change in translation differences	-9.1	-26.8	-66%	-50.3
Other items	0.2			
Other comprehensive income, total	-8.7	-25.1	-65%	-48.1
Total comprehensive result	8.5	19.8	-57%	22.1
Attributable to equity holders of the parent company	8.6	19.8	-57%	22.2
Attributable to non-controlling interest	-0.1	-0.0	331%	-0.1
Discontinued operations				
Total comprehensive result		288.4	-100%	287.5
Attributable to equity holders of the parent company		288.4	-100%	287.5
Attributable to non-controlling interest				
Continuing and discontinued operations total				
Total comprehensive result	8.4	308.2	-97%	309.5
Attributable to equity holders of the parent company	8.5	308.2	-97%	309.6
Attributable to non-controlling interest	-0.1			-0.1

1.3 Consolidated balance sheet, IFRS and segment reporting POC

EUR million	6/14 IFRS	6/14 POC	6/13 IFRS	6/13 POC	Change IFRS	Change POC	12/13 IFRS	12/13 POC
ASSETS								
Non-current assets								
Property, plant and equipment	61.7	61.7	74.1	74.1	-17%	-17%	65.2	65.2
Goodwill	10.9	10.9	10.9	10.9	0%	0%	10.9	10.9
Other intangible assets	8.6	8.6	5.7	5.7	52%	52%	7.1	7.1
Shares in associated companies and joint ventures	0.7	0.7	0.4	0.4	63%	63%	0.5	0.5
Other investments	0.8	0.8	0.9	0.9	-9%	-9%	0.8	0.8
Other receivables	2.9	2.9	0.5	0.5	438%	438%	0.6	0.6
Deferred tax assets	43.0	33.2	43.9	36.8	-2%	-10%	41.1	32.8
Current assets								
Inventories	2,127.8	1,667.7	1,919.7	1,608.0	11%	4%	2,062.1	1,674.3
Trade and other receivables	306.6	362.8	321.1	344.4	-4%	5%	288.0	342.8
Cash and cash equivalents	75.3	75.3	49.7	49.7	52%	52%	76.3	76.3
Total assets	**2,638.3**	**2,224.6**	**2,426.8**	**2,131.4**	**9%**	**4%**	**2,552.6**	**2,211.3**
EQUITY AND LIABILITIES								
Equity								
Share capital	149.2	149.2	149.2	149.2	0%	0%	149.2	149.2
Other equity	509.7	602.4	546.5	605.1	-7%	0%	548.5	625.2
Non-controlling interest	0.5	0.6	0.4	0.4	30%	46%	0.4	0.5
Equity total	**659.4**	**752.2**	**696.1**	**754.7**	**-5%**	**0%**	**698.2**	**774.9**
Non-current liabilities								
Deferred tax liabilities	17.6	30.4	18.2	25.0	-3%	21%	14.4	25.1
Pension liabilities	0.7	0.7	0.7	0.7	0%	0%	0.7	0.7
Provisions	43.3	43.3	43.6	43.6	-1%	-1%	42.5	42.5
Borrowings	223.4	223.4	370.6	370.6	-40%	-40%	305.1	305.1
Other liabilities	25.2	25.2	24.8	23.4	2%	7%	35.0	33.1
Current liabilities								
Advances received	593.1	159.7	433.3	173.5	37%	-8%	514.3	161.9
Trade and other payables	341.9	340.9	374.9	351.5	-9%	-3%	370.5	370.1
Provisions	21.6	20.7	21.1	21.1	2%	-2%	19.0	19.1
Borrowings	712.2	628.3	443.5	367.2	61%	71%	552.9	478.8
Liabilities total	**1,978.9**	**1,472.4**	**1,730.7**	**1,376.7**	**14%**	**7%**	**1,854.4**	**1,436.4**
Total equity and liabilities	**2,638.3**	**2,224.6**	**2,426.8**	**2,131.4**	**9%**	**4%**	**2,552.6**	**2,211.3**

1.4 Consolidated cash flow statement

EUR million	1-6/14	1-6/13	Change	4-6/14	4-6/13	Change	1-12/13
Net profit for the period	17.2	44.9	-62%	2.6	22.0	-88%	70.2
Reversal of accrual-based items	28.0	36.9	-24%	11.0	24.3	-55%	61.3
Change in trade and other receivables	-15.6	-65.4	-76%	-1.0	-63.3	-98%	-42.8
Change in inventories	-79.1	-107.3	-26%	-70.0	-67.7	3%	-296.8
Change in current liabilities	47.2	62.2	-24%	61.0	43.5	40%	186.9
Change in working capital, total	-47.5	-110.4	-57%	-10.0	-87.4	-89%	-152.7
Cash flow of financial items	-15.9	-24.4	-35%	-13.6	-13.0	4%	-27.6
Taxes paid	-6.4	-33.0	-81%	-3.7	-29.1	-87%	-43.7
Continuing operations, total	-24.6	-86.1	-71%	-13.7	-83.5	-84%	-92.5
Discontinued operations	-2.1	-26.8	-92%	-0.9	-25.8	-97%	-30.7
Net cash generated from operating activities	**-26.7**	**-112.9**	**-76%**	**-14.6**	**-109.3**	**-87%**	**-123.2**
Acquisition of subsidiaries, net of cash	-0.5	-4.6	-90%	-0.3	-4.6	-95%	-4.9
Cash outflow from investing activities	-5.6	-9.5	-41%	-3.6	-5.9	-39%	-15.1
Cash inflow from investing activities	2.0	18.1	-89%	1.2	17.1	-93%	24.7
Continuing operations, total	-4.1	3.9		-2.7	6.6		4.7
Discontinued operations		-17.2			-16.0		-17.2
Net cash used in investing activities	**-4.1**	**-13.3**	**-69%**	**-2.7**	**-9.4**	**-71%**	**-12.5**
Operating cash flow after investments	**-30.8**	**-126.2**	**-76%**	**-17.3**	**-118.7**	**-85%**	**-135.7**
Change in loan receivables	1.1	9.5	-88%	0.6	7.1	-92%	5.1
Change in current liabilities	24.4	69.9	-65%	-3.4	12.7		133.2
Proceeds from borrowings	97.4	27.7	251%	30.3	27.7	9%	27.7
Repayments of borrowings	-44.2	-113.2	-61%	-11.3	-107.9	-90%	-132.9
Payments of financial leasing debts	-0.1	0.1		-0.1	0.2		-0.3
Dividends paid	-47.7	-94.0	-49%	-4.5	-6.1	-27%	-94.0
Continuing operations, total	31.0	-100.2		11.7	-66.5		-61.2
Discontinued operations		147.2			150.9		147.2
Net cash used in financing activities	**31.0**	**47.0**	**-34%**	**11.7**	**84.4**	**-86%**	**86.0**
Net change in cash and cash equivalents	0.2	-79.2		-5.7	-34.3	-84%	-49.7
Cash and cash equivalents at the beginning of the period	76.3	174.6	-56%	79.7	130.3	-39%	174.6
Cash and cash equivalents transferred in demerger		-43.8			-43.8		-43.8
Change in the fair value of the cash equivalents	-1.2	-1.9	-40%	1.3	-2.5		-4.7
Cash and cash equivalents at the end of the period	75.3	49.7	52%	75.3	49.7	52%	76.3

1.5 Consolidated statement of changes in equity, IFRS

EUR million	Share capital	Legal reserve	Other reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
	Equity attributable to equity holders of the parent company									
Equity on January 1, 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 period							333.3	333.3	0.0	333.3
Other comprehensive income:										
Cash flow hedges					2.3			2.3		2.3
- Deferred tax asset					-0.6			-0.6		-0.6
Change in fair value of available-for-sale assets					0.0			0.0		0.0
- Deferred tax asset					0.0			0.0		0.0
Translation differences				-26.8				-26.8		-26.8
Comprehensive income, total				**-26.8**	**1.7**		**333.3**	**308.2**	**0.0**	**308.2**
Transactions with owners										
Dividend distribution							-94.0	-94.0		-94.0
Share-based incentive schemes			-3.8			1.0	4.1	1.3		1.3
Assets transferred in the demerger, fair value							-514.9	-514.9		-514.9
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**	**-604.8**	**-615.7**	**-0.6**	**-616.3**
Changes in ownership shares in subsidiaries										
Acquisition of non-controlling interest, no loss of control							-2.7	-2.7	-2.3	-5.0
Changes in ownership shares in subsidiaries, total							**-2.7**	**-2.7**	**-2.3**	**-5.0**
Equity on June 30, 2013	**149.2**	**1.5**	**0.0**	**-40.7**	**-1.6**	**-8.2**	**595.5**	**695.7**	**0.4**	**696.1**

	Equity attributable to equity holders of the parent company									
EUR million	Share capital	Legal reserve	Other reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
Equity on January 1, 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 period							357.7	357.7	-0.1	357.6
Other comprehensive Income:										
Cash flow hedges					3.0			3.0		3.0
- Deferred tax asset					-0.8			-0.8		-0.8
Change in fair value of available-for-sale assets					0.0			0.0		0.0
- Deferred tax asset					0.0			0.0		0.0
Translation differences				-50.3				-50.3		-50.3
Comprehensive income, total				**-50.3**	**2.2**	**0.0**	**357.7**	**309.6**	**-0.1**	**309.5**
Transactions with owners										
Dividend distribution							-94.0	-94.0		-94.0
Share-based incentive schemes			-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										
Acquisition of non-controlling interest, no loss of control							-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 December 31, 2013	**149.2**	**1.5**		**-64.1**	**-1.2**	**-8.2**	**620.5**	**697.7**	**0.4**	**698.2**

	Equity attributable to equity holders of the parent company									
EUR million	Share capital	Legal reserve	Other reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Equity total
Equity on January 1, 2014	149.2	1.5		-64.1	-1.2	-8.2	620.5	697.7	0.4	698.2
Comprehensive income										
Profit for the period							17.3	17.3	-0.1	17.2
Other comprehensive Income:										
Cash flow hedges					0.3			0.3		0.3
- Deferred tax asset					-0.1			-0.1		-0.1
Change in fair value of available-for-sale assets					0.0			0.0		0.0
- Deferred tax asset					0.0			0.0		0.0
Translation differences				-9.1				-9.1		-9.1
Other change							0.2	0.2		0.2
Comprehensive income, total				**-9.1**	**0.2**		**17.4**	**8.6**	**-0.1**	**8.5**
Transactions with owners										
Dividend distribution							-47.7	-47.7		-47.7
Share-based incentive schemes							0.4	0.4		0.4
Transactions with owners, total							**-47.3**	**-47.3**		**-47.3**
Change in non-controlling interest							-0.1	-0.1	0.1	
Equity on June 30, 2014	**149.2**	**1.5**	**0.0**	**-73.2**	**-0.9**	**-8.2**	**590.5**	**658.9**	**0.5**	**659.4**

2 Notes, segment reporting

2.1 Segment reporting accounting principles

In 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 usually sells own commercial development projects to investors either prior to construction or during an early phase. 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.

In addition in group reporting the interest expenses are capitalized according to IAS 23 standard, which causes differences in operating profit and financial expenses between segment reporting and group reporting.

The chief operating decision-maker 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.

2.2 Revenue, segment reporting POC

Continuing operations, EUR million	1-6/14	1-6/13	Change	1-12/13
Housing	585.1	534.1	10%	1,152.2
Finland, the Baltic countries and Central Eastern Europe	*359.9*	*320.2*	*12%*	*656.2*
Russia	*225.4*	*214.0*	*5%*	*496.0*
Business Premises and Infrastructure	268.1	335.7	-20%	688.9
Other items	1.4	13.1		17.8
Revenue total, POC	854.5	882.9	-3%	1,858.8
IFRS adjustment	-97.7	-0.2		-115.9
Revenue total, IFRS	756.9	882.7	-14%	1,743.0

2.3 Operating profit and operating profit margin, segment reporting POC

Operating profit

Continuing operations, EUR million	1-6/14	1-6/13	Change	1-12/13
Housing	58.9	65.6	-10%	135.8
Finland, the Baltic countries and Central Eastern Europe	*32.9*	*36.1*	*-9%*	*65.7*
Russia	*25.9*	*29.5*	*-12%*	*70.2*
Business Premises and Infrastructure	7.1	13.0	-46%	30.5
Other items	-4.4	-4.4		-13.6
Operating profit total, POC	61.5	74.2	-17%	152.8
IFRS adjustment	-30.0	-10.9		-48.8
Operating profit total, IFRS	31.5	63.3	-50%	104.0

Operating profit margin

Continuing operations, %	1-6/14	1-6/13	1-12/13
Housing	10.1%	12.3%	11.8%
Finland, the Baltic countries and Central Eastern Europe	*9.2%*	*11.3%*	*10.0%*
Russia	*11.5%*	*13.8%*	*14.1%*
Business Premises and Infrastructure	2.6%	3.9%	4.4%
Group total, POC	7.2%	8.4%	8.2%
Group total, IFRS	4.2%	7.2%	6.0%

2.4 Order backlog, segment reporting POC

Continuing operations, EUR million	6/14	6/13	Change	12/13
Housing	2,172.0	2,092.7	4%	2,070.8
Finland, the Baltic countries and Central Eastern Europe	*953.2*	*1,080.0*	*-12%*	*970.8*
Russia	*1,218.8*	*1,012.7*	*20%*	*1,100.0*
Business Premises and Infrastructure	751.9	718.0	5%	642.9
Order backlog, POC	2,923.9	2,810.8	4%	2,713.7
IFRS adjustment	556.5	365.2		470.9
Order backlog, IFRS	3,480.3	3,176.0	10%	3,184.6

2.5 Personnel at the end of the period

Continuing operations	6/14	6/13	Change	12/13
Housing	4,004	4,215	-5%	3,818
Finland ,the Baltic countries and Central Eastern Europe	*2,017*	*2,063*	*-2%*	*1,832*
Russia	*1,987*	*2,152*	*-8%*	*1,986*
Business Premises and Infrastructure	2,022	2,381	-15%	2,037
Group Services	332	308	8%	317
Personnel, total	6,358	6,904	-8%	6,172

2.6 Group figures by quarter, segment reporting POC

Revenue by segments

Continuing operations, EUR million	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Housing	303.8	281.3	347.7	270.4	247.9	286.2
Finland, the Baltic countries and Central Eastern Europe	*187.0*	*172.9*	*196.0*	*140.0*	*131.6*	*188.6*
Russia	*116.8*	*108.5*	*151.7*	*130.4*	*116.3*	*97.6*
Business Premises and Infrastructure	147.0	121.1	171.7	181.4	177.0	158.8
Other items	0.6	0.7	1.9	2.8	6.1	7.0
Revenue total, POC	451.4	403.1	521.3	454.7	430.9	452.0
IFRS adjustment	-97.7	0.0	-24.0	-91.7	6.2	-6.4
Revenue total, IFRS	353.7	403.2	497.3	363.0	437.1	445.6

Operating profit by segments

Continuing operations, EUR million	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Housing	30.0	28.9	35.5	34.8	30.6	35.0
Finland, the Baltic countries and Central Eastern Europe	*16.2*	*16.8*	*14.9*	*14.7*	*13.7*	*22.4*
Russia	*13.8*	*12.2*	*20.5*	*20.1*	*17.0*	*12.6*
Business Premises and Infrastructure	6.9	0.2	9.5	8.0	9.9	3.1
Other items	-2.1	-2.3	-3.8	-5.4	-2.2	-2.2
Operating profit total, POC	34.7	26.9	41.2	37.4	38.3	35.9
IFRS adjustment	-26.3	-3.7	-12.2	-25.7	-6.0	-4.9
Operating profit total, IFRS	8.3	23.2	29.0	11.7	32.3	31.0

Operating profit margin by segments

Continuing operations,%	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Housing	9.9%	10.3%	10.2%	12.9%	12.3%	12.2%
Finland, the Baltic countries and Central Eastern Europe	*8.6%*	*9.7%*	*7.6%*	*10.5%*	*10.4%*	*11.9%*
Russia	*11.8%*	*11.2%*	*13.5%*	*15.4%*	*14.6%*	*12.9%*
Business Premises and Infrastructure	4.7%	0.2%	5.5%	4.4%	5.6%	1.9%
Group total, POC	7.7%	6.7%	7.9%	8.2%	8.9%	7.9%
Group total, IFRS	2.4%	5.8%	5.8%	3.2%	7.4%	7.0%

Key figures, segment reporting POC

	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Profit before taxes, EUR million	25.7	18.2	32.5	29.9	29.8	30.6
Profit for the review period, attributable to equity holders of the parent company, EUR million						
-continuing operations	20.0	14.3	24.3	23.1	23.0	23.4
-discontinued operations			-0.9		286.2	2.2
-continuing and discontinued operations total	20.0	14.3	23.3	23.1	309.2	25.6
Earnings per share, diluted and undiluted, EUR						
-continuing operations	0.16	0.11	0.19	0.18	0.18	0.19
-discontinued operations			-0.01		2.29	0.01
-continuing and discontinued operations, total	0.16	0.11	0.18	0.18	2.47	0.20
	6/14	**3/14**	**12/13**	**9/13**	**6/13**	**3/13**
Equity per share, EUR	5.98	5.63	6.17	6.10	6.01	6.23
Invested capital, EUR million	1,603.8	1,553.7	1,558.8	1,592.8	1,492.5	1,443.4
Return on investment, from the last 12 months	9.6%	10.2%	10.3%	12.3%	13.9%	15.0%
Equity ratio	36.4%	35.0%	37.8%	37.0%	38.5%	40.7%
Net interest-bearing debt, EUR million	776.3	766.6	707.6	774.4	688.1	597.5
Gearing	103.2%	108.4%	91.3%	101.1%	91.2%	76.4%
Personnel at the end of the period	6,358	6,076	6,172	6,384	6,904	6,689

The balance sheet-based key figures presented in the table have been calculated on the basis of the balance sheet according to segment reporting. The comparison periods exclude the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger that took place on June 30, 2013.

Order backlog by segments

Continuing operations, EUR million	6/14	3/14	12/13	9/13	6/13	3/13
Continuing operations						
Housing	2,172.0	2,027.3	2,070.8	2,115.7	2,092.7	1,996.4
Finland, the Baltic countries and Central Eastern Europe	*953.2*	*956.7*	*970.8*	*1,053.9*	*1,080.0*	*890.7*
Russia	*1,218.8*	*1,070.6*	*1,100.0*	*1,061.8*	*1,012.7*	*1,105.7*
Business Premises and Infrastructure	751.9	669.4	642.9	697.7	718.0	713.8
Order backlog total, POC	2,923.9	2,696.7	2,713.7	2,813.4	2,810.8	2,710.2
IFRS adjustment	556.5	449.7	470.9	446.1	365.2	335.7
Order backlog total, IFRS	3,480.3	3,146.4	3,184.6	3,259.5	3,176.0	3,045.9

Operative invested capital

Continuing operations, EUR million	6/14	3/14	12/13	9/13	6/13	3/13
Housing	1,223.5	1,198.2	1,225.8	1,243.9	1,182.0	1,175.8
Finland ,the Baltic countries and Central Eastern Europe	*621.9*	*649.0*	*651.8*	*671.5*	*617.3*	*586.2*
Russia[1)]	*601.6*	*549.2*	*574.0*	*572.4*	*564.8*	*575.4*
Business Premises and Infrastructure	233.2	208.8	189.8	215.9	176.9	146.3

Return on operative invested capital

Continuing operations, Rolling 12 months, %	6/14	3/14	12/13
Housing	10.7%	10.9%	11.2%
Finland, the Baltic countries and Central Eastern Europe	*10.1%*	*9.7%*	*10.3%*
Russia[1)]	*11.4%*	*12.4%*	*12.3%*
Business Premises and Infrastructure	12.0%	15.6%	20.6%

Only operational items are taken into account in calculating the segments' invested capital.
[1)] Includes the Gorelovo industrial park.

3 Notes, IFRS

3.1 Group figures by quarter, IFRS

	4-6/14	1-3/14	10-12/13	7-9/13	4-6/13	1-3/13
Revenue, EUR million	353.7	403.2	497.3	363.0	437.1	445.6
Operating profit , EUR million	8.3	23.2	29.0	11.7	32.3	31.0
% of revenue	2.4%	5.8%	5.8%	3.2%	7.4%	7.0%
Financial income and expenses net, EUR million	-4.8	-4.4	-1.2	-2.9	-4.1	-0.7
Profit before taxes, EUR million	3.5	18.8	27.8	8.8	28.2	30.3
% of revenue	1.0%	4.7%	5.6%	2.4%	6.4%	6.8%
Earnings per share, EUR						
-continuing operations	0.02	0.12	0.14	0.06	0.18	0.18
-discontinued operations			-0.01		2.28	0.02
-continuing and discontinued operations total	0.02	0.12	0.13	0.06	2.46	0.20
Gross capital expenditures, EUR million	3.6	2.0	5.4	0.9	5.2	9.6
% of revenue	1.0%	0.5%	1.1%	0.3%	1.2%	0.9%

	6/14	3/14	12/13	9/13	6/13	3/13
Balance sheet total, EUR million	2,638.3	2,514.6	2,552.6	2,540.0	2,426.8	3,644.3
Equity per share, EUR	5.25	5.06	5.56	5.52	5.54	7.52
Average share price during the period, EUR	8.37	8.88	13.01	14.11	15.75	16.74
Share price at the end of the period , EUR	8.41	7.73	10.16	10.29	13.19	16.25
Weighted average share-issue adjusted number of shares outstanding, diluted and undiluted, 1,000 pcs	125,589	125,590	125,529	125,507	125,462	125,383
Share-issue adjusted number of shares outstanding at the end of the period, 1,000 pcs	125,586	125,588	125,590	125,591	125,596	125,380
Market capitalisation at the end of the period, EUR million	1,056.2	970.8	1,276.0	1,292.3	1,656.6	2,037.4
Return on investment, from the last 12 months	5.2%	6.1%	6.1%	8.3%	10.7%	10.5%
Equity ratio	32.2%	31.6%	34.3%	33.6%	34.9%	31.1%
Net interest-bearing debt, EUR million	860.2	840.3	781.7	857.3	764.4	839.0
Gearing ratio	130.4%	132.1%	112.0%	123.7%	109.8%	88.9%
Unrecognised order backlog at the end of the period, EUR million	3,480.3	3,146.4	3,184.6	3,259.5	3,176.0	3,045.9
-of which activities outside Finland, EUR million	1,838.2	1,568.3	1,617.8	1,548.5	1,462.1	1,506.7
Personnel at the end of the period	6,358	6,076	6,172	6,384	6,904	6,689
Personnel, average from the beginning of the year	6,169	6,102	6,575	6,682	6,692	6,658

The balance sheet-based key figures presented in the table have been calculated on the basis of the official balance sheet for the comparison periods, the balance sheet 3/13 includes the assets and liabilities related to YIT's Building Services business, which were transferred to Caverion Group in the partial demerger that took place on June 30, 2013. Also the business operations of Caverion Corporation were included in the YIT share and its value until June 30, 2013. For these reasons, pre-demerger figures are not comparable to the figures after the demerger.

3.2 Accounting principles of the Interim Report

YIT Corporation's Interim Report for January 1 – June 30, 2014, has been drawn up in line with IAS 34: Interim Financial Reporting. The information presented in the Interim Report has not been audited. In the Interim Report the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in column and total sums.

The Interim Report has been prepared in compliance with the International Financial Reporting standards, and the principles for preparing the Interim Report are the same as those used for preparing the financial statements December 31, 2013.

Currency exchange rates used in the Interim Report

		Average rate 1-6/14	Average rate 1-6/13	Balance sheet rate 6/14	Balance sheet rate 6/13
1 EUR =	CZK	27.4434	25.7000	27.4530	25.9490
	PLN	4.1757	4.1779	4.1568	4.3376
	RUB	48.0165	40.7607	46.3779	42.8450
	LTL	3.4528	3.4528	3.4528	3.4528

3.3 Definitions of key financial figures

Return on investment (ROI, %) =	Group's profit before taxes + interest expenses + other financial expenses +/- exchange rate differences x 100 Balance sheet total - non-interest bearing liabilities (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 operative invested capital (%) =	Segment's operating profit Segment's operative invested capital (average)
Equity ratio (%) =	Equity + non-controlling interest x 100 Balance sheet total - advances received
Gearing ratio (%) =	Interest-bearing liabilities - cash and cash equivalents x 100 Shareholders' equity + non-controlling interest
Segment reporting, earnings / share (EUR) =	Net profit for the period (attributable to equity holders), segment reporting Share issue-adjusted average number of outstanding shares during the period
Group IFRS reporting, earnings / share (EUR) =	Net profit for the period (attributable to equity holders), group reporting Share issue-adjusted average number of outstanding shares during the period
Equity/share (EUR) =	Equity Share issue-adjusted number of outstanding shares at the end of the period
Market capitalisation =	(Number of shares - treasury shares) x share price on the closing date by share series

3.4 Unusual items affecting operating profit

EUR million	1-6/14	1-6/13	Change	1-12/13
Housing				-0.5
Business Premises and Infrastructure				-0.5
Other items				-0.2
Group total				**-1.2**

At the end of 2013, the company made decisions to change the business control structure and make rearrangements in shared services. 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 fixed salaried employees. A total of 750 salaried employees fell within the sphere of the negotiations. The negotiations were completed in January 2014, and approximately 50 dismissals were carried out. The costs amounted EUR 1.2 million incurred for the restructuring are recognised in the last quarter of year 2013.

3.5 Business combinations and disposals

There have been no acquisitions or disposals in year 2014.

3.6 Discontinued operations

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

EUR million	1-6/14	1-6/13	Change	1-12/13
Revenue		1,260.6		1,260.6
Other income and expenses		-1,249.8		-1,249.8
Profit before taxes		10.8		10.8
Taxes		-3.0		-3.0
Profit of business transferred to Caverion after taxes		7.8		7.8
Recognised profit from asset valuation of discontinued operations		293.0		293.0
Demerger costs		-17.4		-18.0
Taxes related to demerger costs		4.9		4.5
Profit for the review period, discontinued operations		**288.4**		**287.5**

3.7 Property, plant and equipment

EUR million	6/14	6/13	Change	6/13
Carrying value at the beginning of the period	65.2	110.6	-41%	110.6
Translation difference	-0.2	-1.1	-80%	-1.6
Increase	3.6	5.1	-31%	8.1
Decrease	-1.0	-1.3	-21%	-9.3
Discontinued operations		-29.9		-29.9
Depreciation and value adjustments	-5.9	-7.5	-22%	-13.5
Reclassifications		-1.8		0.8
Carrying value at the end of the period	**61.7**	**74.1**	**-17%**	**65.2**

3.8 Inventories

EUR million	6/14	6/13	Change	12/13
Raw materials and consumables	8.4	12.4	-32%	10.2
Work in progress	1,153.5	928.3	24%	1,053.4
Land areas and plot owning companies	624.2	660.2	-5%	681.2
Shares in completed housing and real estate companies	251.2	241.0	4%	235.7
Advance payments	89.7	76.9	17%	81.0
Other inventories	0.8	0.9	-14%	0.4
Total inventories	**2,127.8**	**1,919.7**	**11%**	**2,062.1**

3.9 Notes on equity

Share capital and share premium reserve	Number of outstanding shares, pcs	Share capital, EUR million	Treasury shares, EUR million
Shares outstanding on January 1, 2014	125,590,136	149.2	-8.2
Return of treasury shares January 1 - March 31, 2014	-2,208		
Return of treasury shares April 1 – June 30, 2014	-1,852		
Shares outstanding on June 30, 2014	**125,586,076**	**149.2**	**-8.2**

3.10 Financial risk management

The main financial risks include liquidity risk, credit risk and market risks, such as currency and interest rate risk, and their management is a part of the Group's treasury policy. The Board of Directors has approved the Corporate Treasury Policy. The Group Treasury is responsible for the practical implementation of the policy in association with the business units.

The Group's strategic financial targets guide the use and management of the Group's capital. Achieving the strategic targets is supported by maintaining an optimum Group capital structure. Capital structure is mainly influenced by controlling investments and the amount of working capital tied to business operations.

A more detailed account of financial risks has been published in the notes to the financial statements for 2013.

3.11 Borrowings and fair value

Borrowings which have different fair value and carrying value

EUR million	6/14 Carrying value	6/14 Fair value	12/13 Carrying value	12/13 Fair value
Non-current liabilities				
Bonds	107.9	113.7	210.5	218.9
Loans from credit institutions	52.0	54.7	20.0	21.0
Pension loans	63.1	60.8	73.6	72.8
Other loans			0.6	0.6
Non-current liabilities, total	223.1	229.2	304.8	313.3
Current liabilities				
Bonds	155.3	158.1	83.8	83.9

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. Discount rate is defined to be the rate YIT Group was to pay for equivalent external loans at the closing date. It consists of risk free market rate and company and maturity related risk premium of 1.60-3.30%p.a. (0.80-4.00% p.a.)

Fair value estimation

Group measures the fair value measurement hierarchy as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data.

Following table presents the group's assets and liabilities that are measured at fair value and their levels.

Assets, EUR million	6/14 Level1	6/14 Level2	12/13 Level1	12/13 Level2
Available -for-sale investments	0.1		0.1	
Derivatives (hedge accounting not applied)				1.8
Total assets	**0.1**		**0.1**	**1.8**

Liabilities, EUR million	6/14 Level1	6/14 Level2	12/13 Level1	12/13 Level2
Derivatives (hedge accounting not applied)		-4.4		1.7
Derivatives (hedge accounting applied)		-1.3		1.5
Total liabilities		**-5.7**		**3.2**

There were neither transfers between level 1 and 2 nor assets categorised at level 3.

3.12 Change in contingent liabilities and assets and commitments

EUR million	6/14	6/13	Change	12/13
Collateral given for own commitments				
Corporate mortgages				
Guarantees on behalf of its associated companies	6.8	6.8		6.8
Other commitments				
Repurchase commitments	437.4	339.7	29%	319.0
Operating leases	159.6	198.1	-19%	165.0
Rental guarantees for clients	0.9	0.9	-5%	1.6
Other contingent liabilities				
Guarantees given				
Liability under derivative contracts				
Value of underlying instruments				
Interest rate derivatives	340.5	310.7	10%	338.0
Foreign exchange derivatives	86.6	153.0	-43%	146.5
Commodity derivatives				0.0
Fair value				
Interest rate derivatives	-4.9	-2.8	75%	-2.4
Foreign exchange derivatives	-0.8	2.0		1.3
Commodity derivatives				0.0
YIT Corporation's guarantees on behalf of its subsidiaries	983.0	928.8	6%	956.7

As a result of the partial demerger registered on June 30, 2013, YIT Corporation had secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 129.1 million on June 30, 2014 (EUR 187.8 million in June 30, 2013).

3.13 Transactions with associated companies and joint ventures

EUR million	1-6/14	1-6/13	Change	1-12/13
Sales	12.8	35.2	-64%	74.6
Purchases				
EUR million	**6/14**	**6/13**	**Change**	**12/13**
Trade and other receivables	0.0	0.0	7%	0.0
Trade and other liabilities				

Together
we can
do it.