Financial Review 2011

Contents

Strategic targets

To lead the way in creating and maintaining good living environments

Annual revenue growth more than 10 percent on average

Business focus on building system and construction services

Geographical focus areas for growth are residential construction in Russia and building system services in Germany

Financial targets 2012–2014

Annual revenue growth more than 10 percent on average

Return on investment 20 percent

Operating cash flow after investments sufficient for dividend payout and reduction of debt

Equity ratio 35 percent

Dividend payout ratio 40–60 percent of net profit for the period

YIT in brief

YIT is a leading European service company in building systems, construction services and services for industry. We develop, build and maintain quality living environments for people in the Nordic countries, Central Europe, Russia and the Baltic countries with more than 26,000 employees.

Our business operations are a balanced combination of stable service operations and construction services offering higher operating profit margins. Currently, service and maintenance operations account for 36 percent of our revenue. Energy saving is a part of all our business operations.

YIT is a hundred years old. Its roots extend back to 1912, when Yleinen Insinööritoimisto (the General Engineering Firm) started out in Finland. The company's share is listed on NASDAQ OMX Helsinki.

YIT segments' revenue and operating profit increased, order backlog is strong

In 2011, the revenue of YIT's segments increased by 18%, operating profit by 5% and order backlog by 15% compared to previous year. Revenue increased across all segments. Operating profit more than doubled in Building Services Central Europe as the result of the acquisition completed at the beginning of September 2010 and successful measures to improve profitability. The operating profit of International Construction Services increased, while in Construction Services Finland the operating profit was on a par with the previous year.

YIT estimates that in 2012, the combined revenue of the business segments will remain at the level of 2011 and that operating profit will increase compared to 2011.

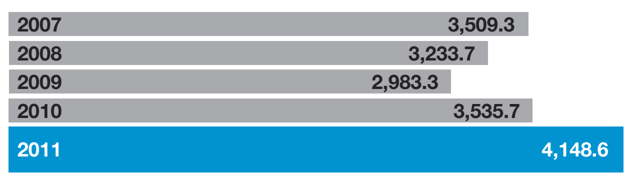
Key figures

	2011	2010	Change
Segment reporting:			
Revenue, MEUR	4,524.7	3,847.0	18%
Operating profit, MEUR	240.5	229.1	5%
% of revenue	5.3	6.0	–
Order backlog, MEUR	3,752.7	3,250.1	15%
Group reporting:			
Revenue, MEUR	4,382.1	3,787.6	16%
Operating profit, MEUR	200.0	220.1	–9%
% of revenue	4.6	5.8	–
Profit before taxes, MEUR	175.2	194.8	–10%
Operating cash flow after investments, MEUR	–17.3	–61.7	–
Earnings/share, EUR	0.99	1.12	–12%
Dividend/share, EUR	0.70*	0.65	8%
At year's end:			
Return on investment, % (last 12 months)	12.0	14.4	–
Equity ratio, %	30.2	31.9	–
Gearing ratio, %	80.4	72.6	–
Order backlog, MEUR	4,148.6	3,535.7	17%
Balance sheet total, MEUR	3,504.5	3,117.1	12%
Personnel	25,996	25,832	1%

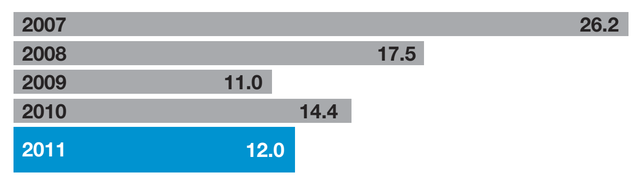
* Board of Directors' proposal

Revenue, EUR million

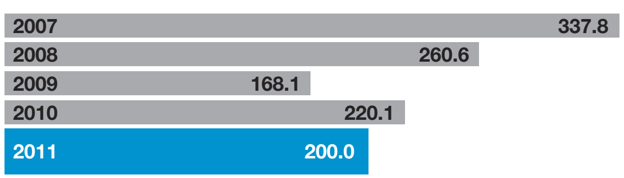
Order backlog, EUR million



Return on investment, %



Operating profit, EUR million



Personnel at year's end

Equity ratio, %

Shareholders

At the end of December 2011, the number of registered shareholders was 36,547 (12/2010: 32,476). The number of private investors increased by approximately 3,500 during 2011. At the end of December, a total of 32.2 percent (12/2010: 37.9%) of the shares were owned by nominee-registered and non-Finnish investors.

During 2011, 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 December 31, 2011, members of YIT Corporation’s Board of Directors, the CEO and his deputy held a total of 16,586,490 (December 31, 2010: 14,411,086) YIT shares, corresponding to 13.0% of the company’s shares and the votes conferred by them (December 31, 2010: 11.3%). Share ownership includes individuals’ direct holdings and the holdings of their close associates and controlled corporations.

Shareholding by the Board of Directors, the President and CEO and the Group’s Management Board on December 31, 2011, is presented in more detail on pages 21–22.

Up-to-date shareholdings information for each individual can be found on YIT’s website at www.yitgroup.com/investors – Major shareholders – Insiders’ ownership in YIT

Management’s shareholding December 31, 2011

	Shares	% of shares outstanding
Board of Directors	16,548,770	13.01
President and CEO	32,700	0.03
Deputy to the President and CEO	5,020	0.00
The Group’s Management Board excluding the President and CEO and his deputy	24,575	0.02
Total	16,611,065	13.06

Ownership by shareholder groups, December 31, 2011

	Number of shareholders	Proportion, %,	Number of shares	Proportion, %
Nominee registered and non-Finnish	232	0.63	40,995,085	32.2
Households	33,141	90.68	28,058,091	22.1
Public institutions	51	0.14	20,643,910	16.2
Financial and insurance corporations	143	0.39	16,331,033	12.8
Non-profit institutions	588	1.61	9,535,927	7.5
Non-financial corporations and housing corporations	2,392	6.54	11,659,376	9.2
Total	36,547	100.00	127,223,422	100.0

Ownership by number of shares held, December 31, 2011

Number of shares	Number of shareholders	Proportion, %,	Number of shares	Proportion, %
1–100	9,059	24.8	598,174	0.5
101–500	15,244	41.7	4,351,431	3.4
501–1,000	5,801	15.9	4,565,768	3.6
1,001–5,000	5,193	14.2	11,371,049	8.9
5,001–10,000	648	1.8	4,758,378	3.7
10,001–50,000	455	1.2	9,712,126	7.6
50,001–100,000	66	0.2	4,581,976	3.6
100,001–500,000	57	0.2	13,159,419	10.3
500,001–	24	0.1	74,125,101	58.3
Total	36,547	100.0	127,223,422	100.0

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

Major shareholders December 31, 2011

	Number of shares	% of shares and votes
1. Structor S.A.	15,430,000	12.13
2. Varma Mutual Pension Insurance Company	10,000,000	7.86
3. Ilmarinen Mutual Pension Insurance Company	4,841,255	3.81
4. Mandatum Life	4,594,606	3.61
5. Nordea funds	2,074,858	1.63
6. OP funds	2,030,000	1.60
7. YIT Corporation	1,952,414	1.53
8. Odin funds	1,864,452	1.47
9. Svenska litteratursällskapet i Finland r.f.	1,859,200	1.46
10. Tapiola Mutual Pension Insurance Company	1,685,541	1.32
11. Brotherus Ilkka	1,324,740	1.04
12. State Pension Fund	1,321,807	1.04
13. Danske Invest funds	1,247,424	0.98
14. Kaleva Mutual Insurance Company	1,247,348	0.98
15. Herlin Antti	948,980	0.75
Nominee registered shares	22,638,778	17.79
Others total	52,162,019	41.00
Total	127,223,422	100.00

YIT share

Share and share capital

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

YIT Corporation's share capital and the number of shares outstanding did not change during 2011. YIT Corporation's share capital was EUR 149,216,748.22 at the beginning of 2011 (2010: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2010: 127,223,422).

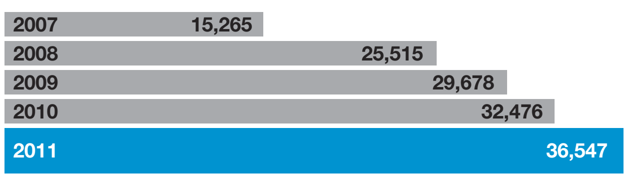
Treasury shares

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.

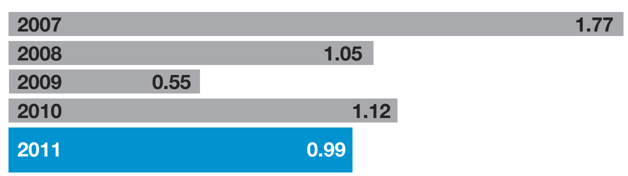
YIT Corporation held 2,145,000 treasury shares at the beginning of the review period purchased on the basis of the authorisation given by the General Meeting of October 6, 2008. In 2011, 196,910 treasury shares held by YIT Corporation were issued conveyed to the key persons participating in the share-based incentive scheme. By the end of 2011, 4,324 shares had been returned to YIT. At the end of the year, the company held 1,952,414 of its own shares. During 2011, no shares in the parent company were owned by subsidiaries.

Share-related figures on page 106.

Number of shareholders

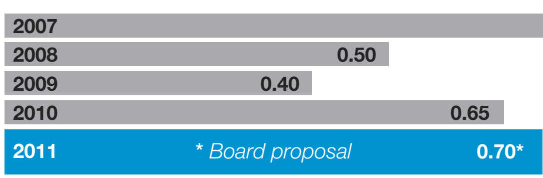


Earnings/share, EUR

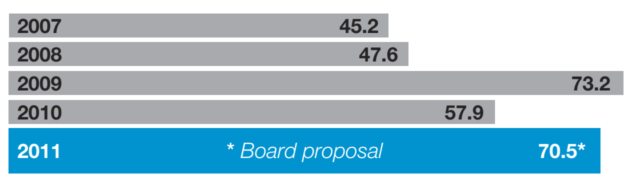


Equity/share, EUR

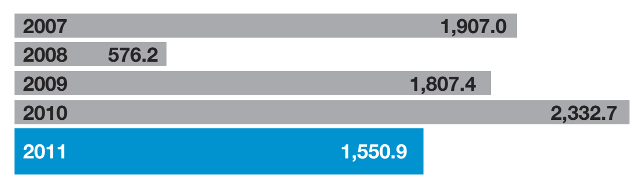
Dividend/share, EUR



Dividend payout ratio of net profit for the period, %



Market capitalisation, EUR million



Trading in shares

The price of YIT's share was EUR 18.65 at the beginning of the year (January 1, 2010: EUR 14.45). The closing rate of the share on the last trading day of 2011 was EUR 12.38 (December 30, 2010: EUR 18.65). YIT's share price decreased by approximately 34 percent during 2011. The highest price of the share in 2011 was EUR 21.92 (1–12/2010: EUR 19.00), the lowest was EUR 10.04 (1–12/2010: EUR 12.98) and the average price was EUR 15.28 (1–12/2010: EUR 16.35).

YIT's share (YTY1V)

Listing: NASDAQ OMX Helsinki
Listing date: September 4, 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 2011, the YIT share was included in the following indices, among others:

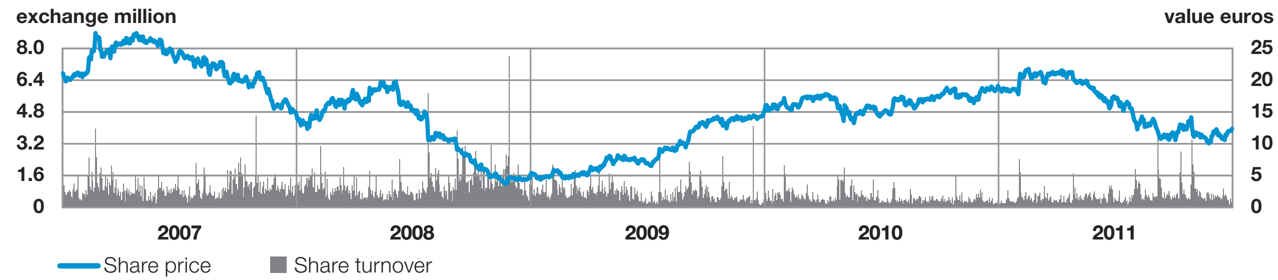
- OMX GES Ethical Finland Index
- OMX GES Sustainability Finland Index
- OMX Helsinki
- OMX Helsinki 15
- OMX Helsinki 25
- OMX Helsinki Construction and Engineering
- OMX Helsinki Capital Goods
- OMX Helsinki Industrials
- OMX Helsinki Benchmark
- OMX Nordic

Share turnover on Nasdaq OMX in January–December amounted to 151,022,740 shares (1–12/2010: 127,536,954). The value of turnover came to EUR 2,314.0 million (1–12:2010: EUR 2,085.0 million).

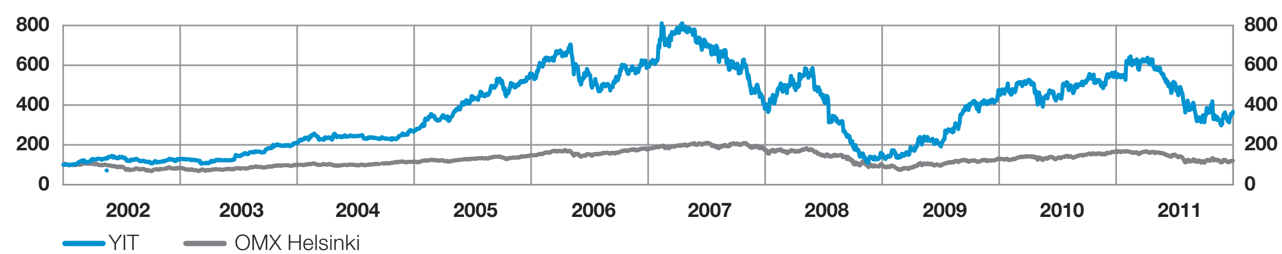
In addition to the Helsinki Stock Exchange, YIT shares are also traded on other market places, such as Chi-X, BATS and Turquoise. During 2011, the alternative trading places increased their share of the trading volume in the YIT share. During January–December, 40,504 thousand YIT Corporation shares changed hands in alternative market places (1–12/2010: 21,580 thousand), corresponding to approximately 21 percent of the total share trade (1–12/2010: 14%). Of the alternative market places, YIT shares changed hands particularly in Chi-X, which accounted for approximately 12 percent of the full-year total trading volume (1–12/2010: 9%). Also, 240 thousand YIT Corporation shares also changed hands in OTC transactions (1–12/2010: 62 thousand), source: Nasdaq OMX.

YIT Corporation's market capitalisation at the end of the review period was EUR 1,550.9 million (12/2010: EUR 2,332.7 million). The market capitalisation has been calculated excluding the shares held by the company.

Share price trend and share turnover on NASDAQ OMX Helsinki



Share price trend compared with OMX Helsinki



Debt financing

Finance policy

The Board of Directors has approved the Corporate Finance Policy. The Group's Finance Department is responsible for the practical implementation of the policy in association with the business units. In accordance with the Finance Policy, it is the task of the Group's Finance Department to ensure the sufficient funds required for business operations and achievement of strategic objectives. At the same time, the Finance Department must ensure the sufficiency of liquid assets for the needs of operational activity, repayment of debt and annual payout of dividends to YIT's shareholders.

In accordance with the Finance Policy, YIT also aims to minimise its net financial expenses and optimise the use of liquid assets for operational needs. The aim is also to ensure the sufficiency of different sources of financing and financial instruments.

YIT's Finance Policy defines the main principles and operating methods for managing financial risks.

Structure and sources of financing

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

Cash reserves amounted to EUR 206.1 million at the end of December 2011. In addition, committed credit and overdraft facilities amounting to a total of EUR 355.4 million were available. New committed credit facilities amounting to a total of EUR 130 million were agreed upon in 2011. YIT has a total of EUR 280 million in committed credit facilities, of which EUR 50 million are valid until December 2013, EUR 30 million until December 2014 and EUR 200 million until December 2015. The committed credit facilities do not include an obligation to maintain financial key ratios, i.e. covenants.

The gearing ratio amounted to 80.4 percent at the end of December 2011 and equity ratio to 30.2 percent.

The Group's balanced business structure and solid financial position enable the implementation of YIT's growth strategy and the acquisitions and plot investments required by it. On the other hand, the Group has also prepared for macroeconomic uncertainty by strengthening its liquidity position.

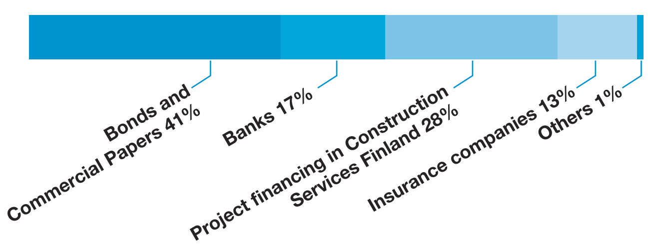
Further information in the Report of the Board of Directors on pages 32–33.

YIT's debt portfolio on December 31, 2011

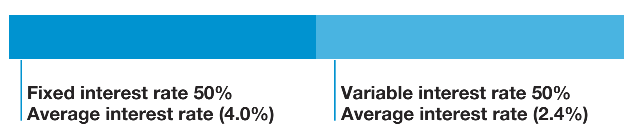
Financial liabilities amounted to EUR 946.6 million at the end of December, and their average interest rate was 3.2 percent. The maturity distribution of long-term loans is balanced. A total of EUR 96.2 million of long-term loans will mature in 2012.

During the second quarter of 2011, YIT issued, under the company's programme for issuance of notes, a EUR 100 million bond targeted at institutional and other selected investors.

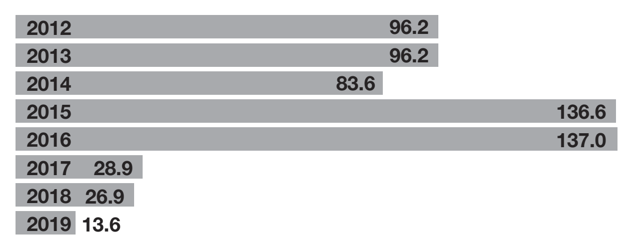
Sources of financing



Interest rate of the debt portfolio



Maturity distribution



Investor Relations

Tasks and objectives

The aim of our investor relations is to support the appropriate valuation of the YIT share by continuously 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, improve the loyalty of current shareholders and reach new investors and analysts interested in the company.

Our investor relations works on composing interim reports, the financial statements bulletin and stock exchange releases, creating investor presentations and planning and implementing investor communications as well as daily contact with investors and analysts. Investor relations is also responsible for organising events.

YIT's investor relations activity covers the Capital Market 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 share-related information 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 2011

During 2011, we met over 800 investors and analysts. YIT arranged 36 road show days with the company's management meeting investors in Europe and North America.

Our Capital Market Day was held in September in St. Petersburg as part of YIT's 50th anniversary in Russia. The event featured YIT's CEO, Chief Financial Officer, the directors of all segments and the general director of construction services in St. Petersburg.

The Capital Market Day focused particularly on YIT's strategy of pursuing balanced, profitable growth, and involved a visit to the Vita Nova site. The event had a total of 47 participants. They were from Finland, Sweden, Denmark, Germany, Austria, Russia, United Kingdom and the United States.

In addition to YIT's management, a presentation was given by Petr Morsin, Deputy Chairman of the Severo-Zapadny Sberbank. The presentation focused on the Russian bank sector and the operations of Sberbank.

Analysts following YIT

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

ABG Sundal Collier	Handelsbanken Capital Markets
Carnegie Investment Bank	Inderes
Credit Agricole Cheuvreux Nordic	Merrill Lynch
Deutsche Bank	Nordea Markets
Danske Markets Equities	Pohjola Bank
Evli Bank	SEB Enskilda
E. Öhman J:or Securities	Swedbank
FIM	UBS
Goldman Sachs International	Ålandsbanken

Contact details for the analysts can be found on YIT's website at www.yitgroup.com/Investors – IR contacts – Analysts following YIT

YIT's result publications and Annual General Meeting in 2012

YIT's Financial Statements Bulletin for 2011 was published on Thursday, February 2, 2012.
YIT will publish three Interim Reports for 2012:

- Interim Report for January–March on April 27, 2012
- Interim Report for January–June on July 26, 2012
- Interim Report for January–September on October 30, 2012

The Financial Statements Bulletin and the Interim Reports will be published at 8:00 a.m. Finnish time (EET). Prior to each earnings announcement is a so-called closed period that starts on January 1, April 1, July 1 and October 1 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 March 13, 2012.

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 through a 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 Investor Relations, tel. +358 20 433 2467, 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 and stock exchange releases, investor presentations and webcasts
- 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, total return calculator for calculating the value of your investments in YIT and consensus estimates of our earnings

Contact information

YIT Corporation
Investor Relations
P.O. Box 36, FI-00621 Helsinki

www.yitgroup.com/investors

InvestorRelations@yit.fi
Fax +358 20 433 2505

Chief Financial Officer (CFO)
Timo Lehtinen
Tel. +358 20 433 2258
timo.lehtinen@yit.fi

Vice President, Investor Relations
Hanna-Maria Heikkinen
Tel. +358 20 433 2635
hanna-maria.heikkinen@yit.fi

Investor Relations Specialist
Merja Paulamäki
Tel. +358 20 433 2598
merja.paulamaki@yit.fi

Requests for investor meetings
Päivi Mirfakhraei
Tel. +358 20 433 2257
paivi.mirfakhraei@yit.fi

Corporate Governance

We aim for open, transparent and responsible corporate governance. We are committed to 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: www.cgfinland.fi

Additional information on YIT's website: www.yitgroup.com/investors

- Corporate Governance Statement pursuant to recommendation 54 of the Finnish Corporate Governance Code
- Articles of Association
- YIT Group's ethical guidelines

Major events during 2011

- The Board of Directors' Working Committee was established.
- The segment structure was adjusted by demerging a business segment to Building Services Northern Europe and Building Services Central Europe.
- Michael Rosenlew was elected as a new Board member.
- Three new persons were appointed to the Group's Management Board: Karl-Walter Schuster, head of the Building Services Central Europe business segment; Matti Malmberg, head of the Building Services Northern Europe business segment; and Pii Raulo, Senior Vice President, Human Resources.

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 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 auditor 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 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.

Rights of shareholders in the General Meeting

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 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 company will publish the date by which shareholders must present their requests on its website well in advance.

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

In 2011

The Annual General Meeting was held on March 11, 2011, in Helsinki. A total of 675 (2010: 724) shareholders participated in the meeting personally or by proxy. They represented 52,930,812 (57,256,783) shares and votes, which was approximately 42% (45%) of the company's votes. The members of the Board of Directors, apart from Michael Rosenlew, who had been proposed as a new Board member, the President and CEO and the auditor were present in the meeting.

The resolutions of the Annual General Meeting are presented as a summary in the Report of the Board of Directors on page 25, and they can be viewed in full on our website at: www.yitgroup.com/agm

Board of Directors

The Board of Directors directs and oversees the management and operations of the company. The duty of the Board is to promote the interests of all shareholders and the Group by overseeing the administration and proper organisation of operations.

Our Board is comprised of the Chairman and the Vice Chairman and three to five ordinary 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, it is required 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 of Directors.

The Board of Directors 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 a decision. In the case of a tie, the Chairman has the casting vote. The CEO participates in the Board meetings as presenting officer for issues and the Chief Financial officer as the secretary of the Board. Other Management Board members attend 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.

YIT's governance in 2011

General Meeting
36,547 shareholders
on December 31, 2011

Board of Directors
Chairman, Vice Chairman, 5 members
Committees
Audit Committee
Nomination and Rewards Committee
Working Committee

President and CEO

Management Board
Chairman (CEO), Vice Chairman, 6 members

Segments
Building Services Northern Europe
Building Services Central Europe
Construction Services Finland
International Construction Services

External audit
Authorised Public
Accountants

Internal control
Management systems
Internal audit
Internal guidelines

Key tasks of the Board of Directors

Among other duties, the Board of Directors:

- ensures that the supervision of accounting and asset management is 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 the agenda
- specifies the dividend policy and makes a proposal to the general meeting of shareholders on the dividend to be paid annually
- approves the Group's strategic objectives and risk management principles

- approves budgets and operating plans and oversees their implementation
- approves significant acquisitions and other investments
- confirms the operational structure of the Group
- ensures the functioning of management systems
- ratifies the Group's values

In 2011

The members of YIT Corporation's Board of Directors between January 1 and March 11, 2011, were Henrik Ehrnrooth as the Chairman, Reino Hanhinen as the Vice Chairman and Kim Gran, Eino Halonen, Antti Herlin, Satu Huber and Lauri Ratia as members.

The Annual General Meeting held on March 11, 2011, elected five 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, Eino Halonen, Antti Herlin and Satu Huber continued as Board members. Michael Rosenlew was elected as a new member.

All of the members of the Board of Directors were independent of YIT and its major shareholders; however, Henrik Ehrnrooth 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.

The presentation of the Board members on page 21.

The Board convened ten times during 2011, of which nine meetings were convened as the new Board from March 11, 2011. The members' total attendance rate was 93%. One meeting was held as a field trip meeting with the Board becoming acquainted with infrastructure services and residential construction in Finland. 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 used in developing the Board's work.

The focus areas for the Board's work in 2011 included: securing balanced and profitable growth as part of YIT's strategic work and budgeting, the promotion of occupational safety, risk management and the Group's financial position.

After the retirement of Antero Saarilahti, Senior Vice President, Administration, Timo Lehtinen, Chief Financial Officer, was appointed Secretary of the Board of Directors.

Proposal on Board of Directors' composition in 2012

The Board of Directors proposes on recommendation of The Board's Nomination and Rewards Committee that Henrik Ehrnrooth be elected as the Chairman of the Board of Directors, Reino Hanhinen as the Vice Chairman, and Kim Gran, Antti Herlin, Satu Huber and Michael Rosenlew as members of the Board of Directors. All candidates have consented to being elected. The candidates are members of the Company's Board of Directors.

Committees to the Board of Directors

Our Board of Directors has three Committees: the Audit Committee, the Nomination and Rewards Committee, and the Working Committee established in summer 2011. The Board of Directors elects the members and Chairmen of the Committees from among its members in its organisational and first meeting each year. The 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 and assessing the audit. The Committee reviews the company's financial statements and consolidated financial statements for the financial period as well as interim reports and monitors the audit. It evaluates compliance with laws and regulations and follows the Group's financial situation.

The Committee convenes at least four times per year. It comprises three members who must be 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 acts as the secretary of the Audit Committee.

In 2011

Between January 1 and March 11, 2011, the Audit Committee members were Lauri Ratia as Chairman Eino Halonen and Satu Huber as members. In its organisational meeting on March 11, 2011, the Board elected Michael Rosenlew as Chairman and Eino Halonen and Satu Huber as members of the Audit Committee from among its number.

The Audit Committee convened five times during 2011, of which four meetings were as the new Committee from March 11, 2011. The members' total attendance rate was 100%. Timo Lehtinen, Chief Financial Officer, was the secretary of the Committee, and the President and CEO Juhani Pitkäkoski attended the Committee meetings. Following an administrative change in reporting relationships, Ari Ladvelin, head of internal audit, also attended the meetings of the Committee. The auditor, Heikki Lassila (PricewaterhouseCoopers) also attended some of the meetings, as did members of the company's management, depending on the matters dealt with by the meeting.

During the financial period, the Audit Committee focused on, the preparation of financing arrangements, tendering the Group's audit, ensuring and monitoring the implementation of the company's information management strategy and IT projects as well as the certification of the processes related to risk management, judicial proceedings and reclamation processes.

Nomination and Rewards Committee

The Nomination and Rewards Committee 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, share-based incentive scheme and other issues related to pay policy, evaluating the remuneration paid to the CEO and other management, and answering questions related to the Remuneration Statement at the general meeting of shareholders. 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 our HR and reward-related policies.

The majority of the members must be independent of the company. The CEO or other members of the company management may not be members of the Committee. The Senior Vice President, Human Resources, serves as the Committee secretary.

In 2011

Between January 1 and March 11, 2011, the members of the Nomination and Rewards Committee of YIT Corporation's Board of Directors were Henrik Ehrnrooth (Chairman) and Eino Halonen, Reino Hanhinen and Antti Herlin. In its first organisational meeting on March 11, 2011, the Board of Directors decided to keep the composition of the Nomination and Rewards Committee unchanged.

The Nomination and Rewards Committee convened five times during 2011, of which four meetings occurred after March 11, 2011. The members' total attendance rate was 100%. Antero Saarilahti, Senior Vice President, Administration, served as the secretary of the Committee up to his retirement, followed by Juhani Pitkäkoski, President and CEO, thereafter. Pii Raulo, Senior Vice President, Human Resources, was appointed the secretary of the Committee on December 19, 2011.

Key tasks of the Nomination and Rewards Committee for 2011 included the development and implementation of the long-term incentive schemes and the review of the performance bonus policy.

Working Committee

The Working Committee assists the Board of Directors in matters related to business development. The tasks of the Working Committee include addressing matters related to business development and preparing proposals for the Board of YIT. According to its ratified standing orders the working committee will address matters related to Group strategy, business segment structure, business organisation and significant investments.

The Working Committee convenes as necessary, summoned by the Chairman. The Committee has three 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 acts as the Chairman of the Committee. The President and CEO serves as the Committee secretary.

In 2011

The Working Committee was established on June 28, 2011. Its members 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.

The Working Committee convened four times in 2011. The members' total attendance rate was 100%. President and CEO Juhani Pitkäkoski 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.

Key tasks of the Working Committee for 2011 included the development and implementation of the programme to improve profitability in the Building Services Northern Europe segment, setting Group-level objectives for procurement activities and assessing the competitive environment.

YIT Corporation's Board of Directors December 31, 2011

Henrik Ehrnrooth (Chairman) Reino Hanhinen (Vice Chairman)	Kim Gran Eino Halonen Antti Herlin Satu Huber Michael Rosenlew

Audit Committee	Nomination and Rewards Committee	Working Committee
Michael Rosenlew (Chairman) Eino Halonen Satu Huber	Henrik Ehrnrooth (Chairman) Eino Halonen Reino Hanhinen Antti Herlin	Henrik Ehrnrooth (Chairman) Reino Hanhinen Michael Rosenlew

Board member meeting participation January 1 – December 31, 2011

	Board of Directors	Audit Committee	Nomination and Rewards Committee	Working Committee
Henrik Ehrnrooth	9/10	–	5/5	4/4
Kim Gran	8/10	–	–	–
Eino Halonen	10/10	5/5	5/5	–
Reino Hanhinen	10/10	–	5/5	4/4
Antti Herlin	10/10	–	5/5	–
Satu Huber	9/10	5/5	–	–
Lauri Ratia*	1/1	1/1	–	–
Michael Rosenlew*	8/9	4/4	–	4/4
Average attendance rate	93 %	100 %	100 %	100 %

* Lauri Ratia was member of the Board of Directors and the Audit Committee until March 11, 2011, and Michael Rosenlew from March 11, 2011.

President and CEO

The President and CEO attends to the day-to-day administration of the company in accordance with the instructions and orders given by the Board of Directors. The Board of Directors appoints and discharges the CEO and supervises his activities. It also decides on the CEO's remuneration and other terms of employment. The CEO ensures that the company's accounting is lawful and asset management is organised reliably. The CEO serves as the chairman of the Group's Management Board and as the chairman of the Boards of the Group's business segment parent companies.

Management 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 President and 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 the Group's strategic and annual planning, supervises the implementation of plans and financial reporting, prepares major investments and acquisitions and supervises their implementation. Developing cooperation within the Group and promoting common development projects are also among the Management Board's key duties.

The President and CEO is responsible for decisions made by the Management Board, whereas the Management Board members implement the decisions in their own areas of responsibility. The Management Board has standing orders ratified by the Board of Directors.

In 2011

Juhani Pitkäkoski continued as YIT Corporation's CEO. Three new persons were appointed to the Group's Management Board.

Karl-Walter Schuster (61) was appointed as the head of Building Services Central Europe and as a member of the Group Management Board from March 1, 2011. Previously, he acted as the head of the Central Europe division within the Building and Industrial Services business segment. Matti Malmberg (51) was appointed as the head of Building Services Northern Europe and as a member of the Group Management Board from June 29, 2011. Previously, he acted as the head of building system services in Finland, Russia and the Baltic countries. Pii Raulo (44), YIT Corporation's Senior Vice President, Human Resources, was appointed as a member of YIT's Management Board from December 19, 2011. Pii Raulo joined YIT in 2004, and she was appointed as YIT Group's Senior Vice President, Human Resources, from July 1, 2011.

After the retirement of the Senior Vice President, Administration Antero Saarilahti, Sakari Toikkanen was appointed Secretary of the Management Board. Sakari Toikkanen is Senior Vice President, Business Development and a member of the Management Board.

The Management Board convened 12 times during the year. Its key focus areas included promoting the strategy of profitable growth through acquisitions, for example, and the development of occupational safety and the Group's ethical principles.

Internal audit

YIT Group's internal audit organisation supports the management in the development and supervision of risk management, internal control and corporate governance. The focus of internal audit is on matters where risks and development potential are identified. Its work is focused on operational auditing. The Group's internal audit reports to the Audit Committee of the Board of Directors and in terms of administration, to the President and CEO.

In 2011

During 2011, quality assurance was carried out, reviewing and updating the focus areas and operating principles of the internal audit. The most significant efforts were made in reviewing procurement in International Construction Services, financial reporting in International Construction Services and the SAP system for Building Services.

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 duty of the auditor is to audit the company's accounts for the financial period, the Board of Directors' report, financial statements and governance. The parent company's auditor must also audit the consolidated financial statements and other relations between the Group companies. The auditor issues a statutory auditor's report to the company's shareholders in connection with our annual financial statements and 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 the auditor with the main responsibility may not exceed seven years.

In 2011

The Annual General Meeting in 2011 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit governance and accounts in 2011. The auditor with main responsibility is Heikki Lassila, Authorised Public Accountant, who has been the company's chief auditor since 2008.

Audit fees, EUR 1,000

	2011	2010
Audit	1,209	1,200
Statements	9	11
Tax services	319	285
Other services	149	696
Total	1,686	2,192

Insider administration

YIT Group has had Guidelines for Insiders since March 1, 2000. They follow the Guidelines for Insiders approved by NASDAQ OMX Helsinki for listed companies. The 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 statutory insiders (insiders with duty to declare) and their close associates, the ownership of YIT securities are 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, during certain 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. These include management and key personnel of Group Services separately specified by the Board of Directors, the CEO's secretary, CFO's secretary, members and secretaries of the business segment Management Boards and Boards of Directors and the secretaries of the business segment heads as well as the CFOs. In total, the Group had 73 permanent insiders at the end of 2011. We maintain a register of our 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 information on the holdings and trading of insiders can be found on our website at www.yitgroup.com/investors – Ownership – Insiders' ownership in YIT

Operating principles and control systems

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

Key external regulation

- 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
- Ethical guidelines and values

Ethical guidelines and reporting misconduct

Our ethical guidelines include our operating procedures regarding the following matters: conflicts of interests, confidentiality obligation and protection of rights and assets, insider trading, bribery and corruption, subsidies, competition rules, entertainment and business trips, equal treatment, openness and documents and presence in social media.

If an employee observes any breaches of the guidelines, he/she should primarily report it to an immediate supervisor or other member of the company's management. In addition, all countries where YIT operates have appointed persons in charge of ethics who escalate the processing of reported breaches. We use a reporting channel maintained by a third party, allowing our employees to report confidentially any suspicions of misdemeanours and, if necessary, anonymously. A report can be submitted online or by telephone.

Each suspected misdemeanour will be investigated carefully and without delay, and will lead to appropriate action.

Internal control and risk management related to the financial reporting process

The purpose of YIT Group's internal control and risk management is to ensure that business risks are identified and controlled in a managed way. With regard to financial reporting, the purpose is to ensure that it produces substantially correct information for published reports and use by management.

Financial reporting and supervision are based on budgets drafted every six months and according to monthly performance reporting. The profitability and use of capital in projects and at maintenance sites is predicted and monitored on a monthly basis as part of normal business control.

The Group's financial and financing management is responsible for identifying and assessing financial risks. The risks related to financial reporting are evaluated annually and control measures and reporting control points are developed on their basis in order to prevent risks. The risks are managed through the Group's joint accounting manual, financing policy, investment guidelines and acquisition guidelines. There is an anonymous reporting channel through which matters related to suspected financial misconduct can be reported. The consistency of financial reporting is also promoted by the joint SAP system for financial management.

With regard to identified reporting risks, separate measures and responsibilities for managing them were defined in 2011. For example, controls were developed and guidelines on reporting and the content of the Group's internal reporting were specified with regard to the identified risks.

The internal control and risk management systems related to 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 2011

The aim of YIT's remuneration systems is to reward good performance, increase the personnel's motivation and commit the company's management and 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 Board of Directors' Nomination and Rewards Committee prepares matters related to the appointment and remuneration of 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 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 remuneration policy.

Remuneration of Board members

The Annual General Meeting 2011 decided that the Board of Directors' be paid remuneration as follows in 2011:

- 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 travelling compensation regulations.

Proposal for fees for 2012

The Board of Directors proposes on recommendation of The Board's Nomination and Rewards Committee that the remuneration of Board members will be kept unchanged and that the following fees be paid to the Board of Directors:

- 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, it is proposed that a meeting fee of EUR 550 be paid for each Board and committee meeting. Per diems are proposed to be paid for trips in Finland and abroad in accordance with the State's travelling compensation regulations.

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 bonus, and
- Long-term incentive schemes, such as share-based incentive scheme and pension benefits.

Performance 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 bonus scheme. The Board of Directors confirms the criteria for the payment of performance 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, such as occupational safety 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 bonuses are specified at the business group and unit level.

The maximum annual performance bonus paid to the CEO and the Management Board may equal 40%–60% of their annual taxable pay excluding the performance 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 will be handed over in 2011, 2012 and 2013 based on the performance the previous year. A total of approximately 700,000 shares may be rewarded annually, of which a maximum of 20,000 to the President and CEO. Furthermore, employees included in the incentive scheme will receive part of their reward in cash to cover the deferred taxes and other charges ordered by the authorities caused by the share rewards. 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. Under all circumstances, the Board has the right to amend the bonuses in a reasonable manner. The Board of the company annually decides on the performance criteria and the employees included in the scope of the incentive scheme.

In 2010, the share bonus criteria included return on investment and growth in revenue. YIT Corporation's Board of Directors confirmed the rewards for the 2010 earning period under the share-based incentive scheme for YIT's management on April 28, 2011, which were conveyed as a directed share issue without consideration during the review period. In the share issue, 196,910 YIT Corporation shares were issued and conveyed without consideration to the key persons participating in the share-based incentive scheme according to the terms and conditions. The incentive scheme covered about 260 people in 2011, and its cost effect was about EUR 3.4 million in January–December (1–12/2010: EUR 3.9 million).

Remuneration of the Board, EUR

	Board membership	Board meetings	Audit Committee meetings	Nomination and Rewards Committee meetings	Working committee meetings	Total 2011	Total 2010
Henrik Ehrnrooth	77,400	4,900	–	2,700	2,200	87,200	80,500
Eino Halonen	45,600	5,450	2,700	2,700		56,450	55,500
Reino Hanhinen	58,500	5,450	–	2,700	2,200	68,850	60,500
Antti Herlin	45,600	5,450	–	2,700	–	53,750	49,500
Kim Gran	45,600	4,350	–	–	–	49,950	47,000
Satu Huber	45,600	4,950	2,700	–	–	53,250	51,500
Lauri Ratia*	8,750	500	500	–	–	9,750	51,500
Michael Rosenlew*	37,050	4,400	2,200	–	2,200	45,850	–
Board of Directors total	364,100	35,450	8,100	10,800	6,600	425,050	396,000

* Lauri Ratia was member of the Board of Directors and the Audit Committee until March 11, 2011, and Michael Rosenlew from March 11, 2011.

In 2011, the share bonus criteria included return on investment and revenue growth. By the end of 2011, 4,324 shares had been returned to YIT.

Pension, retirement age and termination compensation

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

Remuneration paid to the CEO and Management Board in 2011

In addition to salary, the fringe benefits for CEO Juhani Pitkäkoski included a company car and meal benefit. In 2011, the CEO's fixed salary and fringe benefits decreased in value by a total of 5 percent. The performance bonus paid in 2011 corresponded to the monthly salary of approximately 2.5 months. The performance bonus paid is based on the Group's financial performance and personal key results set by the Board of Directors.

Remuneration paid to the CEO and Management Board in 2011, EUR

	Fixed salary	Fringe benefits	Performance-based bonus	Incentive scheme	2011 total	2010 total
President and CEO	522,628	11,541	104,434	264,806	903,408	668,747
Other members of the Management Board, total	1,550,881	89,129	298,023	808,657	2,746,690	1,642,877

Includes the members' total remuneration from the period they were members of the Group Management Board.

The bonuses paid to the CEO in 2011 totalled EUR 104,434. Of this amount, EUR 50,776 was paid according to 2010 results and EUR 53,658 according to 2011 results. The bonuses paid to other members of the Group Management Board in 2011 totalled EUR 298,023. Of this amount, EUR 143,124 was paid according to 2010 results and EUR 154,899 according to 2011 results.

The CEO was granted 6,570 shares in 2011 under the share-based incentive scheme for 2010 results. The combined value of the shares and the related monetary bonus was EUR 264,806. The other members of the Group Management Board were granted a total of 22,790 shares, and the total value of these shares and the related monetary bonus was EUR 808,657.

Shareholding by the Board of Directors, the President and CEO and the Group's Management Board on December 31, 2011, is presented in more detail on pages 21–22.

Up-to-date shareholdings information for each individual can be found on YIT's website at www.yitgroup.com/investors – Major shareholders – Insiders' ownership in YIT

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 twice a year in connection with the review of the strategy and the annual plan. 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 segments.

Operational and event risks are reported at the business unit, division and business segment 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 level of the division and business segment on a monthly basis as part of 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

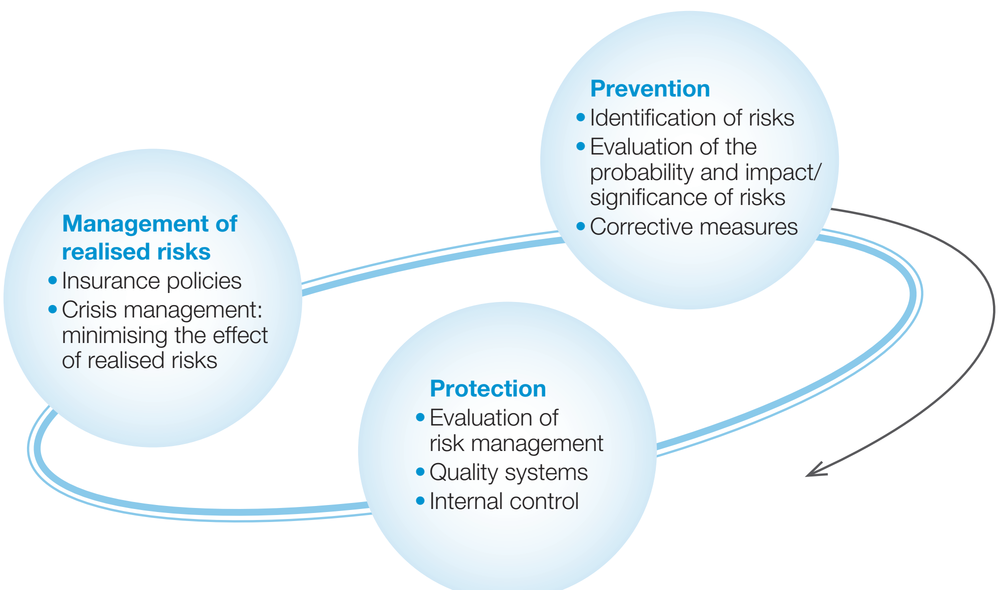
The Board of Directors approves the risk management policy and its objectives, and guides and supervises the planning and execution of risk management. The Working Committee of the Board of Directors will address matters related to Group strategy, business segment structure, business organisation and significant investments. The Audit Committee assists the Board of Directors in supervisory duties related to YIT Group's reporting and accounting processes, including internal monitoring, risk management, internal auditing and guiding and supervising the audit. The Nomination and Rewards 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 business segments 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 segments report to the President and CEO.

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



Focus areas for risk management in 2011

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 the Working Committee of the Board of Directors for 2011 included assessing the competitive environment, the development and implementation of the programme to improve profitability in the Building Services Northern Europe segment, and setting Group-level objectives for procurement activities.

Market environment

In 2011, the regular monitoring of the market and competitive situation was intensified. Separate action plans were composed for different market scenarios, including sales activation efforts, adjusting the cost structure, renewal of procurement agreements and efforts to improve payment terms and conditions.

A strong increase in interest rates and 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. With regard to the segments, the key is to manage risks related to the operating environment in the International Construction Services segment 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 the countries where International Construction Services operate.

In building system services, the integration and development of the acquisition completed at the beginning of September 2010 proceeded as planned. The risk management in building system services 2011 focused on improving the efficiency of operations and adjusting the cost structure with the aim of pursuing profitability under challenging market conditions.

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 also in the future. No write-offs were made to plots during 2011. 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.

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 investment management teams of the business segments 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 became more emphatic as the infrastructure services and number of major business premises projects increased.

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

During 2011, excessive levels of ammonia were found in residential units built by YIT in St. Petersburg due to an additive used by the concrete supplier. The company made a cost provision of EUR 10 million in the third quarter to cover the costs generated due to fixing the problem. YIT will shoulder its responsibility towards the customers and negotiate over compensation with insurance companies and concrete suppliers.

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 has developed the Group's business structure to be balanced and tolerant of economic fluctuations. The share of steadily developing service and maintenance operations has been increased. Operations have been expanded geographically so that economic fluctuations impact operations at different times in different markets. Investment-intensive business operations and labour-intensive, cash flow-generating business are balanced.

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 pages 40–42.

Implementation of acquisitions

The implementation of major acquisitions and expanding into new geographic areas requires taking note of and managing cultural, legislative and political factors. YIT aims to implement acquisitions mainly in order to consolidate its current market position as a provider of building system services in the Nordic countries and Central Europe as well as expand to new countries.

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 an acquisition guideline. 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 consist of labour-intensive operations where investments are minor. Residential development projects and commercial real estate development projects, however, require investments in plots of land, and capital is also tied to the development of the plots as well as on-going production.

The key issue in risk management is to keep the Group's structure such that investment-intensive business operations and labour-intensive, cash flow-generating business are balanced. In investment-intensive business operations, 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 head of the business segment, 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 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 control 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 a business premises project. Also, preparations are 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 thousands 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 project management expertise in order to reach the desired profitability. In long-term service agreements, YIT commits to agreed service level and pricing principles.

Project management personnel are required to hold specified competences, and shared decision-making processes and quality 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's Finance Department 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's Finance Department 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 2011 on pages 83–87.

The main characteristics of the internal control and risk management systems connected with the financial reporting process are described on page 13.

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 target-oriented insurance policy. There are few projects that are considerably large and whose insurance should be separately surveyed in regard to the overall extent of operations.

Risk map

Risks	Management methods
Strategic risks	
• Changes in the operating environment	• Balanced business structure • Foreseeing, monitoring and analysis processes and ability to react
• Acquisitions	• Selection criteria, integration programmes, development of governance systems
• Management of capital	• Balanced business structure • Amount of investments and project start-ups
Operational risks	
• Plot acquisitions	• Analysis of plot-related terms and conditions and opportunities • Contractual terms
• Sales risk	• Adjustment of start-ups according to the sales volume • Design management • Contractual arrangements
• Contract tenders and service agreements	• Tender and risk analyses • Contractual expertise
• Project management	• Competence of personnel and quality systems • Decision-making authorities and regular auditing • Monitoring of profitability
• Personnel	• Culture, work atmosphere, duties, training and career planning • Ethical guidelines
Financial risks	
• Sufficiency of financing • Interest rate and currency risks • Credit and counterparty risks • Risks related to the reporting process	• Accounting and financing policies • Internal and external audit
Event risks	
• Accidents related to personal or data security or material damage to property	• Security policy • Insurance policy and plans

Board of Directors on December 31, 2011

Henrik Ehrnrooth

Chairman of the Board

born 1954, M.Sc. (Forest economics), B.Sc. (Econ.),
Chairman of the Board of Directors of Pöyry Plc

Chairman of the Board of Directors 2009–
Chairman of the Nomination and Rewards Committee 2009–
Chairman of the Working Committee 2011–
Member of the Board of Directors 2009–

Henrik Ehrnrooth holds indirectly with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth a controlling interest in Structor S.A.,which is the largest shareholder of YIT Corporation.

Primary working experience:
Pöyry Plc: Chief Executive Officer 1995–1997, President and CEO 1986–1995, Research and development projects 1981–1985,
Economist 1979–1981

Positions of trust:
Pöyry Plc: Chairman of the Board of Directors 2003–. Otava Books and Magazines Group Ltd: Member of the Board of Directors 1988–

Share ownership: 15,430,000

Reino Hanhinen

Vice Chairman

born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c. Vice Chairman of the Board of Directors 2010–
Member of the Nomination and Rewards Committee 2008–
Member of the Working Committee 2011–
Chairman of the Board 1989–2000 and 2006–2008
Member of the Board of Directors 1988–

Independent of YIT Corporation and its major shareholders

Primary working experience:
YIT Corporation: Managing Director 2000–2005, President and CEO 1987–2005. Perusyhtymä Oy: Managing Director 1986–1987. YIT Oy Yleinen Insinööritoimisto: Managing Director 1985–1986. Oy PPTH-Norden Ab: Managing Director 1976–1985. YIT Oy Yleinen Insinööritoimisto: Division Manager 1974–1976, Work Supervisor 1968–1974

Positions of trust:
Rautaruukki Corporation: Chairman of the Board of Directors 2009–. Kone Corporation: member of the Board of Directors 2005–

Share ownership: 130,800

Kim Gran

born 1954, B.Sc. (Econ.), President and CEO of Nokian Tyres plc

Member of the Board of Directors 2008–

Independent of YIT Corporation and its major shareholders

Primary working experience: Nokian Tyres Plc: President and CEO 2000–, Vice President 1995–2000. Pechiney Cebal (UK): Managing Director 1992–1995. Cebal-Printal (UK): Plant Director 1988–1995. Printal Oy-Huhtamäki: Marketing Director 1987–1988

Positions of trust: Chemical Industry Federation of Finland: Vice Chairman of the Board of Directors 2007–. Konecranes Plc: Member of the Board of Directors 2007–. Ilmarinen Mutual Pension Insurance Company: Member of the Supervisory Board 2006–. Finnish–Russian Chamber of Commerce: Member of the Board of Directors 2006–. Nokian Tyres Plc: Member of the Board of Directors 2002–. The Rubber Manufacturers' Association: Chairman of the Board of Directors 2001–

Share ownership: 7,700

Eino Halonen

born 1949, M.Sc. (Econ.)

Member of the Audit Committee 2010–
Member of the Nomination and Rewards Committee 2008–
Vice Chairman of the Board of Directors 2003–2009
Member of the Board of Directors 2000–

Independent of YIT Corporation and its majorshareholders

Primary working experience: Suomi Mutual Life Assurance Company: Managing Director 2000–2007. Pohjola Life Assurance Company Ltd: Managing Director 1998–1999. Merita Nordbanken: Executive Vice President, Regional Bank Manager 1998. Merita Bank Ltd:Director and member of the Management Board 1996–1997. Kansallis-Osake-Pankki: 1971–1995

Positions of trust: Metsäliitto Cooperative: Member of the Board of Directors 2006–. Cramo Oyj: Member of the Board of Directors 2003–

Share ownership: 27,690

Antti Herlin

born 1956, D.Sc. (Econ.) h.c., D.Sc. (Arts) h.c., Chairman of KONE Corporation's Board of Directors

Member of the Nomination and Rewards Committee 2008– Member of the Board of Directors 2004–

Independent of YIT Corporation and its majorshareholders

Primary working experience: KONE Corporation: CEO 1996–2006

Positions of trust: Sanoma Corporation: Member of the Board of Directors 2010–. Solidium: Member of the Board of Directors 2008–. KONE Corporation: Chairman of the Board of Directors 2003–. The Federation of Finnish Technology Industries: Member of the Board of Directors 1996–. Ilmarinen Mutual Pension Insurance Company: Vice Chairman of the Supervisory Board 2004–

Share ownership: 948,980

Satu Huber

born 1958, M.Sc. (Econ.), Managing Director of Tapiola Mutual Pension Insurance Company

Member of the Audit Committee 2009–
Member of the Board of Directors 2009–

Independent of YIT Corporation and its major shareholders

Primary working experience: Tapiola Mutual Pension Insurance Company: Managing Director 2008–. Federation of Finnish Financial Services: Managing Director 2006–2008. State Treasury: Segment Director 1997–2006. Merita Investment Banking: Group Director, First Vice President, Investment Banking 1995–1997. Suomen Yhdyspankki Oy/Merita Bank: Vice President 1986–1995. Citibank NA London: Executive Trainee. Citibank Oy Helsinki: Account Officer 1982–1986

Positions of trust: Finnair Plc: Member of the Board of Directors 2006–, Finnish Cultural Foundation: Member of the Supervisory, Board 2009–. The Finnish Pension Alliance TELA: Member of the Board 2008–. Council for Security of Supply and Infrastructure (CSSI): Member 2008–

Share ownership: 3,600

Michael Rosenlew

born 1959, M.Sc. (Econ.), Managing Director of Mikaros AB

Chairman of the Audit Committee 2011–
Member of the Working Committee 2011–
Member of the Board of Directors 2011–

Independent of YIT Corporation and its major shareholders

Primary working experience: Mikaros AB: Managing Director 2011–. IK Investment Partners Managing Partner (IK) and IK Investment Partners AB's Managing Director 2008–2010, Managing Partner 2004–2008, Director 2001–2004, Deputy Director 1996– 2001, Associate 1993–1996. Lundinvest Oy: Managing Director 1991–1992, CFO 1990–1991. Amer Oy: Group Business Controller 1988–1990. Y-Rahoitus Oy: Financial Director, 1986–1988

Other positions of trust: Board memberships: Mediaverkko Oy, TimeSystem Holding AG, Karolinska Development AB

Share ownership: 0

Up-to-date ownership data:
www.yitgroup.com

Management Board on December 31, 2011

Juhani Pitkäkoski

Chairman

President and CEO of YIT Corporation

born 1958, LL.M.

In the Group's employ 1988–

Primary working experience: YIT Corporation: President and CEO 2008–, Building and Industrial Services segment: President 2009. Building Services segment: President 2003–2008. YIT Installation Ltd: President 2002–2003. YIT Industry Ltd: Executive Vice President 2000–2002. YIT Service Ltd: Managing Director 1998–2000. YIT Corporation: Unit Manager 1997–1998. YIT Huber Teollisuus Ab: Managing Director 1994–1996. Oy Huber Ab: Director of the Factory Service Unit 1991–1994, attorney-at-law 1988–1991. The Electrical Contractors' Association of Finland: Attorney-at-Law 1986–1988

Positions of trust: Tapiola Mutual Life Assurance Company: Member of the Supervisory Board 2009–

Share ownership: 32,700

Kari Kauniskangas

Vice Chairman

Deputy to the Group's President and CEO, Head of International Construction Services business segment

born 1974, M.Sc. (Eng.), B.Sc. (Econ.)

In the Group's employ 1997–

Primary working experience: YIT Corporation: Executive Vice President and deputy to the President and CEO 2008–. Head of International Construction Services 2008–. YIT Construction Ltd: Managing Director 2009–, Business Premises, Division Manager 2005–2007, Building Construction Oulu, Area Manager 2001–2005. Sonera Living Oy: Product Group Manager, 2000–2001. YIT Corporation: Housing Production Uusimaa, Quality and Development Specialist 1998–2000, Housing Production Uusimaa, Site Engineer 1997–1998

Positions of trust: Ilmarinen Mutual Pension Insurance Company: Member of Supervisory Board 2009–

Share ownership: 5,020

Tero Kiviniemi

Head of Construction Services Finland business segment

born 1971, M.Sc. (Eng.), Executive MBA

In the Group's employ 1996–

Primary working experience: Head of Construction Services Finland segment 2009–. YIT Construction Ltd: Infraservices, Division Manager 2008–2009, Structural engineering and regional infraservices, Business Unit Manager 2005–2008, Structural engineering, Assistant Director 2002–2005, Bridge construction, Project Manager 1999–2002, Bridge construction, Field Engineer 1998–1999, Housing Production Uusimaa, Field Engineer 1996–1998. Insinöörityö Hentinen Oy: 1992–1996. Hai Phong Construction Company No 16, Vietnam: 1995. Haka Oy: 1993. Skanska Väst AB, Sweden: 1988–1990

Positions of trust: Talonrakennusteollisuus Ry: Chairman of the Board of Directors 2011–. Infra Contractor´s Association in Finland: Vice Chairman of the Board of Directors 2011–. Construction pool: Chairman 2010–. Confederation of Finnish Industries EK: Member of body of representatives 2010–. Confederation of Finnish Construction Industries RT: Member of the Board of Directors 2009–

Share ownership: 4,032

Timo Lehtinen

Chief Financial Officer of YIT Corporation

born 1964, M.Sc. (Econ.), Executive MBA

In the Group's employ 2006–

Primary working experience: YIT Corporation: Chief Financial Officer 2009–. YIT Construction Ltd: Senior Vice President, Finance 2006–2009, responsible for financial administration of both the Construction Services Finland and International Construction Services segments. Affecto Plc: CFO 2006. Saunalahti Group Oyj: CFO 2003–2006. Auria Oy: Senior Vice President, Administration, Deputy to the President and CEO 2001–2003. West Capital Oy: President and CEO 1999–2003. Aker Finnyards Oy: Financial Manager 1996–1999, Finance Manager 1995–1996, Treasury Manager 1994–1995. Suomen Säästöpankki–SSP Oy: Investment Manager 1992–1993, Dealer 1990–1992

Positions of trust: Tapiola Mutual Pension Insurance Company: Member of the Supervisory Board, 2010–

Share ownership: 3,350

Matti Malmberg

Head of Building Services Northern Europe segment

Born 1960, M.Sc. (Eng.)

In the Group's employ 2003–

Primary working experience: Head of Building Services Northern Europe segment 2011–, YIT Building Systems Oy: Managing Director 2006–2011, Senior Vice President 2004–2005. ABB Corporation: Business Line Manager, Building Systems 1997–2003, Profit Center Manager 1996–1997, Production Manager 1990–1996, Profit Center Manager 1985–1990

Positions of trust: Electrotechnical Employers' Association STTA: Board member 2010–. Finnish Association of HPAC Technical Contractors LVI-TU: Board member 2006–. Talotekniikka-liitto (Building Technology Association): Board member 2006–

Share ownership: 1,325

Pii Raulo

Senior Vice President, Human Resources

Born 1967, M.Sc. (Econ.)

In the Group's employ 2004–

Primary working experience: YIT Corporation: Senior Vice President, Human Resources 2011–. YIT Construction Ltd: HR Director 2008–2011, HR manager 2004–2007. McKinsey & Company: Manager of Administration 1997–2004. Accenture Oy: Personnel specialist 1994–1997. Tietoperintä Oy: Personnel coordinator 1993–1994

Share ownership: 1,386

Karl-Walter Schuster

Head of Building Services Central Europe segment

born 1950, M.Sc. (Eng.)

In the Group's employ 2008–

Primary working experience: YIT Building Services Central Europe segment: President 2011–. YIT Building and Industrial Services: Head of Central Europe division 2008–2011. MCE AG, Austria: Head of Building Services division, member of Executive Committee 2004–2008. Groupe Facbricom, Belgium/SUEZ: Head of Tractebel Energy Services Central Europe, Responsible for all Axima und Elyo companies in CEE 2001–2003. Sulzer AG, Switzerland: Regional Manager, CEO Sulzer Infra Germany, member of Executive Board Sulzer Infra Switzerland 1991–2001. LTG Lufttechnische GmbH, Germany: Project Manager, Branch Office Manager, 1974–1991

Positions of trust: FGK Fachverband Gebäude-Klima (Association of air-conditioning and ventilation in buildings): Member of the board 2011–. BHKS (Federal Industry Association of Heating, Air–conditioningand Sanitary Technology): Member of the board 2004–.

Share ownership: 0

Sakari Toikkanen

Senior Vice President, Business Development

Secretary to the Management Board

born 1967, Lic. (Tech.)

In the Group's employ 1997–

Primary working experience: YIT Corporation: Senior Vice President, Business Development, 2008–, Executive Vice President 2006–2008. YIT Building Systems Ltd: Executive Vice President 2003–2005. YIT Corporation: Vice President, Corporate Planning 2001–2003. YIT Construction Ltd: Development Manager 1999–2000, Quality Manager 1997–1998. Helsinki University of Technology: Researcher 1993–1996

Positions of trust: Rym Oy, member of the Board of Directors 2009–

Share ownership: 14,482

Up-to-date ownership data: www.yitgroup.com

Board of Directors' Report, January 1 – December 31, 2011

Introduction to the Group

YIT is a service company focusing on the development, construction and maintenance of a good living environment operating in 14 countries: the Nordic countries, Central Europe, Russia and the Baltic countries. The Group's services include maintenance and installation projects of real estate and industrial plants as well as residential construction and construction of business premises and infrastructure. Customers include households, users and owners of business premises, developers and construction companies, the public sector and industry.

YIT is one of the leading providers of building system services in the Nordic countries and Central Europe. In construction services, YIT has a solid market position in all of its market areas. YIT is the largest construction company in Finland and has a solid position in residential construction and construction of business premises and infrastructure. YIT is a significant foreign housing developer in Russia, and one of the leading companies in the Baltic construction market. In addition, YIT is engaged in residential construction in the Czech Republic and Slovakia.

Organisation of business operations

YIT Group's business is divided into business segments, which between January 1 and February 28, 2011 were Building and Industrial Services, Construction Services Finland and International Construction Services. YIT's business segment structure was revised from March 1, 2011, with Building and Industrial Services being divided into two segments: Building Services Northern Europe and Building Services Central Europe. From March 1, 2011, YIT's four business segments are: Building Services Northern Europe, Building Services Central Europe, Construction Services Finland and International Construction Services.

YIT changed its business segment structure due to the growth of building service business operations in Central Europe, their increased share of the Group's revenue and the significant business development and profitability potential that these operations offer to YIT.

Management and administration

The administration of YIT Corporation and the YIT Group complies with the Company's Articles of Association and Finnish legislation. YIT also complies with the rules and regulations of bodies that regulate and supervise the operations of listed companies. In its administration, YIT complies with all of the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association in June 2010, which took effect on October 1, 2010. The Code is available on the internet at www.cgfinland.fi.

In addition, YIT's operations are guided by shared values, operating principles and ethical guidelines that were harmonised to cover the entire Group in 2010. YIT aims to comply with high ethical principles, and ethical guidelines are part of YIT's operational culture.

Corporate Governance Statement

The Corporate Governance Statement and the Remuneration Statement will be published at the same time as the Board of Director's Report as separate statements on the company's website at www.yitgroup.com. The governance and control systems of the YIT Group supplemented with up-to-date information can be found in the Company's Annual Report and on its website.

Board of Directors

The Board of Directors is responsible for the administration and the proper organisation of the operations of the company as well as ensuring that the supervision of accounting and asset management is organised appropriately. The Board of Directors has a ratified charter. The Board of Directors controls and supervises the operations of the company and the Group and makes decisions on the key operating principles, objectives and strategies. The Board of Directors oversees the operations, finances and risk management of the Group.

The members of YIT Corporation's Board of Directors between January 1 and March 11, 2011, were Henrik Ehrnrooth as Chairman, Reino Hanhinen as Vice Chairman and Kim Gran, Eino Halonen, Antti Herlin, Satu Huber and Lauri Ratia as members.

YIT Corporation's Annual General Meeting, held on March 11, 2011, resolved to elect a chairman, vice chairman and five ordinary members to the Board of Directors. Those elected were

- Chairman Henrik Ehrnrooth, born 1954, M.Sc. (Forest Economics), B.Sc. (Econ.), Chairman of the Board of Directors of Pöyry PLC
- Vice Chairman Reino Hanhinen, born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c. and members
- Kim Gran, born 1954, B.Sc. (Econ.), President and CEO of Nokian Tyres plc
- Eino Halonen, born 1949, M.Sc. (Econ.)
- Antti Herlin, born 1956, D.Sc. (Econ.) h.c., D.Sc. (Arts) h.c., Chairman of KONE Corporation's Board of Directors

- Satu Huber, born 1958, M.Sc. (Econ.), Managing Director of Tapiola Mutual Pension Insurance Company and
- Michael Rosenlew, born 1959, M.Sc. (Econ.), Managing Director of Mikaros AB.

All of the members of the Board of Directors were independent of YIT and its major shareholders; however, Henrik Ehrnrooth, along with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth, indirectly holds a controlling interest in Structor S.A., which is the major shareholder in YIT Corporation.

An up-to-date presentation of the members of the Board of Directors is available on YIT's website.

Committees of the Board of Directors

In 2011, the Board of Directors had an Audit Committee and a Nomination and Rewards Committee, in addition to which the Board of Directors of YIT established a Working Committee as of June 28, 2011. The Board has ratified separate standing orders for all of its Committees.

Between January 1 and March 11, 2011, the members of the Audit Committee of YIT Corporation's Board of Directors were Lauri Ratia (Chairman) and Eino Halonen and Satu Huber. In its organisational meeting on March 11, 2011, the Board elected Michael Rosenlew as Chairman and Eino Halonen and Satu Huber as members of the Audit Committee from among its number.

Between January 1 and March 11, 2011, the members of the Nomination and Rewards Committee of YIT Corporation's Board of Directors were Henrik Ehrnrooth (Chairman) and Eino Halonen, Reino Hanhinen and Antti Herlin. In its organisational meeting on March 11, 2011, the Board of Directors decided to keep the composition of the Nomination and Rewards Committee unchanged.

The members of the Working Committee of YIT Corporation's Board of Directors have been Henrik Ehrnrooth (Chairman) and Reino Hanhinen and Michael Rosenlew since it was established on June 28, 2011.

Meetings of the Board of Directors

In 2011, the Board of Directors held ten meetings, the Audit Committee held five meetings, the Nomination and Rewards Committee held five meetings and the Working Committee held four meetings. The members' attendance rate in Board of Directors' meetings was 93%, in Audit Committee meetings 100%, in Nomination and Rewards Committee meetings 100% and in Working Committee meetings 100%.

President and CEO and his deputy

The Board of Directors elects the President and CEO of the Company. YIT Corporation's President and CEO has been Juhani Pitkäkoski (born 1958), LL.M., since November 2008, with Kari Kauniskangas (born 1974), M.Sc. (Eng.), B.Sc. (Econ.), acting as his deputy.

The Group's Management Board

The Group's Management Board assists the President and CEO in the planning of operations and operative management and prepares issues to be discussed in the Board of Directors of the parent company. The heads of the business segments report to the President and CEO of YIT Corporation.

Between January 1 and February 28, 2011, the Group's Management Board comprised of:

- President and CEO (Chairman)
- Deputy to the Group's President and CEO (Vice Chairman) and Head of International Construction Services business segment
- Head of the Building and Industrial Services segment
- Head of the Construction Services Finland business segment
- The Group's Chief Financial Officer
- The Group's Senior Vice President, Business Development.

The Group's Senior Vice President, Administration, served as the secretary to the Management Board.

YIT's business segment structure changed on March 1, 2011, and as a result, the composition of YIT's Management Board between March 1 and December 31, 2011, was as follows:

- President and CEO (Chairman)
- Deputy to the Group's President and CEO (Vice Chairman) and Head of International Construction Services business segment
- Head of the Building Services Northern Europe business segment
- Head of the Building Services Central Europe business segment
- Head of the Construction Services Finland business segment
- The Group's Chief Financial Officer
- The Group's Senior Vice President, Business Development.

The Management Board was complemented by appointing the Senior Vice President, Human Resources, as member of the Group's Management Board as of December 19, 2011.

The Group's Senior Vice President, Administration, served as the secretary of the Management Board until June 30, 2011, after which the Group's Senior Vice President, Business Development, served as the secretary.

In 2011, some of the Management Board meetings were held with an extended line-up so that Hanna-Maria Heikkinen, Vice President, Investor Relations, Janne Järvinen, Senior Vice President, Procurement and Virva Salmivaara, Senior Vice President, Corporate Communications, also took part in the meetings. Prior to her appointment as member of the Management Board, Pii Raulo, Senior Vice President, Human Resources, also attended meetings of the extended Management Board. The meetings of the extended Management Board particularly reviewed the Group's development needs and related plans.

An up-to-date presentation of the Group management can be found on the company's website.

Auditor

The Annual General Meeting in 2011 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit governance and accounts in 2011. The auditor with the main responsibility is Heikki Lassila, Authorised Public Accountant, who has been the company's chief auditor since 2008.

Management's share ownership

On December 31, 2011, the members of YIT Corporation's Board of Directors as well as the President and CEO and his deputy held a total of 16,586,490 YIT shares (December 31, 2010: 14,411,086), corresponding to 13.0 percent of the company's shares and the votes conferred by them (December 31, 2010: 11.3%).

YIT Corporation's Board of Directors confirmed the rewards for the 2010 earning period under the share-based incentive scheme for YIT's management on April 28, 2011, which were conveyed as a directed share issue without consideration during the review period. In the share issue, 196,910 YIT Corporation shares 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. By the end of 2011, 4,324 shares had been returned to YIT.

Shares held by the Board of Directors, the President and CEO, his deputy and the Group's Management Board, December 31, 2011

	Shares	% of shares outstanding
Board of Directors	16,548,770	13.01
President and CEO	32,700	0.03
Deputy to the President and CEO	5,020	0.00
The Group's Management Board excluding the President and CEO and his deputy	24,575	0.02
Total	16,611,065	13.06

Share ownership includes individuals' direct holdings and the holdings of their close associates and controlled corporations. The ownership information is presented in more detail in the notes to the Financial Statements for 2011. Up-to-date information can be found on YIT's website.

Loans to associated parties

The President and CEO, his deputy and the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 31, 2011.

Pension, retirement ages and termination compensation

The retirement age of the President and CEO and that of this deputy has been set at 62. The pension amounts to 60 percent of salary accounted according to Finnish employment pension law.

The contractual period of notice for the President and CEO and his deputy is six months. If the company terminates his contract, the CEO or his deputy shall also be paid separate compensation amounting to 12 months' salary.

Major events during the financial period

Resolutions passed at the Annual General Meeting

The General Meeting is the Group's highest decision-making body. The Annual General Meeting shall take decisions on matters falling within the competence of the General Meeting by virtue of the Companies Act and the Articles of Association, such as the election of the Chairman, Vice Chairman and members of the Board, and the remuneration paid to them, amendments to the Articles of Association, decisions leading to changes in the share capital and decisions relating to the purchase and disposal of the company's shares.

YIT Corporation's Annual General Meeting was held on March 11, 2011. The Annual General Meeting adopted the 2010 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 0.65 will be paid per share, or a total of EUR 81.3 million, as proposed by the Board of Directors. March 16, 2011, was set as the record date and April 7, 2011, as the payout date. No dividend was paid to 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, Eino Halonen, Antti Herlin, Satu Huber 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, the members of Board Committees are paid a meeting fee of EUR 550 for each Committee meeting. The Board members are paid per diems for trips in Finland and abroad in accordance with the state's travelling compensation regulations.

The Annual General Meeting re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit the administration and accounts of the financial period. Heikki Lassila, Authorised Public Accountant, appointed by PricewaterhouseCoopers Oy, will continue 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 company shares as proposed by the Board of Directors. The key contents of the authorisation are described in the section Own shares and authorisations of the Board of Directors.

The Annual General Meeting also decided to amend the Company's Articles of Association as proposed by the Board of Directors. The key contents of the amendment are as follows: the term "network services" was removed from the Company's line of business, the issues handled in the General Meeting were revised, the age limit concerning people appointed to the Board of Directors was removed and the provision concerning the notice of the General Meeting of shareholders was amended so that the notice is published on the Company website.

YIT Corporation published stock exchange releases on the resolutions passed at the Annual General Meeting and the organisation of the Board of Directors on March 11, 2011. The stock exchange releases and a presentation of the members of the Board of Directors are available at YIT's website: www.yitgroup.com.

Capital expenditure and acquisitions

Gross capital expenditures on non-current assets included on the balance sheet totalled EUR 48.7 million (1–12/2010: EUR 129.8 million) during January–December, representing 1.1 percent (1–12/2010: 3.4%) of revenue. Investments in construction equipment amounted to 15.5 million (1–12/2010: 9.1 million) and investments in information technology amounted to EUR 9.5 million (1–12/2010: EUR 9.5 million). Other investments, including acquisitions, amounted to EUR 23.7 million (1–12/2010: EUR 111.2 million).

When assessing acquisitions, YIT's goal is to acquire companies that support YIT's strategy of becoming the leading building system service provider in the Nordic countries and Central Europe. The acquired company's business culture, areas of competence and payback time of the purchase price of the acquired company are key criteria.

During 2011, YIT made a total of eight acquisitions, most of which were in the Building Services Northern Europe business segment. During the financial period, YIT sold its Hungarian business operations whose revenue for 2010 amounted to approximately EUR 10 million.

A more detailed description on the acquisitions made in 2011 can be found in the Notes to the Financial Statements.

Research and development

The development of personnel and operating systems is a part of YIT's daily business operations. Key targets for development in 2011 included the development of service concepts for residential and building system maintenance and solutions related to energy saving and production as Group-wide cooperation.

The Group's investments in research and development efforts in 2011 amounted to approx. EUR 20.1 million, representing 0.5 percent of revenue. Investments in research and development efforts in 2010 amounted to approx. EUR 17.5 million (0.5 percent of revenue), in 2009 EUR 15.2 million (0.4 percent of revenue), in 2008 EUR 19.0 million (0.5 percent of revenue) and in 2007 EUR 22.0 million (0.6 percent of revenue).

Personnel

In 2011, the Group employed 26,254 people on average (1–12/2010: 24,317). At the end of the year, the Group employed 25,996 people (12/2010: 25,832). YIT employed approximately 1,200 summer employees during the summer of 2011. At the end of 2011, 88 percent of the Group's personnel were male (2010: 88%) and 12 percent female (2010: 12%). The personnel expenses for 2011 amounted to a total of EUR 1,357.2 million (1–12/2010: EUR 1,175.0 million).

The number of personnel was adjusted to match the market position, particularly in Denmark and in industrial services in Finland. In practice, this meant non-renewal of fixed-term employment contracts, lay-offs and dismissals. Some of the adjustments were carried out through internal transfers and pension arrangements.

Management by key performance indicators is the Group's management system. During the performance development discussions, personal objectives devired from the Group's strategy are agreed for each employee, after which these objectives are monitored. The performance development discussions are also an influence channel that is part of the YIT corporate culture and contributes to well-being at work.

Performance-based pay is in use at YIT, rewarding good performance and improving personnel motivation and commitment. Bonus size depends not only on the financial results, but also on the achievement of key personal results. Other rewards in use at YIT include years-of-service bonuses, competitive supplements and benefits, excellent training opportunities and managerial training.

YIT wants to take care of its personnel and be a desirable employer now and in the future. In 2011, the most important targets for development were promoting YIT's culture, competence management and investing in young people entering the industry. All of these were promoted across different functions and countries in accordance with each unit's needs and development phase.

Occupational safety was a key focus area for YIT in 2011. Efforts to improve occupational safety have included harmonising guidelines, additional training and efforts to proactive actions. YIT's management monitors the development of occupational safety comprehensively. Occupational safety is measured using a common indicator (number of accidents per one million hours worked), and the results have improved. In 2011, the accident frequency rate was 14 (2010: 19). Efforts will be made to improve occupational safety in 2012 as well.

Opportunities for professional development and extending competence are provided through the company's internal and external training, reflective methods (e.g., mentoring, 360° feedback), vocational degree training, on-the-job learning and career development by means of active job rotation. The major restructuring in unit management and the organisational structure in recent years have primarily been carried out by means of internal transfers.

Personnel by business segment

	12/11	12/10	Change	12/11	9/11	Change
Building Services Northern Europe	15,900	15,844	0%	15,900	16,273	–2%
Building Services Central Europe	3,506	3,767	–7%	3,506	3,569	–2%
Construction Services Finland	3,429	3,209	7%	3,429	3,416	0%
International Construction Services	2,753	2,656	4%	2,753	2,837	–3%
Corporate Services	408	356	15%	408	407	0%
YIT Group total	25,996	25,832	1%	25,996	26,502	–2%

Personnel by country

	12/11	12/10	Change	12/11	9/11	Change
Finland	9,165	9,209	0%	9,165	9,377	–2%
Sweden	4,770	4,429	8%	4,770	4,790	0%
Norway	3,602	3,505	3%	3,602	3,623	–1%
Germany	2,627	2,816	–7%	2,627	2,677	–2%
Russia	2,498	2,390	5%	2,498	2,516	–1%
Denmark	1,218	1,386	–12%	1,218	1,370	–11%
Baltic countries	1,067	983	9%	1,067	1,092	–2%
Other countries (Central Europe excluding Germany)	1,049	1,114	–6%	1,049	1,057	–1%
YIT Group total	25,996	25,832	1%	25,996	26,502	–2%

Share-based incentive scheme

YIT has implemented a share-based incentive scheme to support the company's strategy of profitable growth and supplement the current incentive schemes. The scheme aims at promoting the employees in determined work, rewarding their good performance and committing them to long-term, committed work. Members of YIT Corporation's Board of Directors are not included in the share-based incentive scheme.

The scheme consists of three vesting periods during 2010–2012. Shares will be handed over in 2011, 2012 and 2013 based on the performance the previous year. A total of approximately 700,000 shares can be annually rewarded, of which a maximum of 20,000 go to the President and CEO. Furthermore, employees included within the scope of the incentive scheme will receive part of their reward in cash to cover the deferred taxes and other charges ordered by the authorities caused by the share rewards. Employees included within the scope of the incentive scheme are obligated not to transfer their shares during the commitment period after having obtained them. The commitment period for shares obtained for the earnings period 2010 is two years and the commitment period for shares obtained for the 2011–2012 earnings periods is three years. 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. Under all circumstances, the Board has the right to amend the bonuses in a reasonable manner.

The Board of the company annually decides on the performance criteria and the employees included within the scope of the incentive scheme. In 2011, the share bonus criteria included return on investment and revenue growth. The incentive scheme covered about 260 people in 2011, and its cost effect was about EUR 3.4 million in January–December (1–12/2010: EUR 3.9 million). The conveyance of shares in accordance with the incentive scheme is described in more detail under the chapter Management's share ownership.

Environmental issues

Material and energy usage, waste management and emissions from service vehicles and transportation are significant environmental issues in YIT's operations. YIT aims to continuously reduce the environmental impacts of operations and improve energy efficiency. All generated waste is managed appropriately, and the aim is to minimise material wastage. The realisation of these objectives is taken into account in production chain supervision and the training of subcontractors. The prevention of environmental damage is part of the quality and safety work. In 2011, ISO 14001-certified business operations covered 47 percent of the Group's revenue (2010: 42%). The certificate helps in developing environmental management and improving the level of environmental protection within the company.

The most significant environmental business services offered to the customers include energy-efficient homes, business premises and industry as well as services to boost energy efficiency in buildings and industry. In addition, YIT offers solutions for area or building-specific energy production and area-specific waste collection. YIT also participates in the construction of energy production plants. In 2011, YIT created a three-part action programme aimed at maintaining its position as a leader in constructing and maintaining sustainable living and working environments. YIT also established a new business unit, focusing on the development of infrastructure services related to wind power. During 2011, YIT implemented several energy-efficiency projects extensively in the countries where it operates for private and public sector customers.

In addition to the development of its in-house products and services, YIT is active in networks related to environmentally-friendly construction. The global World Green Building Council is comprised of country-specific local networks in which YIT is a member in Finland, Sweden, Norway, Germany and Russia. The networks bring together parties involved in sustainable construction activity, offer tools and arrange various trainings in the subject matter. As a pioneer in the field, YIT participates in various research programmes to develop environmental aspects in construction in several countries. Furthermore, YIT has an in-house research and development centre in Aachen, Germany, developing, among other things, new solutions to promote the energy-efficiency of business premises.

Strategic targets and their achievement

YIT Corporation's Board of Directors confirmed the Group's strategy for 2012–2014 on September 21, 2011. The key strategic objective is balanced and profitable growth. The Group's other strategic long-term target levels remain unchanged: average annual revenue growth of more than 10 percent, return on investment of 20 percent, operating cash flow after investments sufficient for dividend payout and reduction of debt, equity ratio of 35 percent and dividend payout of 40–60 percent of net profit for the period. When determining the target levels, the assumption was made that economic growth in YIT's market areas will continue.

In terms of business operations, the focus areas of YIT's growth continue to be building systems service and maintenance operations and residential construction. Growth is sought both through acquisitions and organically. Building system services will be increased in the Nordic countries and Central Europe, and residential construction in Finland, Russia, the Baltic countries and Central Eastern Europe. The Group's potential new market areas are Switzerland in building system services and Poland in construction services. Particular focus areas for growth include residential construction in Russia and building system services in Germany.

YIT published a stock exchange release on the confirmation of the strategy and materials for the Capital Market Day focusing on the strategic focus areas on September 22, 2011.

Achievement of strategic targets

YIT's financial targets	Target level	Actual 2011
Revenue growth	Annually more than 10% on average	16%
Return on investment	20%	12.0%
Operating cash flow after investments	Sufficient for dividend payout and reduction of debt	EUR –17.3 million
Equity ratio	35%	30.2%
Dividend payout	40%–60% of net profit for the period	70.5%*

* Board of Directors' proposal to the Annual General Meeting to be held on March 13, 2012.

Key figures (according to the Group reporting)

	2011	2010	2009
Income statement summary			
Revenue, EUR million	4,382.1	3,787.6	3,485.6
Operating profit, EUR million	200.0	220.1	168.1
% of revenue	4.6	5.8	4.8
Profit before taxes, EUR million	175.3	194.8	109.5
Profit for the financial period, EUR million	125.1	140.6	68.1
Attributable to			
Equity holders of the company, EUR million	124.5	140.3	68.3
Non-controlling interest, EUR million	0.6	0.3	–0.2
Other key figures			
Operating cash flow after investments, EUR million	–17.3	–61.7	229.8
Return on equity, %	13.9	17.1	8.9
Return on investment, %	12.0	14.4	11.0
Equity ratio, %	30.2	31.9	32.4
Net financing debt, EUR million	740.4	640.9	529.1
Gearing ratio, %	80.4	72.6	69.2
Net debt/operating profit before depreciation and impairment	3.0	2.5	2.7
Gross capital expenditure, EUR million	48.7	129.7	27.9
% of revenue	1.1	3.4	0.8
Research and development expenditure, EUR million	20.1	17.5	15.2
% of revenue	0.5	0.5	0.4
Order backlog on Dec 31, EUR million	4,148.6	3,535.7	2,983.3
Operations outside Finland, EUR million	2,066.9	1,857.7	1,885.7
Personnel Dec 31	25,996	25,832	23,480
Personnel on average during the year	26,254	24,317	24,497

	2011	2010	2009
Per-share figures			
Earnings/share, EUR	0.99	1.12	0.55
Diluted earnings per share, EUR	0.99	1.12	0.55
Equity/share, EUR	7.33	7.04	6.09
Dividend/share, EUR	0.70*	0.65	0.40
Dividend per earnings, %	70.5*	57.9	73.2
Effective dividend yield, EUR	5.7	3.5	2.8
Price/earnings ratio (P/E)	12.5	16.7	26.3
Share price trend			
Average price, EUR	15.28	16.35	8.52
Low, EUR	10.04	12.98	4.31
High, EUR	21.92	19.00	14.49
Price on Dec 31, EUR	12.38	18.65	14.45
Market capitalisation on Dec 31, EUR million	1,550.9	2,332.7	1,807.4
Share turnover trend			
Share turnover, thousands	151,023	127,537	190,057
Share turnover as percentage of shares outstanding	120.6	102.0	151.8
Weighted average share issue adjusted number of shares outstanding, thousands	125,210	125,078	125,167
Weighted average share issue adjusted number of shares outstanding, diluted, thousands	125,210	125,078	125,167
Share issue-adjusted number of shares outstanding Dec 31, thousands	125,271	125,078	125,078

* Board of Directors' proposal

Application of IFRIC 15 interpretation

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

The Group's financial performance is presented using both figures compliant with Group-level reporting and figures compliant with segment reporting, referred to as the performance of the segments or the segments total figure.

The effects of the application of the interpretation on the figures have been explained in more detail in the notes to the Financial Statements for 2011.

Definitions of key financial figures

$$\text{Return on investments (\%)} = \frac{\text{Group's profit before taxes + interest expenses + other financial expenses +/- exchange rate differences} \times 100}{\text{Balance sheet total – capitalised interest – non-interest bearing liabilities (average)}}$$

$$\text{Return on segment's operative invested capital (\%)} = \frac{\text{Segment's operating profit + interest included in operating profit}}{\text{Segment's operative invested capital (average)}}$$

Segment's operative invested capital = Tangible and intangible assets + goodwill + shares in associated companies + investments + inventories + accounts receivable + other non-interest bearing operational receivables * – provisions – accounts payable – advances received – non-interest bearing liabilities *

* *excluding items associated with taxes and distribution of profit and financial items*

$$\text{Return on equity (\%)} = \frac{\text{Net profit for the financial year} \times 100}{\text{Shareholders' equity + non-controlling interest (average)}}$$

$$\text{Equity ratio (\%)} = \frac{\text{Shareholders' equity + non-controlling interest} \times 100}{\text{Balance sheet total – advances received}}$$

$$\text{Gearing ratio (\%)} = \frac{\text{Interest – bearing liabilities – liquid financial assets} \times 100}{\text{Shareholders' equity + non-controlling interest}}$$

$$\text{Net debt/operating profit before depreciation and impairment} = \frac{\text{Interest-bearing liabilities – liquid financial assets}}{\text{Operating profit before depreciation and impairment + interest expenses included in operating profit}}$$

$$\text{Group reporting, earnings per share (EUR)} = \frac{\text{Net profit for the financial year (attributable to equity holders), group reporting}}{\text{Share issue-adjusted average number of outstanding shares during the period}}$$

$$\text{Segment reporting, earnings per share (EUR)} = \frac{\text{Net profit for the financial year (attributable to equity holders), segment reporting}}{\text{Share issue-adjusted average number of outstanding shares during the period}}$$

$$\text{Equity per share (EUR)} = \frac{\text{Shareholders' equity}}{\text{Share issue-adjusted number of outstanding shares on December 31}}$$

$$\text{Share issue-adjusted dividend per share (EUR)} = \frac{\text{Dividend per share for the financial period}}{\text{Adjustment ratios of share issues during the period and afterwards}}$$

$$\text{Dividend per earnings (\%)} = \frac{\text{Dividend per share} \times 100}{\text{Earnings per share}}$$

$$\text{Effective dividend yield (\%)} = \frac{\text{Share issue-adjusted dividend per share} \times 100}{\text{Share issue-adjusted share price on December 31}}$$

$$\text{Price per earnings ratio (P/E- ratio)} = \frac{\text{Share issue-adjusted share price on December 31}}{\text{Share issue-adjusted earnings per share}}$$

Market capitalisation = (Number of shares – treasury shares) × share price on the closing date by share series

$$\text{Share turnover (\%)} = \frac{\text{Number of shares traded} \times 100}{\text{Average number of outstanding shares}}$$

Financial development

Revenue of the segments increased from the previous year

Revenue, EUR million	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Building Services Northern Europe	2,097.6	1,803.6	16%	600.1	519.2	16%
Building Services Central Europe	779.3	550.2	42%	200.3	258.7	–23%
Construction Services Finland	1,226.9	1,102.0	11%	335.7	294.2	14%
International Construction Services	489.2	470.6	4%	145.9	139.7	4%
Other items	–68.2	–79.4		–17.5	–24.2	
YIT's segments total	4,524.7	3,847.0	18%	1,264.5	1,187.6	6%
IFRIC 15 adjustment	–142.6	–59.4		–74.1	150.4	
YIT Group total	4,382.1	3,787.6	16%	1,190.4	1,338.0	–11%

The revenue of YIT's segments increased by 18 percent in January–December compared to the previous year, amounting to EUR 4,524.7 million (1–12/2010: EUR 3,847.0 million). Revenue increased across all segments. The revenue of Building Services Central Europe increased compared to the year before, particularly as the result of the acquisition completed in September 2010. The growth in revenue was also supported by the slight picking up of demand for building system services, picking up of residential sales, especially in Russia, and the revival of the infrastructure business and the business premises market in Finland. Changes in foreign exchange rates increased the segments' revenue for 2011 by EUR 45.4 million compared to the previous year.

Following the IFRIC 15 adjustment, YIT Group's revenue increased by 16 percent from the previous year and was EUR 4,382.1 million for January–December (1–12/2010: EUR 3,787.6 million). The completion schedules of own-based property development projects affect the Group's revenue recognition, and therefore Group-level figures may fluctuate greatly between different quarters. In 2011, the number of residential units completed was slightly lower than the year before. The number of residential units completed in Russia was lower than the year before, while in Finland, the Baltic countries and Central Eastern Europe, more residential units were completed than the year before.

In January–December 2011, Finland accounted for 40 percent of the Group's revenue (38%), Sweden for 17 percent (15%), Germany for 14 percent (10%), Norway for 12 percent (12%), Russia for 7 percent (14%), Denmark for 4 percent (4%), the Baltic countries for 2 percent (2%) and other countries for 4 percent (5%).

Operating profit of the segments increased from the previous year

Operating profit, EUR million	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Building Services Northern Europe	78.8	88.7	–11%	23.0	23.5	–2%
Building Services Central Europe	33.3	16.4	103%	9.3	8.9	4%
Construction Services Finland	111.6	108.1	3%	32.1	29.4	9%
International Construction Services	37.2	34.7	7%	17.4	13.4	30%
Other items	–20.4	–18.8		–5.6	–5.5	
YIT's segments total	240.5	229.1	5%	76.2	69.7	9%
IFRIC 15 adjustment	–40.5	–9.0		–18.7	46.7	
YIT Group total	200.0	220.1	–9%	57.5	116.4	–51%

Operating profit margin, %	1–12/11	1–12/10		10–12/11	10–12/10	
Building Services Northern Europe	3.8	4.9		3.8	4.5	
Building Services Central Europe	4.3	3.0		4.6	3.4	
Construction Services Finland	9.1	9.8		9.6	10.0	
International Construction Services	7.6	7.4		11.9	9.6	
YIT's segments total	5.3	6.0		6.0	5.9	
YIT Group total	4.6	5.8		4.8	8.7	

The operating profit of YIT's segments increased by 5 percent compared to the previous year, amounting to EUR 240.5 million in January–December (1–12/2010: EUR 229.1 million). The operating profit margin calculated on the basis of the segment figures was 5.3 percent (1–12/2010: 6.0%). The operating profit of the segments for 2011 includes EUR –9.4 million of borrowing costs according to IAS 23 (1–12/2010: EUR –3.2 million). The IAS 23 standard defines the recording method of borrowing costs in long-term construction projects.

In Group-level reporting, residential development projects are only recognised as income upon project delivery. Following the IFRIC 15 adjustment, the Group's operating profit decreased by 9 percent compared to the previous year, amounting to EUR 200.0 million (1–12/2010: EUR 220.1 million). Following the IFRIC 15 adjustment, the Group's operating profit margin was 4.6 (1–12/2010: 5.8%).

Financial expenses remained at the previous year's level

The financial expenses for the review period remained at the previous year's level, amounting to EUR 24.7 million (1–12/2010: EUR 25.3 million).

The profit before taxes based on segment reporting increased by 6 percent on the year before, amounting to EUR 215.8 million for January–December (1–12/2010: EUR 203.8 million).

The profit before taxes based on Group reporting decreased by 10 percent from the previous year to EUR 175.2 million in January–December (1–12/2010: EUR 194.8 million).

Earnings per share for 2011 based on segment reporting increased by 8 percent on the year before, amounting to EUR 1.25 (1–12/2010: EUR 1.16).

Earnings per share for 2011 based on Group reporting decreased by 12 percent to EUR 0.99 (1–12:2010: EUR 1.12).

Dividend proposal

YIT's target for dividend payout is 40–60 percent of net profit for the period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.70 per share be paid, representing 70.5 percent of the Group's net profit for the period.

Order backlog remained strong

Order backlog, EUR million	12/11	12/10	Change	12/11	9/11	Change
Building Services Northern Europe	913.1	757.4	21%	913.1	886.1	3%
Building Services Central Europe	449.5	507.0	–11%	449.5	523.9	–14%
Construction Services Finland	1,493.6	1,173.2	27%	1,493.6	1,289.3	16%
International Construction Services	962.5	870.8	11%	962.5	850.1	13%
Other items	–66.0	–58.3		–66.0	–60.3	
YIT's segments total	3,752.7	3,250.1	15%	3,752.7	3,489.0	8%
IFRIC 15 adjustment	395.9	285.6		395.9	249.3	59%
YIT Group total	4,148.6	3,535.7	17%	4,148.6	3,738.3	11%

The order backlog of YIT's segments was EUR 3,752.7 million at the end of December (12/2010: EUR 3,250.1 million); approximately 15 percent more than at the end of December the previous year.

The order backlog of Building Services Northern Europe increased on the previous year as the result of a slight revival in the demand for building services. The order backlog of Construction Services increased as a result of residential start-ups. In addition, the order backlog of Construction Services Finland was improved by the two-fold increase in the order backlog of infrastructure construction.

After the IFRIC 15 adjustment, YIT Group's order backlog was EUR 4,148.6 million at the end of December (12/2010: EUR 3,535.7 million).

Investments in growth impaired cash flow

The Group's operating cash flow after investments amounted to EUR –17.3 million in January–December 2011 (1–12/2010: EUR –61.7 million). Operating cash flow for 2011 was particularly affected by growth in the merchandise inventory of development production in Finland, plot investments and an increase in receivables in Building Services Northern Europe.

At the end of December, the Group's invested capital amounted to EUR 1,855.8 million million (12/2010: EUR 1,664.7 million). Of the Group's invested capital, 26 percent (12/2010: 32%), or EUR 485.7 million (12/2010: EUR 540.8 million) was invested in Russia. The Group's capital invested in Russia is primarily accounted for by the International Construction Services segment. Capital invested in Russia decreased during the year in spite of an increase in residential production. The use of capital has been made more efficient by decreasing the size of projects, selling apartments at an earlier construction phase, improved terms of payment and increasing the share of mortgage deals.

Return on investment amounted to 12.0 per cent for the last 12 months (1–12/2010: 14.4%). Invested capital is calculated by deducting non-interest bearing liabilities from the balance sheet total. Only operational items are taken into account when calculating the segments' invested capital. The balance sheet total at the end of December was EUR 3,504.5 million (12/2010: EUR 3,117.1 million).

The Group is also prepared for macroeconomic uncertainty, liquidity position is strong

YIT has a diverse capital structure and a strong liquidity position. Cash reserves amounted to EUR 206.1 million at the end of December (12/2010: EUR 148.3 million). In addition, committed credit and overdraft facilities amounting to a total of EUR 355.4 million were unutilised. New committed credit facilities amounting to a total of EUR 130 million were agreed upon in 2011. YIT has a total of EUR 280 million in committed credit facilities, of which EUR 50 million are valid until December 2013, EUR 30 million until December 2014 and EUR 200 million until December 2015. The committed credit facilities do not include an obligation to maintain financial key ratios, i.e. covenants.

The gearing ratio increased compared with the end of the previous year, amounting to 80.4 percent at the end of December 2011 (12/2010: 72.6%).The equity ratio decreased slightly to 30.2 percent (12/2010: 31.9%). Net financing debt increased from the end of 2010 to EUR 740.4 million (12/2010: EUR 640.9 million).

Net financial expenses remained at the previous year's level and amounted to EUR 24.8 million in 2011 (1–12/2010: EUR 25.3 million), or 0.6 percent (1–12/2010: 0.7%) of the Group's revenue. The net financial expenses include EUR 12.2 million (1–12/2010: EUR 8.0 million) of capitalisations in compliance with IAS 23. The exchange rate differences included in the net financial expenses, totalling EUR –4.1 million (1–12/2010: EUR –7.3 million), were comprised almost entirely of costs of hedging debt investments in

Russia. The hedged ruble exposure has decreased further. At the end of December 2011, EUR 85.7 million (12/2010: EUR 135.6 million) of the capital invested in Russia were comprised of debt investments and EUR 400.0 million (12/2010: EUR 405.3 million) were equity investments or similar fixed net investments. 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.

Financial liabilities amounted to EUR 946.6 million at the end of December (12/2010: EUR 789.1 million), and their average interest rate was 3.2 per cent (12/2010: 3.4%). Fixed-interest loans accounted for 50 per cent of the Group's financial liabilities (12/2010: 60%). Of the loans, 41 per cent had been raised directly from the capital and money markets (12/2010: 36%), 45 per cent from banks and other financial institutions (12/2010: 39%) and 13 per cent from insurance companies (12/2010: 24%). Maturity distribution of long-term loans is balanced. A total of EUR 96.2 million of long-term loans will mature in 2012.

During the second quarter of 2011, YIT issued, under the company's programme for issuance of notes, a EUR 100 million bond targeted at institutional and other selected investors. Due by June 20, 2016, the bond carries an annual fixed coupon rate of 4.750 percent and has an issue price of 99.843 percent. Effective yield of the bond is 4.786 percent.

The total amount of construction-stage contract receivables sold to financial institutions amounted to EUR 265.6 million at the end of December (12/2010: EUR 166.7 million). Of this amount, EUR 221.8 million (12/2010: EUR 160.2 million) is included in interest-bearing liabilities on the balance sheet and the remainder comprises off-balance sheet items in accordance with IAS 39. Interest expenses on receivables sold to financing companies amounted to EUR 5.1 million (1–12/2010: EUR 2.6 million) in 2011 and these are fully included in the financial expenses of the review period.

Participations in the housing corporation loans of unsold completed residential units amounted to EUR 45.1 million at the end of December (12/2010: EUR 22.6 million), and they are included in interest-bearing liabilities. The interest on the participations, EUR 3.0 million (1–12/2010: EUR 0.9 million), is included in housing corporation charges and is thus booked in project expenses.

YIT paid out dividends of EUR 81.3 million for 2010 during the second quarter in compliance with the resolution of the Annual General Meeting.

The Group's balanced business structure and solid financial position enable the implementation of YIT's growth strategy and the acquisitions and plot investments required by it. On the other hand, the Group has also prepared for macroeconomic uncertainty by strengthening its liquidity position.

Development by business segment

The development by business segment is presented using figures compliant with segment reporting.

Building Services Northern Europe

Key figures

	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Revenue, EUR million	2,097.6	1,803.6	16%	600.1	519.2	16%
Operating profit, EUR million	78.8	88.7	–11%	23.0	23.5	–2%
Operating profit margin, %	3.8	4.9	–24%	3.8	4.5	–15%
Return on operative invested capital (last 12 months), %	23.8	35.9				

	12/11	12/10	Change	12/11	9/11	Change
Operative invested capital, EUR million	372.9	289.2	29%			
Order backlog, EUR million	913.1	757.4	21%	913.1	886.1	3%

Revenue, EUR million	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Finland	637.2	571.8	11%	173.1	153.3	13%
Sweden	706.5	566.4	25%	213.9	174.0	23%
Norway	528.6	480.8	10%	150.7	137.6	10%
Denmark	170.6	141.3	21%	47.7	41.3	15%
Russia and the Baltic countries	54.7	43.3	26%	14.7	12.9	14%
Total	2,097.6	1,803.6	16%	600.1	519.2	16%

The revenue of Building Services Northern Europe increased by 16 percent in January–December compared to the previous year, amounting to EUR 2,097.6 million (1–12/2010: EUR 1,803.6 million). Changes in foreign exchange rates increased the revenue for January-December by EUR 51.7 million compared to the previous year. The increase in revenue was widespread: revenue increased in all countries.

The segment's operating profit fell short of the previous year. This was due to strict price competition, especially in project operations, and the demand for new building system and industrial investments remained relatively low. The segment's profitability turned to a slight increase during the second half of the year, thanks to efficiency improvement measures, but was still lower than YIT's objectives. Profitability improved during the fourth quarter in Denmark in particular as operations have become more efficient, but the profitability of industrial services still remained very weak.

The restructuring of operations underway in all countries where Building Services Northern Europe operates proceeded according to plans during the review period. During the review period, decisions were made on the reduction of a total of approximately 800 employees as the result of the restructuring efforts. The efforts are estimated to result in annual savings of approximately EUR 40 million from 2013 onwards. Of the personnel reduction in industrial services, 270 were made during the second half of the year. The aim is to improve the segment's profitability also through rearrangements of the branch office network, more selective project acquisition and making procurement more efficient. In addition, material logistics, invoicing process and servicing capacity planning will be made more efficient, the service culture will be strengthened and the organisation structure will be adjusted to make servicing activity more efficient.

The order backlog at the end of December increased by 21 percent on the previous year, amounting to EUR 913.1 million (12/2010: EUR 757.4 million). Large, long-term energy-saving projects in particular increased their share of the order backlog during the fourth quarter.

Service and maintenance revenue continued to increase

YIT aims to be the leading provider of energy-efficient technical systems, solutions and life-cycle services in the Nordic countries and in Central Europe. The target is to increase service and maintenance operations at a faster rate than other operations. Service and maintenance operations generated EUR 1,319.3 million (1–12/2010: EUR 1,228.9 million), or 63 percent of the segment's total revenue (1–12/2010: 68 %).

YIT has improved the offering of service and maintenance operations by developing a ServiFlex concept where customers can agree on extensive service entities in a single contract. The iServiflex service was launched in industrial services during the first quarter of 2011. In 2012, the service will be complemented with the eServiFlex service with which YIT will deliver energy-saving services to the customer's existing buildings.

New investments still relatively low

New investments in building systems recovered slightly during the review period, but still remained at a relatively low level. Also, demand among industrial customers focused on service and maintenance.

Building Services Central Europe

Key figures

	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Revenue, EUR million	779.3	550.2	42%	200.3	258.7	–23%
Operating profit, EUR million	33.3	16.4	103%	9.3	8.9	4%
Operating profit margin, %	4.3	3.0		4.6	3.4	
Return on operative invested capital (last 12 months), %	53.8	46.4				

	12/11	12/10	Change	12/11	9/11	Change
Operative invested capital, EUR million	72.0	51.6	42%			
Order backlog, EUR million	449.5	507.0	–11%	449.5	523.9	–14%

Revenue, EUR million	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Germany	633.2	408.2	55%	162.8	205.4	10%
Austria	107.0	100.1	7%	31.4	28.7	13%
Poland, the Czech Republic, Hungary and other countries *	39.1	41.9	–7%	6.1	24.6	–57%
Total	779.3	550.2	42%	200.3	258.7	5%

* YIT divested its Hungarian operations during the second quarter of 2011.

Building Services Central Europe's revenue increased significantly in January–December compared to the previous year, mainly as the result of an acquisition that took effect at the beginning of September 2010. The factors contributing to the decrease in revenue and order backlog included the postponement of the customers' investment decisions in a few large-scale projects in Germany, the low level of activity in Central Eastern Europe due to market uncertainty and the discontinuation of international projects.

The operating profit for January-December increased by 103 percent compared to the year before, with the German operations improving their performance in particular. Operating profit for 2011 was EUR 33.3 million (1–12 /2010: EUR 16.4 million).

The order backlog at the end of December decreased by 11 percent from the previous year, amounting to EUR 449.5 million (12/2010: EUR 507.0 million).

Acquisition that took effect in September 2010 increased business volume in Central Europe

YIT aims to offer building system services, especially those requiring technical expertise, close to its customers. The goal is to reinforce the local market position organically and through acquisitions.

An acquisition whereby YIT acquired a company offering technical building system services in Central Europe was completed at the beginning of September 2010. The profitability of the acquired company was below YIT's average profitability, and YIT aims to improve the operating profit margin of the acquired operations by one percentage point per year. The development of the acquired business has proceeded as planned.

Service and maintenance revenue grew

Service and maintenance operations generated EUR 191.7 million (1–12/2010: EUR 126.1 million), or 25 percent (1–12/2010: 23%) of the segment's total revenue. During 2011, the share of service and maintenance was significantly lower in Building Services Central Europe (25%) than in Building Services Northern Europe (63%), and therefore the opportunities for increasing it in Building Services Central Europe are good.

YIT's ServiFlex concept is in use in all countries where Building Services Central Europe operates.

Delays in customers' decision-making towards the end of the year

Demand for new building system investments remained at a relatively favourable level in Germany and Austria during the year, while price pressure increased in the fourth quarter. In Poland, infrastructure investments in particular remained at a favourable level, while in the Czech Republic the volume of new investments was low during the review period.

Construction Services Finland

Key figures

	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Revenue, EUR million	1,226.9	1,102.0	11%	335.7	294.2	14%
Operating profit, EUR million	111.6	108.1	3%	32.1	29.4	9%
Operating profit margin, %	9.1	9.8		9.6	10.0	
Return on operative invested capital (last 12 months), %	24.0	28.1				
	12/11	**12/10**	**Change**	**12/11**	**9/11**	**Change**
Operative invested capital, EUR million	558.4	419.3	33%			
- of which plot reserves, EUR million	294.6	285.7	4%			
Order backlog, EUR million	1,493.6	1,173.2	27%	1,493.6	1,289.3	16%

Revenue increased in January–December by 11 percent from the previous year as the volume of residential and business premises construction was at a good level.

The operating profit for 2011 increased slightly on the previous year. The operating profit of the segment for 2011 includes EUR –5.7 million of borrowing costs according to IAS 23 (1–12/2010: EUR –2.5 million). The operating profit margin for 2011 decreased slightly on the previous year. During the fourth quarter, the operating profit was improved by improved residential sales, picking up of the infrastructure business and sale of the Business Park Safiiri property project.

The order backlog amounted to EUR 1,493.6 million at the end of December (12/2010: 1,173.2). The order backlog increased by 27 percent from the previous year, especially due to residential start-ups and the two-fold increase in the order backlog of infrastructure construction.

The segment's capital tied to plot reserves totalled EUR 294.6 million at the end of December (12/2010: EUR 285.7 million). The plot reserves included 1,624,000 m^2 of floor area of residential plots (12/2010: 1,639,000) and 721,000 m^2 of floor area of plots for business premises (12/2010: 857,000).

Residential sales to consumers on a par with previous year, increase in sales to investors

YIT's goal is to strengthen its position as the largest housing developer in Finland. Residential sales picked up and reached a moderate level in the fourth quarter. During 2011, YIT sold a total of 1,893 residential units directly to consumers (1–12/2010: 1,890), of which 535 were sold in the first quarter, 513 in the second, 396 in the third and 449 in the fourth quarter. Residential prices remained stable during the fourth quarter. Residential sales continued at a good level in January.

The focus of YIT's housing construction is on residential development projects aimed directly at consumers in accordance with market demand. In 2011, YIT started the construction of a total of 2,349 residential units aimed directly at consumers (1–12/2010: 2,550). During the year, YIT started up the construction of 872 investor residential units as well. YIT has actively replenished its plot reserves by acquiring plots and making preliminary agreements on plots in order to ensure good opportunities for residential start-ups also in the future.

The merchandise inventory has been strengthened further through new residential start-ups: at the end of December, YIT had 2,180 residential units for sale to consumers (12/2010: 1,724). The number of completed, unsold residential units has remained at a relatively low level, amounting to 283 at the end of December (12/2010: 112). Of the residential units under construction, 54 percent have been sold (12/2010: 65%), which decreases YIT's sales risk. The merchandise inventory is focused on medium-priced residential production: approximately 77 percent of the residential units 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 346.4 million at the end of December 2011.

Residential construction in Finland, number of residential units

	1–12/11	1–12/10	Change	10–12/11	7–9/11	4–6/11	1–3/11
Sold	2,765	2,432	14%	962	456	755	592
- of which directly to consumers	1,893	1,890	0%	449	396	513	535
Start-ups	3,221	3,092	4%	1,021	621	917	662
- of which directly to consumers	2,349	2,550	–8%	508	561	675	605
Completed	3,674	2,249	63%	543	869	1,344	918
- of which directly to consumers	2,477	857	189%	543	580	791	563
Under construction at the end of the period	4,105	4,559	–10%	4,105	3,627	3,875	4,302
- of which sold at the end of the period	2,208	2,947	–25%	2,208	1,743	2,127	2,660
For sale at the end of the period	2,180	1,724	26%	2,180	2,121	1,956	1,794
- of which completed	283	112	153%	283	237	208	152

Changes in the number of residential units may take place after the start of construction due to the division or combination of residences.

Positive development of the business and office premises market continued

The positive development of the business and office premises market continued, and the order backlog of YIT's business and office premises operations remained at a favourable level. The leasing of business and office premises under construction proceeded moderately: lease agreements were signed on approximately 59,500 m² of premises in 2011. Business premises rents increased slightly during 2011 and investors' yield requirements remained unchanged. Interest in Finland among international property investors increased from the previous year.

Infrastructure construction picked up

Demand for infrastructure construction picked up towards the end of 2011, but competition in the field continued to be tight. Investments have decreased in the municipal sector and decision-making has been postponed.

The order backlog of YIT's infrastructure services consolidated due to projects secured during the fourth quarter. Tieyhtiö Valtatie 7 Oy, a project company with YIT, Destia, Meridiam Infrastructure Projects S.á.r.l and Ilmarinen Mutual Pension Insurance Company as the shareholders, entered into a service agreement with the Finnish Transport Agency (FTA) on the implementation of the E18 Koskenkylä–Kotka motorway. Construction work on the road has begun, and it is estimated to be completed in 2015. The total value of the agreement is approximately EUR 623 million. YIT is jointly responsible for the construction and maintenance of the motorway with Destia. The project has an effect of approximately EUR 190 million on YIT's order backlog, and it will have a significant impact on employment for YIT in the next few years.

In addition, the Haminan Kehä consortium, founded by YIT and Kesälahden Maansiirto Oy, signed a contract with the Finnish Transport Agency to implement the first construction phase of the E18 Hamina Bypass Road (Vt7) in the fourth quarter. The value of the contract is about EUR 120 million, and YIT's share of this is approximately EUR 60 million. Construction of the road section was begun in December 2011, and it is scheduled for completion by 2015.

International Construction Services

Key Figures

	1–12/11	1–12/10	Change	10–12/11	10–12/10	Change
Revenue, EUR million	489.2	470.6	4%	145.9	139.7	4%
Operating profit, EUR million	37.2	34.7	7%	17.4	13.4	30%
Operating profit margin, %	7.6	7.4		11.9	9.6	
Return on operative invested capital (last 12 months), %	6.5	5.3				

	12/11	12/10	Change	12/11	9/11	Change
Operative invested capital, EUR million	602.2	661.0	–9%			
- of which plot reserves, MEUR	349.2	303.6	15%			
Order backlog, EUR million	962.5	870.8	11%	962.5	850.1	13%

In International Construction Services, residential demand remained at a good level in the review period, and residential sales in Russia increased to a record-high level in the fourth quarter. Revenue for 2011 increased by 4 percent to EUR 489.2 million (1–12/2010: EUR 470.6 million).

The operating profit for 2011 increased by 7 percent from the previous year to EUR 37.2 million (1–12/2010: EUR 34.7 million). The operating profit of the segment includes EUR –3.7 million of borrowing costs according to IAS 23 (1–12/2010: EUR –0.7 million). The sale of projects at an earlier stage of construction than before still had an effect on the recognition of revenue and operating profit: only a limited amount of revenue is recognised at the time of the sale for projects that are sold in their early stage of construction. In addition, the segment's profitability for 2011 was impaired by the costs of rectifying the ammonia issue in residential units constructed by YIT in St. Petersburg. The company made a cost provision of EUR 10 million in the third quarter to cover these costs.

Owing to especially residential start-ups in the fourth quarter, the order backlog at the end of December increased by 11 percent from the previous year and 13 percent from the end of September 2011. The segment's order backlog was decreased by the weakening of the ruble, which had an impact of EUR –22.5 million in January–December. The order backlog includes two housing projects whose construction was halted in Russia in October 2008 due to market uncertainties. At the end of December 2011, the value of projects that were still suspended amounted to EUR 86.5 million (12/2010: EUR 137.1 million). Restarting the suspended projects will not increase the order backlog.

The costs of completing the current residential and business premises development projects for sale amounted to EUR 350.0 million at the end of December 2011.

The segment's capital tied into plot reserves totalled EUR 349.2 million at the end of December (12/2010: EUR 303.6 million). The plot reserves included 2,625,000 m^2 of floor area of residential plots (12/2010: 2,498,000) and 695,000 m^2 of floor area of plots for business premises in Russia, the Baltic countries, the Czech Republic and Slovakia (12/2010: 712,000).

Strong residential sales volume continued in Russia

Russia generated 80 percent of the revenue of International Construction Services for January–December (1–12/2010: 83%). Revenue generated in Russia remained on a par with the previous year, amounting to EUR 393.2 million (1–12/2010 EUR 390.2 million).

The capital tied into plot reserves in Russia totalled EUR 269.3 million at the end of December (12/2010: EUR 223.6 million). The plot reserves included 2,293,000 m^2 of floor area of residential plots (12/2010: 2,124,000) and 552,000 m^2 of floor area of plots for business premises (12/2010: 563,000).

In Russia, the focus of operations is on residential development projects in St Petersburg, Moscow and cities in the Moscow region, Yekaterinburg, Rostov-on-Don and Kazan. YIT made plot investments in almost every city where it operates, and expanded its operations to Serpukhov, Yegoryevsk, Bronnitsy and Lytkarino in the Moscow region.

During 2011, YIT sold a total of 3,561 residential units (1–12/2010: 3,073) in Russia, of which 675 were sold in the first, 782 in the second, 957 in the third and 1,147 in the fourth quarter. Residential sales focused increasingly on projects at an early stage of construction in Russia during the review period, meaning that at the time of the sale only a smaller amount of revenue is recognised for the sold residential units.

Residential sales have been supported by YIT's established position as a reliable construction company in Russia, YIT's diverse housing offering, YIT's own marketing and promotion measures and extensive housing loan cooperation with banks. The significance of loan financing has increased in Russia and, during the year, the customer has taken out a housing loan in 43 percent of YIT's residential sales. Residential sales were also supported by the piling up of the demand for new housing, continued favourable consumer confidence and oil price and moderate interest rates of mortgages.

Housing prices increased at a moderate rate during the review period in Russia, and YIT increased the prices of its residential units slightly throughout Russia.

As a result of the favourable demand, YIT has actively started up new residential projects in Russia, and in 2011 YIT started up the construction of a total of 4,492 residential units (1–12/2010: 3,683). Start-ups took place in several cities YIT operates in.

The number of residential units for sale was carefully increased during the year, and the geographically balanced merchandise inventory amounted to 5,142 at the end of December (12/2010: 4,211). The number of completed, unsold residential units decreased from the previous year, amounting to 409 at the end of December (12/2010: 805). Of the residential units under construction, 36 percent had been sold (12/2010: 24%).

A total of 1,576 residential units (1–12/2010: 3,426) were completed in Russia during 2011. After the handover of residential projects, YIT offers its customers service and maintenance. At the end of 2011, YIT was responsible for the service and maintenance of approximately 10,200 residential units.

Residential construction in Russia, number of residential units

	1–12/11	1–12/10	Change	10–12/11	7–9/11	4–6/11	1–3/11
Sold	3,561	3,073	16%	1,147	957	782	675
Start-ups	4,492	3,683	22%	1,587	665	1,089	1,151
Completed [1]	1,576	3,426	–54%	694	539	238	105
Under construction at the end of the period [2]	7,365	4,457	65%	7,365	6,472	6,346	5,495
- of which sold at the end of the period	2,632	1,051	150%	2,632	2,164	1,762	1,375
For sale at the end of the period	5,142	4,211	22%	5,142	4,702	4,993	4,687
- of which completed	409	805	–49%	409	394	409	567

Under construction at the end of the period [2]	1–12/11	1–12/10	Change	10–12/11	7–9/11	4–6/11	1–3/11
St. Petersburg	2,396	1,615	48%	2,396	1,988	1,801	1,935
Moscow region	3,142	2,366	33%	3,142	3,141	3,570	2,646
Yekaterinburg, Kazan, Rostov-on-Don and Moscow	1,827	476	284%	1,827	1,343	975	914

[1] Completion of the projects requires commissioning by the authorities.
[2] At the end of December 2011, YIT had 365 (12/2010: 685) residential units at Russian sites whose construction was suspended in the autumn of 2008. These residential units are not included in the figure for residential units under construction shown in the table. Changes in the number of residential units may take place after the start of construction due to the division or combination of residences.

Volume of business premises construction continues to be low in Russia

YIT's volume in the Russian business premises market was at a low level during the review period. Marketing of the Gorelovo industrial park close to St. Petersburg was continued also in the fourth quarter. The competitive advantages of the area are its good location and completed infrastructure connections, and customers' interest in the area continued.

Revival of the residential market is slower in the Baltic countries and Central Eastern Europe

YIT's aim is to increase its residential production in the Baltic and Central Eastern European countries according to the market situation. YIT's residential production volume increased in these countries during 2011. Estonia, Latvia, Lithuania, the Czech Republic and Slovakia accounted for 20 percent (1–12/2010: 11%) of the revenue of International Construction Services for January–December. Revenue generated in these countries increased by 64 percent compared to the year before to EUR 96.0 million (1–12/2010: EUR 58.6 million). The capital tied to plot reserves in the Baltic countries, the Czech Republic and Slovakia totalled EUR 79.8 million (12/2010: EUR 80.0 million) at the end of December. The plot reserves included 332,000 m^2 of floor area of residential plots (12/2010: 374,000) and 143,000 m^2 of floor area of plots for business premises (12/2010: 149,000).

The weaker profitability of competitive tendering compared to residential development projects and its continued high share of the revenue in the Baltic countries continued to impair the segment's profitability. YIT aims to shift the focus of its operations further from contract production to residential development projects with new residential start-ups.

Residential construction in the Baltic countries and Central Eastern Europe, number of residential units

	1–12/11	1–12/10	Change	10–12/11	7–9/11	4–6/11	1–3/11
Sold	364	73	399%	97	111	99	57
Start-ups	526	482	9%	58	152	181	135
Completed	288	106	172%	147	60	0	81
Under construction at the end of the period	614	376	63%	614	698	611	430
- of which sold at the end of the period	171	43	298%	171	183	108	47
For sale at the end of the period	611	449	36%	611	645	609	527
- of which completed	168	116	45%	168	130	106	144

The construction of 526 residential units was started in Estonia, Latvia, Lithuania, the Czech Republic and Slovakia during 2011 (1–12/2010: 482). At the end of December, there were 614 residential units under construction (12/2010: 376). During the review period, housing prices increased slightly in the Baltic countries and remained stable in the Czech Republic and Slovakia.

YIT's residential sales inventory has grown in the Baltic countries, the Czech Republic and Slovakia, and YIT aims to increase the number of residential units for sale in accordance with demand. In January–December, a total of 364 (1–12/2010: 73) residential units were sold in these countries. At the end of December, there were 611 (12/2010: 449) residential units for sale, 168 of these (12/2010: 116) were completed. The number of residential units completed during 2011 was 288 (1–12/2010: 106).

Major short-term business risks and risk management

YIT has specified the major risk factors and their management from the point of view of the Group as a whole, taking the special characteristics of YIT's business operations and environment into consideration. Risks are divided into strategic, operational, financial and event risks.

YIT has developed the Group's business structure to be balanced and more tolerant of economic fluctuations. The share of steadily developing service and maintenance operations has been increased. Cash flow-generating (building system and industrial services, contracting) and capital-intensive business operations (residential and commercial development production) balance the risks related to business operations and the use of capital and enable better risk management at the Group level.

Operations have been expanded geographically so that economic fluctuations impact operations at different times in different markets. Continuous monitoring and analysis as well as alternative scenarios and action plans based on them make it possible to react quickly to changes in the operating environment and also to utilise the business opportunities provided by the changes.

The Group's aim is to grow profitably, both organically and through acquisitions. The building services operations in Central Europe have grown as the result of the acquisition completed at the beginning of September 2010. The integration and development of the acquired companies has proceeded as planned.

YIT's typical operational risks include risks related to plot investments, sales risk of residential and commercial development 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 residential units (the figures for residential production are presented under Development by business segment) and by normally securing key tenants and/or the investor prior to starting a business premises project. A strong increase in interest rates and changes in the availability of housing loans and property financing are key risks related to the demand for residential units and business premises.

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. No write-offs were made to plots during 2011.

Financing and financial risks include liquidity, credit and counterparty, interest rate and currency risks and risks related to the reporting process. Financing and financial risks are managed through accounting and financing policies, internal control as well as internal and external audit.

YIT's most significant currency risk is related to investments in ruble terms. Capital invested in Russia totalled EUR 485.7 million (9/2011: EUR 472.7 million) at the end of the period. The amount of net equity investments at the end of the period was EUR 400.0 million (9/2011: EUR 374.6 million). The net investments in the Russian subsidiaries are unhedged in accordance with the treasury policy, and a potential devaluation of the ruble would have a negative impact equal to the amount of equity on the Group's shareholders' equity. Debt investments amounted to EUR 85.7 million (9/2011: EUR 90.7 million) at the end of the period, 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, for example, fire, collapse and theft. 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 2011. Financing risks are described in more detail in the notes to the Financial Statements for 2011.

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 2011. YIT Corporation's share capital was EUR 149,216,748.22 at the beginning of 2011 (2010: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2010: 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 March 11, 2011, 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 has a valid share issue authorisation issued by YIT's Annual General Meeting on March 10, 2010. The share issue authorisation also includes an authorisation to decide on the conveyance of treasury shares.

YIT Corporation held 2,145,000 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.

YIT Corporation's Board of Directors confirmed the rewards for the 2010 earning period under the share-based incentive scheme for YIT's management on April 28, 2011, which were conveyed as a directed share issue without consideration during the review period. In the share issue, 196,910 YIT Corporation shares 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. By the end of 2011, 4,324 shares had been returned to YIT. At the end of the year, the company held 1,952,414 of its own shares. During 2011, no shares in the parent company were owned by subsidiaries.

At year-end, the parent company's Board of Directors did not have authorisations to issue convertible bonds or bonds with warrants.

Trading in shares

The price of YIT's share was EUR 18.65 at the beginning of the year (January 1, 2010: EUR 14.44). The closing rate of the share on the last trading day of 2011 was EUR 12.38 (December 30, 2010: EUR 18.65). YIT's share price decreased by approximately 34 percent during 2011. The highest price of the share in 2011 was EUR 21.92 (1–12/2010: EUR 19.00), the lowest was EUR 10.04 (1–12/2010: EUR 12.98) and the average price was EUR 15.28 (1–12/2010: EUR 16.35). Share turnover on Nasdaq OMX in January–December amounted to 151,023 thousand shares (1–12/2010: 127,537 thousand). The value of turnover was EUR 2,314.0 million (1–12:2010: EUR 2,085.0 million), source: Nasdaq OMX.

In addition to the Helsinki Stock Exchange, YIT shares are also traded on other market places, such as Chi-X, BATS and Turquoise. During 2011, the alternative market places increased their share of the annual trade volume in the YIT share. During January–December, 40,504 thousand YIT Corporation shares changed hands in alternative market places (1–12/2010: 21,580 thousand), corresponding to approximately 21 percent of the total share trade (1–12/2010: 14%). Of the alternative market places, YIT shares changed hands particularly in Chi-X, which accounted for approximately 12 percent of the full-year total trading volume (1–12/2010: 9%). Also, 240 thousand YIT Corporation shares changed hands in OTC transactions (1–12/2010: 62 thousand), source: Nasdaq OMX.

YIT Corporation's market capitalisation at the end of the review period was EUR 1,550.9 million (12/2010: EUR 2,332.7 million). The market capitalisation has been calculated excluding the shares held by the company.

Shareholders

At the end of December 2011, the number of registered shareholders was 36,547 (12/2010: 32,476). The number of private investors increased by approximately 3,500 during 2011. At the end of December, a total of 32.2 percent (12/2010: 37.9%) of the shares were owned by nominee-registered and non-Finnish investors.

During 2011, 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 December 31, 2011

	Shares, pcs.	% of shares and votes
1. Structor S.A.	15,430,000	12.13
2. Varma Mutual Pension Insurance Company	10,000,000	7.86
3. Ilmarinen Mutual Pension Insurance Company	4,841,255	3.81
4. Mandatum Life Insurance Company Limited	4,594,606	3.61
5. Nordea funds	2,074,858	1.63
6. OP funds	2,030,000	1.60
7. YIT Corporation	1,952,414	1.53
8. Odin funds	1,864,452	1.47
9. Svenska litteratursällskapet i Finland r.f.	1,859,200	1.46
10. Tapiola Mutual Pension Insurance Company	1,685,541	1.32
11. Brotherus Ilkka	1,324,740	1.04
12. The State Pension Fund	1,321,807	1.04
13. Danske Invest funds	1,247,424	0.98
14. Kaleva Mutual Insurance Company	1,247,348	0.98
15. Herlin Antti	948,980	0.75
Nominee registered shares	22,638,778	17.79
Other shareholders, total	52,162,019	41.00
Total	127,223,422	100.00

Ownership by shareholder groups December 31, 2011

	Shareholders, pcs.	% of shareholders	Shares	% of share capital
Nominee registered and non-Finnish holders	232	0.63	40,995,085	32.2
Households	33,141	90.68	28,058,091	22.1
General government	51	0.14	20,643,910	16.2
Financial and insurance corporations	143	0.39	16,331,033	12.8
Non-profit institutions	588	1.61	9,535,927	7.5
Non-financial corporations and housing corporations	2,392	6.54	11,659,376	9.2
Total	36,547	100.00	127,223,422	10.0

Distribution of shareholdings by the number of shares owned, December 31, 2011

	Shareholders	% of owners	Shares	% of share capital
1–100	9,059	24.8	598,174	0.5
101–500	15,244	41.7	4,351,431	3.4
501–1,000	5,801	15.9	4,565,768	3.6
1,001–5,000	5,193	14.2	11,371,049	8.9
5,001–10,000	648	1.8	4,758,378	3.7
10,001–50,000	455	1.2	9,712,126	7.6
50,001–100,000	66	0.2	4,581,976	3.6
100,001–500,000	57	0.2	13,159,419	10.3
500,001–	24	0.1	74,125,101	58.3
Total	36,547	100.0	127,223,422	100.0

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

Outlook for 2012

YIT estimates that in 2012, the combined revenue of the business segments will remain at the level of 2011 and that operating profit will increase compared to 2011.

The first quarter is typically the softest due to the normal seasonal nature of the business, but with the improvement of profitability with the progress of the streamlining programme, the Building Services Northern Europe business segment will support the growth of YIT's revenue for 2012 during the last two quarters of the year.

The high uncertainty of the general macroeconomic development may have a negative effect also on decision-making by YIT's customers and thereby the development and performance of YIT's business operations.

The profit outlook is based on the segment-level reporting, i.e. recognition of income based on the percentage of completion.

Building Services Northern Europe

In the Nordic countries, the market situation for building services varies by country. According to an estimate by the construction industry's Euroconstruct expert network, the service and maintenance market is estimated to grow slightly in all Nordic countries in 2012 (November 2011 report). The increase in technology in buildings increases the need for new services. The demand for energy efficiency services is expected to remain stable. The public sector is expected to continue the outsourcing of real estate services.

According to the Euroconstruct forecast, the building system project market in Finland and Denmark is expected to remain soft in 2012. New investments have not increased much due to the continued low level of construction of business premises and offices. According to an estimate by Prognoscentret, the project market in Sweden and Norway will increase at a reasonable rate in 2012.The construction of business premises is estimated to increase both in Sweden and Norway, which will open up new opportunities for YIT. The building system market is, however, post-cyclic by nature. The public sector will invest less in new buildings than the year before, with governments aiming to balance their budgets.

In the Baltic countries and Russia, both the project and service market is estimated to develop and grow at a steady rate.

An investment survey by the Confederation of Finnish Industries EK, manufacturing industry and energy sector investments in Finland will increase slightly in 2012. The investments are mainly made to replace capacity, and the amount of expansion investments is estimated to remain low. The industrial maintenance market is estimated to remain stable.

Building Services Central Europe

In Building Services Central Europe, the service and maintenance market as well as the project market, which is dependent on new investments, are expected to grow at the same rates. The opportunities for growth in service and maintenance are favourable, particularly in Germany and Austria. The building system services market in Central Eastern Europe (Poland, the Czech Republic and Romania) is developing.

New investments in building systems have recovered to a relatively good level in the countries where YIT operates in Central Europe, but especially in Germany, Austria and Poland. In spite of market uncertainty, new investments in building systems are expected to increase by 1–2 percent in 2012.

Growth in the demand for energy-efficiency services is possible over the next few years with high energy prices and tightening environmental legislation, particularly in Austria and Germany. Investments by industrial customers are at a good level, and the demand for business premises has also increased in 2011. During the most recent slump, the building system services market in Central Eastern Europe decreased significantly due to a decrease in foreign investments and low domestic demand. In Poland, the market is expected to continue to recover, but in the Czech Republic the market is expected to improve slowly.

There are many small companies operating in the technical building system market, and the consolidation of the market will provide opportunities for acquisitions. YIT's strength is its extensive service portfolio and possibility to guarantee a high level of service for its customers. YIT's goal is to be the leading provider of technical system maintenance in the Nordic countries and Central Europe.

Construction Services Finland

The weakening of the European economic outlook has resulted in increasing uncertainty in the Finnish construction market. According to VTT Technical Research Centre of Finland's estimate, construction will decrease by approximately 2 percent in 2012. According to the construction industry's estimate, construction will remain at a relatively favourable level during the first months of the year due to projects that have already started up. However, construction may decline towards the end of the year.

According to the construction industry's forecast, the construction of 27,000 residential units will start in Finland during 2012 (2011: 30,500). The number of completed but unsold residential units is still relatively low. According to a report published by VTT Technical Research Centre of Finland in January, the annual need for the production of new residential units amounts to 24,000–29,000 residential units in the long term. YIT's goal is to strengthen its position as the leading housing developer in Finland.

Residential demand continues to be supported by low interest rates, the relatively stable employment situation and migration to growth centres. Interest rates are estimated to decrease slightly in 2012. Migration will continue to be strong in Finland, with people increasingly moving to growth centres. Furthermore, the population and the number of household-dwelling units will increase with continued immigration and the increasing number of one-person households.

YIT estimates that housing prices will remain stable in 2012. The increase in construction costs is estimated to level off in 2012.

According to VTT's estimate, the volume of office construction will decrease by approximately 8 to 9 percent during 2012. Underutilisation rates of offices continue to be rather high after the last recession, with the building stock also including old office premises. YIT estimates that the demand will focus on modern and energy-efficient offices. According to the VTT estimate, the volume of business premises construction will begin to decrease. The shift of the retail trade towards larger and larger business properties and the expansion of foreign retail chains in Finland maintain the volume of construction. Underutilisation rates of business premises are rather low. The decrease in the willingness to take risks due to the European credit crunch may be reflected in the level of new investments in the business premises market in 2012.

Infrastructure construction is estimated to begin to increase moderately in 2012, and especially the volume of road construction is estimated to pick up. Rail and metro construction is expected to continue to increase, at least during 2012 and 2013. The market situation of rock construction is expected to remain favourable due to mine investments and underground rock excavation projects. The road maintenance market is expected to remain stable, and new tenders will open opportunities for YIT to strengthen its market share.

International Construction Services

The volume of residential construction is estimated to increase in Russia in 2012. According to an estimate by the Russian government, residential construction in Russia will amount to approximately 67 million square metres, showing an increase of approximately 5 percent on the previous year.

Moscow, the Moscow region and St. Petersburg make up the largest residential market in Russia: these areas account for approximately one-fifth of all residential construction. Even though the volume of residential construction has been increasing during the past few years, there is still a shortage of new residential units in certain areas. Residential demand has remained favourable due to strong economic development in Russia, good consumer confidence and favourable development in the housing loan market. However, housing loan interest rates began to increase at the end of 2011.

The future outlook for Russian residential construction is good. Living space per person is still clearly lower than in Western Europe and the housing is in poor condition, which creates the need for new, high-quality housing. Furthermore, the number of household-dwelling units is expected to increase, and the middle class to increase as a share of the population. The development of the housing loan market in Russia has also contributed to the demand for new residential units. YIT has promoted the availability of loans to consumers through extensive cooperation with banks. YIT expects housing prices to increase in Russia in 2012. YIT is the largest Western residential developer in Russia, and its aim is to strengthen its market position further in the selected YIT cities.

Construction of business premises is expected to grow at a moderate rate in 2012. The largest individual market is St. Petersburg, where YIT will continue the marketing and sales of the Gorelovo industrial park.

In the Baltic countries, residential demand has been increasing as a result of improved consumer confidence and the employment situation. VTT estimates that the number of residential units completed in 2012 will increase to 11,200 or by approximately 9 percent from the previous year.

According to VTT's forecast, the number of residential start-ups in the Czech Republic is expected to be on a par with the previous year in 2012. Interest and unemployment rates are increasing, which typically decreases the demand for residential units. Residential prices have remained stable in Slovakia. VTT estimates that residential start-ups will remain low in 2012 due to the high stocks of unsold residential units. The residential market is supported by the favourable economic growth in Slovakia and the interest rates remaining low.

Events after the financial period

In December, YIT agreed on two acquisitions in Austria, during the last quarter. YIT agreed to purchase P&P Kälteanlagenbau GmbH, a cooling solutions and services provider, and WM Haustechnik GmbH, an HVAC solution provider. P&P Kälteanlagenbau GmbH has approximately 50 employees, and its revenue for 2010 was approximately EUR 11 million. The annual revenue of WM Haustechnik GmbH is approximately EUR 1 million. The companies acquired in Austria will be consolidated in the Group as of January 1, 2012.

YIT has acquired the entire share capital of Elektriska Installationer i Finspång AB and Kraftmontage i Finspång AB in January 2012. The companies have approximately 20 employees and their combined annual revenues amount to approximately EUR 2 million.

The estimated acquisition price of the companies is approximately EUR 3.4 million. The acquisitions are not expected to result in goodwill.

Consolidated income statement

EUR million	Note	2011	2010
Revenue	2, 4, 5	4,382.1	3,787.6
Other operating income	6	14.6	9.6
Change in inventories of finished goods and in work in progress		128.8	–81.7
Production for own use		0.4	0.8
Materials and supplies		–1,343.0	–1,055.1
External services		–1,107.7	–752.3
Personnel expenses	9	–1,357.2	–1,175.0
Other operating expenses	7, 10	–478.8	–477.3
Share of results in associated companies and joint ventures	16	0.4	–0.5
Depreciation and value adjustments	8	–39.6	–35.9
Operating profit		200.0	220.1
Financial income		4.3	3.7
Exchange rate differences (net)		–4.1	–7.3
Financial expenses		–24.9	–21.7
Financial income and expenses	11	–24.8	–25.3
Profit before taxes		175.2	194.8
Income taxes	12	–50.2	–54.2
Net profit for the financial year		125.0	140.6
Attributable to:			
Equity holders of the company		124.4	140.3
Non-controlling interests		0.6	0.3
Earnings per share for profit attributable to the equity holders of the Company during the financial year			
Basic earnings per share, EUR	13	0.99	1.12
Diluted earnings per share, EUR		0.99	1.12

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

Consolidated statement of comprehensive income

EUR million	Note	2011	2010
Profit for the report period		125.0	140.6
Other comprehensive income			
Cash flow hedging	30	–2.0	–1.0
– Deferred tax asset		0.4	0.3
Change in fair value of available-for-sale assets	17	0.5	0.0
– Deferred tax asset		–0.1	
Change in translation differences		–8.5	29.2
Other change		–0.1	
Other comprehensive income, total		–9.7	28.5
Total comprehensive income		115.3	169.1
Attributable to:			
Equity holders of the parent		114.5	168.7
Non-controlling interests		0.8	0.4

Consolidated balance sheet

EUR million	Liite	2011	2010
ASSETS			
Non-current assets			
Tangible assets	14	110.8	106.7
Goodwill	15	347.5	350.9
Other intangible assets	15	54.1	50.5
Investments in associated companies and joint ventures	16	3.1	2.7
Available-for-sale financial assets	17	3.8	3.4
Receivables	18	18.8	15.9
Deferred tax receivables	19	60.3	44.7
Total non-current assets		598.5	574.8
Current assets			
Inventories	20	1,672.6	1,484.9
Trade and other receivables	3, 21	1,017.4	871.1
Tax receivables		9.9	18.1
Cash and cash equivalents	22	206.1	148.3
Total current assets		2,906.0	2,522.5
Assets held for sale	35		19.8
TOTAL ASSETS		3,504.5	3,117.1

EUR million	Note	2011	2010
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company	23		
Share capital		149.2	149.2
Legal reserve		1.9	2.0
Other reserves		2.8	
Treasury shares		–9.7	–10.6
Translation differences		–23.4	–14.3
Fair value reserve		–3.6	–2.4
Retained earnings		801.5	756.1
		918.7	880.0
Non-controlling interest		2.5	2.9
Total equity		921.1	882.9
Non-current liabilities			
Deferred tax liabilities	19	88.3	77.2
Pension obligations	24	26.5	26.9
Provisions	25	54.1	49.5
Borrowings	26	522.9	504.6
Other liabilities	27	47.9	10.3
Total non-current liabilities		739.9	668.4
Current liabilities			
Trade and other liabilities	27	1,350.1	1,200.1
Income tax liabilities		17.6	18.7
Provisions	25	52.2	45.2
Borrowings	26	423.6	284.6
Total current liabilities		1,843.5	1,548.6
Liabilities of assets held for sale	35		17.2
Total liabilities		2,583.3	2,234.2
TOTAL EQUITY AND LIABILITIES		3,504.5	3,117.1

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

Consolidated cash flow statement

EUR million	2011	2010
Cash flow from operating activities		
Net profit for the financial year	125.0	140.6
Adjustments for:		
Depreciations	39.6	35.9
Reversal of accrual-based items	35.1	15.2
Financial income and expenses	24.8	25.3
Gains on the sale of tangible and intangible assets	–6.1	–0.4
Taxes	50.2	54.2
Total adjustments	143.5	130.3
Change in working capital:		
Change in trade and other receivables	–159.2	–77.3
Change in inventories	–196.3	60.3
Change in trade and other payables	189.4	–135.5
Total change in working capital	–166.1	–152.4
Interest paid	–34.3	–27.6
Other financial items, net cash flow	–5.3	–37.2
Interest received	4.1	3.4
Dividends received	0.1	0.1
Taxes paid	–49.7	–50.5
Net cash generated from operating activities	17.4	6.8

EUR million	Note	2011	2010
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	3	–8.9	–45.4
Purchases of property, plant and equipment	14	–30.0	–19.9
Purchases of intangible assets	15	–9.0	–8.4
Increases in available-for-sale financial assets		–0.1	–1.4
Disposals of subsidiaries and operations, net of cash	4	5.9	
Proceeds from sale of tangible and intangible assets		4.5	6.5
Proceeds from sale of available-for-sale financial assets		2.7	0.0
Net cash used in investing activities		–34.7	–68.5
Operating cash flow after investments		–17.3	–61.7
Cash flow from financing activities			
Proceeds from borrowings	26	175.0	100.0
Repayment of borrowings	26	–157.4	–50.5
Change in loan receivables		0.0	0.0
Change in current lliabilities, net	26	139.4	34.2
Payments of financial leasing debts		–0.9	–0.1
Dividends paid and other distribution of assets		–81.5	–51.2
Net cash used in financing activities		74.7	32.5
Net change in cash and cash equivalents		57.4	–29.3
Cash and cash equivalents at the beginning of the financial year		147.6	173.1
Foreign exchange rate effect on cash and cash equivalents		–0.2	3.8
Cash and cash equivalents at the end of the financial year		204.8	147.6

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

Consolidated statement of changes in equity

EUR million	Note	Attributable to equity holders of the parent company									
		Share capital	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity on Jan 1,2011		149.2	2.0	0.0	–14.3	–2.4	–10.6	756.1	880.0	2.9	882.9
Other comprehensive income											
Profit for the financial year								124.4	124.4	0.6	125.0
Other comprehensive income items:											
Cash flow hedging	30					–2.0			–2.0		–2.0
-Deferred tax						0.4			0.4		0.4
Change in fair value of available-for-sale investments	17					0.5			0.5		0.5
-Deferred tax						–0.1			–0.1		–0.1
Translation differences					–9.1			0.4	–8.7	0.2	–8.5
Other change			–0.1						–0.1		–0.1
Total other comprehensive income			–0.1		–9.1	–1.2		124.9	114.5	0.8	115.3
Transactions with owners											
Dividend paid, EUR 0.65/share								–81.3	–81.3	–0.2	–81.5
Share-based incentive scheme	23			2.8			0.9	0.7	4.4		4.4
Total transactions with owners				2.8			0.9	–80.6	–76.9	–0.2	–77.1
Changes in group's ownership shares in subsidiaries											
Changes in group's ownership shares in subsidieries no loss of control								1.0	1.0	–1.0	
Changes from business combinations										0.0	0.0
Changes in group's ownership shares in subsidiaries, total								1.0	1.0	–1.0	0.0
Equity on Dec 31, 2011		149.2	1.9	2.8	–23.4	–3.6	–9.7	801.5	918.7	2.5	921.1

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

EUR million	Note	Attributable to equity holders of the parent company Share capital	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity on Jan 1, 2010		149.2	1.7	11.6	–42.5	–1.7	–10.6	654.2	761.9	2.2	764.1
Other comprehensive income											
Profit for the financial year								140.3	140.3	0.3	140.6
Other comprehensive income items:											
Cash flow hedging	30					–1.0			–1.0		–1.0
-Deferred tax						0.3			0.3		0.3
Change in fair value of available-for-sale investments	17					0.0			0.0		0.0
Translation differences					28.2			0.9	29.1	0.1	29.2
Total other comprehensive income					28.2	–0.7		141.3	168.7	0.4	169.1
Transactions with owners											
Dividend paid, EUR 0.40/share								–50.5	–50.5	–0.8	–51.3
Share option scheme	23			–11.6				11.6			
Share-based incentive scheme	23							0.9	0.9		0.9
Transfer from retained earnings			0.3					–0.3			
Total transactions with owners			0.3	–11.6				–38.3	–49.7	–0.8	–50.5
Changes in group's ownership shares in subsidiaries											
Changes in group's ownership shares in subsidieries no loss of control								–0.9	–0.9	0.9	
Changes from business combinations										0.1	0.1
Changes in group's ownership shares in subsidiaries, total								–0.9	–0.9	1.1	0.1
Equity on Dec 31, 2010		149.2	2.0	0.0	–14.3	–2.4	–10.6	756.1	880.0	2.9	882.9

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

Notes to the consolidated financial statements

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

1. YIT Group accounting principles

General information

YIT Group provides services for the real estate, construction and industry sectors. Group companies render capital investments and maintenance services for the real estate and construction sectors as well as industry and housing construction service for consumers. YIT's main market areas are the Nordic countries, Russia, Central Europe and the Baltic countries. YIT Group's segments are Building Services Northern Europe, Building Services Central Europe, Construction Services Finland and International Construction Services.

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 the consolidated financial statements for publication on February 1, 2012. 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 December 31, 2010 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. 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 January 1, 2011

The effects of other standards and interpretations adopted on January 1, 2011 on the reporting period have been as follows:

- IAS 24 (revised): Related Party Disclosures. The revised standard clarifies and simplifies the definition of a related party, and the detailed disclosure requirements has been absolved for transactions between government-related entities. The revised standard does not have an impact on the group reporting.
- IAS 32 (amendment): Classification of Rights Issues: The amendment addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are classified as equity regardless of the currency in which the exercise price is denominated. Previously such rights issues were accounted for as derivative liabilities. The amended standard does not have an impact on the group reporting.
- IFRIC 14 (amendment): Prepayments of a Minimum Funding Requirement: The amendment is aimed at correcting an unintended consequence of IFRIC 14. The amended standard does not have an impact on the group reporting.
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments. The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor. IFRIC 19 requires a gain or loss to be recognized in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. The amount of the gain or loss recognized in profit or loss will be the difference between the carrying value of the financial liability and the fair value of the equity instruments issued.The interpretation does not have an impact on the group reporting.
- Improvements to IFRSs–amendments: A compilation of small and less important amendments to various standards, published in July 2010. The compilation

encompasses 7 standards and the impacts of the amendments vary by standard. The amendments do not have substantial impact on the group reporting.

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 purchase 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 net 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 January 1, 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 expenses". 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 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 investments 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 January 1, 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 January 1, 2004, have been denominated in euro.

Currency exchange rates used in YIT consolidated financial statements:

1 EUR =	Income statement 1–12/2011	Balance sheet 31.12.2011	Income statement 1–12/2010	Balance sheet 31.12.2010
CZK	24.591	25.787	25.2910	25.061
DKK	7.4506	7.4342	7.4471	7.4535
EEK			15.6466	15.6466
HUF	279.78	314.58	275.34	277.95
MYR	4.2555	4.1055	4.1896	4.0950
NOK	7.7929	7.7540	8.0056	7.8000
PLN	4.1196	4.4580	3.9951	3.9750
RUB	40.8816	41.765	40.2718	40.82
SEK	9.0289	8.9120	9.5447	8.9655
SGD	1.7490	1.6819	1.7640	1.7136
USD	1.3918	1.2939	1.3463	1.3362
LVL	0.7028	0.7028	0.7028	0.7028
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	10 years
Machinery and equipment	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. Goodwill on the consolidation of business functions before January 1, 2009 corresponds to the previous IFRS standards applied and before January 1, 2004 to 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 and their fair value can be determined reliably. Intangible assets other than goodwill 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 competence 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.

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 higher of fair value of the asset item less the 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 cost 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 companies, 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 present 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 held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction. An asset is to be classified as held for sale when the sale 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.

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 Norway, Austria and Germany. Obligations connected with the Group's each defined benefit plan 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 in excess of a certain range of variation are entered through profit and loss for the average remaining time in employment of the employees. Occupational pensions in Sweden have 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. Supplementary pension insurance liabilities in Finland are recorded on a defined benefit basis.

Share-based payments

The Group has a share-based incentive plan for its key personnel. Possible rewards will be paid as a combination of YIT corporation shares and cash settlement based on achieved financial target levels. The cost effect of equity-settled share is recognised as personnel expenses and equity reserve. The cost is 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 is expensed to personnel expenses and current liabilities until the settlement date.

The set target levels for revenue and return on invested capital are the non-market vesting conditions on the basis of which the Group makes assumptions about the expected amount of share-based payments to vest. The Group revises the estimates of the amount of share-based payments that are expected to vest at each balance sheet date and the impact on previous estimates is recognised to personnel expenses and equity reserve or current liabilities.

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 continuing 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 other comprehensive income or in 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 and unused tax losses.

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 financial 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 do not fall 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 withdraw able 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. For the financial assets other than available-for-sale assets, 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 trade receivables included in loan and 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 trade 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 January 1, 2010 the IFRIC 15 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 discounted values or carrying 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.

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 will 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 less the indirect taxes and discounts.

Goods and services sold

YIT group designs, constructs and sells houses and premises and develops and maintains living infrastructure. Also, YIT Group offers building services and industrial services and maintenance. 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. Constructions contracts and long-term service agreements carried out trough 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

From January 1, 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. Sold projects are recognised either when the construction work has started or when the project is complete. 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 commercial real estate development projects to investors either prior to construction or during an early phase.

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 as well as to the amounts in income statement; 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 interest rate used in discounting includes the additional risk factor by each segment.

The cash flows in the value-in-use calculations reflect the best estimate for different time periods, and the sensitivity analysis for discount rate, profitability as well as terminal value have been made. The analysis made had no effect on the possible impairment losses. On December 31, 2011 goodwill amounted to EUR 347.5 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 2011, revenue recognition through percentage of completion method amounted to EUR 3,367.2 million, representing 77 percent 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 December 31, 2011, deferred tax receivables amounted to EUR 60.3 million and deferred tax liabilities amounted to EUR 88.3 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. 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 December 31, 2011, provisions amounted to EUR 106.4 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 December 31, 2011, pension liabilities amounted to EUR 26.5 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 December 31, 2011, work in progress amounted to EUR 792.8 million, completed housing units amounted to EUR 158.2 million and plot reserves amounted to EUR 643.8 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 realised write-offs in previous years, empirical knowledge of debt collecting, analysis made by clients and general market situation at the time. On December 31, 2011, trade receivables amounted to EUR 574.5 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 the Group has not applied for or EU commission has not approved by the date of approval of the financial statements 2011. YIT group will adopt them earliest in the financial statements for the year 2012 or later.

- IAS 12 (amendment): Deferred taxes: IAS 12 required earlier an entity to assess, on whether the entity expects to recover the carrying amount of the asset through use (f.ex. rental income) or sale. Amendment allows that with the assets measured using the fair value model can be seen the recovery through sale. Assumption can be applied for deferred taxes from Investment properties, tangible and intangible assets valued at fair value or revaluation model. The amended standard does not have an impact on the group reporting.

- IFRS 7 (amendment): Financial instruments: Disclosures – Derecognising: The change requires additional disclosures on risk positions related to derecognized financial assets. In the future, detailed disclosure requirements refer also to the financial assets fully derecognized but still having interest for an entity. The change may increase the note information in the future. YIT group will adopt the amendment earliest in the financial statements for the year 2012.The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 9 Financial Assets – Classification and Measurement: The part of IFRS 9 concerning the classification and measurement of financial assets 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 earliest in its 2013 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 9 Financial Liabilities – Classification and Measurement: The second part of IFRS 9 was published in October 2010. It complements the first phase of the revision of IAS 39 concerning the classification and measurement of financial assets issued in November 2009. According to the new standard, the accounting and presentation for financial liabilities shall remain the same except for those financial liabilities for which fair value option is applied. The Group will probably adopt the standard in its 2013 financial statements at the earliest. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 10 Consolidated financial statements and IAS 27 (amendment) Separate financial statements: The new standard set out how to apply the principle of control to identify whether an investor controls an investee and may affect the fact whether an entity or special purpose vehicle must be consolidated or not. The change requires additional considerations by the management and disclosures. The Group will probably adopt the standard in its 2013 financial statements at the earliest. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 11 Joint arrangements and IAS 28 Associates and joint ventures (revised): Include guidelines how to consolidate joint arrangements. The treatment is focusing 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 relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group will probably adopt the standard in its 2013 financial statements at the earliest. 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: The new standard summarizes the disclosure requirements of notes to the consolidated financial staments. It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The Group will probably adopt the standard in its 2013 financial statements at the earliest. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 13 Fair value measurement: Standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Group will probably adopt the standard in its 2013 financial statements at the earliest. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IAS 1 (amendment) Presentation of statements of changes in equity: The amendment clarifies that an entity shall classify each component of other comprehensive income in equity, either those presented in the income statement or to those presented in other comprehensive income statement in the future. The Group will probably adopt the standard in its 2013 financial statements at the earliest. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IAS19 (revised) Employee benefit: Revised standard includes changes to accounting principles of defined benefit plans. The corridor approach was eliminated and all actuarial gains and losses are to be recognised to OCI. The net asset or liability as a whole is to be booked to balance sheet. The expected return on fund assets is to be calculated using the same interest rate when discounting the net present value of pension liability. In the transition to new standard all unrecognised actuarial gains or losses in the corridor will be booked to OCI and the pension liability in balance sheet will increase. The pension cost in profit and loss account may possibly increase in the future, if the expected return rate on fund assets has exceeded the discount rate used. The Group will probably adopt the standard in its 2013 financial statements at the earliest. The Group management is assessing the impact of the standard on the reporting of pension cost, pension liabilities and equity.
- IFRIC 20 Stripping costs in the production phase of a surface mine: The interpretation does not have an impact on the group reporting.
- IFRS 7 (amendment) Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities: The amended disclosures require more extensive

disclosures than are currently required on the offset financial asset and liabilities. The disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset in the balance sheet.

- IAS 32 (amendment) Offsetting Financial Assets and Financial Liabilities: The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32. The amendments clarify that the right of set-off must be available today – that is, it is not contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that certain gross settlement mechanisms are effectively equivalent to net settlement and would therefore satisfy the IAS 32 criterion in these instances.

2. Segment information

The Group's reportable segments are based on the internal reports regularly reviewed by the Group's Management Board. The YIT Group's Management Board is the chief operating decision-maker, which review the Group's internal reporting in order to assess performance and allocate resources to the segments.

YIT's business segment structure was revised from March 1, 2011, with Building and Industrial Services being divided into two segments: Building Services Northern Europe and Building Services Central Europe. From March 1, 2011, YIT's four business and reportable segments are: Building Services Northern Europe, Building Services Central Europe, Construction Services Finland and International Construction Services. Segments' operating activities are organised as follows:

Building Services Northern Europe

- Servicing, repairs, renovation and modernization works required in homes.
- Servicing and maintenance of the HEPAC, electrical and automation systems and individual contracted maintenance and servicing works.
- Maintenance of industrial plants, industrial processes, installations and repairing services. Industrial investments in electrical, automation and ventilation systems, piping and tanks.

Building Services Central Europe

- Servicing, repairs, renovation and modernization works required in homes.
- Servicing and maintenance of the HEPAC, electrical and automation systems and individual contracted maintenance and servicing works.
- Maintenance of industrial plants, industrial processes, installations and repairing services. Industrial investments in electrical, automation and ventilation systems, piping and tanks.

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

Building Services Northern Europe and Building Services Central Europe segments' reporting to YIT Group's management board is based on YIT Group's accounting principles. In Construction Services Finland segment's and International Construction Services segment's reporting to management YIT Group's accounting principles are applied for, except for the revenue recognition of own residential and commercial real estate development projects. In segment reporting, revenue from own residential and commercial real estate development projects is recognised on the basis of the percentage of degree of completion and the degree of sale. In Group reporting, revenue from own residential and commercial real estate development projects is recognised at the completion. Consequently, segment reporting of Construction Service in Finland and International Construction Services differs from group reporting related to items such as: revenue recognised, operating profit and profit for the year as well as assets and liabilities.

In 2011 Group changed principles in allocating assets and liabilities in segment reporting. The new operative invested capital and return on operative invested capital as a key performance indicator for the segments replaced the earlier invested capital measure. These new key indicators are included in the reports regularly reviewed by the YIT Group's Management Board. Operative invested capital is determined as follows:

– Tangible and intangible assets
– Goodwill
– Investments in associates and joint ventures and available-for-sale assets
– 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

Return on operative invested capital, %

$$= \frac{\text{Segment's operating profit + interests included in operating profit}}{\text{Operative invested capital (average)}} \times 100$$

Operating segments 2011

EUR million	Building Services Northern Europe	Building Services Central Europe	Construction services Finland	International construction services	Other items	Items allocated to segments, total
Segments' revenue	2,097.6	779.3	1,226.9	489.2	65.4	4,658.3
Group internal	–63.2	–0.3	–1.9	–4.2	–63.9	–133.6
Revenue from external customers	2,034.4	779.0	1,224.9	485.0	1.5	4,524.7
Share of profit from associates and joint ventures	0.0		0.1	0.3		0.4
Operating profit segment/Group	78.8	33.3	111.6	37.2	–20.4	240.5
Operating profit includes:						
Depreciation and amortization	–15.4	–4.8	–0.2	–4.7	–14.5	–39.6
Change in provisions	1.7	3.4	–5.3	–11.3	0.1	–11.5
Segments' assets	914.4	341.9	867.2	794.3	71.6	2,989.4
Total assets include:						
Investments	14.0	1.9	0.1	8.8	23.9	48.7
Investments in associates and joint ventures	0.1		0.5	2.6		3.1
Segments' liabilities	541.5	269.8	308.7	192.1	–31.7	1,280.4

Operating segments 2010

EUR million	Building Services Northern Europe	Building Services Central Europe	Construction services Finland	International construction services	Other items	Items allocated to segments, total
Segments' revenue	1,803.6	550.2	1,102.0	470.6	56.6	3,983.0
Group internal	–71.0	–0.5	–1.9	–7.1	–55.4	–136.0
Revenue from external customers	1,732.6	549.6	1,100.0	463.5	1.2	3,847.0
Share of profit from associates and joint ventures	0.0		0.0	–0.5		–0.5
Operating profit segment/Group	88.7	16.4	108.1	34.7	–18.7	229.1
Operating profit includes:						
Depreciation and amortization	–15.0	–3.0	–0.2	–3.9	–13.8	–35.9
Change in provisions	8.3	–21.7	–0.9	0.3	0.0	–14.0
Segments' assets	797.7	353.0	737.6	768.4	75.2	2,731.9
Total assets include:						
Investments	17.8	74.8	0.1	19.0	18.0	129.8
Investments in associates and joint ventures	0.1		0.4	2.3		2.7
Segments' liabilities	508.5	301.5	318.3	107.4	–19.8	1,215.8

Segment information reconciliation

EUR million	Group 2011	Group 2010
Revenue reconciliation		
Revenue, segment reporting	4 524.7	3 847.0
IFRIC 15 adjustment	–142.6	–59.4
Revenue, group	4 382.1	3 787.6
Reconciliation of net profit for the financial year		
Operating profit, segment reporting	240.5	229.1
Unallocated items:		
Financial income and expenses	–24.8	–25.3
Profit before taxes, segment reporting	215.8	203.8
Taxes	–58.0	–57.7
Non-controlling interests	–1.0	–0.6
Net profit for the financial year, segment reporting	156.7	145.5
IFRIC 15 adjustment:		
Operating profit	–40.5	–9.0
Deferred taxes	7.8	3.5
Non-controlling interests	0.4	0.3
Net profit for the financial year, group	124.4	140.3

EUR million	Group 2011	Group 2010
Assets		
Assets allocated to segments	2,989,4	2,731,9
Unallocated items:		
Cash and cash equivalents	206,1	148,3
Tax related items	57,1	52,3
Predications of financial items	9,0	5,5
Assets total, segment reporting	3,261,6	2,937,9
IFRIC 15 adjustment:		
Inventories	324,5	224,0
Other current receivables	–94,6	–55,4
Deferred tax receivables	13,1	10,6
Assets total, group	3,504,5	3,117,1

EUR million	Group 2011	Group 2010
Liabilities		
Liabilities allocated to segments	1,280.4	1,215.8
Unallocated items:		
Interest-bearing liabilities	848.1	681.0
Tax related items	114.1	99.2
Predications of financial items	22.2	15.3
Liabilities total, segment reporting	2,264.8	2,011.3
IFRIC 15 adjustment:		
Interest-bearing current liabilities	98.4	108.1
Other current liabilities	228.3	118.1
Deferred tax liabilities	–8.3	–3.2
Liabilities total, group	2,583.3	2,234.2

Geographical information

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

EUR million	2011 Revenue from external customers	2011 Non-current assets	2010 Revenue from external customers	2010 Non-current assets
Finland	1,774.4	192.8	1,444.1	230.5
Sweden	732.7	58.2	576.3	41.1
Norway	519.2	95.5	467.3	94.6
Germany	629.5	86.3	396.3	90.1
Other Central Europe	155.4	41.7	154.0	44.3
Russia	292.2	19.8	513.6	13.8
Denmark	166.7	12.2	141.3	14.5
Baltic countries	96.5	13.5	59.8	5.0
Other Europe	0.8		17.9	
Other Countries	14.7	0.0	17.1	0.0
Group total	4,382.1	519.9	3,787.6	534.0

3. Acquisitions

Acquisitions in 2011

Building Services Northern Europe segment acquired in Sweden NNE Pharmaplan AB in January, Orab I Sydost AB specialising in industrial pipe works in April and Johnson Control's Commercial Refridgeration businesses, Frisk Ventilation AB a supplier of ventilation related services in May, MISAB Sprinkler & VVS AB and Sakari Timonen business operations in Julyand Mercur VVS group in September. In October International Construction Services acquired 100 percent holding in the building management and property maintenance company OOO Upravljajushjaja Kompanija Olimp in Yekateringburg, Russia. Total acquisition price amounted to EUR 9,5 million. With these local acquisitions YIT strengthen the market share and the acquisition price over the net assets acquired will be allocated to customer base.

Composition of acquired net assets and goodwill

EUR million	2011
Consideration	
Cash	9.5
Total consideration	9.5
Acquisition-related costs, recognised as expenses	0.3

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR million	2011
Cash and cash equivalents	0.6
Property, plant and equipment	0.9
Customer relations	11.7
Inventories	0.4
Trade and other receivables	10.6
Deferred tax liabilities, net	–1.1
Trade and other liabilities	–13.6
Total identifiable net assets	9.5

EUR million	2011
Non-controlling interest	0.0
Goodwill	0.0
Total	9.5
Revenue included in the income statement for the period	7.8
Profit for the period included in the income statement for the period	–0.2
Revenue had the consolidation taken place from the beginning of financial year	12.1
Profit for the period had the consolidation taken place from the beginning of the financial year	0.3

YIT also increased its holding in ZAO YIT Moskovia from 92.08 percent to 94.08 percent in January.

Acquisitions in 2010

In the Building Services Central Europe segment, YIT agreed on June 23, 2010, that it will acquire the entire share capital of Caverion GmbH, the parent company of the German Caverion group of companies, providing technical building system services. Caverion Group's most significant countries of operation are Germany, Poland and Hungary. The completion of the transaction was subject to approval by the competition authorities. The companies in Caverion Group was consolidated into YIT Group from September 1, 2010.

The final purchase price of the Caverion GmbH shares was EUR 73.0 million, and it has been paid in cash. The fair value of the acquired identifiable intangible assets is approximately EUR 4.4 million. According to preliminary calculations the net fair value of the assets held for sale was approximately EUR 2.6 million and the fair value of trade receivables approximately EUR 35.8 million. The acquisition generated approximately EUR 59.9 million of goodwill.

According to the management's estimate, the goodwill is based on the operational network provided by the Caverion Group companies, competence of the personnel and market share in the Central European market as well as shifting the focus of business operations in the acquired units towards long-term service agreements and servicing and maintenance operations. Significant synergy benefits are seen in operational models that will be harmonised, the expanding service offering and procurement.

The realised selling price in 2011 for the assets held for sale was EUR 2.7 million. The final fair value of the trade receivables amounted to EUR 37.7 million. Respectively, the final goodwill from the acquisition amounted to EUR 57.9 million.

Composition of acquired net assets and goodwill

EUR million	Initial 2010	Final 2011
Consideration		
Cash	73.0	73.0
Total consideration	73.0	73.0
Acquisition-related costs, recognised as expenses	1.9	1.9

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR million	Initial 2010	Final 2011
Cash and cash equivalents	48.0	48.0
Property, plant and equipment	7.8	7.8
Order backlog	4.4	4.4
Compensation for prohibition of competition	0.0	0.0
Assets held for sale	19.8	19.9
Inventories	6.4	6.4
Trade and other receivables	116.7	118.7
Deferred tax liabilities, net	–0.6	–0.6
Pension liabilities	–11.7	–11.7
Loans	–0.3	–0.3
Trade and other liabilities	–160.8	–160.8
Liabilities of the assets held for sale	–17.2	–17.2
Total identifiable net assets	12.7	14.7
Non-controlling interest	0.4	0.4
Goodwill	59.9	57.9
Total	73.0	73.0

EUR million	Initial 2010	Final 2011
Revenue included in the income statement for the period	173.4	173.4
Profit for the period included in the income statement for the period	6.6	6.6
Revenue had the consolidation taken place from the beginning of financial year	454.2	454.2
Profit for the period had the consolidation taken place from the beginning of the financial year	8.7	8.7

Moreover, YIT implemented other small business acquisitions in the Building Services Northern Europe segment. The companies acquired were Eltjänst Br Björk Installation AB, Ekonomisk Luftbehandling AB, Fristads Rör-El AB, G:sson Teleteknik AB, Ferm VVS and Jansson & Eriksson Ekonomisk Luftbehandling AB in Sweden, Ugelvik Nesset AS, Haug og Ruud AS and Energiprosjekt in Norway and Brdr. Petersens Eftf. A/S and Carl Christensen & Co. A/S in Denmark.

In the International Construction Services segment YIT entered into an agreement on acquiring the Slovakian construction company Reding a.s. on August 12, 2010. Reding is a construction company focusing on residential and business premises construction. The company has 150 employees. The transaction was completed on October 7, 2010, after the Slovakian competition authorities had approved the share transaction and the other terms and conditions of the agreement had been fulfilled. YIT acquired a 70 percent holding in the company. YIT has additionally agreed to purchase the remaining 30 percent from the seller gradually by 2016. The seller will continue as the company's Managing Director. 100 percent share of Reding a.s has been consolidated to YIT Group from October 7, 2010.

The total cost of these other acquisitions amounts to EUR 26.1 million. The acquisitions do not result in goodwill. EUR 21.7 million of the purchase price has been allocated to intangible rights or assets in connection with the customer base, agreement base, compensation for prohibition of competition, unpatented technology or inventory.

Composition of acquired net assets and goodwill

EUR million	2010
Consideration	
Cash	23.1
Contingent consideration	3.0
Total consideration	26.1
Acquisition-related costs, recognised as expenses in other operating expenses	0.6

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR million	2010
Cash and cash equivalents	2.6
Property, plant and equipment	4.8
Allocations of intangible assets	16.4
Inventories	12.0
Trade and other receivables	19.8
Deferred tax liabilities, net	–1.8
Pension liabilities	0.0
Loans	–2.2
Trade and other liabilities	–25.4
Total identifiable net assets	26.1
Non-controlling interest	0.0
Goodwill	0.0
Total value	26.1

YIT increased its holding in YIT Don from 78 percent to 100 percent in January 2010 and in YIT CityStroi from 65 percent to 75 percent in July 2010.

4. Disposals

Disposed businesses in 2011

Building Services Central Europe segment disposed it's businesses in Hungary by selling three subsidiaries in Hungary at May 31, 2011. The companies were included in the acquisitions in years 2008 and 2010 in Central Europe. The goodwill related to Central Europe were reduced by EUR 1,4 million in Hungarian business divestment.

Effect on revenue, net profit and cash flow

EUR million	2011
Revenue	4.7
Operating expenses	–4.1
Operating profit	0.6
Financial expenses	0.0
Profit before taxes	0.6
Taxes	0.0
Net profit	0.5
Received in cash	12.2
Direct costs related to disposals	–0.6
Cash and cash equivalents in disposed entity	–5.7
Cash flow on disposals	5.9

Effect on consolidated assets and liabilities

EUR million	2010
Tangible assets	0.1
Intangible assets	0.0
Goodwill	1.4
Inventories	0.2
Trade and other receivables	3.4
Cash and cash equivalents	5.7
Total assets	10.7
Deferred tax liability	0.0
Trade and other liabilities	3.7
Total liabilities	3.7
Net assets	7.0

The selling price of businesses totals EUR 12.2 million. The net assets at the time of the disposal was EUR 7.0 million and the gain on the sales before tax effect EUR 5.2 million. The gain after taxes is EUR 5.2 million and it has been included in other operating income.

Disposed businesses in 2010

In 2010 there were no disposals in YIT Group.

5. Long-term construction contracts

EUR million	2011	2010
Contract revenue recognised as revenue in the period	3,367.2	2,423.2
Contract costs incurred and recognised profits less recognised losses to date for work in progress	2,315.0	2,483.5
Accrued income from long-term projects	339.3	246.0
Advances received	181.1	200.2

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 million	2011	2010
Gains on the sale of tangible assets	1.0	0.6
Gains on disposed companies or businesses	5.2	
Rent income	3.2	3.0
Other income	5.2	6.0
Total	14.6	9.6

7. Other operating expenses

EUR million	2011	2010
Losses on the sale of tangible assets	0.1	0.2
Rent expenses	137.1	116.4
Voluntary indirect personnel expenses	16.9	13.1
Other variable expenses for work in progress	169.3	220.4
Travel expenses	59.4	40.5
IT expenses	21.7	15.5
Premises expenses	18.2	18.4
Other fixed expenses	56.1	53.0
Total	478.8	477.3

Audit fee

EUR million	2011	2010
PricewaterhouseCoopers		
Audit fee	1.2	1.2
Statement	0.0	0.0
Tax services	0.3	0.3
Other services	0.1	0.7
Total	1.7	2.2

8. Depreciations and impairments

EUR million	2011	2010
Depreciations		
Intangible assets		
on allocations	10.5	7.7
on other intangible assets	5.2	4.3
Tangible assets		
on buildings and structures	2.0	1.9
on machinery and equipment	16.7	17.2
on machinery and equipment, finance lease	0.8	0.7
on other tangible assets	4.4	4.1
Total	39.6	35.9

9. Employee benefit expenses

EUR million	2011	2010
Wages and salaries	1,107.6	980.4
Pension costs, defined contribution plan	95.6	90.0
Pension costs, defined benefit plan	8.8	4.9
Other post-employment benefits	0.1	0.1
Share-based compensations	3.4	3.9
Other indirect employee costs	141.7	95.7
Total	1,357.2	1,175.0

Average number of personnel by business segment

EUR million	2011	2010
Building Services Northern Europe	16,008	15,562
Building Services Central Europe	3,640	2,617
Construction Services Finland	3,433	3,172
International Construction Services	2,761	2,617
Other	403	349
Total	26,245	24,317

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

10. Research and development expenses

YIT group's research and development expenses amounted to about 20.1 million euros in 2011 and 17.5 million euros in 2010. 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 million	2011	2010
Financial income		
Dividend income on available for sale investments	0.1	0.1
Interest income on loans and other receivables	3.9	3.4
Changes in fair values on financial instruments		
at fair value through profit and loss account	0.1	0.1
Other financial income on loans and other receivables	0.2	0.1
Financial income, total	4.3	3.7
Financial expenses		
Interest expenses on liabilities at amortized cost [1]	–24.8	–21.9
Interest expenses on receivables sold to financing companies	–5.1	–2.6
Interest expenses on factoring debt		–0.2
Other financial expenses on liabilities at amortized cost	–3.5	–2.4
Interest expenses on non-hedging derivatives	–1.1	–1.7
Changes in fair values on financial instruments		
at fair value through profit and loss account	–2.3	–0.8
Interest expenses on finance leases	–0.3	–0.2
Financial expenses	–37.1	–29.6
Interest expenses capitalised on qualifying assets [2]	12.2	8.0
Financial expenses, total	–24.9	–21.7
Exchange rate gains	33.6	89.6
Exchange rate losses	–37.8	–97.0
Exchange rate differences, net [3]	–4.1	–7.3
Financial expenses, net	–24.8	–25.3

[1] Interest expenses on liabilities at amortized cost include EUR 2.3 million (EUR 4.0 million in year 2010) interest expenses on derivatives with hedge accounting applied for.

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

[3] Exchange rate losses were mainly caused by realised losses from hedging the rouble against the euro.

12. Income taxes

Income taxes in the income statement

EUR million	2011	2010
Current taxes	56.4	45.1
Taxes for prior years	0.9	1.9
Deferred taxes	–7.1	7.2
Total income taxes	50.2	54.2

The reconciliation between income taxes in the consolidated income statement and income taxes at the statutory tax rate in Finland (26%) is as follows:

EUR million	2011	2010
Profit before taxes	175.2	194.8
Income taxes at the tax rate in Finland (26%)	45.6	50.7
Effect of different tax rates outside Finland	2.0	–0.8
Tax exempt income and non-deductible expenses	1.2	2.7
Net results of associated companies and joint ventures	–0.1	0.1
Impact of the changes in the tax rates on deferred taxes [1)]	–0.4	0.1
Impact of losses for which deferred tax asset is recognised		–0.1
Impact of losses for which deferred taxes is not recognised	1.0	0.7
Reassessment of deferred taxes	0.0	–1.1
Taxes for prior years	0.9	1.9
Income taxes in the income statement	50.2	54.2

[1)] The affect of the change of Finnish tax rate from 26% to 24.5% in 2012.

13. Earnings per share

	2011	2010
Profit attributable to the equity holders of the Company, EUR million	124.4	140.3
Weighted average number of shares, million	125.2	125.1
Earnings per share, EUR	0.99	1.12

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 2011and 2010.

	2011	2010
Profit attributable to the equity holders of the Company, million	124.4	140.3
Weighted average number of shares, million	125.2	125.1
Diluted average number of shares, million	125.3	125.1
Diluted earnings per share, EUR	0.99	1.12

14. Tangible assets

2011 EUR million	Land and Water areas	Buildings and Structures	Machinery and Equipment	Other tangible assets	Advance payments	Total
Historical cost at Jan 1	4.2	45.9	214.8	28.8	0.5	294.2
Translation differences	0.0	–0.2	–0.2	–0.1	0.0	–0.5
Increases	0.0	4.6	18.4	2.5	4.8	30.4
Acquisitions			0.9			0.9
Decreases	0.0	–1.9	–3.1	–0.7	–0.2	–5.9
Disposals		0.0	0.0	–0.1		–0.1
Reclassifications		0.2	2.3	0.5	–2.2	0.8
Historical cost at Dec 31	4.2	48.6	233.1	30.9	3.0	319.7
Accumulated depreciations and value at Jan 1		–22.8	–151.4	–13.2		–187.5
Translation differences		0.1	0.1	0.1		0.2
Depreciations		–2.0	–17.5	–4.4		–23.9
Accumulated depreciations of reclassifications		0.2	1.6	0.4		2.2
Accumulated depreciations at Dec 31		–24.6	–167.3	–17.1		–209.0
Carrying value Jan 1	4.2	23.1	63.3	15.6	0.5	106.7
Carrying value Dec 31	4.2	24.0	65.8	13.8	3.0	110.8

2010 EUR million	Land and Water areas	Buildings and Structures	Machinery and Equipment	Other tangible assets	Advance payments	Total
Historical cost at Jan 1	3.1	43.9	196.8	21.7	0.0	265.6
Translation differences	0.0	0.6	3.1	0.6	0.0	4.3
Increases		2.3	16.6	3.2	2.2	24.4
Acquisitions	1.0	1.7	4.3	5.2	0.0	12.4
Decreases		–2.7	–6.9	–1.9	–1.7	–13.2
Reclassifications		0.0	0.8	0.0	0.0	0.8
Historical cost at Dec 31	4.2	45.9	214.8	28.8	0.5	294.2
Accumulated depreciations and value at Jan 1		–21.9	–133.8	–10.1		–165.8
Translation differences		–0.2	–2.2	–0.2		–2.5
Depreciations		–1.9	–17.9	–4.1		–23.9
Accumulated depreciations of reclassifications		1.1	2.4	1.2		4.7
Accumulated depreciations at Dec 31		–22.8	–151.4	–13.2		–187.5
Carrying value Jan 1	3.1	22.0	63.1	11.6	0.0	99.8
Carrying value Dec 31	4.2	23.1	63.3	15.6	0.5	106.7

Finance lease assets

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

Machinery and Equipment EUR million	2011	2010
Historical cost at Jan 1	14.0	11.4
Translation differences	0.0	0.8
Increases	0.3	2.3
Decreases	–0.8	–0.5
Accumulated depreciations	–12.1	–11.5
Carrying value Dec 31	1.5	2.6

No impairment losses have been recognised in the years 2011 and 2010. The government grant received are not material. The received government grants have been deducted from the carrying value.

15. Intangible assets

2011

EUR million	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at Jan 1	350.9	52.1	55.5	7.6	115.2
Increases		0.3	2.7	5.9	8.9
Acquisitions		11.7			11.7
Decreases	–3.4	–3.6	–0.3	–0.5	–4.3
Reclassifications		0.0	9.3		9.2
Translation differences		0.2	0.0	–10.0	–9.8
Historical cost at Dec 31	347.5	60.7	67.2	3.0	130.9
Accumulated depreciations Jan 1		–21.5	–43.2		–64.7
Depreciations		–10.5	–5.2		–15.6
Translation differences		–0.1	0.1		0.0
Accumulated depreciations of reclassifications		3.6			3.6
Accumulated depreciations at Dec 31		–28.5	–48.3		–76.8
Book value Jan 1	350.9	30.6	12.3	7.6	50.5
Book value Dec 31	347.5	32.2	18.9	3.0	54.1

2010

EUR million	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at Jan 1	291.0	31.4	51.8	3.7	87.0
Increases			0.8	7.6	8.4
Acquisitions	59.9	21.2	0.2		21.4
Decreases		–2.2	–0.7		–3.0
Reclassifications			2.9	–3.7	–0.8
Translation differences		1.6	0.5		2.2
Historical cost at Dec 31	350.9	52.1	55.5	7.6	115.2
Accumulated depreciations Jan 1		–14.9	–39.3		–54.2
Depreciations		–7.7	–4.3		–12.1
Translation differences		–0.5	–0.4		–0.8
Accumulated depreciations of reclassifications		1.6	0.7		2.4
Accumulated depreciations at Dec 31		–21.5	–43.2		–64.7
Book value Jan 1	291.0	16.5	12.5	3.7	32.8
Book value Dec 31	350.9	30.6	12.3	7.6	50.5

Allocations from business combinations:

EUR million	2011	2010
Customer relations and contract bases	29.4	25.3
Unpatented technology	0.7	1.6
Order backlog	0.5	1.3
Prohibition of competition clause	1.5	2.4
Total	32.2	30.6

YIT Group's goodwill is allocated to the business segments and to the cash generating units (CGU) as follows:

EUR million	2011	2010
Building Services Northern Europe		
Finland	68.9	68.9
Sweden	41.8	41.8
Norway	69.7	69.7
Denmark	7.6	7.6
Industrial services	41.8	41.8
Total Building Services Northern Europe	229.7	229.7
Building Services Central Europe		
Germany	86.0	
Austria	16.5	
Poland	3.3	
Czech	1.1	
Building Services Central Europe, total	106.9	110.3
International Construction Services	10.9	10.9
Total goodwill	347.5	350.9

The recoverable amount of all cash generating units (CGU) is based on the value in use calculations. The recoverable cash flows are based on the set out strategy of years 2012–2014. A growth rate for the terminal value of 0 percent (2010: 0%) has been used in the impairment testing in 2011. The estimated business volumes are based on the current group structure. The estimates include f.ex. the business potential in building service and maintenance sector in all group countries and the outlook in demand for houses in Central East-Europe and Russia. The estimates rest on the former experience and trends in these markets. Forecasts of several research institutes related to growth, demand and price trends have also been utilized when preparing the estimates.

The discount factor employed is YIT's latest confirmed pre-tax WACC (Weighted Average Cost of Capital), which is increased by an additional risk factor that is defined by CGU. A WACC of 8.8% (9.0% in 2010) was used in testing. The risk factors used for the business segments were: Building Services Northern Europe 2% (2%), Building Services Central Europe 2–5% (2%) and International Construction Services 5% (5%). As a result, the total WACC used in Building Services Northern Europe was 10.8%, in Building Services Central Europe 10.8–13.8% and in International Construction Services 13.8%. The risk factors are always reassessed during testing and can vary between 1–5%.

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 all cash generating units that have goodwill.

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

16. Investments in associated companies and joint ventures

	2011			2010
EUR million	Associated companies	Joint ventures	Total	Associated companies
Historical costs on Jan 1	2.7		2.7	3.2
Share of the profit	0.4		0.4	–0.5
Increased		0.1	0.1	
Historical costs on Dec 31	3.1	0.1	3.1	2.7

In year 2011 YIT acquired 10.05% holding in Tieyhtiö Valtatie 7 Oy. Finnish Transport Agency has procured Tieyhtiö Valtatie 7 Oy the design, construction, maintenance and financing of the E18 Koskenkylä–Kotka motorway. Tieyhtiö Valtatie 7 Oy has signed the construction and maintenance agreements with a construction consortium of YIT and Destia. The construction of the road is estimated to be completed by 2014 and the maintenance of the motorway will be carried out until 2026. The Group's share of the joint venture has been consolidated using the equity method.

The carrying amounts of the shares in associated companies does not include goodwill in 2011 and 2010.

YIT Group's associated companies and joint ventures and their combined assets, liabilities, revenue and profit/loss

2011

EUR million	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
Arandur Oy [1]	Vantaa	4.0	3.7	5.2	0.0	33.00%
AS Tartu Maja Betoontooted [1]	Tartu	15.0	4.8	20.3	1.2	25.00%
YIT Kuntatekniikka Oy [1]	Mikkeli	2.4	1.5	12.7	0.1	40.00%
Kiinteistö Oy Helsingin Ruoholahdenkatu 23 [2]	Helsinki	13.2	13.1	1.0	0.1	50.00%
Valtatie 7 Group [2]	Helsinki	26.2	25.7	0.0	0.0	10.05%
Total		60.9	48.8	39.2	1.3	

2010

EUR million	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership
Arandur Oy [1]	Vantaa	3.0	2.8	5.2	0.0	33.00%
AS Tartu Maja Betoontooted [1]	Tartu	14.7	5.7	15.3	–2.1	25.00%
YIT Kuntatekniikka Oy [1]	Mikkeli	1.7	0.8	6.5	0.0	40.00%
Total		19.4	9.2	27.1	–2.1	

[1] Associated company
[2] Joint venture

17. Available for sale assets

EUR million	2011	2010
Carrying value Jan 1	3.4	2.0
Increases	0.0	1.5
Decreases	–0.1	–0.1
Changes in fair values	0.5	0.0
Carrying value Dec 31	3.8	3.4
Available for sale assets consist of as follows:		
Quoted	2.0	1.5
Unquoted	1.8	1.8
Total	3.8	3.4

18. Non-current receivables

EUR million	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Trade receivables	0.6	0.6	0.5	0.5
Other receivables [1]	18.2	18.2	15.3	15.3
Accrued receivables of derivatives	0.0	0.0	0.1	0.1
Non-current receivables, total	18.8	18.8	15.9	15.9

[1] Other receivables include defined benefit plan pension assets EUR 15.1 million (in 2010 EUR 14.7 million).

Reconciliation to the Note 29 Financial assets and liabilities by category

EUR million	2011	2010
Trade receivables	0.6	0.5
Other receivables	18.2	15.3
Total	18.8	15.8
Defined benefit pension asset	–15.1	–14.7
	3.7	1.1

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

19. Deferred tax receivables and liabilities

EUR million	2011	2010
Deferred tax receivable	60.3	44.7
Deferred tax liability	–88.3	–77.2
Deferred tax liability, net	–28.0	–32.5
Changes in deferred tax receivables and liabilities:		
Deferred tax liability, net Jan 1	–32.5	–23.7
Translation difference	–0.7	–1.2
Changes recognised in income statement	7.1	–7.2
Changes recognised in comprehensive income	0.3	0.3
Business acquisitions	–2.2	–0.6
Deferred tax liability, net Dec 31	–28.0	–32.5

Changes in deferred tax receivables and liabilities before the offset

2011 EUR Million	Jan. 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Acquisitions/ Disposals	Dec. 31
Deferred tax receivables:						
Provisions	16.9	–0.2	1.6		–0.1	18.2
Tax losses carried forward	5.7		1.2		1.5	8.5
Pension obligations	1.2		0.0			1.1
Percentage of completion method	28.0	–0.1	–4.5		–0.8	22.6
Other items	10.2	–0.3	5.5	0.4	0.0	16.0
Total deferred tax receivables	62.1	–0.6	3.8	0.4	0.6	66.4
Deferred tax liabilities:						
Allocation of intangible assets	37.3		1.7		0.0	39.0
Accumulated depreciation differences	16.2		–2.0		0.0	14.2
Pension obligations	0.9		–0.2		2.0	2.8
Percentage of completion method	17.0	–0.2	5.9		0.7	23.4
Inventories	4.2		1.4			5.6
Available-for-sale investments				0.1		0.1
Fair value adjustments of derivatives	0.0					0.0
Other items	19.0	0.3	–10.0		0.0	9.4
Total deferred tax liabilities	94.5	0.1	–3.2	0.1	2.8	94.4

2010 EUR Million	Jan. 1	Translation difference	Recognised in the income statement	Recognised in comprehensive income	Acquisitions/ Disposals	Dec. 31
Deferred tax receivables:						
Provisions	18.8	0.2	–2.2		0.1	16.9
Tax losses carried forward	5.2	0.2	0.4			5.7
Pension obligations	0.0		1.2			1.2
Percentage of completion method	9.1		13.3		5.7	28.0
Other items	10.0	0.3	–1.3	0.3	0.9	10.2
Total deferred tax receivables	43.1	0.7	11.3	0.3	6.7	62.1
Deferred tax liabilities:						
Allocation of intangible assets	29.5	0.9	4.1		2.8	37.3
Accumulated depreciation differences	14.9	–0.1	0.2		1.2	16.2
Pension obligations			0.9			0.9
Percentage of completion method	12.1	0.8	–1.2		5.4	17.0
Inventories	1.3		2.9			4.2
Fair value adjustments of derivatives	0.0					0.0
Other items	9.0	0.4	11.6	0.0	–2.0	19.0
Total deferred tax liabilities	66.8	1.9	18.5	0.0	7.3	94.5

The deferred tax receivables on the taxable losses will be booked to the extend the benefit is expected to be able to deduct from the taxable profit in the future. No deferred tax asset of EUR 10.6 million (EUR 9.6 million in 2010) 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 million	2011	2010
Raw materials and consumables	27.6	26.4
Work in progress	792.8	639.0
Land areas and plot-owing companies	643.8	589.3
Shares in completed housing and real estate companies	158.2	181.2
Advance payments	49.5	48.2
Other inventories	0.7	0.9
Total inventories	1,672.6	1,484.9

The write-downs of inventories were not made in years 2011 and 2010. Work in progress include capitalised interests EUR 11.9 million (EUR 7.3 million in 2010).

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 million	2011 Carrying value	2010 Carrying value
Trade receivables	574.5	505.1
Loan receivables	0.0	0.1
Accrued income from long-term projects	339.3	246.0
Accrued income	64.5	70.6
Receivables from derivative agreements	1.1	0.4
Other receivables	38.0	49.0
Total	1,017.4	871.1

Trade receivables average amount was EUR 481.2 million in 2011 (EUR 431.1 million in 2010). Group has not received collaterals.

Reconciliation to the Note 29 Financial assets and liabilities by category

EUR million	2011	2010
Loan receivables	0.0	0.1
Total	0.0	0.1
Trade receivables	574.5	505.1
Accrued income from long-term projects	339.3	246.0
Other receivables	38.0	49.0
Total	951.7	800.1

22. Cash and cash equivalents

EUR Million	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Financial securities			0.3	0.3
Cash and cash equivalents	199.7	199.7	147.7	147.7
Current investments	6.4	6.4	0.2	0.2
Total	206.1	206.1	148.3	148.3

Cash and cash equivalents presented in group cash flow statement:

EUR million	2011	2010
Financial securities		0.3
Cash and cash equivalents	199.7	147.7
Current investments	6.4	0.2
Accounts with overdraft facility	–1.3	–0.6
Total	204.8	147.6

23. Equity

Share capital and share premium reserve

	Number of outstanding shares	Share capital 1,000 EUR	Treasury shares 1,000 EUR
Jan 1, 2010	125,078,422	149.2	–10.6
Dec 31, 2010	125,078,422	149.2	–10.6
Jan 1, 2011	125,078,422	149.2	–10.6
Transfer of treasury shares	196,910		0.9
Return of treasury shares	–4,324		0.0
Dec 31, 2011	125,271,008	149.2	–9.7

The total number of YIT Oyj's shares was 127,223,422 and the share capital amounted to 149.2 million euros at December 31, 2011. 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 of YIT corporation during the year 2011:

Time	Amount
Jan 1, 2011	2,145,000
Treasury shares granted for option scheme	–196,910
Return of treasury shares	4,324
Dec 31, 2011	1,952,414

The consideration paid for the treasury shares amounted to EUR 9.7 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. Also, 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 equity. There were no hedges of a net investment in a foreign operation in years 2011 and 2010.

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 0.70 euros per share.

Share options

YIT corporation had in force an option scheme with several phases, according to the option scheme to the key persons employed by YIT Group was granted options in years 2006–2009 from the option scheme issued in the year 2006. The last option serie 2006N of the option scheme has been lapsed by the end of year 2010.

Share-based incentive plan

From 2010, the Group has had a long-term share-based incentive plan for it's 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 for 2010 belongs to 255 persons and for 2011 260 persons.

Granted shares in the incentive plans

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

Number of shares granted	2011	2010
Jan 1	700,000	
Granted shares, maximum	700,000	700,000
Granted shares, realised	–196,910	
Exercised	–503,090	
Dec 31	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 will be granted for the first time in spring 2011, based on the performance of the year 2010.

Costs recognised for the share-based incentive plan

Earning period	Persons	Active plans EUR million
2010	255	3.9
2011	260	3.4

The accrued liabilities related to cash-settled part of the compensation amounts to EUR 5.7 million (in 2010 EUR 3.0 million). EUR 0.5 million (EUR 0.5 million in 2010) of the cost recognised are related to YIT Group's management board.

24. Employee benefit obligations

EUR million	2011	2010
Balance sheet obligations for:		
a) Pension benefits	18.2	17.7
b) Other post-employment benefits	8.4	9.2
	26.5	26.9
Balance sheet assets for:		
a) Pension benefits	–15.1	–14.7
Income statement charge for:		
a) Pension benefits	8.8	4.9
b) Other post-employment benefits	0.1	0.1
	8.9	5.0

(a) Pension benefits

The Group has a defined benefit pension plans in Norway, Germany and Austria. In all plans the pension liability has been calculated based on the number the years employed and the salary level. All the pension plans are managed in insurance companies, which follow the local pension legislation in their management.

The amounts are determined as follows:

EUR million	2011	2010
Present value of funded obligations	107.8	97.1
Fair value of plan assets	–69.1	–69.3
Deficit/surplus	38.7	27.8
Present value of unfunded obligations	18.6	19.4
Unrecognised actuarial gains/losses	–54.2	–44.3
Net pension liability	3.1	3.0

Disclosed in the balance sheet as follows:	2011	2010
Pension obligations	18.2	17.7
Defined benefit pension assets (Note 18)	–15.1	–14.7

The movement in the defined benefit obligation over the year is as follows

EUR million	2011	2010
At Jan 1	116.6	80.1
Exchange differences	0.6	5.3
Current service cost	4.9	4.1
Interest cost	4.6	3.5
Contributions by plan participants	–0.6	–1.2
Actuarial profits/losses	2.8	16.6
Benefits paid	–2.5	–2.2
Liabilities acquired in a business combination	0.0	11.2
Settlements	0.0	–1.0
At Dec 31	126.4	116.6

The movement of plan assets of the year is as follows

EUR million	2011	2010
At Jan 1	69.3	62.0
Exchange differences	0.4	4.0
Expected return of plan assets	3.7	3.4
Actuarial profits/losses	–6.7	–5.2
Employer contribution	4.5	7.0
Benefits paid	–2.0	–1.9
Assets from business combinations	0.0	0.2
At Dec 31	69.1	69.3
Expected return on the plan assets	3.7	3.1

The amounts recognised in the income statement are as follows

EUR million	2011	2010
Current service cost	4.9	4.1
Interest cost	4.6	3.6
Expected return on plan assets	–3.7	–3.3
Actuarial gains (–) and losses (+)	2.9	1.6
Settlements	0.0	–1.0
Total, included in personnel expenses	8.8	4.9

Actuarial assumptions are as follows

	2011	2010
Discount rate	2.6–4.6%	4.0–4.6%
Rate of salary increase	4.0%	4.0%
Rate of pension increases	0.1–2.3%	1.0%
Rate of expected return on plan assets	4.1%	5.7%

The future mortality rate and average life expectancy in years are based on statistics in Norway, Germany and Austria.

(b) Other post-employment liabilities

Other post-employment liabilities include a legal liability in Austria related to obligations at the termination of employment and additional pension benefits as well as unemployment liabilities in Finland.

The amounts recognised in the balance sheet are determined as follows

EUR million	2011	2010
Present value of unfunded obligations	8.4	9.2
Liability in the balance sheet	8.4	9.2

The movement in the defined benefit obligation over the year is as follows

EUR Million	2011	2010
At Jan 1	9.2	10.0
Contribution by plan participants	0.6	0.7
Actuarial losses / gains	–0.7	–0.6
Benefits paid	–0.7	–0.9
At Dec 31	8.4	9.2
Recognised loss	0.1	0.1
Total	0.1	0.1

25. Provisions

EUR million	Guarantee reserve	10-year commit-ments in construction	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
Jan 1, 2011	20.2	36.9	12.6	3.7	3.0	18.2	94.7
Translation difference	–0.1		–0.2	0.0	0.0	–0.1	–0.3
Provision additions	6.0	14.3	4.8	4.7	1.3	16.8	47.8
Released during the period	–7.1	–7.0	–3.8	–3.3	–0.7	–10.0	–31.9
Reversals of unused provisions	–1.0	0.0	–1.9	0.0	–0.1	–0.8	–3.9
Dec 31, 2011	18.1	44.2	11.5	5.1	3.4	24.1	106.4
Current	5.4	38.2	0.3	1.4		8.8	54.1
Non-current	12.7	6.0	11.2	3.6	3.4	15.3	52.2
Total	18.1	44.2	11.5	5.1	3.4	24.1	106.4

Provisions for contractual guarantees and for Finnish 10-year commitments in construction is determined on the basis of experience of the realization of commitments. Other provisions include a provision for ammonia problem in St.Petersburg of EUR 9.4 million and the provision for rental guarantees in commercial real estate business of EUR 2.4 million (EUR 1.0 million in 2010).

26. Borrowings

EUR million	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Non-current liabilities				
Bonds	278.0	273.8	235.4	228.5
Loans from credit institutions	150.4	141.5	111.2	103.4
Pension loans	91.7	89.8	153.7	144.6
Other loans	2.6	2.5	1.6	1.6
Non-current trade payables			1.6	1.6
Finance lease liabilities	0.2	0.2	1.0	1.0
Total	522.9	507.8	504.6	480.6

EUR million	2011 Carrying value	2011 Fair value	2010 Carrying value	2010 Fair value
Current liabilities				
Bonds	57.1	57.0	57.1	56.9
Loans from credit institutions	12.1	12.1	9.1	9.1
Overdraft facility used	1.3	1.3	0.6	0.6
Pension loans	27.0	27.0	32.0	32.0
Commercial papers	54.9	54.9		
Developer contracting liabilities				
Receivables sold to financing companies [1]	221.8	221.8	160.2	160.2
Liability in housing corporation loans [2]	45.1	45.1	22.6	22.6
Other loans	3.6	3.6	1.6	1.6
Finance lease liabilities	0.7	0.7	1.4	1.4
Total	423.6	423.5	284.6	284.4

In the table are included all other liabilities than presented in Note 27. The fair values of bonds and commercial papers 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 an equivalent external loans at the year-end. It consist of risk free market rate and company and maturity related risk premium of 0.80–4.00% (0.80–4.40%) p.a.

[1] The construction-stage contract receivables sold to banks and other financing companies totalled EUR 265.6 million (EUR 166.7 million) at year end. Of this amount, EUR 221.8 million (EUR 160.2 million) is included in interest-bearing liabilities in the balance sheet and the remainder comprises receivables which qualify for derecognition according to IAS 39.15–37 and AG 36–52. The interest paid on sold receivables to the financing companies, EUR 5.1 million (EUR 2.6 million), is all included in net financial expenses.

[2] The interest on shares in the housing corporation loans of unsold completed residences is recognized in project expenses, because it is included in housing corporation maintenance charges.

Bonds

	Interest rate, %	Currency	Nominal value, EUR million
Floating-rate bonds			
2/2006–2016 [1]	1.884	EUR	35.7
1/2007–2014 [2]	1.920	EUR	50.0
2/2007–2012 [3]	1.796	EUR	50.0
Fixed-rate bonds			
1/2010–2015 [4]	4.823	EUR	100.0
1/2011–2016 [5]	4.750	EUR	100.0
Total			335.7

Terms of the bonds in brief:

[1] Loan-period Sept 28, 2006–Sept 28, 2016, interest payments annually at December 28, March 28, June 28 and September 28 in arrear. Interest rate is 3 months Euribor +0.48%. Amortisations á 3,570,000 euros semi-annually March 28 and September 28, started March 28, 2010. Loan is not secured. ISIN code SE0001826686.

[2] Loan period March 26, 2007–March 26, 2014, interest payments annually March 26, June 26, September 26 and December 26 in arrear. Interest rate is 3 months Euribor +0.51 %. Loan is not secured. ISIN code FI0003024216.

[3] Loan-period March 29, 2007–March 29, 2012, interest payments annually March 29, June 29, September 29 and December 29 in arrear. Interest rate is 3 months Euribor +0.40%. Loan is not secured. ISIN code SE0001991068.

[4] Loan-period March 26, 2010–March 26, 2015, interest payments annually March 26 in arrear. Loan is not secured. ISIN code FI4000012067.

[5] Loan-period June 20, 2011–June 20, 2016, interest payments annually June 20 in arrear. Loan is not secured. ISIN code FI4000026653.

Finance lease liabilities

EUR million	2011	2010
Finance lease liabilities fall due in as follows:		
Minimum lease payments		
No later than 1 year	0.7	1.4
1–5 years	0.2	1.0
Later than 5 years		
Total minimum lease payments	0.9	2.4
Present value of minimum lease payments		
No later than 1 year	0.5	1.3
1–5 years	0.4	1.1
Later than 5 years		
Total present value of minimum lease payments	0.9	2.4
Future finance charges	0.0	0.0
Finance expenses charged to income statement	0.3	0.2

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

27. Trade and other payables

EUR million	2011 Carrying value	2010 Carrying value
Non-current liabilities		
Trade payables	29.2	0.5
Liabilities of derivative instruments	11.9	2.3
Other liabilities	6.9	7.4
Total non-current payables	47.9	10.3
Current liabilities		
Trade payables	333.0	292.4
Accrued expenses	234.4	220.0
Liabilities of derivative instruments	0.0	5.5
Accrued expenses in work in progress	181.1	200.2
Advances received	458.3	349.3
Other payables	143.2	132.7
Total current payables	1,350.1	1,200.1

Accrued expenses

EUR million	2011	2010
Accrued employee-related liabilities	166.4	153.0
Interest expenses	10.2	7.5
Other accrued expenses	57.7	59.5

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 million	2011	2010
Non-current liabilities	47.9	10.3
Derivatives	–11.9	–2.3
Accrued expenses	–1.0	–0.6
Total	35.1	7.4
Current trade and other payables	1,350.1	1,200.1
Accrued expenses	–234.4	–220.0
Derivatives	0.0	–5.5
Accrued expenses in work in progress	–181.1	–200.2
Total	934.6	774.4

28. Nominal values and fair values of derivative instruments

Nominal values

EUR Million	2011	2010
Commodity derivatives [1]		
Steel derivatives		0.5
Foreign exchange forward contracts	194.1	203.2
Interest rate forward contracts		
Hedge accounting applied		
Interest rate swaps	202.5	224.5
Hedge accounting not applied		
Cancellable interest rate swaps	52.0	52.0
Interest rate swaps	50.0	2.3
Interest rate caps	24.9	25.7
Interest rate forward contracts, total	329.4	304.6

[1] Commodity derivates included 1,430 tons of steel in year 2010.

All derivatives are hedges according to Group's financial risk management policy, but hedge accounting, as defined in IAS 39, is applied only to certain derivative contracts. Foreign exchange forward contracts are mainly designated as hedges of financial items and have been charged to P/L in finance expenses. Foreign exchange forward contracts maturity dates are mainly within 2012. The duration of Group's interest bearing loans has been increased by interest rate derivatives. The changes in the fair value of derivatives with hedge accounting applied for, are recognised in fair value reserve in equity and the changes in fair value of derivatives with hedge accounting not applied for, are recognised in profit and loss account (Note 27 and 29). All the interest rate derivatives to which hedge accounting is applied for are long-term agreements corresponding to the maturity of hedged liability.

Interest rate options are designated as hedges of rental agreements linked to floating interest rates. Changes in the fair value of interest rate options have been charged to P/L.

Fair values

EUR million	2011 Positive fair value (carrying value)	2011 Negative fair value (carrying value)	2011 Net value	2010 Positive fair value (carrying value)	2010 Negative fair value (carrying value)	2010 Net value
Foreign exchange forward contracts						
Hedge accounting applied						
Hedge accounting not applied	2.2	–1.1	1.1	2.5	–2.2	0.3
Total	2.2	–1.1	1.1	2.5	–2.2	0.3
Interest rate derivatives						
Hedge accounting applied		–5.3	–5.3	0.0	–3.3	–3.3
Hedge accounting not applied	0.0	–6.6	–6.6	0.1	–4.4	–4.4
Total	0.0	–11.9	–11.9	0.1	–7.8	–7.7
Commodity derivates						
Hedge accounting not applied				0.1	0.0	0.1
Total				0.1	0.0	0.1

29. Financial assets and liabilities by category

2011 EUR million	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]	3.8					3.8	3.8	17
Receivables								
Trade receivables and other receivables		3.7				3.7	3.7	18
Derivatives (hedge accounting not applied)			0.0			0.0	0.0	18, 28
Current financial assets								
Receivables								
Loan receivables		0.0				0.0	0.0	21
Trade receivables and other receivables		951.7				951.7	951.7	21
Derivatives (hedge accounting not applied)			1.1			1.1	1.1	21, 28
Cash and cash equivalents		206.1				206.1	206.1	22
Total by valuation group	3.8	1,161.5	1.1			1,166.4	1,166.4	
Non-current financial liabilities								
Borrowings					522.9	522.9	507.8	26
Other liabilities								
Trade payables and other liabilities					35.1	35.1	35.1	27
Derivatives (hedge accounting applied)				5.3		5.3	5.3	27, 28
Derivatives (hedge accounting not applied)			6.6			6.6	6.6	27, 28
Current financial liabilities								
Borrowings					423.6	423.6	423.5	26
Trade payables and other liabilities								
Trade payables and other liabilities					934.6	934.6	934.6	27
Derivatives (hedge accounting applied)				0.0		0.0	0.0	27, 28
Derivatives (hedge accounting not applied)								27, 28
Total by valuation group			6.6	5.3	1,916.2	1,928.2	1,912.9	

[1] Quoted shares valued at fair value EUR 2.0 million and unquoted shares valued at cost less impairments EUR 1.8 million.

2010 EUR Million	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		1.1				1.1	1.1	18
Derivatives (hedge accounting not applied)			0.1			0.1	0.1	18, 28
Current financial assets								
Receivables								
Loan receivables		0.1				0.1	0.1	21
Trade receivables and other receivables		800.1				800.1	800.1	21
Derivatives (hedge accounting not applied)			0.4			0.4	0.4	21, 28
Cash and cash equivalents		148.3				148.3	148.3	22
Total by valuation group	3.4	949.5	0.4			953.3	953.3	
Non-current financial liabilities								
Borrowings					504.6	504.6	480.6	26
Other liabilities								
Trade payables and other liabilities					7.4	7.4	7.4	27
Derivatives (hedge accounting applied)				2.3		2.3	2.3	27, 28
Current financial liabilities								
Borrowings					284.6	284.6	284.4	26
Trade payables and other liabilities								
Trade payables and other liabilities					774.4	774.4	774.4	27
Derivatives (hedge accounting applied)				1.0		1.0	1.0	27, 28
Derivatives (hedge accounting not applied)			4.4			4.4	4.4	27, 28
Total by valuation group			4.4	3.3	1,571.0	1,578.7	1,554.6	

[1)] Quoted shares valued at fair value EUR 1.5 million and unquoted shares valued at cost less impairments EUR 1.8 million.

30. Financial risk management

YIT Group is exposed to 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.

Risk management is carried out by the Group Treasury in co-operation with operating units under policies approved by the Board of Directors. In the operating units and subsidiaries the financing is carried out by financial personnel and management. Responsibilities in 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 main principles and methods for financial risk management, cash management and specific financing-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 on 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 related interest rate derivatives. Loans issued at floating interest rates expose the Group to cash flow interest rate risk, which is hedged by interest rate swaps. To manage the interest rate risk, the Board of Directors has defined a duration target of two years to non-current loans and to related interest rate derivative hedges. The duration may deviate +/– 1.5 year 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 balance sheet date the duration of non-current loans including the derivatives was 2.04 years (1.91 years).

The cash flow risk related to floating-rate loans is hedged by using interest rate swaps. Nominal amounts of the loans hedged are EUR 35 million, EUR 100 million (EUR 150 million) and EUR 17.5 million (EUR 24.5 million) and their reference interest rates are 1 month Stibor, 3 months Euribor and 6 months Euribor interest rates respectively. The hedged cash flows will realise within seven 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 to 29). The hedges are effective and according to accounting policies changes in fair value are recognised in the hedging reserve in equity.

The cash flow interest rate risk related to receivables sold to banks and financial institutions is monitored separately from the duration target of non-current loans. Hedging decisions for this exposure are made by the Chief Financial Officer (CFO) of the Group. The Group used interest rate derivatives to hedge the cash flow risk related to sold receivables. The nominal value of the hedged items is EUR 102 million (EUR 52 million) and their reference interest rate was 1 months 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 50% (60%) of the loan portfolio. Weighted average effective interest rate of the loans at fixed rate was 4.026% (3.914%). Weighted average effective interest rate of the loans at variable rates was 2.384% (2.527%). The weighted average effective interest rate of the loan portfolio as a whole was 3.210% (3.352%). These figures include effect of derivative instruments. Derivatives increase the average effective interest rate of the loan portfolio by 0.20 (increase 0.48) 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 quarterly 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 0.6 million (EUR 0.9 million) net of tax. One percentage point change in interest rates has been used for each currency and the effect of analysis has varied from EUR 0.60 million to EUR 1.43 million. In addition, the effect of fair valuation of interest rate derivatives for which the hedge accounting is not applied would have been EUR 2.7 million (EUR 1.8 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:

Repricing schedule of the net debt

EUR Million	2011	2010
< 1 month	29.6	13.3
1 to 3 months	–171.2	–145.5
3 to 12 months	–106.3	–107.5
1 to 5 years	–420.1	–369.3
> 5 years	–68.0	–10.0
	–735.9	–619.0

Figures in the table are nominal values. Off-balance sheet receivables sold to financial institutions amounting to EUR 43.8 million (EUR 6.5 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 the interest rate risk. The Group's external loans are mainly denominated in euros, but the subsidiaries are financed in their functional currency. The parent company is exposed to the interest rate risk of the different functional 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 Euro.

At the balance sheet date, if the interest rate related to the Russian Rouble had changed one percentage point with interest rate related to Euro stayed constant, the profit for the period would have changed EUR 0.46 million (EUR 0.76 million) after tax effect. 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 3.5 million (EUR 3.1 million) net of tax. The effect would have changed the fair values of the interest rate derivatives 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 in between the Group's segments. Customer specific credit risk management is carried out with the segments' finance departments in cooperation with the operating units.

The counterparties of financial instruments are chosen based on the management's estimate on 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 constructions, like apartments and office buildings, until the payment is received; taking advance payments; accelerated payment programs of projects, payment guarantees, credit risk insurances and careful examination of clients' background information. Majority of the Group's operating activities is based on established, reliable customer relationships and contractual terms generally used in the construction business. The term of payment for the invoices is mainly 14 to 30 days. The background of the new customers is examined profoundly by for example acquiring credit information. If considered necessary, guarantees are required and the clients' paying behaviour is monitored actively. 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.

The trade receivables, which are related to sales of office buildings which are paid only when the ownership is transferred, are transferred to banks and financial institutions. Transfers meet the conditions set out in IAS 39 for derecognition of financial assets.

During the financial year there have not been significant credit losses or provision for impairment of receivables (EUR 9.7 million in year 2010). The operating units are not expecting any unusual credit risk arising from trade receivables or from construction contracts. The Group's maximum exposure to credit risk at the balance sheet date is the carrying value of the financial assets.

Analysis of trade receivables 31.12.2011

EUR million	Balance sheet amount	Impaired	Gross
Not past due [1]	455.1	–21.1	476.3
1 to 90 days	73.6	–3.4	76.9
91 to 80 days	11.9	–2.0	13.9
181 to 360 days	9.3	–4.5	13.8
Over 360 days	24.6	–33.9	58.5
Total	574.5	–64.9	639.3

Analysis of trade receivables 31.12.2010

EUR million	Balance sheet amount	Impaired	Gross
Not past due [1]	397.5	–3.9	401.4
1 to 90 days	74.5	–5.5	80.0
91 to 80 days	12.7	–12.9	25.7
181 to 360 days	9.4	–6.3	15.7
Over 360 days	11.0	–35.4	46.4
Total	505.1	–64.0	569.1

[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

Liquidity risk

The management evaluates and monitors continuously 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 payment of annual dividends. The funding requirements are evaluated based on financial budget prepared in every six months, monthly financial forecast and short-term, timely cash planning. The Group Treasury is responsible for adequacy of funding, availability of different sources of funding and 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.

The Group uses cash and cash equivalents, Group accounts with overdraft facilities, financing credit facilities, commercial paper programmes and bond programmes to manage the liquidity risk. The unused financing programmes and credit limits totalled at 31 December 2011 to EUR 730 million (EUR 795 million). EUR 355 million of the credit limits are committed limits. During the accounting period 2011 new committed credit facility agreements amounting in an aggregate of EUR 130 million were executed with core banks. YIT has a total of EUR 280 million in committed credit facilities, of which EUR 50 million are valid until December 2013, EUR 30 million until December 2014 and EUR 200 million until December 2015. The management and acquisition of the Group's funding 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 206.1 million (EUR 148.3 million).

The following table describes the contractual maturities of the financial liabilities. The amounts are undiscounted and they contain both capital repayments and the interest payments. The interest flows of floating rate loans and derivative instruments are based on interest rates prevailing on 31 December 2011 (31 December 2010). 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 December 31, 2011

EUR million	2012	2013	2014	2015	2016	2017-	Total	Note
Bonds	68.5	18.2	67.3	116.9	112.0		382.9	26, 29
Loans from financial institutions	18.0	66.2	15.8	18.2	17.7	45.9	181.8	26, 29
Pension loans	30.8	29.9	15.1	14.7	14.2	26.8	131.4	26, 29
Receivables sold to banks / financial institutions [1]	207.8	16.3					224.1	26, 29
Finance lease liabilities	0.7	0.2	0.1				0.9	26, 29
Other financial liabilities [2]	3.9	0.1	0.5	0.8	1.0	0.5	6.9	26, 29
Commercial papers	55.7						55.7	26, 29
Trade and other payables	934.6						934.6	27, 29
Interest rate derivatives								
Hedge accounting applied	1.3	1.1	1.2	0.1	0.1	0.2	4.0	27, 28, 29
Hedge accounting not applied	1.5	1.5	1.5	1.2	1.2	1.2	8.0	27, 28, 29
Foreign currency derivatives								
cash outflow	–106.9	–8.2	–8.1				–123.2	27, 28, 29
cash inflow	106.9	8.7	8.7				124.3	27, 28, 29

Contractual maturity analysis of financial liabilities and interest payments at December 31, 2010

EUR million	2011	2012	2013	2014	2015	2016-	Total	Note
Bonds	64.6	63.4	13.1	62.4	112.1	7.2	322.9	26, 29
Loans from financial institutions	12.6	28.1	58.6	8.6	5.0	16.7	129.6	26, 29
Pension loans	38.2	37.1	36.0	21.0	20.4	57.1	209.7	26, 29
Receivables sold to banks / financial institutions [1]	154.3	7.3					161.6	26, 29
Finance lease liabilities	1.4	0.5	0.4	0.1			2.4	26, 29
Other financial liabilities [2]	25.9	0.1	0.0	0.4	0.8	0.5	27.8	26, 29
Trade and other payables	774.4						774.4	27, 29
Interest rate derivatives								
Hedge accounting applied	2.8	1.6	1.5	1.2			7.1	27, 28, 29
Hedge accounting not applied	1.4						1.4	27, 28, 29
Foreign currency derivatives								
cash outflow	–68.9	–0.4					–69.3	27, 28, 29
cash inflow	69.2	0.4					69.6	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 in 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 functional 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 investments in foreign operations are not hedged from the changes in foreign exchange rates. A part of the loans given to Russian subsidiaries by the Group are 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 9.1 million as at December 31 2011 compared to financial statements as at December 31, 2010. Strengthening of the Swedish Crown and Norwegian Crown and weakening of Russian Rouble decreased the net investments. An increase or decrease of 5 percentage point in the exchange rate between the Euro to the Russian Rouble, Swedish Crown and Norwegian Crown would have had an impact of EUR 21.9 million (EUR 21.1 million) on translation differences under consolidated shareholders' equity net of tax.

Foreign currency denominated net investments at the balance sheet date

EUR Million	2011 Net investment	2010 Net investment
SEK	67.4	69.3
NOK	52.6	41.6
DKK	11.7	9.7
RUB	460.0	458.7
EEK		28.9
LTL	18.5	19.0
LVL	26.0	15.5
Other currencies	–0.9	2.7

According to the Group's treasury policy, the business units and the subsidiaries are responsible for identifying and hedging of the foreign exchange risk related to their foreign currency denominated cash flows. All firm commitments must be hedged. Hedging is performed by intra-group transactions with the Group Treasury as a 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 of derivative instrument are recognised in consolidated income statement according to the accounting policies. In 2011 the most significant currencies related to commercial agreements and their hedges were USD, RUB and SEK. If the Euro had strengthened by 5% compared to these currencies at the balance sheet date, the fair valuation of the foreign exchange forward contracts would have caused a foreign exchange gain of EUR 0.2 million (RUB) and loss of EUR 0.6 million (SEK, USD) after tax effect.

Loans taken by the parent company are mainly denominated in Euro, but the intra-group loans are given in the functional currency of each subsidiary. The parent company hedges this foreign exchange risk by using foreign exchange forward contracts. The most significant currency used in intra-group loans is the Russian Rouble.

In addition to foreign exchange differences due to derivatives held for trading, the strengthening or weakening of the Euro would not have had a significant impact on the Group's result, 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

	External loans		Adjusted by derivative contracts	
EUR Million	2011	2010	2011	2010
EUR	908.2	768.8	810.3	632.9
RUB	1.4	19.2	56.8	121.8
SEK	34.6		33.7	
DKK	1.1	1.1	1.1	1.1
NOK	1.3		1.3	
LTL			32.7	27.4
PLN		0.0	0.7	0.0
CZK			10.0	5.9
Total	946.5	789.1	946.5	789.1

Division of trade receivables and payables by currencies corresponds to the functional 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. When managing capital Group will safeguard its ability to continue as going concern in order to increase the shareholder value in a long term.

A significant part of YIT's business operations require little capital. Capital is particularly tied up in plot reserves, their development and ongoing construction production. In business where investments are small, 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 controlled also by adjusting the amount of dividend, acquiring own shares, issuing new shares or selling assets in order to reduce debt.

The strategic goal for YIT's equity ratio set by Board of directors has been maintained at 35%. The Group's equity ratio has been the following:

EUR million	2011	2010
Equity	921.1	882.9
Balance sheet total	3,504.5	3,117.1
./. Advances received (Note 27)	–458.3	–349.3
Capital	3,046.2	2,767.8
Equity ratio %	30.2%	31.9%

Two long term loans from Nordic Investment Bank with remaining principal of EUR 60 million contain an obligation to maintain consolidated equity of YIT Group at least at 25% calculated in accordance with percentage of completion method and as an average of four most recent quarters. The covenant has not been breached.

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 2011

EUR million	Level 1	Level 2	Level 3	Total
Available-for-sale investments	2.0		1.8	3.8
Derivatives (hedge accounting not applied)		1.1		1.1
Total assets	2.0	1.1	1.8	4.9

Liabilities 2011

EUR million	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		6.6		6.6
Derivatives (hedge accounting applied)		5.3		5.3
Total liabilities		11.9		11.9

Assets 2010

EUR million	Level 1	Level 2	Level 3	Total
Available-for-sale investments	1.5		1.8	3.4
Derivatives (hedge accounting not applied)		0.4		0.4
Total assets	1.5	0.4	1.8	3.8

Liabilities 2010

EUR million	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		4.4		4.4
Derivatives (hedge accounting applied)		3.3		3.3
Total liabilities		7.8		7.8

Changes in level 3 instruments:

EUR million	Assets 2011	Liabilities 2011	Assets 2010	Liabilities 2010
Opening balance sheet	1.8		1.9	
Transfers into/from level 3				
Purchases and sales	0.0		0.0	
Gains and losses recognised in profit and loss	0.0			
Gains and losses recognised in comprehensive profit and loss				
Closing balance	1.8		1.8	

31. Other lease agreements

YIT Group as lessee

The future minimum lease payments under non-cancellable operating leases

EUR million	2011	2010
No later than 1 year	74.4	68.4
1–5 years	169.3	159.1
Later than 5 years	86.9	95.0
Total	330.7	322.4

The lease payments of non-cancellable operating leases charged to income statement in 2011 amounted to EUR 72.8 million (2010 EUR 67.9 million).

The YIT group has leased the office facilities in use. The operating lease agreements of office facilities have a period of validity 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 include also the liabilities of operating lease agreements of employee cars, which have the average duration of four years.

32. Commitments and contingent liabilities

EUR million	2011	2010
Collateral given for own liabilities		
Corporate mortgages	31.2	29.8
Pledged assets	0.9	0.1
Guarantees on behalf of associated companies and joint ventures	7.0	0.2
Other commitments		
Rental guarantees for clients	4.1	8.0
Other contingent liabilities	1.5	4.2
Investment commitments		
Repurchase commitments	293.1	141.0

YIT Corporation has guaranteed obligations of its subsidiaries. On December 31, 2011 the total amount of these guarantees was EUR 1,515.4 million (EUR 1,207.7 million).

The Group is engaged in numerous legal proceedings 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 significant effect on the Group's result.

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 Building Systems Ltd	Helsinki	100.00
YIT Building Services Central Europe GmbH	Munich	100.00
YIT Industry Ltd	Vantaa	100.00
YIT Kalusto Oy	Urjala	100.00
YIT Information Services Oy	Helsinki	100.00
YIT IT East Oy	Helsinki	100.00
OOO 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
OÜ Plasma Project	Tallinn	100.00
Nordic Arenduse AS	Tallinn	100.00
OÜ Mehhatroonikum	Tallinn	90.00
OÜ Vintano	Tallinn	100.00
YIT Betoonitööd	Tallinn	100.00
SIA YIT Celtnieciba	Riga	100.00
SIA Ebelmuiza Ligzda	Riga	100.00
YIT Invest Export Oy	Helsinki	100.00
ZAO YIT Moskovia	Moscow	94.08
OOO Industrial Stroi	Moscow	100.00
LLC YIT Service	Moscow	100.00
CJSC YIT Stroi	Moscow	100.00
OOO UYT Service	Moscow	51.00
YIT Project Invest Oy	Helsinki	100.00
ZAO YIT Lentek	St.Petersburg	100.00
OOO YIT Service	St.Petersburg	100.00
Urepol Oy	Helsinki	100.00
CJSC YIT Don	Rostov	100.00
LLC SP YIT Don	Rostov	100.00
YIT Polska Sp zo.o	Krakova	100.00
AB YIT Kausta	Kaunas	97.53

Company name	Domicile	Holding, %
UAB YIT Kausta Bustas	Vilnius	100.00
YIT Salym Development Oy	Helsinki	100.00
ZAO YIT Saint-Petersburg	St.Petersburg	100.00
OOO Gorelovo Infra	St.Petersburg	100.00
Tortum Oy Ab	Helsinki	100.00
ZAO YIT Uralstroi	Helsinki	99.95
ZAO YIT-Genstroi	Yekaterinburg	100.00
OOO Olymp Service	Yekaterinburg	100.00
Finn-Stroi Oy	Helsinki	100.00
ZAO YIT CityStroi	Moscow	74.99
OOO Hetber	Moscow	100.00
OOO Emerkom-Spetstroi	Moscow	100.00
ZAO 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
ZAO YIT VDSK	Moscow	76.00
YIT Uranus Oy	Helsinki	100.00
ZAO YIT Properties	Moscow	100.00
YIT Neptunus Oy	Helsinki	100.00
OOO YIT Kazan	Kazan	100.00
YIT Stavo s.r.o [1]	Prague	100.00
YIT Reding a.s. [1]	Bratislava	100.00
Gala Residence s.r.o.	Bratislava	100.00
Shares in subsidiaries, owned by YIT Building Systems Ltd		
YIT Sverige AB (konserni)	Solna	100.00
EH Luftbehandling Förvaltnings AB	Motala	100.00
Eltjänst Br Björk Installation AB	Solna	100.00
Frisk Ventilation Ab	Vara	100.00
Gsson Teleteknik AB	Solna	100.00
Jansson & Eriksson Ekonomisk Luftbehandling AB	Norrköping	100.00
MISAB Sprinkler & VVS AB	Uddevalla	100.00
YIT i Sydost AB	Ydre	100.00
YIT Vatten & Miljöteknik AB	Landskrona	100.00
YIT Kiinteistötekniikka Oy	Helsinki	100.00
YIT-Huber East Oy	Helsinki	100.00
YIT-Huber Invest Oy	Helsinki	100.00
ZAO YIT-Peter	St.Petersburg	100.00

Company name	Domicile	Holding, %
YIT Elmek Ltd	Moscow	100.00
YIT Building Systems AS	Austrheim	100.00
Mercur VVS Entreprenør AS	Oslo	100.00
Mercur VVS Service AS	Oslo	100.00
AS YIT Emico	Tallinn	100.00
YIT Tehsistem SIA	Riga	100.00
YIT A/S	Fredericia	100.00
YIT Technika UAB	Vilnius	100.00
Shares in subsidiaries, owned by YIT Industry Ltd		
YIT Teollisuus Invest Oy	Helsinki	100.00
OOO YIT Industria	St.Petersburg	100.00
Oy Botnia Mill Service Ab [2]	Kemi	49.83
Kiinteistö Oy Leppävirran Teollisuustie 1	Leppävirta	60.00
Shares in subsidiaries, owned by YIT Building Services Central Europe GmbH		
YIT Austria GmbH	Vienna	100.00
YIT Germany GmbH	Munich	100.00
YIT Caverion GmbH	Munich	100.00
Caverion Geb.technik OOO	Moscow	100.00
Caverion North America Inc.	Hillsboro	100.00
Caverion Asia PTE	Singapore	85.00
Caverion Malaysia	Butterworth	100.00
YIT Cesko Republic s.r.o.	Prague	100.00
YIT Poland Sp zo.o	Warsaw	100.00
YIT Romania S.R.L.	Sibiu	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.

[2] Oy Botnia Mill Service Ab is fully consolidated due to YIT group's controlling interest.

34. Related party transactions

EUR million	2011	2010
Sales of goods and services	1.5	1.5
Purchases of goods and services	0.1	0.2
Trade and other receivables	0.0	0.1
Trade and other payables	0.0	0.0

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 Million	2011	2010
Salaries and other short-term employee benefits	2.6	2.3
Termination benefits	2.5	1.8
Share-based incentive plan [2]	1.1	0.5

[1] President and CEO, Deputy to President and CEO and Management Board
[2] The amount for 2011 is the total value of transferred shares, cash bonus and related taxes. The year 2010 amount includes the accrued expenses related to share-based incentive plan 2010. Shares were granted for the first time in spring 2011.

Salaries and fees

EUR	2011	2010
President and CEO	903,408	668,747
Deputy to President and CEO	514,303	322,858
Board of Directors		
Henrik Ehrnrooth	87,200	80,500
Eino Halonen	56,450	55,500
Reino Hanhinen	68,850	60,500
Antti Herlin	53,750	49,500
Kim Gran	49,950	47,000
Satu Huber	53,250	51,500
Lauri Ratia (until March 11, 2011)	9,750	51,500
Michael Rosenlew (from March 11, 2011)	45,850	
Board of Directors, total	425,050	396,000

Retirement age

Retirement age of President and CEO and Executive Vice President and deputy to CEO has been set at 62. The contractual retirement age of one of the members of the Group's Management Board is 62 years. In other respects the statutory retirement age applies to the members of the Management Board.

Termination compensation

The period of notice of the president and CEO and the deputy to the president and CEO is six months. If the company terminates his contract, the CEO or the deputy to the CEO shall also be paid separate compensation amounting to 12 months salary.

Loans to related parties

Loans to any related parties do not exist.

35. Assets held for sale and related liabilities

EUR million	2011	2010
Assets held for sale		19.8
Liabilities of assets held for sale		–17.2
Net assets held for sale		2.6

In 2010, the Group had classified certain assets as held for sale at the acquisition date of Caverion group. These assets were sold during year 2011. (Note no 4)

36. Events after the financial period

In December YIT agreed on two acquisitions in Austria. YIT agreed to purchase P&P Kälteanlagenbau GmbH, cooling solutions and services provider, and WM Haustechnik GmbH, an HVAC solution provider. P&P Kälteanlagenbau GmbH has approximately 50 employees, and its revenue for 2010 was approximately EUR 11 million. The annual revenue of WM Haustechnik GmbH is approximately EUR 1 million. The companies acquired in Austria will be consolidated in the Group as of January 1, 2012. YIT has acquired the entire share capital of Elektriska Installationer i Finspång AB and Kraftmontage i Finspång AB in January 2012.

The companies have approximately 20 employees and their combined annual revenues amount to approximately EUR 2 million. The estimated acquisition price of the companies is approximately EUR 3.4 million. The acquisitions are not expected to result in goodwill.

Income statement, Parent company

EUR million	Note	2011	2010
Revenue		0.0	0.0
Other operating income	1	21.9	18.7
Personnel expenses	2	–10.6	–9.4
Depreciation and value adjustments	3	–2.2	–2.4
Other operating expenses		–33.2	–29.1
		–46.0	–40.9
Operating loss		–24.0	–22.1
Financial income and expenses	4	43.8	66.4
Profit before extraordinary items		19.7	44.3
Extraordinary items	5	96.0	86.7
Profit before taxes		115.7	131.0
Change in depreciation difference	6	0.0	0.3
Income taxes	7	–17.5	–19.9
Net profit for the financial period		98.2	111.3

Balance sheet, Parent company

EUR million	Note	2011	2010
ASSETS			
Non-current assets			
Intangible assets	8		
Intangible rights		0.3	0.1
Other capitalize expenditure		2.5	3.5
		2.8	3.6
Tangible assets	8		
Land and water areas		1.0	1.0
Buildings and structures		3.5	3.5
Machinery and equipment		0.9	1.4
Other tangible assets		0.1	0.1
		5.6	6.0
Investments	9		
Shares in Group companies		371.9	366.9
Other shares and holdings		0.1	0.2
		372.1	367.1
Total non-current assets		380.4	376.7
Current assets			
Long-term receivables	10		
Receivables from group companies		545.3	501.2
Accrued income		0.1	0.2
Receivables	10		
Trade receivables		0.0	0.1
Receivables from group companies		372.5	449.4
Other receivables		1.0	1.3
Accrued income		4.1	8.0
		923.0	960.1
Current investments	11	0.0	0.0
Cash and cash equivalents		138.3	82.4
Total current assets		1,061.3	1,042.5
TOTAL ASSETS		1,441.7	1,419.2

EUR million	Note	2011	2010
EQUITY AND LIABILITIES			
Equity	12		
Share capital		149.2	149.2
Non restricted equity reserve		2.8	
Retained earnings		208.7	177.8
Net profit for the financial year		98.2	111.3
Total equity		458.9	438.3
Appropriations			
Accumulated depreciation difference	13	0.0	0.0
Provisions	14	0.8	1.0
Liabilities			
Non-current liabilities	16		
Bonds		278.6	235.7
Loans from credit institutions		150.5	92.5
Pension loans		73.8	97.7
Advances received		0.0	0.2
Non-current liabilities to group companies		18.0	56.1
		520.8	482.2
Current liabilities	17		
Bonds		57.1	57.1
Loans from credit institutions		12.0	9.0
Pension loans		19.0	19.7
Advances received		0.2	0.1
Trade payables		0.8	0.7
Current liabilities to group companies		304.3	401.7
Other current liabilities		55.2	0.3
Accrued expenses		12.5	9.2
		461.2	497.8
Total liabilities		982.0	979.9
TOTAL EQUITY AND LIABILITIES		1,441.7	1,419.2

Cash flow statement, Parent company

EUR million	2011	2010
Cash flow from operating activities		
Profit / loss before extraordinary items	19.7	44.3
Adjustments for:		
Depreciations	2.2	2.4
Reversal of accrual-based items	0.0	0.7
Gains on the sale of tangible and intangible assets	–0.1	0.0
Financial income and expenses	–43.8	–66.4
Cask flow before change in working capital	–22.0	–19.0
Change in working capital		
Change in trade and other receivables	1.6	–1.2
Change in trade and other payables	3.2	–7.4
Net cash flow from operating activities before financial items and taxes	–17.2	–27.7
Interest paid	–49.8	–95.4
Dividends received	49.3	54.7
Interest received and financial income	43.6	76.0
Taxes paid	–12.7	–21.1
Net cash generated from operating activities	13.2	–13.3
Cash flow from investing activities		
Purchases of tangible and intangible assets	–0.8	–1.2
Proceeds from sale of tangible and intangible assets	0.0	0.0
Increase in investments	–5.0	0.0
Proceeds from sale of other investments	0.1	0.0
Net cash used in investing activities	–5.8	–1.2

EUR million	2011	2010
Cash flow from financing activities		
Disposal of treasury shares	3.2	
Change in loan receivables	43.2	–36.7
Change in current loans	–40.2	–82.8
Proceeds from borrowings	175.0	100.0
Repayment of borrowings	–138.1	–48.1
Dividends paid and other distribution of assets	–81.3	–50.4
Group contributions received	86.7	67.4
Net cash used in financing activities	48.4	–50.7
Net change in cash and cash equivalents	55.9	–65.2
Cash and cash equivalents at the beginning of the financial year	82.4	147.6
Cash and cash equivalents at the end of the financial year	138.3	82.4

Notes to income statement, Parent company

1. Other operating income

EUR million	2011	2010
Capital gains on disposals of fixed assets	0.1	0.0
Rent income	16.4	15.6
Service income	5.1	2.8
Other	0.3	0.4
Total	21.9	18.7

2. Information concerning personnel and key management

EUR million	2011	2010
Personnel expenses		
Wages, salaries and fees	8.9	6.9
Pension expenses	1.3	1.2
Other indirect personnel costs	0.4	1.3
Total	10.6	9.4
Salaries and fees to the management		
President and executive Vice President	1.4	1.0
Members of the Board of Directors	0.4	0.4
Total	1.8	1.4
Average personnel	143	112
The fees for the auditors		
PriceWaterhouseCoopers Oy, Authorised Public Accountants		
Audit fee	0.2	0.2
Tax services	0.0	0.1
Other services	0.0	0.0
Total	0.3	0.4

3. Depreciations and value adjustments

EUR million	2011	2010
Depreciations on other capitalised expenditures	1.3	1.3
Depreciations on buildings and structures	0.3	0.3
Depreciations on machinery and equipment	0.6	0.8
Depreciation on other tangible assets	0.0	0.0
Total	2.2	2.4

4. Financial income and expenses

EUR million	2011	2010
Dividend income		
From Group companies	49.3	54.7
From others	0.0	0.0
Total	49.3	54.7
Interest income from non-current investments		
From Group companies	13.9	8.9
Other interest and financial income		
From Group companies	9.6	23.0
From other companies	1.9	2.0
Total	11.5	24.9
Other interest and financial expenses		
Interest expenses to Group companies	–4.2	–4.9
Interest expenses on derivatives	–1.1	–1.7
Interest expenses to others	–21.3	–16.3
Other expenses to others	–3.2	–2.3
Total	–29.8	–25.1

EUR million	2011	2010
Exchange rate gains	22.3	47.9
Fair value change in derivatives	1.1	–18.8
Exchange rate losses	–24.5	–26.2
Total	–1.1	2.9
Total financial income and expenses	43.8	66.4

5. Extraordinary items

EUR million	2011	2010
Extraordinary income		
Group contributions	96.0	86.7

6. Appropriations

EUR million	2011	2010
The accumulated difference between the depreciations according to plan and depreciations in taxation	0.0	0.3

7. Income taxes

EUR million	2011	2010
Income taxes on extraordinary items	–24.9	–22.5
Income taxes on operating activities	7.5	2.7
Income taxes on previous years	0.0	–0.1
Total	–17.5	–19.9

Notes to balance sheet, Parent company

8. Changes in fixed assets

EUR million	2011	2010
Intangible assets		
Intangible rights		
Historical cost at Jan 1	0.1	0.1
Increases	0.2	0.0
Decreases		0.0
Historical cost at Dec 31	0.3	0.1
Book value at Dec 31	0.3	0.1
Other capitalized expenditures		
Historical cost at Jan 1	13.3	12.3
Increases	0.2	1.0
Historical cost at Dec 31	13.5	13.3
Accumulated depreciations and value adjustments Jan 1	9.8	8.5
Depreciations for the period	1.3	1.3
Accumulated depreciations and value adjustments Dec 31	11.1	9.8
Book value at Dec 31	2.5	3.5
Total intangible assets	2.8	3.6
Tangible assets		
Land and water areas		
Historical cost at Jan 1	1.0	1.0
Historical cost at Dec 31	1.0	1.0

EUR million	2011	2010
Book value at Dec 31	1.0	1.0
Buildings and structures		
Historical cost at Jan 1	8.0	8.0
Increases	0.3	0.0
Historical cost at Dec 31	8.3	8.0
Accumulated depreciations and value adjustments Jan 1	4.5	4.3
Depreciations for the period	0.3	0.3
Accumulated depreciations and value adjustments Dec 31	4.8	4.5
Book value at Dec 31	3.5	3.5
Machinery and equipment		
Historical cost at Jan 1	10.2	10.1
Increases	0.1	0.2
Historical cost at Dec 31	10.4	10.2
Accumulated depreciations and value adjustments Jan 1	8.8	8.0
Depreciations for the period	0.6	0.8
Accumulated depreciations and value adjustments Dec 31	9.4	8.8
Book value at Dec 31	0.9	1.4
Other tangible assets		
Historical cost at Jan 1	0.9	0.9
Historical cost at Dec 31	0.9	0.9
Accumulated depreciations and value adjustments Jan 1	0.7	0.7
Depreciations for the period	0.0	0.0
Accumulated depreciations and value adjustments Dec 31	0.8	0.7
Book value at Dec 31	0.1	0.1
Total tangible assets	5.6	6.0

9. Investments

EUR million	2011	2010
Shares in Group companies		
Historical cost at Jan 1	366.9	366.9
Increases	5.0	
Historical cost at Dec 31	371.9	366.9
Other shares and holdings		
Historical cost at Jan 1	0.2	0.2
Decreases	0.0	0.0
Historical cost at Dec 31	0.1	0.2
Total investments	372.1	367.1

10. Receivables

EUR million	2011	2010
Non-current receivables		
Receivables from Group companies		
Loan receivables	545.3	501.2
Total	545.3	501.2
Receivables from others		
Accrued income	0.1	0.2
Non-current receivables	545.4	501.4
Current receivables		
Receivables from group companies		
Trade receivables	1.2	1.3
Loan receivables	272.3	299.0
Other receivables	96.0	145.7
Accrued income	3.0	3.4
Total	372.5	449.4

EUR million	2011	2010
Accrued receivables, intra-group		
Accrued interest receivables	1.0	3.3
Exchange rate derivatives	2.0	0.1
Other receivables	0.0	0.0
Total	3.0	3.4
Accrued receivables, group external		
Exchange rate derivatives	1.1	0.3
Accrual tax receivables	1.6	6.4
Other receivables	1.4	1.2
Total	4.1	8.0

11. Cash and cash equivalents

EUR million	2011	2010
Current investments		
Carrying value	0.0	0.0
Market value	0.0	0.0
Difference	0.0	0.0

12. Equity

EUR million	2011	2010
Share capital Jan 1	149.2	149.2
Share capital Dec 31	149.2	149.2
Non restricted equity reserve 1.1.	0.0	0.0
Share issue	2.8	0.0
Non restricted equity reserve Dec 31	2.8	0.0
Retained earnings Jan 1	289.1	228.3
Transfer of treasury shares	0.9	0.0
Return of treasury shares	–0.0	0.0
Dividends paid and other distribution of assets	–81.3	–50.5
Retained earnings Dec 31	208.7	177.8
Net profit for the financial period	98.2	111.3
	306.9	289.1
Total equity	458.9	438.3

EUR million	2011	2010
Distributable funds at Dec 31		
Non restricted equity reserve	2.8	0.0
Retained earnings	208.7	177.8
Net profit for the financial period	98.2	111.3
Distributable fund from shareholders' equity	309.7	289.1

Treasury shares of YIT Oyj

December 31, 2011 parent company had treasury shares as follows:

Amount	% of total share capital	% of voting rights
1,952,414	1.53	1.53

13. Appropriations

EUR million	2011	2010
Accumulated depreciation difference Jan 1	0.0	0.3
Decrease	0.0	–0.3
Accumulated depreciation difference Dec 31		0.0

14. Provisions

EUR million	2011	2010
Pension fund deficit	0.2	0.2
Other provisions	0.6	0.8
Total	0.8	1.0

15. Deferred tax receivables and liabilities

EUR million	2011	2010
Deferred tax receivables		
Postponed depreciation	0.1	0.0
Other temporary differences	0.2	0.1
Pension liabilities	0.1	0.1
Total	0.4	0.2
Deferred tax liabilities		
Accumulated depreciation difference	0.0	0.0

Deferred taxes have not booked in the parent company's financial statements.

16. Non-current liabilities

EUR million	2011	2010
Liabilities falling due after five years		
Bonds		7.2
Loans from credit institutions	43.6	15.9
Pension loans	21.8	34.9
Other loans	4.0	18.9
Total	69.4	76.8

EUR million	2011	2010
Bonds		
Fixed-rate bond 1/2011 2011–2016, interest 4.75%	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%	50.0	50.0
Floating-rate bond 2/2007 2007–2012, interest 3 month Euribor +0.40%		50.0
Floating-rate bond 2/2006 2006–2016, interest 3 month Euribor +0.48%	28.6	35.7
Total	278.6	235.7

17. Current liabilities

EUR million	2011	2010
Liabilities to Group companies		
Trade payables	1.3	0.9
Other liabilities	301.5	399.8
Accrued expenses	1.5	0.9
Total	304.3	401.7
Accrued expenses, intra-group		
Interest expenses	0.2	0.5
Exchange rate derivatives	1.4	0.4
Total	1.5	0.9
Accrued expenses, group external		
Personnel expenses	2.4	2.7
Interest expenses	9.5	6.3
Other expenses	0.6	0.2
Total	12.5	9.2

18. Commitments and contingent liabilities

EUR million	2011	2010
Mortgages given as security for loans	29.3	29.3
Leasing commitments for premises		
Payable during the current financial year	12.7	14.1
Payable in subsequent years	119.4	127.9
Total	132.1	142.0
Operating leasing commitments		
Payable during the current financial year	0.1	0.0
Payable in subsequent years	0.1	0.1
Total	0.1	0.2
Other commitments		
Other commitments	0.7	0.0
Guarantees		
On behalf of Group companies	1,510.4	1,202.5
Derivative contracts		
External foreign currency forward contracts		
Fair value	1.1	0.3
Value of underlying instruments	194.1	200.6
Internal foreign currency forward contracts		
Fair value	0.6	–0.3
Value of underlying instruments	199.3	95.9
Interest rate swaps and future contracts		
Fair value	–11.9	–7.8
Value of underlying instruments	304.5	279.0
Interest rate options bought		
Fair value	0.0	0.1
Value of underlying instruments	24.9	25.7
Commodity derivatives		
Fair value	0.0	0.1
Value of underlying instruments	0.0	0.5

19. Salaries and fees to the management

Decision-making regarding remuneration

YIT Corporation's Annual General Meeting decides on the fees of 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 Board of Directors' Nomination and Rewards Committee prepares matters related to the appointment and remuneration of 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 Board members, 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 remuneration policy.

Remuneration of Board members

The Annual General Meeting 2011 decided that the Board of Directors' be paid remuneration as follows in 2011:

- 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 travelling compensation regulations.

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 bonus, and
- Long-term incentive schemes, such as share-based incentive scheme and pension benefits

Performance 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 bonus scheme. The Board of Directors confirms the criteria for the payment of performance bonuses every six months.

The bonuses paid are determined on the basis of the fulfilment of personal profit objectives, the Group's financial result and fulfilment of profitability, growth and development objectives, such as occupational safety 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 realisation of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance bonuses are specified at the business group and unit level.

The maximum annual performance bonus paid to the CEO and the Management Board may equal 40%–60% of their annual taxable pay excluding the performance 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 of profitable growth and supplement the already available incentive schemes. The scheme

Remuneration of the Board

EUR	Board membership	Board meetings	Audit Committee meetings	Nomination and Rewards Committee meetings	Working committee meetings	Total 2011	Total 2010
Henrik Ehrnrooth	77,400	4,900		2,700	2,200	87,200	80,500
Eino Halonen	45,600	5,450	2,700	2,700		56,450	55,500
Reino Hanhinen	58,500	5,450		2,700	2,200	68,850	60,500
Antti Herlin	45,600	5,450		2,700		53,750	49,500
Kim Gran	45,600	4,350				49,950	47,000
Satu Huber	45,600	4,950	2,700			53,250	51,500
Lauri Ratia [1)]	8,750	500	500			9,750	51,500
Michael Rosenlew [1)]	37,050	4,400	2,200		2,200	45,850	
Board total	364,100	35,450	8,100	10,800	6,600	425,050	396,000

[1)] Lauri Ratia was member of the Board of Directors and the Audit Committee until March 11, 2011, and Michael Rosenlew from March 11, 2011.

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 will be handed over in 2011, 2012 and 2013 based on the performance the previous year. A total of approximately 700,000 shares may be rewarded annually, of which a maximum of 20,000 to the President and CEO. Furthermore, employees included in the scope of the incentive scheme will receive part of their reward in cash to cover the deferred taxes and other charges ordered by the authorities caused by the share rewards. 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. during 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. Under all circumstances, the Board has the right to amend the bonuses in a reasonable manner. The Board of the company annually decides on the performance criteria and the employees included in the incentive scheme.

In 2010 and 2011, the share bonus criteria included return on investment and revenue growth. YIT Corporation's Board of Directors confirmed the rewards for the 2010 earning period under the share-based incentive scheme for YIT's management on April 28, 2011, which were conveyed as a directed share issue without consideration during the review period. In the share issue, 196,910 YIT Corporation shares 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 2010. By the end of 2011, 4,324 shares had been returned to YIT. The incentive scheme covered about 260 people in 2011, and its cost effect was about EUR 3.4 million in January–December (1–12/2010: EUR 3.9 million).

Pension, retirement age and termination compensation

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

Remuneration paid to the CEO and Management Board in 2011

In addition to salary, the fringe benefits of CEO Juhani Pitkäkoski included a company car and meal benefit. In 2011, the CEO's fixed salary and fringe benefits decreased by a total of 5 per cent. The performance bonus paid is based on the Group's financial performance and personal key results set by the Board of Directors. The performance bonus paid in 2011 corresponded to the monthly salary of approximately 2.5 months.

Remuneration paid to the CEO and Management Board in 2011

EUR	Fixed salary	Fringe benefits	Bonuses paid	Incentive scheme	2011 total	2010 total
President and CEO	522,628	11,541	104,434	264,806	903,408	668,747
Other members of the Management Board, total	1,550,881	89,129	298,023	808,657	2,746,690	1,642,877

Includes the members' total remuneration from the period that they were members of the Group Management Board.

The bonuses paid to the CEO in 2011 totalled EUR 104,434. Of this amount, EUR 50,776 was paid according to 2010 results and EUR 53,658 according to 2011 results. The bonuses paid to other members of the Group Management Board in 2011 totalled EUR 298,023. Of this amount, EUR 143,124 was paid according to 2010 results and EUR 154,899 according to 2011 results.

Based on 2010 results, the CEO was granted 6,570 shares in 2011 under the share-based incentive scheme. The total value of the shares and the cash bonus related to them amounted to EUR 264,806. A total of 22,790 shares were distributed to other members of the Group Management Board. The total value of these shares and the cash bonus related to them amounted to EUR 808,657.

Shares held by the Board of Directors, the President and CEO, his deputy and the Group's Management Board, December 31, 2011

	Shares	% of shares outstanding
Board of Directors	16,548,770	13.01
President and CEO	32,700	0.03
Deputy to the President and CEO	5,020	0.00
The Group's Management Board excluding the President and CEO and his deputy	24,575	0.02
Total	16,611,065	13.06

Share ownership includes individuals' direct holdings and the holdings of their close associates and controlled corporations.

Loans to associated parties

The President and CEO, his deputy and the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 31, 2011.

Board of Directors' proposal for the distribution of distributable equity

The distributable equity of YIT Corporation on December 31, 2011 is:

Retained earnings	208,652,040.26
Profit for the period	98,200,896.78
Retained earnings, total	306,852,937.04
Non restricted equity reserve	2,825,024.41
Distributable equity, total	309,677,961.45

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 earning EUR 0.70 per share to shareholders	87,689,705.60
Remains in distributable equity	221,988,255.85

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.

Signature of the Report of the Board of Directors and financial statements

Helsinki, February 1, 2012

Henrik Ehrnrooth
Chairman

Reino Hanhinen
Vice chairman

Kim Gran

Eino Halonen

Antti Herlin

Satu Huber

Michael Rosenlew

Juhani Pitkäkoski
President and CEO

Auditor's Report (Translation from the Finnish Original)

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, 2011. 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, 1 February 2012

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Key financial figures

Income statement 2002–2011

		2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS*	2010 IFRS*	2011 IFRS*
Revenue	MEUR	1,763.0	2,389.7	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
change from previous year	%	8.6	35.5	26.9		8.8	8.6	12.9	6.3	–11.5	8.7	15.7
of which activities outside Finland	MEUR	386.9	672.5	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
Operating income and expenses	MEUR	–1,643.5	–2,253.3	–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
Depreciation and write-downs	MEUR	–16.5	–17.3	–17.1	–22.3	–23.9	–24.1	–27.2	–31.8	–33.6	–35.9	–39.6
Depreciation of goodwill	MEUR	–13.2	–20.5	–30.6								
Operating profit	MEUR	89.8	98.6	135.1	157.4	227.7	258.8	337.8	260.6	168.1	220.1	200.0
% of revenue	%	5.1	4.1	4.5	5.7	7.5	7.9	9.1	6.6	4.8	5.8	4.6
Financial income and expenses (net)	MEUR	–12.2	–14.2	–16.8	–17.4	–12.9	–20.6	–32.2	–67.5	–58.6	–25.3	–24.7
Profit before extraordinary items	MEUR	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1	109.5	194.8	175.3
% of revenue	%	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9	3.1	5.1	4.0
Profit before taxes	MEUR	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1	109.5	194.8	175.3
% of revenue	%	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9	3.1	5.1	4.0
Profit for the period	MEUR	43.0	48.4	84.0	100.5	156.9	175.4	228.0	134.3	68.1	140.6	125.1
% of revenue	%	2.4	2.0	2.8	3.6	5.2	5.3	6.2	3.4	2.0	3.7	2.9
Attributable to												
Equity holders of the parent company					99.1	155.5	171.0	224.9	132.9	68.3	140.3	124.5
Non-controlling interest					1.4	1.4	4.4	3.1	1.4	–0.2	0.3	0.6

* YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on January 1, 2010. The figures for 2011, 2010 and 2009 are comparable.

Balance sheet 2002–2011

		2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS*	2010 IFRS*	2011 IFRS*
ASSETS												
Intangible assets	MEUR	61.9	66.8	68.4	81.0	77.1	91.8	92.5	104.6	99.8	106.7	110.8
Goodwill	MEUR	72.0	246.9	224.2	248.8	248.8	248.8	240.6	291.0	291.0	350.9	347.5
Tangible assets	MEUR	9.5	11.8	12.3	13.1	13.4	15.6	27.1	35.1	32.8	50.5	54.1
Investments												
Treasury shares	MEUR	7.2										
Other investments	MEUR	7.1	7.9	6.8	4.2	4.8	5.9	6.2	6.3	5.3	6.1	6.9
Inventories	MEUR	338.1	380.8	421.6	629.3	685.2	1,006.4	1,265.0	1,509.9	1,477.6	1,484.9	1,672.6
Receivables	MEUR	503.5	781.0	822.1	503.7	578.1	723.4	769.7	825.3	697.7	969.7	1 106.4
Current investments	MEUR	10.7	11.9	0.7	0.7	0.0	0.0	0.0	36.4	0.0	0.3	0.0
Cash and cash equivalents	MEUR	28.2	48.4	34.2	35.4	80.7	25.9	60.2	165.3	173.1	148.0	206.1
Total assets	MEUR	1,038.2	1,555.5	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
EQUITY AND LIABILITIES												
Equity attributable to equity holders of the parent company	MEUR	59.5	61.0	61.3	61.3	62.4	63.4	149.1	149.2	149.2	149.2	149.2
Other equity	MEUR	313.7	347.3	395.9	380.0	497.4	607.1	665.4	653.9	611.9	730.8	769.5
Non-controlling interest	MEUR	2.9	3.4	3.6	4.1	3.7	3.9	3.8	4.6	3.0	2.9	2.5
Provisions	MEUR	14.2	27.3	26.0	59.9	57.5	50.5	59.0	86.9	89.5	94.7	106.4
Non-current liabilities												
Interest-bearing	MEUR	130.4	202.6	214.0	224.0	172.4	275.8	356.9	516.2	502.0	504.6	522.9
Non interest-bearing	MEUR	7.8	8.3	15.7	23.6	40.9	72.5	80.7	92.1	87.7	114.4	162.7
Current liabilities												
Interest-bearing	MEUR	12.6	62.2	47.5	171.5	162.6	256.6	218.1	330.1	200.2	284.6	423.6
Advances received	MEUR	71.8	100.6	106.7	77.5	134.9	163.6	230.4	346.8	418.7	349.3	458.3
Other non interest-bearing	MEUR	425.3	742.8	719.6	514.3	556.3	624.4	697.9	794.2	714.8	886.6	909.3
Total shareholders' equity and liabilities	MEUR	1,038.2	1,555.5	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

* YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on January 1, 2010. The figures for 2011, 2010 and 2009 are comparable.

Other key figures 2002–2011

		2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS*	2010 IFRS*	2011 IFRS*
Operating cashflow after investments	MEUR								–19,4	229,8	–61,7	–17,3
Cash flow from operating activities	MEUR	76.7	97.6	35.4	59.2	167.3	–148.3	84.1	47.8	260.9	6.8	17.4
Return on equity	%	12.2	12.5	19.6	24.3	31.1	28.3	30.5	16.5	8.9	17.1	13.9
Return on investment	%	17.8	16.8	19.6	19.1	26.4	24.8	26.2	17.5	11.0	14.4	12.0
Equity ratio	%	38.2	28.3	31.1	31.0	36.3	34.5	36.7	30.7	32.4	31.9	30.2
Net interest-bearing debt	MEUR	104.1	204.4	226.6	359.4	254.4	506.5	514.8	644.5	529.1	640.9	740.4
Gearing ratio	%	28.2	49.6	49.2	80.7	45.1	75.1	62.9	79.8	69.2	72.6	80.4
Gross capital expenditures on non-current assets	MEUR	60.6	232.9	31.0	35.6	30.1	50.4	51.6	85.2	27.9	129.7	48.7
% of revenue	%	3.4	9.7	1.0	1.3	1.0	1.5	1.4	2.2	0.8	3.4	1.1
Research and development expenditure	MEUR	13.0	16.0	18.0	18.0	19.0	21.0	22.0	19.0	15.2	17.5	20.1
% of revenue	%	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.5	0.5
Order backlog as at Dec 31	MEUR	938.8	1,490.1	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
of witch orders from abroad	MEUR	255.0	569.5	621.0	645.0	752.4	1,490.0	1,999.2	2,072.9	1,885.7	1,857.7	2,066.9
Number of employees at Dec 31		12,633	21,939	21,680	21,680	21,289	22,311	24,073	25,784	23,480	25,832	25,996
Average number of employees		11,990	16,212	21,884	21,884	21,194	21,846	23,394	25,057	24,497	24,317	26,254

* YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on January 1, 2010. The figures for 2011, 2010 and 2009 are comparable.

Share-related key figures 2002–2011

		2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS [1]	2010 IFRS [1]	2011 IFRS [1]
Earnings/ share	EUR	0.37	0.41	0.69	0.81	1.26	1.36	1.77	1.05	0.55	1.12	0.99
Earnings/ share, diluted	EUR	0.37	0.41	0.68	0.80	1.23	1.35	1.77	1.05	0.55	1.12	0.99
Equity/ share	EUR	3.14	3.35	3.73	3.60	4.49	5.29	6.40	6.38	6.09	7.04	7.33
Dividend/share	EUR	0.23	0.30	0.35	0.35	0.55	0.65	0.80	0.50	0.40	0.65	0.70 [2]
Dividend/earnings	%	60.4	73.2	51.1	43.2	43.7	47.8	45.2	47.6	73.2	57.9	70.5 [2]
Effective dividend yield	%	5.4	4.5	3.8	3.8	3.0	3.1	5.3	10.9	2.8	3.5	5.7
Price/earnings multiple (P/E)	%	11.3	16.4	13.4	11.3	14.3	15.4	8.5	4.4	26.3	16.7	12.5
Share price trend												
Average price	EUR	4.10	5.18	7.96	7.96	13.99	19.24	22.15	10.89	8.52	16.35	15.28
Low	EUR	3.30	3.50	6.76	6.76	8.95	15.20	14.79	3.70	4.31	12.98	10.04
High	EUR	4.91	6.93	9.42	9.42	18.25	23.88	27.90	19.99	14.49	19.00	21.92
Price at Dec 31	EUR	4.20	6.73	9.18	9.18	18.07	20.95	14.99	4.58	14.45	18.65	12.38
Market capitalisation at Dec 31	MEUR	489.9	821.1	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
Share turnover trend												
Share turnover	1,000	39,648	58,558	91,160	91,160	120,368	184,577	245,672	295,156	190,057	127,537	151,023
Share turnover of shares outstanding	%	34.2	49.5	74.6	74.6	97.4	147.2	193.6	232.2	151.8	102.0	120.6
Weighted average share-issue adjusted number of shares outstanding	1,000	115,880	118,208	122,246	122,246	123,544	125,357	126,872	127,104	125,167	125,078	125,210
Weighted average share-issue adjusted number of shares outstanding, diluted	1,000	117,028	118,496	123,646	123,646	126,522	126,773	127,028	127,104	125,167	125,078	125,210
Share-issue adjusted number of shares Outstanding at Dec 31	1,000	116,716	122,092	122,586	122,586	124,794	126,777	127,218	125,798	125,078	125,078	125,271

[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 January 1, 2010. The figures for 2011, 2010 and 2009 are comparable.
[2] Board of directors' proposal

YIT Corporation's Annual General meeting held on March 18, 2004 decided to change the nominal value of share from two euros to one euro, and the YIT Corporation's Annual General meeting held on March 13, 2006 decided to change the nominal value of share from one euro to 0,50 euro. The both decisions doubled the number of shares. The comparative figures have been adjusted to be comparable with the figures for 2007.

Financial development by quarter I/2010–IV/2011

		I/2010	II/2010	III/2010	IV/2010	I/ 2011	II/ 2011	III/ 2011	IV/ 2011
Revenue	MEUR	765.3	854.8	829.6	1 338.0	969.7	1 137.2	1 084.8	1 190.4
Operating profit	MEUR	33.9	35.9	33.9	116.4	39.2	67.9	35.4	57.5
% of revenue	%	4.4	4.2	4.1	8.7	4.0	6.0	3.3	4.8
Financial income	MEUR	0.7	1.1	1.1	0.7	2.4	0.3	0.0	1.4
Exchange rate differences	MEUR	–2.3	–1.9	–2.3	–0.8	–1.3	–0.8	0.0	–2.1
Financial expenses	MEUR	–5.6	–7.2	–5.7	–3.1	–5.6	–4.4	–7.8	–6.9
Profit before taxes	MEUR	26.7	27.9	27.0	113.2	34.7	63.0	27.6	49.9
% of revenue	%	3.5	3.3	3.3	8.5	3.6	5.5	2.5	4.2
Total balance sheet assets	MEUR	2,994.8	3,067.9	3,234.6	3,117.1	3,274.8	3,387.4	3,418.6	3,504.5
Earnings per share	EUR	0.15	0.16	0.16	0.65	0.20	0.37	0.15	0.27
Equity per share	EUR	6.08	6.35	6.30	7.04	6.64	7.00	6.93	7.33
Share price at the end of period	EUR	17.10	14.78	17.39	18.65	20.92	17.24	11.33	12.38
Market capitalisation at the end of period	MEUR	2,138.8	1,848.7	2,175.1	2,332.7	2,616.6	2,159.7	1,419.3	1,550.9
Return on investment, rolling 12 months	%	11.3	10.7	10.6	14.4	14.0	15.7	15.6	12.0
Return on equity	%				17.1				13.9
Equity ratio	%	30.2	31.8	29.2	31.9	28.5	29.7	29.2	30.2
Net interest-bearing debt at the end of period	MEUR	496.0	514.8	636.6	640.9	632.6	702.7	755.0	740.4
Gearing ratio	%	65.0	64.7	80.5	72.6	75.2	79.9	86.8	80.4
Gross capital expenditures	MEUR	9.4	8.7	81.0	30.7	8.7	14.6	18.3	7.1
Tulouttamaton tilauskanta kauden lopussa	MEUR	3,152.5	3,329.2	3,727.5	3,535.7	3,699.0	3,796.9	3,738.3	4,148.6
Personnel at the end of period		23,211	23,877	25,943	25,832	25,748	26,807	26,502	25,996

YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on January 1, 2010. The figures for 2011, 2010 and 2009 are comparable.

Revenue by business segment I/2010–IV/2011

EUR million	I/2010	II/2010	III/2010	IV/2010	I/ 2011	II/ 2011	III/ 2011	IV/ 2011
Building Services Northern Europe	406.8	460.8	416.8	519.2	476.2	509.4	511.9	600.1
Building Services Central Europe	70.4	86.9	134.2	258.7	177.1	191.1	210.8	200.3
Construction Services Finland	252.9	275.2	279.7	294.2	289.5	332.3	269.4	335.7
International Construction Services	106.9	112.1	111.9	139.7	100.3	120.5	122.5	145.9
Other items	–16.2	–20.7	–18.4	–24.2	–16.2	–16.4	–18.1	–17.5
YIT Group, segment reporting	820.8	914.3	924.2	1,187.6	1,026.9	1,136.9	1,096.5	1,264.5
IFRIC 15 adjustments	–55.5	–59.6	–94.6	150.4	–57.2	0.3	–11.6	–74.1
YIT Group, total	765.3	854.7	829.6	1,338.0	969.7	1,137.2	1,084.9	1,190.4

Operating profit by business segment I/2010–IV/2011

EUR million	I/2010	II/2010	III/2010	IV/2010	I/ 2011	II/ 2011	III/ 2011	IV/ 2011
Building Services Northern Europe	19.9	25.1	20.2	23.5	17.1	18.8	19.9	23.0
Building Services Central Europe	1.7	3.1	2.7	8.9	4.0	12.1	7.9	9.3
Construction Services Finland	23.1	26.4	29.3	29.4	25.6	32.8	21.1	32.1
International Construction Services	4.6	7.6	9.2	13.4	8.4	12.3	–0.9	17.4
Other items	–4.8	–5.1	–3.4	–5.5	–4.7	–5.7	–4.4	–5.6
YIT Group, segment reporting	44.5	57.1	57.9	69.7	50.4	70.3	43.6	76.2
IFRIC 15 adjustments	–10.6	–21.2	–24.0	46.7	–11.2	–2.4	–8.2	–18.7
YIT Group, total	33.9	35.9	33.9	116.4	39.2	67.9	35.4	57.5

Order backlog by business segment I/2010–IV/2011

EUR million	I/2010	II/2010	III/2010	IV/2010	I/ 2011	II/ 2011	III/ 2011	IV/ 2011
Building Services Northern Europe	697.9	748.5	743.0	757.4	804.9	879.5	886.1	913.1
Building Services Central Europe	266.3	276.8	589.1	507.0	573.2	554.1	523.9	449.5
Construction Services Finland	905.4	1,154.7	1,205.2	1,173.2	1,176.0	1,239.5	1,289.3	1,493.6
International Construction Services	1,013.2	946.8	884.8	870.8	862.7	896.4	850.1	962.5
Other items	–45.8	–59.4	–55.2	–58.3	–61.2	–60.2	–60.3	–66.0
YIT Group, segment reporting	2,837.0	3,067.4	3,366.9	3,250.1	3,355.6	3,509.4	3,489.0	3,752.7
IFRIC 15 adjustments	315.5	261.8	360.6	285.6	343.4	287.5	249.3	395.9
YIT Group, total	3,152.5	3,329.2	3,727.5	3,535.7	3,699.0	3,796.9	3,738.3	4,148.6

Key figures according to segment reporting I/2010–IV/2011

	I/2010	II/2010	III/2010	IV/2010	I/ 2011	II/ 2011	III/ 2011	IV/ 2011
Profit before taxes, EUR million	37.3	49.1	50.9	66.5	45.9	65.5	35.8	68.6
Profit for the report period, EUR million	26.4	35.5	36.4	47.2	32.7	47.6	24.5	51.8
Earnings per share, EUR	0.21	0.29	0.29	0.37	0.26	0.38	0.20	0.41

YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period begun on January 1, 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. The figures for 2011, 2010 and 2009 are comparable.

Business segments in 2011

	Building Services Northern Europe	Building Services Central Europe
		
Services and solutions	• Building system solutions • Service and maintenance of building systems • Energy efficiency services • Industrial project deliveries and maintenance (primarily in Finland and in Sweden)	• Building system solutions • Service and maintenance of building systems • Energy efficiency services
Area of operation	Finland, Sweden, Norway, Denmark, Russia, Estonia, Latvia, Lithuania	Germany, Austria, Poland, the Czech Republic, Romania
Customers	• Developers and construction companies • Property investors and owners • Property service companies and building managers • Public institutions • Industry	• Developers and construction companies • Property investors and owners • Property service companies and building managers • Public institutions • Industry
Strategic objectives	• Improving profitability • Increasing service and maintenance business • Developing energy efficiency services • Strengthening local market position	• Increasing service and maintenance business • Developing energy efficiency services • Strengthening local market position and geographical expansion to new countries through acquisitions

Key figures

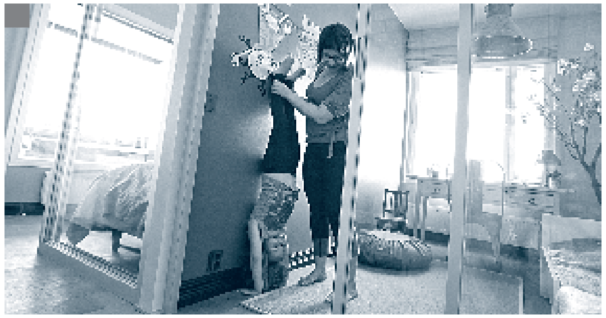
Building Services Northern Europe

	1–12/11	1–12/10	Change
Revenue, EUR million	2,097.6	1,803.6	16%
Operating profit, EUR million	78.8	88.7	–11%
Operating profit margin, %	3.8	4.9	–
Return on operative invested capital (last 12 months), %	23.8	35.9	–
Operative invested capital, EUR million	372.9	289.2	29%
Order backlog, EUR million	913.1	757.4	21%
Personnel	15,900	15,844	0%

Building Services Central Europe

	1–12/11	1–12/10	Change
Revenue, EUR million	779.3	550.2	42%
Operating profit, EUR million	33.3	16.4	103%
Operating profit margin, %	4.3	3.0	–
Return on operative invested capital (last 12 months), %	53.8	46.4	–
Operative invested capital, EUR million	72.0	51.6	42%
Order backlog, EUR million	449.5	507.0	–11%
Personnel	3,506	3,767	–7%

Construction Services Finland



- Residential construction
- Business premises construction
- Infrastructure construction

Finland

- Households and housing cooperatives
- Property investors and owners
- Business premises users
- Developers and construction companies
- Public institutions

- Forerunner in housing construction: focus on own development production built directly for consumers
- Increasing market share in business premises and infrastructure construction

	1–12/11	1–12/10	Change
Revenue, EUR million	1,226.9	1,102.0	11%
Operating profit, EUR million	111.6	108.1	3%
Operating profit margin, %	9.1	9.8	–
Return on operative invested capital (last 12 months), %	24.0	28.1	–
Operative invested capital, EUR million	558.4	419.3	33%
Order backlog, EUR million	1,493.6	1,173.2	27%
Personnel	3,429	3,209	7%

International Construction Services

- Residential construction
- Business premises construction

Russia, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia

- Households
- Property investors and owners
- Business premises users
- Developers and construction companies
- Public institutions

- Russia: Increasing own development housing production in current operating cities
- The Baltic countries and Central Eastern Europe: Geographical expansion to new operating countries and cities
- Introducing low energy construction to markets

	1–12/11	1–12/10	Change
Revenue, EUR million	489.2	470.6	4%
Operating profit, EUR million	37.2	34.7	7%
Operating profit margin, %	7.6	7.4	–
Return on operative invested capital (last 12 months), %	6.5	5.3	–
Operative invested capital, EUR million	602.2	661.0	–9%
Order backlog, EUR million	962.5	870.8	11%
Personnel	2,753	2,656	4%

Revenue (4,382 MEUR), %

- 46% Building Services Northern Europe
- 17% Building Services Central Europe
- 27% Construction Services Finland
- 10% International Construction Services

Operating profit (200 MEUR), %

- 30% Building Services Northern Europe
- 13% Building Services Central Europe
- 43% Construction Services Finland
- 14% International Construction Services

Invested capital (1,856 MEUR), %

- 23% Building Services Northern Europe
- 4% Building Services Central Europe
- 35% Construction Services Finland
- 38% International Construction Services

Personnel 25,832, %

- 61% Building Services Northern Europe
- 13% Building Services Central Europe
- 13% Construction Services Finland
- 11% International Construction Services
- 2% Group Services

Information for shareholders

Annual General Meeting 2012

YIT Corporation's Annual General Meeting will be held on Tuesday, March 13, 2012, starting at 11:00 a.m. (Finnish time) at Finlandia Hall (address: Mannerheimintie 13, 00100 Helsinki, Finland). The check-in of those who have registered for the meeting, distribution of ballots and serving of coffee will start at 10:00 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 March 1, 2012. Shareholders whose shares are registered on 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 March 8, 2012, 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 at 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 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/agm.

Registration

Registration for the Annual General Meeting will begin on February 2, 2012, and end on March 8, 2012, at 4.00 p.m. (Finnish time). Shareholders can register:

- Online through YIT Corporation's website: www.yitgroup.com/agm
- By sending a fax to +358 20 433 2077
- By telephone at the number +358 50 560 8865
- 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 0.70 per share be paid from 2011. The dividend is paid to the shareholder who, by the record date (March 16, 2012), 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 April 11, 2012.

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 2012, shareholders had to present their requests to YIT's corporate services by January 5, 2012.

Shareholders have the right to raise questions at the General Meeting as set out in the 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 percent of all the company's shares may demand that an extraordinary general meeting be convened.

Important dates related to the Annual General Meeting

- Registration opens: February 2, 2012
- Record date of Annual General Meeting: March 1, 2012
- Registration closes: March 8, 2012
- Annual General Meeting: March 13, 2012
- Dividend ex-date: March 14, 2012
- Dividend record date: March 16, 2012
- Proposed dividend payment: April 11, 2012

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 5C
Telephone (switchboard): +358 20 770 6000
Fax: +358 20 770 6658
E-mail: info.finland@euroclear.eu

More information on the Annual General Meeting is available at www.yitgroup.com/agm

NORDIC ENVIRONMENTAL LABEL
441 014
Printed matter

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C043113

Content and concept: YIT and Kreab Gavin Anderson
Design: Kreab Gavin Anderson
Images: YIT
Print: Libris 2012

Together we can do it.

YIT Corporation
P.O. Box 36 (Panuntie 11)
FI-00621 Helsinki, FINLAND
Tel. +358 20 433 111
Fax +358 20 433 3700
www.yitgroup.com