



YIT CORPORATION'S INTERIM REPORT,  
JANUARY 1 – JUNE 30, 2006

Together we can do it. **YIT**

# YIT CORPORATION'S INTERIM REPORT, JANUARY 1 - JUNE 30, 2006

## IFRS standards

YIT Corporation's Interim Report for January 1 – June 30, 2006 has been drafted in line with IAS 34: Interim Financial Reporting. YIT has applied the same accounting policy in the drafting of the Interim Report as in its annual financial statements for 2005. The information presented in the Interim Report has not been audited.

## Revenue up 13 per cent

The YIT Group's revenue for the January-June period grew by 13 per cent and amounted to EUR 1,586.8 million (Jan-Jun/2005: EUR 1,409.0 million). Of the revenue, 42 per cent was generated by Building Systems, 44 per cent by Construction Services and 14 per cent by Industrial and Network Services.

### Revenue by segment (EUR million)

	Jan-Jun/ 2006	Jan-Jun/ 2005	Change
Building Systems *)	674.0	667.5	1%
Construction Services	718.9	585.8	23%
Industrial and Network Services *)	224.6	186.3	21%
Other items	-30.7	-30.6	-
YIT Group, total	1 586.8	1 409.0	13%

\*) At the beginning of 2006, industrial electricity, automation and HEPAC operations in Finland were transferred to the Industrial and Network Services business segment from YIT Kiinteistötekniikka Oy. The business functions that were transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

YIT's service chain spans the entire life cycle of investments. The life cycle strategy seeks to achieve better service capability, growth in our business operations and a steadier stream of profits. Part of the Group's revenue comes from its industrial, prop-

erty, telecom network and traditional infrastructure maintenance and servicing business. During the review period, the revenue generated by the upkeep business was EUR 563.6 million (EUR 532.5 million), representing 36 per cent (38%) of total revenue.

As from the beginning of 2006, YIT also monitors to what extent consumer services, long-term service agreements as well as project development and contracting contribute to the development of revenue. The share of revenue accounted for by consumer services was 27 per cent in January-June, while long-term service agreements generated 26 per cent and project development and contracting 47 per cent. YIT's strategic objective is to increase the relative share of revenue accounted for by consumer services and long-term service agreements.

Of the revenue, 56 per cent came from Finland, 32 per cent from the other Nordic countries, 7 per cent from Russia and 5 per cent from the Baltic countries.

YIT's strategy is to bolster its construction services in the Baltic countries and Russia, building system services in the Nordic and Baltic countries as well as industrial and information network services in its entire market area.

## Profit before taxes up 17 per cent

Operating profit grew by 19 per cent on the previous year and was EUR 113.8 million (EUR 95.8 million). The operating profit margin was 7.2 per cent (6.8%).

### Operating profit by segment (EUR million)

	Jan-Jun/ 2006	Jan-Jun/ 2005	Change
Building Systems	31.5	22.5	40%
Construction Services	81.2	63.6	28%
Industrial and Network Services	10.3	15.6	-34%
Other items	-9.2	-5.9	56%
YIT Group, total	113.8	95.8	19%

Profit before taxes grew by 17 per cent to EUR 105.4 million (EUR 90.0 million). Profit after taxes amounted to EUR 77.9 million (EUR 66.8 million). Return on investment at the end of the 12-month period ending at the conclusion of the review period was 28.2 per cent (21.8%).

Earnings per share amounted to EUR 0.60 (EUR 0.55; before the split EUR 1.09), up 10 per cent on the previous year. Equity per share was EUR 4.54 (EUR 3.77). The figures have been adjusted for comparability, accounting for the halving of the nominal value of the share as from March 24, 2006. The equity ratio rose to 34.5 per cent (31.8%). The gearing ratio declined to 59.5 per cent (66.6%).

## Order backlog remains robust

The Group's market position is strong. The unvoiced backlog of orders at period's end was 8 per cent higher at the end of the review period than a year earlier, having risen to EUR 2,151.3 million (EUR 1,999.2 million). At the end of March 2006, the order backlog amounted to EUR 2,007.2 million. The margin of the backlog is good. Due to their nature, part of the Group's maintenance and servicing operations are not included in the order backlog.

### Order backlog by segment (EUR million)

	Jun/2006	Jun/2005	Change
Building Systems	584.1	602.6	-3%
Construction Services	1,391.8	1,263.3	10%
Industrial and Network Services	208.4	187.3	11%
Other items	-33.0	-54.0	-39%
YIT Group, total	2,151.3	1,999.2	8%

## The Group's financial position is strong

The Group's financial position remained strong during the review period. Interest-bearing liabilities amounted to EUR 369.8 million (EUR 349.0 million) at the end of the period and liquid assets

to EUR 27.3 million (EUR 35.4 million). Net debt was EUR 342.5 million (EUR 313.6 million). At the end of the review period, the gearing ratio was 59.5 per cent (66.6%).

Financial income during the period amounted to EUR 1.7 million (EUR 0.7 million), exchange rate losses to EUR 1.2 million (exchange rate gains EUR 2.1 million) and financial expenses to EUR 8.9 million (EUR 8.6 million). Net financial expenses were EUR 8.4 million (EUR 5.8 million), or 0.5 per cent (0.4%) of revenue.

The proportion of fixed-interest loans in the Group's entire loan portfolio was 44 per cent (57%). Loans raised directly on the capital and money markets amounted to 44 per cent (45%).

The construction-stage contract receivables sold to financing companies totalled EUR 268.0 million (EUR 156.8 million) at the end of the period. Of this amount, EUR 93.5 million (EUR 74.6 million) is included in interest-bearing liabilities in the balance sheet and the remainder comprises off-balance sheet items as per IAS 39. The interest on sold receivables paid to financing companies, EUR 4.6 million (EUR 2.6 million), is included in financial expenses in its entirety.

Participations in the housing corporation loans of unsold completed residences, EUR 19.0 million (EUR 32.0 million), are also included in interest-bearing liabilities, but the interest on them is booked in project expenses, as said interest is included in housing corporation maintenance charges.

Interest-bearing liabilities included EUR 4.0 million in leasing commitments (EUR 6.6 million).

## Capital expenditures and acquisitions

Gross capital expenditures on non-current assets included in the balance sheet totalled EUR 18.7 million (EUR 14.1 million) during the January-June period, representing 1.2 per cent (1.0%) of revenue. Investments in construction equipment amounted to EUR 6.6 million (EUR 7.3 million) and investments in



information technology to EUR 2.4 million (EUR 1.5 million). Other production investments came in at EUR 0.5 million (EUR 1.1 million). Other investments amounted to EUR 9.2 million (EUR 4.2 million).

During the review period, YIT Industrial and Network Services Oy acquired Alueputkitus Oy and Konepaja Alueputkitus Oy, which offer maintenance and capital investment services to the petrochemical industry.

### The Supreme Administrative Court's ruling on YIT's residual taxes for 1997

On June 21, 2006, the Supreme Administrative Court decided not to change the ruling of the Helsinki Administrative Court to enforce the residual taxes levied from YIT for 1997. According to the ruling, YIT Corporation is not entitled to deduct the confirmed losses of its merged subsidiary.

This ruling of the Supreme Administrative Court has no impact on YIT's financial result for 2006, since the residual taxes paid were recorded in the financial result for 2002.

YIT has released stock exchange bulletins on this matter on March 14, 2002, December 31, 2002, March 3, 2003, June 1, 2004 and June 21, 2006.

### Changes in the Group structure

A decision was made in the Construction Services business segment to merge YIT Tolonen Oy into YIT Construction Ltd by the end of November.

In the first half of the year, the Industrial and Network Services business segment became a single legal company. YIT Primatel Ltd, YIT Service Ltd and YIT Industria Ltd were merged into YIT Industrial and Network Services Ltd. At the beginning of 2006, industrial electricity, automation and HEPAC operations in Finland were transferred to the Industrial and Network Services business segment from YIT Kiinteistötekniikka Oy. The business functions that were transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

### Number of employees 21,300

During the review period, the Group employed 21,346 (21,153) people on average. At the end of the period, the number of personnel was 21,873 (21,297). Of YIT's employees, 53 per cent work in Finland, 35 per cent in the other Nordic countries and 12 per cent in the Baltic countries and Russia.

#### Personnel by business segment, June 30, 2006

	Number	Share of the Group's employees
Building Systems	11,102	51%
Construction Services	5,534	25%
Industrial and Network Services	4,914	23%
Corporate Services	323	1%
YIT Group, total	21,873	100%

#### Personnel by country, June 30, 2006

	Number	Share of the Group's employees
Finland	11,673	53%
Sweden	3,928	18%
Norway	2,487	11%
Denmark	1,182	6%
Baltic countries	1,501	7%
Russia	1,102	5%
YIT Group, total	21,873	100%

### Share capital and shares

YIT Corporation's share capital was EUR 62,397,352 at the beginning of the review period and the number of shares outstanding was 62,397,352.

Following a decision by the Annual General Meeting, the nominal value of the share was changed from one euro to EUR 0.50 (split) on March 24, 2006, thereby doubling the number of shares. Public trading in the new shares began on the Helsinki Stock Exchange on March 27, 2006.

On the basis of shares subscribed for with the Series C and D share options from 2002 and the Series E share options from 2004, the share capital was raised by EUR 205,240 on April 28, 2006, and by EUR 169,022 on June 22, 2006. At period's end, the share capital amounted to EUR 62,771,614 and the number of shares was 125,543,228.

During the review period, 29,980 Series C share options were traded at an average price of EUR 69.87/option, 171,206 Series D share options at an average price of EUR 73.30/option and 102,340 Series E share options at an average price of EUR 30.41/option.

### Authorizations to increase the share capital

During the review period, no share issues were organized and convertible bonds or bonds with warrants were not floated. At the end of the period the Board of Directors did not have valid share issue authorizations or authorizations to issue convertible bonds or bonds with warrants.

### Market capitalization EUR 2.4 billion

The average share price in the January-June period was EUR 20.48 (EUR 11.80). The highest share price during the review period was EUR 23.88 (EUR 14.35) and the lowest was EUR 16.65 (EUR 8.95). At the end of the period, the closing share price was EUR 19.17 (EUR 13.80). The figures have been adjusted for comparability by accounting for the halving of the nominal value of the share, which came into effect on March 24, 2006 (split).

Share turnover during the period amounted to EUR 1,712.1 million (EUR 689.3 million), with 83,314,935 (58,419,898) shares being traded (accounting for the split). YIT Corporation's market capitalization at the end of the period was EUR 2,406.7 million (EUR 1,711.2 million).

### Own shares

At the end of the review period, YIT Corporation

held 400 of its own shares. In December 2005, YIT Corporation purchased 200 of the company's own shares at an average price of EUR 35.25 per share. Due to the halving of the nominal value of the share, the number of shares doubled and the share price was halved on March 24, 2006. The buyback of shares was decided on by the Annual General Meeting held in spring 2005, which decided on the buyback of a minimum of 200 and a maximum of 2,000,000 of the company's own shares. At the end of the period the Board of Directors did not have authorizations to dispose YIT's own shares. YIT's subsidiaries did not own shares in the parent company.

### Growth in the number of private investors and international ownership

At the beginning of the period, there were 9,368 (7,456) registered shareholders, while they numbered 11,340 (8,304) at the end. The number of private investors grew by slightly over 1,800 in the January-June period.

According to the nominee registers, 37.8 per cent of the shares (25.5%) were owned by international investors at the beginning of the period and 45.6 per cent (31.6%) at the end. Other foreign ownership at the end of the review period amounted to 2.2 per cent (2.2%); thus, a total of 47.8 per cent (33.8%) of the company's shares outstanding were owned by international investors.

### Market situation remains good in Northern Europe

The Nordic countries are still booming. In June, Euroconstruct estimated that from 2006 to 2008 the GDP of the Nordic countries will see average annual growth of 2.8, 2.7 and 2.5 per cent, outpacing EU15 growth. The good trend in incomes and the improving employment situation support household consumption. The Nordic construction market represents 8 per cent of the Western

European construction market. The Nordic construction market will grow by 4.3 per cent during the present year. Growth will slacken in 2007 and 2008. The level and moderate growth rate of euro interest rates support the investments and housing demand. Growth in exports and industrial output increases the need for industrial investments and maintenance in the Nordic countries. Russia and Norway benefit from the high prices of oil. The rate of growth in Russia, Estonia, Latvia and Lithuania is twice as fast as in the Nordic countries.

#### **Finland**

In April, Nordea estimated that Finland's GDP will rise by 3.9 per cent this year and further by 2.8 and 3.2 per cent in 2007 and 2008, respectively. The improvement in the employment count, the good trend in incomes and the moderately growing interest rate level support household consumption and demand for housing. According to the forecast released in March by the Research Institute of the Finnish Economy ETLA, investments in machinery and equipment will grow by 6 per cent this year and 10 per cent the next. The business cycle report published by the Confederation of Finnish Construction Industries RT in April states that the volume of construction will grow by 3 per cent both this year and the next. According to RT residential construction and repair works will remain brisk. 33,500 residential units will be started up both this year and the next. Construction of industrial and commercial premises is on the up and office construction has also passed its low point. Annual growth in renovation works will be 2-3.5 per cent during the present decade. Growth in new construction and renovation maintains demand in the construction and building system markets (heating, plumbing, air-conditioning, electrical and automation contracting, and maintenance). The market for industrial, property and infrastructure maintenance will expand as the outsourcing trend progresses.

Growth in the number of broadband connections will level off and investments to expand the fixed and mobile phone networks will remain slight.

#### **Sweden**

At the end of June, the Swedish National Institute of Economic Research KI estimated that Sweden's GDP will grow by 3.8 per cent this year and 3.2 per cent and 2.8 per cent in 2007 and 2008, respectively. The factors underlying this positive trend are the high capacity utilization ratio in industry, solid earnings, the positive incomes trend enjoyed by households and the low interest rates. Growth is on a broad footing. In 2006, exports will increase by 8.2 per cent due to international demand and the effect of the relatively weak Swedish kronor. Fixed investments will increase by 7.3 per cent this year, but will slacken to 4.9 per cent the next. Fixed investments by industry will increase by 6.5 per cent during the present year, and next year by 3.6 per cent. Investments by the service sector are higher and growing faster than those of industry, rising by 7.3 per cent this year and 4.4 per cent the next. KI states that growth in housing investments will continue at a rate of 10.2 per cent this year and by 8.3 per cent the next. According to the business cycle barometer KI released in June, the order backlogs of construction companies have increased, and these companies expect to see further production growth. Almost 70 per cent of construction companies have reported that the shortage of skilled labour slows down growth, while 60 per cent of construction companies have stated that tender prices are rising. In June, the Swedish Construction Federation BI predicted that the construction of 33,500 new residential units will be started up this year and 34,500 the next.

#### **Norway**

Norway is still booming. According to the forecast released by Statistics Norway in June, GDP will grow by 1.9 per cent this year and further

by 2.6 and 2.5 per cent in 2007-2008. Growth in domestic consumption will continue at a rate of over 3 per cent during the whole forecast period. The vigorous growth in fixed investments that got under way in 2004 will still continue at 8.7 per cent this year, but the completion of large oil and gas investments will depress investments into a decline of 1.7 per cent in 2007. In the space of a year, Norges Bank's key interest rate ("sight deposit rate") has risen by one percentage point. Statistics Norway expects the key interest rate to rise further by 0.5 percentage point this year. The international economy is recovering and the prices of Norwegian export products are riding high. Residential start-ups numbered 31,600 last year. Prognosecenteret estimates that the construction of 33,000 residential units will get under way this year. Start-ups of other types of buildings during January-May of the present year outnumbered the corresponding year-ago figure by 7.1 per cent. Demand for business and industrial buildings is expected to grow slightly in 2006-2009. Euroconstruct estimated in June that the construction of new buildings will grow by 6.8 per cent this year and further by 2.1 per cent in 2007. Construction of non-residential buildings will increase by 9 per cent this year, remaining at a high level during the next two years. Renovation will grow at an annual rate of about 3 per cent during 2006-2008.

#### **Denmark**

The outlook for the Danish economy is still good. In April, Nordea anticipated that GDP growth will amount to 2.9 per cent this year. Export growth gathered steam last year, and will continue at a rate of 7.1 per cent this year and 5.6 per cent the next. Growth in private consumption is estimated to slacken to 2.4 per cent this year. Investments will increase by 6.4 per cent this year. Housing prices rose by 16.4 per cent last year and will continue to increase at a rate of about 14 per

cent this year. Growth in housing investments will slacken to 3.5 and 2.2 per cent this year and the next, respectively. In July, Dansk Byggeri, the Danish Construction Association, estimated that the number of new residential start-ups will be 31,000 this year and 30,000 in 2007. According to Euroconstruct, housing renovation will not see growth in these years. The construction of other types of new buildings will increase by 3.7 per cent this year, and by 3.8 and 4.5 per cent in 2007 and 2008. The value of the production of industrial buildings will rise at a rate of about 10 per cent and that of office buildings by 5 per cent in 2006-2008. Annual growth in repairs of office buildings is about one per cent.

#### **Baltic countries**

GDP and investments grow at a significantly faster rate in the Baltic countries than in the Nordic countries. According to VTT's estimate, the value of construction was EUR 5.7 billion last year and the number of completed residences rose by 7 per cent. In its forecast in April, Nordea estimated that GDP will continue to grow by 6.5-9 per cent over the next few years. The growth of these economies is supported by the high educational level in the area and the EU membership of Estonia, Latvia and Lithuania. Growth in investments this year will be 15 per cent in Estonia and 12 per cent in Lithuania. During the next two years, investments will grow at a rate of about 10 per cent in both countries. This year, investments in Latvia will grow at a rate of about 20 per cent. Inflation in Estonia and Lithuania is only slightly faster than the EMU average, while it is over twice as fast in Latvia. It seems that rapid inflation will delay the EMU entry of these countries. The interest rate spread with the euro will narrow as the countries seek EMU membership. Affordable borrowing, economic growth and the greater affluence of the population have increased demand for new residences

and renovation. VTT estimates that this year 4,000 residential units will be completed in Estonia and 7,000 in Latvia. Last year, 5,900 residences were completed in Lithuania, and building permits were granted for 11,700 residences.

## Russia

The high price of oil supports Russian economic growth. In April, Nordea estimated that Russia's GDP will grow by 5.7 per cent this year and by 5.0 and 4.4 per cent over the next two years. The Budgetary Committee of the Russian government estimates that annual growth in GDP will amount to 5.6-5.7 per cent in 2007-2009. Last year, inflation was 12.6 per cent; according to Nordea's estimate, it will slow down to 10.4 per cent. Growth in investments has begun to lose momentum in spite of the high price of oil and the high capacity utilization ratio, but will remain significantly faster than the EU and Nordic average over the next few years. Thanks to the good incomes trend, household consumption has become the primary engine of growth. Private consumption will rise by 11 per cent this year, comprising half of GDP. The greater affluence of the middle class has strengthened demand for residences in large cities such as Moscow and St. Petersburg.

## EARNINGS TRENDS OF THE BUSINESS SEGMENTS

### Building Systems

In the January-June period, Building Systems' revenue amounted to EUR 674.0 million (Jan-Jun/2005: EUR 667.5 million). The share of the business segment's revenue accounted for by the maintenance and servicing business rose to 62 per cent (59%).

At the beginning of 2006, industrial electricity, automation and HEPAC operations in Finland were transferred to the Industrial and Network Services

business segment from YIT Kiinteistötekniikka Oy. The business functions that were transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

The business segment continued to improve its profitability. Operating profit increased by 40 per cent to EUR 31.5 million (EUR 22.5 million). The operating profit margin improved to 4.7 per cent (3.4%). In the second quarter of 2006, the operating profit margin was 5.7 per cent.

The order backlog at the end of the period amounted to EUR 584.1 million (EUR 602.6 million). The contraction in the backlog was due to the transfer of business functions mentioned above and the rise in the share of operations accounted for by the maintenance and servicing business.

The business segment had 11,102 employees (11,774) at the end of the period.

Revenue of the Building Systems  
business segment by country

	Jan-Jun/ 2006 MEUR	Jan-Jun/ 2005 MEUR	Share of the business segment's revenue, Jan-Jun/2006
Sweden	255.9	259.5	38%
Finland	161.8 **)	202.3 *)	24%
Norway	165.5	147.3	25%
Denmark	69.7	59.9	10%
Estonia, Latvia, Lithuania and Russia	21.1	- *)	3%
Total	674.0	667.5	100%

\*) An independent country group was set up from Building Systems' business functions in the Baltic countries and Russia as from the beginning of 2006. These business functions were previously part of the same corporate entity as Finnish functions. The revenue of the Russian and Baltic business functions was EUR 38.7 million in 2005.

\*\*) At the beginning of 2006, industrial electricity, automation and HEPAC operations in Finland were transferred to the Industrial and Network Services business segment from YIT Kiinteistötekniikka Oy. The business functions that were transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

### New service agreements in Sweden

The market situation in Sweden is good in industry and construction alike. Numerous large-scale industrial investments will be decided on in the near future. Growth is expected in both new construction and renovation works during the next few years. Although housing construction has revived, activity remains minor.

During the review period, the City of Eskilstuna placed an order with YIT for the installation of piping for a new biofuel plant. An agreement was made with Absolut Spirits for the delivery of ventilation systems for a plant that is under construction in Åhus; the building equipment works will be completed in summer 2007.

During the first part of the year, numerous service agreements were forged for the provision of building systems and technical maintenance. A service agreement extending until the end of 2007 was made with Annas Pepparkakor, comprising the delivery of ventilation and cooling systems for the company's factory in Stockholm, along with its operation and maintenance works. Under the service agreement with the City of Luleå, it was agreed that measures to conserve the environment and energy will be implemented at all of the city's schools.

### Market for servicing and maintenance in Finland on the rise

Growth in the market for building equipment systems in Finland outpaces construction. The renovation of residences is brisk due to the old housing stock and the overhaul of plumbing and sewerage. Demand for maintenance, repair and

reconditioning services for low-rise houses and holiday homes is expected to grow as the population ages, becomes increasingly affluent and places a greater premium on leisure time.

The agreements made during the review period included HEPAC and electrical works on highway tunnels, the ventilation of ancillary premises, and the sewerage, illumination and cabling of tunnels and premises in the Vuoli project, which comprises part of the Vuosaari Harbour project.

Demand in the market for the maintenance and servicing of building systems is brisk. Growth is expected in outsourcing and partnership agreements thanks to financial arrangements and restructuring in industry. During the first part of the year, a service agreement was made with Hewlett Packard Oy for the technical upkeep of its computer rooms in Vantaa.

Demand for property management services rose during the first part of the year. The reform of municipal service structures is expected to usher in new opportunities in property and developer services. With the City of Espoo, YIT made an agreement for control room services and an energy audit at the WeeGee Building as well as an ESCO energy savings agreement for the ice stadium in Espoonlahti. Energy savings agreements were forged with the City of Turku for the Turku Concert Hall and the Vocational Institute of Aninkainen. YIT partnered up with Spar Finland in store upkeep management, basic renovation projects and handovers.

### Stable market situation in Norway

In the first part of the year, the construction of new commercial premises grew significantly compared with the previous year. Once started up, projects affect the market for building system services with a delay of three to nine months. Repair and modernization projects remained on a stable track. The market for audiovisual systems surged rapidly.

During the review period, an agreement was made with the Seabrokers Group for two end-to-end deliveries of building equipment systems for office buildings that will be built in the vicinity of Stavanger. An order came in from Kruger for the delivery of automation and instrumentation for a water treatment plant in Oslo; the works will be ongoing until autumn 2007.

YIT will supply waste collection systems for the Fornebu suburb in Oslo on behalf of the municipality of Baerum as well as for St Olavs Hospital in Trondheim. The waste collection system is manufactured by Envac. Employing vacuum technology, the system collects and moves waste automatically through an underground pipe.

#### **Installation and maintenance works on the rise in Denmark**

The good development of the economy and low interest rates have accelerated construction in Denmark. Growth is expected in public construction investments following municipal reforms. The market for installation and maintenance works is growing in the case of industrial, public and commercial premises. Technical property services are being outsourced vigorously, which supports YIT's strategy. The shipyard and shipbuilding industries are seeing steady growth. In network services, many telecom operators have begun to shift to 3G technology.

During the review period, an order came in from Skanska for the delivery of all the electrical systems of Lantmännen's new flour mill in Vejle. In Copenhagen, an agreement was made with Scion DTU – which is part of the Technical University of Denmark – to replace ventilation systems and carry out electrical and piping works. Also in Copenhagen, YIT entered into a partnership agreement for the design of building equipment systems for the new premises of the Royal Veterinary and Agricultural University.

A framework agreement was made with Volvo Truck Center Danmark A/S under which YIT will provide technical services for heavy vehicle centres located around Denmark. YIT will participate in the national postal service Post Danmark's migration to IP telephony systems by supplying, in the first phase, telecom connection cabling and electrical connection updates in 40 localities.

#### **Growth in the property technology of buildings in Estonia, Latvia, Lithuania and Russia**

In the first part of the year, the market for building system services saw steady development in the Baltic countries and surged in St. Petersburg and Moscow in Russia. In YIT's territories, investments are currently being planned that will generate further demand for building systems and both technical maintenance and servicing.

Following up on long-term cooperation, YIT made an agreement with Vilniaus Prekyba for the delivery of total technical solutions in Lithuania and Latvia. YIT is responsible for the design and installation of building systems at the Kaunas Akropolis shopping centre in Vilnius and the Abras II logistics centre in Riga.

In Estonia, all the electrical installation works of the Tornimäe Hotel – which is under construction in Tallinn – will be supplied to Lemminkäinen Eesti AS. The works will be ongoing until spring 2007.

In Russia, an agreement was made with Kesko Real Estate for the delivery of a total technical solution for the second K-Rauta store to be built in St. Petersburg, too. All building equipment systems will be supplied for the Slava III housing complex erected by YIT in St. Petersburg. In Moscow, an agreement was made to deliver building equipment systems for OOO VolgaStrap's packaging strap factory.

#### **Construction Services**

In the first half of the year, the revenue of Construction Services rose by 23 per cent on the previous year and amounted to EUR 718.9 million (EUR 585.8 million). The share of revenue accounted for by the maintenance business was 3 per cent (3%). Of the revenue, 76 per cent came from Finland, 14 per cent from Russia, 10 per cent from Estonia, Latvia and Lithuania and less than one per cent from other countries.

Operating profit increased by 28 per cent to EUR 81.2 million (EUR 63.6 million). The operating profit margin improved to 11.3 per cent (10.9%).

The order backlog was 10 per cent higher than in the previous year, having risen to EUR 1,391.8 million (EUR 1,263.3 million).

The business segment had 5,534 employees (4,923) at the end of the period.

#### **Residential construction grows**

Demand for market-financed residences as a whole remained good in YIT's market area.

During the review period, YIT expanded its Russian operations to the city of Kazan in line with its strategy. The St. Petersburg-based local subsidiary ZAO YIT Lentek got its first plot in Kazan and intends to start up housing production there in 2007. All in all, YIT will build over 1,000 residential units on this plot.

The prices of residences in Finland rose moderately during the review period. Housing prices increased at a faster pace in the Baltic countries and especially in Russia. Moreover, housing sales in Russia rose significantly compared with the previous year.

In Russia, the average selling price of the market-financed residences built by YIT in the past 12 months has risen to about 30 per cent of the average selling price of residences sold in Finland, and in the Baltic countries to almost 50 per cent. In Lithuania, the degree to which

residences are finished to completion has been raised – most of the residences built by YIT are now sold finished.

#### **YIT estimates that it will start up more residences than last year**

YIT estimates that in 2006 its market-financed residential start-ups in Finland will be at last year's level, and higher than in 2005 in the Baltic countries and Russia. It is estimated that the construction of about 3,000 market-financed residences will be started up in Finland (start-ups in 2005: 2,993), about 1,200 (1,111) in the Baltic countries and over 2,500 (2,263) in Russia.

The market outlook for the developer contracting of housing is estimated to remain good in all of YIT's market areas. The improvement in the employment rate, the population shift, the positive outlook of consumers on the development of their own finances as well as low interest rates maintain demand for housing in Finland. The pushing back of the starting date of some residential sites hindered the supply and sales of YIT's housing in the Greater Helsinki area in the first part of the year. In Russia and the Baltic countries, both the need to improve housing quality and the positive trend in household incomes increase the demand for new residences.

#### **Stepping up plot reserves**

Developer-contracted housing construction requires good plot reserves. In land management, outlays were made on good plot reserves and their rapid turnover.

The stock of residential plots in Finland has been bolstered in the Greater Helsinki area. During the review period, the plots acquired by YIT included land zoned for residential construction in Länsi-Pasila. Purchased from Kapiteeli Plc, this area extends to the edge of Central Park. About 250 residential units will be built there from 2007 to 2010.

In Russia, the St. Petersburg-based local subsidiary ZAO YIT Lentek got its first plot in Kazan and intends to start up housing production there in 2007.

#### New agreements for the construction of leisure sites

The construction of leisure residences and centres is a strategic growth area for YIT. The company aims to increase the share of business operations accounted for by services offered directly to consumers. YIT's partners in these projects are municipalities and landowners as well as companies providing accommodation, restaurant and leisure-time services.

During the second quarter, YIT agreed on cooperation in new leisure-time residence projects in Meri-Teijo and Rokua. Leisure-time projects are underway or being started up in Ylläs, Saariselkä, Tahko in Nilsia, Himos in Jämsä, and Virpiniemi in Haukipudas.

#### Outlook for office construction improves

Office vacancies declined in the Greater Helsinki area and the outlook for office construction improved. Demand remained acceptable in the case of retail and logistics premises. Capital investments by industry remained slight during the report period. In the case of tender-based contracts, the market remained tight in both new construction and renovation.

During the first part of the year, the refurbishing of Kiinteistö Oy Sturenkatu in Helsinki was started up. The property will be used by Unilever and Finland Post. The construction of the second stage of Mankkaa Business Park began in Espoo. The main tenants of the premises are Roche Oy and Roche Diagnostics. The Herttoniemi car dealership was sold to the Tapiola Group. The premises will be rented by Simetron Autotalo Oy.

#### Residential construction in Jan-Jun/2006 (Jan-Jun/2005), number of residences

	Finland			Russia	Estonia, Latvia, Lithuania
	Market-financed	State-financed, rental housing, and tender-based	Total	Total	Total
Sold	1,303 (1,635)	- (-)	1,303 (1,635)	1,171 (532)	370 (446)
Start-ups	1,602 (1,885)	104 (66)	1,706 (1,951)	754 (195)	195 (415)
Under construction at period's end	3,462 (2,924)	177 (135)	3,639 (3,059)	6,082 (3,431)	1,485 (949)
Completed	1,552 (1,787)	80 (89)	1,632 (1,876)	- (326)	238 (84)
Completed and unsold at period's end	147 (265)	- (-)	147 (265)	- (15)	- (-)

Residential construction also includes leisure-time residences.

#### Plot reserves, June 30, 2006 (June 30, 2005) Building rights and zoning potential, 1,000 m2 of floor area

	Finland	Russia	Estonia, Latvia, Lithuania
Housing plots	1,771 (1,498)	723 (292)	274 (260)
Business premise plots	674 (807)	444 (-)	33 (-)
Total	2,445 (2,305)	1,167 (292)	307 (260)
Capital tied into plot reserves, EUR million	321.7 (272.1)	52.8 (32.1)	33.3 (18.6)

Plot reserves include plots that have been zoned and an estimate of the potential building rights on areas that are under zoning. Building rights provided by regional development agreements made with landowners are not included in YIT's balance sheet until the zoned sections are each in turn slated for construction.

An agreement was signed in St. Petersburg to build a commercial property for K-Rauta in 2006. An agreement was made in Estonia to build the Mustakivi shopping centre in Tallinn for AS Volex.

In Vilnius, Lithuania, agreements were signed to build the new Parliament building, perform the refurbishing and extension of the laboratory and administrative building of the Vilnius University Hospital as well as the construction of a new passenger terminal for the international airport. The projects will be seen to completion in 2007.

#### Good market situation in civil engineering

The market situation remained good in civil engineering. A contract agreement was made with the Finnish Road Enterprise in Helsinki for the construction of the Kivihaka tunnel – which will underpass Mannerheimintie street – and its sealing walls as part of the basic repairs on Hakamäentie street. An agreement was signed with the Uusimaa Road Region of the Finnish Road Administration to repair road settling on Highway 7 in Pernajalahti and repair nine bridges in western Uusimaa.

During the report period, the construction of the Munkkisaari–Vanha kirkkopuisto utility tunnel was started up for Helsinki Energy. An agreement was made with YTV for surface structure and road works to be carried out at the Ämmässuo landfill in the autumn.

In water supply and environmental construction, an agreement was signed with Helsinki Water to carry out reconditioning works at the Pitkääkoski water treatment plant.

#### Industrial and Network Services

The revenue of Industrial and Network Services grew by 21 per cent to EUR 224.6 million (EUR 186.3 million). The share of revenue accounted for by the maintenance business was 61 per cent. Of the revenue, 93 per cent was generated in Finland and 7 per cent in other countries.



At the beginning of 2006, industrial electricity, automation and HEPAC operations in Finland were transferred to the Industrial and Network Services business segment from YIT Kiinteistötekniikka Oy. The business functions that were transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

In the first part of the year, the business segment's operating profit weakened due to the weak market for network services. Operating profit in the January-June period was EUR 10.3 million (EUR 15.6 million) and the operating profit margin was 4.6 per cent (8.4%).

The order backlog at the end of the period amounted to EUR 208.4 million (EUR 187.3 million). The order backlog in network services is based on forecasts from customers, which declined on the previous year.

At the end of the period, the business segment had 4,914 employees (4,284).

The Industrial and Network Services business segment was created on June 1, 2005, by merging Services for Industry and Data Network Services to form a single business segment. The business segment's comparative figures for 2005 have been calculated by combining the financial figures of these business segments.

#### **A brisk start of the year in industrial maintenance**

Demand for industrial maintenance services was brisk in the first half of the year. In addition to the outsourcing of maintenance and service agreements, large-scale maintenance shutdowns were carried out for the forest, energy, process and building materials industries. In Finland, it is foreseen that maintenance services will be outsourced particularly in the forest industry.

Major shutdown works were performed at Teollisuuden Voima's OL1 and OL2 nuclear power plants, along with mechanical and electrical automation installation works related to annual

maintenance. Annual maintenance works were also carried out at sites such as Metsä-Botnia's mills in Joutseno and Kaskinen, Finnsement's plant in Parainen, Neste Oil's refinery in Porvoo and many of Pohjolan Voima's power plants.

YIT aims to step up its maintenance business and end-to-end partnership agreements. One of the maintenance partnerships that was renewed is the agreement made with cable manufacturer Prysmian Cables & Systems Oy.

#### **Good demand continues in industrial projects**

In capital investment projects for industry, the first half of the year was dominated by Neste Oil's Diesel project, in which large-scale mechanical and electrical automation installation works were ongoing. Export demand remained solid in the process and energy industry, and demand picked up in Finland as well. The market situation held firm in the marine industry.

New piping orders for power plants were landed in Sweden. YIT agreed with Andritz Oy to design and prefabricate the main piping of a soda recovery boiler for the power plant of SCA's pulp mill in Obbola. Main steam piping and boiler piping will be delivered to Kvaerner Power Oy for Kappa Kraftliner Ab's power plant in Piteå.

In Finland, an order came in from Foster Wheeler Energia Oy for the prefabrication of the high-pressure piping of Tornion Voima Oy's power boiler. The Timo project was wrapped up at Teollisuuden Voima's OL1 and OL2 nuclear power plants, for which YIT delivered piping for the new high-pressure turbine plants and the rebuild of the main piping supports.

#### **A weak market situation in network services**

The severe competition between telecom operators impacted on the demand for network services in the review period, and the market situation took

a significant turn for the weaker. The market for network services is expected to remain muted during the rest of the year, too. The brisk demand for broadband connections levelled off. The number of landline phones and related works declined, as was the case in previous years. Demand for YIT's IT helpdesk services increased and the company intends to step up their share of operations further. Network services have accounted for about 3-4 per cent of YIT's revenue; this share will decline during the present year.

During Finland's Presidency of the EU, which began in July, YIT will supply telecom construction and installation services for events and meetings to TeliaSonera Finland Oy.

The streamlining of business functions continued in the telecom business. Cost pressures are expected to lead to more structural changes in the field. Operators' investments and network construction are forecast to remain moderate during the present year.

---

#### **Outlook for 2006**

We estimate that revenue and pre-tax profit in 2006 will increase compared to the previous year.

Helsinki, July 27, 2006

The Board of Directors





# YIT CORPORATION'S INTERIM REPORT, JAN 1 - JUN 30, 2006: TABLES

## 1. Consolidated financial statements, Jan 1 - Jun 30, 2006

Consolidated income statement	10
Consolidated balance sheet	11
Consolidated statement of changes in equity	12
Consolidated cash flow statement	13
Commitments and contingent liabilities and assets	13
Acquired businesses	13
Divested businesses	14
Revenue, operating profit and order backlog per segment	14

## 2. Other YIT Group's key figures

Key figures	14
Quarterly figures	15

## 1. CONSOLIDATED FINANCIAL STATEMENTS, JAN 1 - JUN 30, 2006

### IFRS standards

YIT Corporation's Interim Report for January 1 – June 30, 2006 has been drafted in line with IAS 34: Interim Financial Reporting. YIT has applied the same accounting policy in the drafting of the Interim Report as in its annual financial statements for 2005. The information presented in the Interim Report has not been audited.

### Business segment structure

YIT's business segment structure was firmed up on June 1, 2005, by merging Services for Industry and Data Network Services to form a single business segment: Industrial and Network Services. YIT's business operations are now divided into three business segments: Building Systems, Construction Services and Industrial and Network Services. The Industrial and Network Services business segment's comparative figures for 2005 have been calculated by combining the financial figures of the Services for Industry and Data Network Services business segments.

At the beginning of 2006, industrial electricity, automation and HEPAC operations were transferred to the business segment from YIT Kiinteistötekniikka Oy. The business functions that will be transferred had revenue of EUR 58.9 million in Jan-Dec/2005.

CONSOLIDATED INCOME STATEMENT (EUR million)	IFRS Jan-Jun/ 2006	IFRS Jan-Jun/ 2005	Change, %	IFRS Jan-Dec/ 2005
<b>Revenue</b>	<b>1,586.8</b>	1,409.0	13	3,023.8
- of which activities outside Finland	<b>693.0</b>	594.7	17	1,326.6
Operating income and expenses	<b>-1,462.0</b>	-1,302.4	12	-2,772.9
Share of results of affiliates	<b>0.4</b>	0.3	33	0.7
Depreciation and write-downs	<b>-11.4</b>	-11.1	3	-23.9
<b>Operating profit</b>	<b>113.8</b>	95.8	19	227.7
% of revenue	<b>7.2</b>	6.8	5	7.5
Financial income	<b>1.7</b>	0.7	*)	1.9
Exchange rate differences	<b>-1.2</b>	2.1	-	2.0
Financial expenses	<b>-8.9</b>	-8.6	3	-16.8
<b>Profit before taxes</b>	<b>105.4</b>	90.0	17	214.8
% of revenue	<b>6.6</b>	6.4	4	7.1
Income taxes	<b>-27.5</b>	-23.2	19	-57.9
<b>Profit for the report period 1)</b>	<b>77.9</b>	66.8	17	156.9
% of revenue	<b>4.9</b>	4.7	4	5.2
Attributable to				
Equity holders of the parent company	<b>75.6</b>	67.0	13	155.5
Minority interests	<b>2.3</b>	-0.2	-	1.4
Earnings per share attributable to the equity holders of the parent company				
Earnings per share, EUR **)	<b>0.60</b>	0.55	10	1.26
Diluted earnings per share, EUR **)	<b>0.60</b>	0.53	13	1.23

\*) Change over 100%.

\*\*) The per-share key figures presented in the tables have been adjusted for comparability such that they account for the halving of the nominal value of the share, which came into effect on March 24, 2006 (split). The percentage changes have been calculated from the pre-split values. Earnings per share in January-June/2005 amounted to EUR 1.09.

1) Income taxes have been accounted for as a share of the estimated taxes for the entire financial year, calculated in proportion to the result for the review period.

CONSOLIDATED INCOME STATEMENT FROM LAST QUARTER (EUR million)	IFRS Apr-Jun/ 2006	IFRS Apr-Jun/ 2005	Change, %
<b>Revenue</b>	<b>818.0</b>	745.1	10
- of which activities outside Finland	<b>366.1</b>	322.2	14
Operating income and expenses	<b>-752.6</b>	-684.0	10
Share of results of affiliates	<b>0.4</b>	0.3	33
Depreciation and write-downs	<b>-5.7</b>	-5.7	-
<b>Operating profit</b>	<b>60.1</b>	55.7	8
% of revenue	<b>7.3</b>	7.5	-2
Financial income	<b>0.4</b>	0.4	-
Exchange rate differences	<b>-0.6</b>	0.9	*)
Financial expenses	<b>-4.6</b>	-4.5	2
<b>Profit before taxes</b>	<b>55.3</b>	52.5	5
% of revenue	<b>6.8</b>	7.0	-4
Income taxes	<b>-15.1</b>	-14.0	8
<b>Profit for the report period 1)</b>	<b>40.2</b>	38.5	4
% of revenue	<b>4.9</b>	5.2	-5
Attributable to			
Equity holders of the parent company	<b>39.2</b>	38.8	1
Minority interests	<b>1.0</b>	-0.3	*)
Earnings per share attributable to the equity holders of the parent company			
Earnings per share, EUR **)	<b>0.31</b>	0.32	-2
Diluted earnings per share, EUR **)	<b>0.31</b>	0.30	3

\*) Change over 100%.

\*\*) The per-share key figures presented in the tables have been adjusted for comparability such that they account for the halving of the nominal value of the share, which came into effect on March 24, 2006 (split).

1) Income taxes have been accounted for as a share of the estimated taxes for the entire financial year, calculated in proportion to the result for the review period.

CONSOLIDATED BALANCE SHEET (EUR million)	IFRS Jun 30, 2006	IFRS Jun 30, 2005	Change, %	IFRS Dec 31, 2005
			*) Change over 100%.	
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<b>82.8</b>	78.3	6	77.1
Goodwill	<b>248.8</b>	248.8	-	248.8
Other intangible assets	<b>15.0</b>	12.5	20	13.4
Shares in associated companies	<b>2.2</b>	1.3	69	1.8
Investments	<b>3.0</b>	2.8	7	3.0
Receivables	<b>11.0</b>	9.1	21	9.4
Deferred tax assets	<b>21.9</b>	21.3	3	23.6
<b>Current assets</b>				
Inventories	<b>797.4</b>	685.4	16	685.2
Trade and other receivables	<b>637.8</b>	517.3	23	545.2
Cash and cash equivalents	<b>27.3</b>	35.4	-23	80.6
<b>Total assets</b>	<b>1,847.2</b>	1,612.2	15	1,688.1
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to equity holders of the parent company</b>				
Share capital	<b>62.8</b>	62.0	1	62.4
Other equity	<b>507.5</b>	404.7	25	497.4
Minority interests	<b>5.8</b>	3.9	49	3.7
<b>Total equity</b>	<b>576.1</b>	470.6	22	563.5
<b>Non-current liabilities</b>				
Deferred tax liabilities	<b>40.0</b>	23.3	72	36.5
Pension liabilities	<b>11.0</b>	10.0	10	11.6
Provisions	<b>33.3</b>	33.0	1	30.1
Interest-bearing liabilities	<b>166.7</b>	177.1	-6	172.4
Other liabilities	<b>13.8</b>	3.9	*)	4.4
<b>Current liabilities</b>				
Trade and other payables	<b>786.9</b>	711.1	11	691.2
Provisions	<b>16.3</b>	11.3	44	15.8
Interest-bearing current liabilities	<b>203.1</b>	171.9	18	162.6
<b>Total equity and liabilities</b>	<b>1,847.2</b>	1,612.2	15	1,688.1



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR million)	Share capital	Share premium reserve	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Retained earnings	Minority interest	Total equity
<b>Equity on Jan 1, 2006</b>	62.4	77.2	0.7	2.5	-3.0	-0.1	420.0	3.7	<b>563.5</b>
Shares subscribed with options	0.4	2.2	-	-	-	-	-	-	-
Change in the fair value of interest derivatives	-	-	-	-	-	0.5	-	-	-
Change in translation differences	-	-	-	-	-0.3	-	-	-	-
Employee share option scheme	-	-	-	12.1	-	-	-11.3	-	-
Net profit for the period	-	-	-	-	-	-	75.6	-	-
Dividend paid	-	-	-	-	-	-	-68.6	-	-
Other change	-	-	0.1	-	-	-	-0.1	-	-
<b>Equity on Jun 30, 2006</b>	62.8	79.4	0.8	14.6	-3.3	0.4	415.6	5.8	<b>576.1</b>
	Share capital	Share premium reserve	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Retained earnings	Minority interest	Total equity
<b>Equity on Dec 31, 2004</b>	61.3	71.5	0.7	1.6	-1.4	-	307.4	4.1	<b>445.4</b>
Transition effect of IAS 32 and 39	-	-	-	-	-	-0.4	-0.3	-	<b>-0.7</b>
<b>Equity on Jan 1, 2005</b>	61.3	71.5	0.7	1.6	-1.4	-0.4	307.2	4.1	<b>444.7</b>
Shares subscribed with options	0.7	3.7	-	-	-	-	-	-	-
Change in the fair value of interest derivatives	-	-	-	-	-	-0.5	-	-	-
Change in translation differences	-	-	-	-	-2.6	-	-	-	-
Employee share option scheme	-	-	-	0.9	-	-	-0.3	-	-
Net profit for the period	-	-	-	-	-	-	67.0	-	-
Dividend paid	-	-	-	-	-	-	-42.9	-	-
Other change	-	-	-	-	-	-	0.2	-	-
<b>Equity on Jun 30, 2005</b>	62.0	75.2	0.7	2.5	-4.0	-0.9	331.2	3.9	<b>470.6</b>
	Share capital	Share premium reserve	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Retained earnings	Minority interest	Total equity
<b>Equity on Dec 31, 2004</b>	61.3	71.5	0.7	1.6	-1.4	-	307.4	4.1	<b>445.4</b>
Transition effect of IAS 32 and 39	-	-	-	-	-	-0.4	-0.3	-	<b>-0.7</b>
<b>Equity on Jan 1, 2005</b>	61.3	71.5	0.7	1.6	-1.4	-0.4	307.1	4.1	<b>444.7</b>
Shares subscribed with options	1.1	5.7	-	-	-	-	-	-	-
Change in the fair value of interest derivatives	-	-	-	-	-	0.3	-	-	-
Change in translation differences	-	-	-	-	-1.6	-	-	-	-
Employee share option scheme	-	-	-	0.9	-	-	0.1	-	-
Net profit for the financial year	-	-	-	-	-	-	155.5	-	-
Dividend paid	-	-	-	-	-	-	-42.9	-	-
Other change	-	-	-	-	-	-	0.1	-	-
<b>Equity on Dec 31, 2005</b>	62.4	77.2	0.7	2.5	-3.0	-0.1	420.0	3.7	<b>563.5</b>

CONSOLIDATED CASH FLOW STATEMENT (EUR million)	IFRS Jan-Jun/ 2006	IFRS Jan-Jun/ 2005	Change, %	IFRS Jan-Dec/ 2005
<b>Cash flows from operating activities</b>				
Net profit for the period	76.7	66.8	15	156.9
Reversal of accrual-based items	47.3	40.3	17	94.4
Change in working capital	-105.9	7.0	*)	-26.8
Interest paid	-7.5	-15.4	-51	-20.8
Interest received	1.8	6.6	-73	1.3
Taxes paid	-20.9	-18.6	12	-37.0
Net cash generated from operating activities	-8.5	86.7	*)	168.0
<b>Cash flows from investing activities</b>				
Acquisition of subsidiaries, net of cash	0.9	-1.5	-	-4.7
Acquisition of shares in associated companies	-0.2	-0.2	-	-
Purchase of property, plant and equipment	-15.8	-12.4	27	-23.1
Purchase of intangible assets	-3.0	-0.2	*)	-1.8
Increases in other investments	-	-	-	-0.5
Proceeds from sale of property, plant and equipment	2.1	2.3	-9	5.1
Proceeds from sale of intangible assets	-	0.2	-98	0.1
Proceeds from sale of other investments	0.1	-	-	0.4
Net cash used in investing activities	-13.3	-11.8	13	-24.5
<b>Cash flow from financing activities</b>				
Proceeds from share issues	2.6	4.3	-40	6.8
Decrease in loan receivables	0.1	0.2	-58	-
Proceeds from borrowings	69.5	0.3	*)	-
Repayments of borrowings	-33.7	-34.2	-1	-58.0
Payments of financial leasing debts	-1.0	-3.5	-69	-5.1
Dividends paid	-68.9	-42.9	61	-42.9
Net cash used in financing activities	-31.4	-75.8	-59	-99.2
<b>Net change in cash and cash equivalents</b>	-53.2	-0.9	*)	44.3
Cash and cash equivalents at the beginning of the period	80.6	36.1	*)	36.1
Change in the fair value of the cash equivalents	-0.1	0.2	*)	0.2
Cash and cash equivalents at the end of the period	27.3	35.4	-23	80.6

\*) Change over 100%.

COMMITMENTS AND CONTINGENT LIABILITIES (EUR million)	IFRS Jun 30, 2006	IFRS Jun 30, 2005	Change, %	IFRS Dec 31, 2005
Collateral given for own commitments				
- Corporate mortgages	29.3	29.3	-	29.3
- Pledged shares	2.0	1.6	25	1.6
Other commitments				
- Repurchase commitments	286.0	246.0	16	266.8
- Operating leases	191.2	173.7	10	189.2
- Rental guarantees for clients	2.3	4.4	-48	3.8
- Other contingent liabilities	0.6	0.7	-14	0.4
Liability under derivative contracts **)				
Value of underlying instruments				
-- Interest rate options, purchased	28.4	28.4	-	28.4
-- Interest rate swaps	95.0	70.0	36	60.0
-- Foreign currency forward contracts	64.9	95.8	-32	70.5
Market value				
-- Interest rate options, purchased	1.0	0.6	67	0.6
-- Interest rate swaps	0.5	-1.3	*)	-0.2
-- Foreign currency forward contracts	-1.7	-1.3	31	-0.8
Contingent assets				
- Legal processes	11.1	-	-	-

\*) Change over 100%.

\*\*) YIT has changed over to the presentation of the fair values of derivative contracts in net terms. The figures for the comparison periods have been adjusted accordingly.

## ACQUIRED BUSINESSES

During the review period, YIT Industrial and Network Services Oy acquired, on May 31, 2006, all the shares in Konepaja Alueputkitus Oy and Alueputkitus Oy, which offer maintenance and capital investment services to the petrochemical industry. In addition, the Group carried out small acquisitions. The sum total of the transaction prices was about EUR 3.2 million. The purchase prices were allocated to intangible assets. The acquisitions did not generate unallocated goodwill. The effect of the acquired businesses on the Group's revenue amounted to EUR 0.6 million during the review period.

## DIVESTED BUSINESSES

YIT Construction Ltd's Lithuanian subsidiary AB YIT Kausta sold its structural steel plant in Kaunas, and the Telesilta business unit – part of Industrial and Network Services – sold its ship electrification operations in January 2006. In addition, small business functions were sold. The sum total of the transaction prices amounted to EUR 2.7 million. The value of the net assets sold was about EUR 1.6 million, and thus the pre-tax capital gains on the sales amounted to EUR 1.2 million in the report period.

REVENUE BY BUSINESS SEGMENT (EUR million)	IFRS Jan-Jun/ 2006	IFRS Jan-Jun/ 2005	Change, %	IFRS Jan-Dec/ 2005
Building Systems	674.0	667.5	1	1,398.4
Construction Services	718.9	585.8	23	1,298.3
Industrial and Network Services	224.6	186.3	21	398.8
Other items	-30.7	-30.6	-	-71.7
YIT Group, total	1,586.8	1,409.0	13	3,023.8

OPERATING PROFIT BY BUSINESS SEGMENT (EUR million)	IFRS Jan-Jun/ 2006	IFRS Jan-Jun/ 2005	Change, %	IFRS Jan-Dec/ 2005
Building Systems	31.5	22.5	40	56.8
Construction Services	81.2	63.6	28	143.1
Industrial and Network Services	10.3	15.6	-34	39.1
Other items	-9.2	-5.9	56	-11.3
YIT Group, total	113.8	95.8	19	227.7

ORDER BACKLOG BY BUSINESS SEGMENT AT END OF PERIOD (EUR million)	IFRS Jan-Jun/ 2006	IFRS Jan-Jun/ 2005	Change, %	IFRS Jan-Dec/ 2005
Building Systems	584.1	602.6	-3	492.0
Construction Services	1,391.8	1,263.3	10	1,242.6
Industrial and Network Services	208.4	187.3	11	173.3
Other items	-33.0	-54.0	-39	-29.1
YIT Group, total	2,151.3	1,999.2	8	1,878.8

## 2. OTHER YIT GROUP'S KEY FIGURES

KEY FIGURES	IFRS Jun/2006	IFRS Jun/2005	Change, %	IFRS Dec/2005
Earnings per share, EUR **)	0.60	0.55	10	1.26
Diluted earnings per share, EUR **)	0.60	0.53	13	1.23
Equity per share, EUR **)	4.54	3.77	21	4.49
Average share price during the period, EUR **)	20.48	11.80	74	13.99
Share price at end of period, EUR **)	19.17	13.80	39	18.07
Market capitalization at end of period, MEUR	2,406.7	1,711.2	41	2,254.4
Weighted average share-issue adjusted number of shares outstanding, thousands **)	124,951	122,824	2	123,544
Weighted average share-issue adjusted number of shares outstanding, thousands, diluted **)	126,821	126,182	1	126,522
Share-issue adjusted number of shares outstanding at end of period, thousands **)	125,543	122,586	2	124,794
Net interest-bearing debt at end of period, MEUR	342.5	313.6	9	254.4
Return on investment, from the last 12 months, % 2)	28.2	21.8	29	26.4
Equity ratio, %	34.5	31.8	8	36.3
Gearing ratio, %	59.5	66.6	-11	45.1
Gross capital expenditures, MEUR	18.7	14.1	33	30.1
- % of revenue	1.2	1.0	-	1.0
Order backlog at end of period, MEUR 3)	2,151.3	1,999.2	8	1,878.8
- of which order backlog outside Finland	925.7	738.2	25	752.4
Average number of personnel	21,346	21,153	1	21,194

\*\* ) The per-share key figures presented in the tables have been adjusted for comparability such that they account for the halving of the nominal value of the share, which came into effect on March 24, 2006 (split). The percentage changes have been calculated from the pre-split values. Earnings per share in January-June/2005 amounted to EUR 1.09.

2) Calculated for the period from July 1, 2005 - June 30, 2006, using the balance sheet figures at June 30, 2005 and June 30, 2006.

3) Portion of binding orders not recognized as income.



QUARTERLY FIGURES, Q1/2005-Q2/2006	IFRS Q1/ 2005	IFRS Q2/ 2005	IFRS Q3/ 2005	IFRS Q4/ 2005	IFRS Q1/ 2006	IFRS Q2/ 2006
Revenue, MEUR	663.9	745.1	754.8	860.0	768.8	<b>818.0</b>
Operating profit, MEUR	40.1	55.7	66.7	65.2	53.7	<b>60.1</b>
- % of revenue	6.0	7.4	8.8	7.6	7.0	<b>7.3</b>
Financial income, MEUR	0.3	0.4	0.6	0.6	1.3	<b>0.4</b>
Exchange rate differences, MEUR	1.5	0.9	0.5	-0.6	-0.6	<b>-0.6</b>
Financial expenses, MEUR	-4.5	-4.5	-4.2	-4.0	-4.3	<b>-4.6</b>
Profit before taxes, MEUR	37.4	52.5	63.6	61.2	50.1	<b>55.3</b>
- % of revenue	5.6	7.0	8.4	7.1	6.5	<b>6.8</b>
Balance sheet total, MEUR	1,508.2	1,612.2	1,621.4	1,688.1	1 722.0	<b>1,847.2</b>
Earnings per share, EUR **)	0.23	0.32	0.37	0.35	0.29	<b>0.31</b>
Equity per share, EUR **)	3.48	3.77	4.14	4.49	4.23	<b>4.54</b>
Share price at end of period, EUR **)	10.92	13.80	17.65	18.07	22.38	<b>19.17</b>
Market capitalization at end of period, MEUR	1,338.6	1,711.2	2,193.2	2,254.4	2,792.9	<b>2,406.7</b>
Return on investment, from the last 12 months, %	19.7	21.8	23.7	26.4	28.1	<b>28.2</b>
Equity ratio, %	30.1	31.8	34.6	36.3	33.5	<b>34.5</b>
Net interest-bearing debt at end of period, MEUR	368.1	313.6	271.8	254.4	334.2	<b>342.5</b>
Gearing ratio, %	85.6	66.6	52.3	45.1	62.7	<b>59.5</b>
Gross capital expenditures, MEUR	7.0	14.1	22.3	30.1	9.1	<b>18.7</b>
Order backlog at end of period, MEUR	1,909.4	1,999.2	1,881.4	1,878.8	2,007.2	<b>2,151.3</b>
Personnel at end of period	21,096	21,297	21,468	21,289	21,140	<b>21,873</b>

\*\*) The per-share key figures presented in the tables have been adjusted for comparability such that they account for the halving of the nominal value of the share, which came into effect on March 24, 2006 (split).

REVENUE BY BUSINESS SEGMENT (EUR million)	IFRS Q1/ 2005	IFRS Q2/ 2005	IFRS Q3/ 2005	IFRS Q4/ 2005	IFRS Q1/ 2006	IFRS Q2/ 2006
Building Systems	319.5	348.0	327.2	403.7	325.6	<b>348.4</b>
Construction Services	272.0	313.8	339.5	373.0	350.8	<b>368.1</b>
Industrial and Network Services	85.6	100.7	105.0	107.5	107.7	<b>116.9</b>
Other items	-13.2	-17.4	-16.9	-24.2	-15.3	<b>-15.4</b>
YIT Group, total	663.9	745.1	754.8	860.0	768.8	<b>818.0</b>

OPERATING PROFIT BY BUSI- NESS SEGMENT (EUR million)	IFRS Q1/ 2005	IFRS Q2/ 2005	IFRS Q3/ 2005	IFRS Q4/ 2005	IFRS Q1/ 2006	IFRS Q2/ 2006
Building Systems	8.2	14.3	13.3	21.0	11.7	<b>19.8</b>
Construction Services	29.4	34.2	44.1	35.4	40.7	<b>40.5</b>
Industrial and Network Services	6.3	9.3	12.3	11.2	5.3	<b>5.0</b>
Other items	-3.8	-2.1	-3.0	-2.4	-4.0	<b>-5.2</b>
YIT Group, total	40.1	55.7	66.7	65.2	53.7	<b>60.1</b>

ORDER BACKLOG BY BUSI- NESS SEGMENT AT END OF PERIOD (EUR million)	IFRS Q1/ 2005	IFRS Q2/ 2005	IFRS Q3/ 2005	IFRS Q4/ 2005	IFRS Q1/ 2006	IFRS Q2/ 2006
Building Systems	574.0	602.6	575.7	492.0	517.6	<b>584.1</b>
Construction Services	1,131.0	1,263.3	1,193.8	1,242.6	1,296.5	<b>1,391.8</b>
Industrial and Network Services	234.4	187.3	158.3	173.3	219.5	<b>208.4</b>
Other items	-30.0	-54.0	-46.4	-29.1	-26.4	<b>-33.0</b>
YIT Group, total	1,909.4	1,999.2	1,881.4	1,878.8	2,007.2	<b>2,151.3</b>

