

A man with curly hair, wearing a green t-shirt and brown cargo pants, is captured mid-air in a parkour jump. He is positioned between two large, dark, textured rectangular pillars. The background is a vast, modern interior space with a high ceiling and a large glass wall that reflects the sky and other parts of the building. The floor is polished and reflects the light. In the distance, other people can be seen walking through the space. The overall atmosphere is one of dynamic movement and architectural grandeur.

Annual Report **2009**

Together we can do it. **YIT**

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Our business idea starts from our wish to help our customers to utilise created living environments - each in their own way. Our goal is to create safe, healthy and functional living environments, where you can drive to work in the morning via ploughed roads, park in a supervised car park, work in a pleasant office, do your shopping without sweating, and relax in a functioning home where everything works.



We create,
maintain and develop

YIT – Creating quality living environments

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

We offer services in all fields of construction and building systems throughout the life cycle. We build residential units and other properties, entire areas and the required infrastructure. Through technical building system solutions as well as service and maintenance, we establish and maintain the desired conditions inside properties. We help industry to improve its operational efficiency and reliability.



Technical building system solutions and services



Buildings and entire areas



Infrastructure



Services for industry



Energy efficiency

► 14 countries, around **23,500** professionals

Services throughout the life cycle

As a long-term partner, we have an insight into our customers' processes and offer services to meet varying needs. We do not only create new, but also service, renovate and develop the existing. In 2009, service and maintenance operations accounted for 35 per cent of our revenue. These operations are less sensitive to economic fluctuations and therefore develop more steadily. Energy saving is an integral part of all our business. Our solutions enable energy efficiency in homes, workplaces and industrial plants.

Everything under one roof

We are a large and versatile service provider. Our extensive competence covers all phases of the project. We combine the competence of our different units for the benefit of our customer and take care of our customer throughout the life cycle.

Wherever we are needed

We use our local knowledge, resources and extensive operating network for our customers' benefit: we are already present where we are needed, whenever we are needed. We have around 23,500 professionals in 14 countries.

We believe that investments in responsible business operations also our stakeholders added value and well-being. As a personnel-intensive company, we want to ensure the well-being,

development, health and occupational safety of our current and future employees.

The YIT story extends back to 1912, when Yleinen Insinööritoimisto started out in Finland. Over the years, we have grown, consolidated our market position and become an international company. Our revenue for 2009 amounted to EUR 3,452 million. YIT's share is listed on NASDAQ OMX Helsinki.

Our strategic objective is profitable growth

The key target of our strategy for 2010–2012 is profitable growth. Our focus areas for growth are service and maintenance operations and residential construction. Geographically, we are aiming for the fastest growth in the Nordic countries as well as in Central Europe. Our goal is to steadily improve our dividend yield for shareholders, with a target payout of 40 to 60 per cent of net profit for the period.

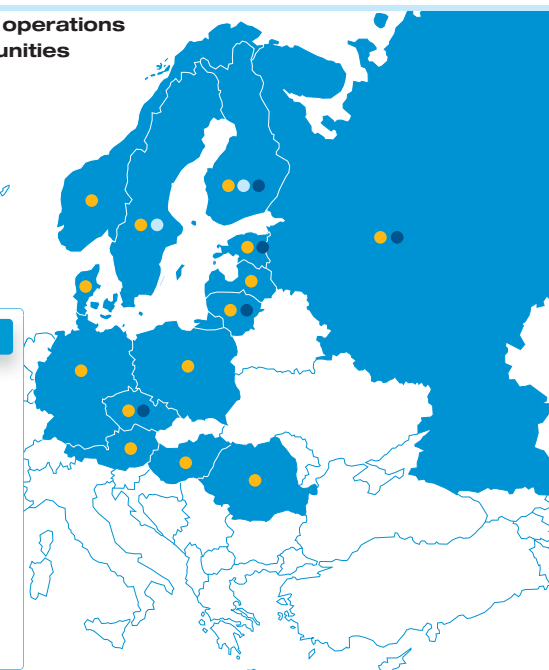
YIT Group's business segments in 2009 were Building and Industrial Services, Construction Services Finland and International Construction Services.

Our extensive geographic area of operations offers stability and growth opportunities

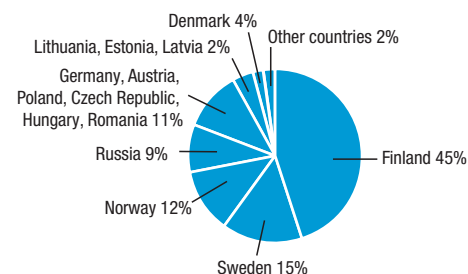
- Building Systems
- Industrial Services
- Construction Services

Our customers are among others

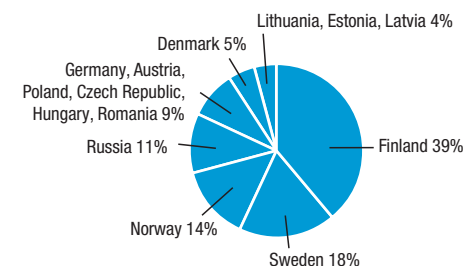
- Business premises users
- Developers and construction companies
- Households
- Industry
- Property investors and owners
- Property service companies and building managers
- Public institutions



Revenue by country



Personnel by country



YEAR 2009 IN BRIEF

Events in 2009

We increased our growth target

At the end of August, we raised the Group's revenue growth target for strategy period 2010–2012 to an average of 5–10 per cent per year. We especially seek growth in service and maintenance operations for building systems and industry and in residential construction. In geographical terms, we are seeking fastest growth in the Nordic countries and Central Europe.



Ring rail line brings a rail connection to Helsinki Airport

In the autumn, YIT started the excavation of the Aviapolis tunnel station and related rail tunnels in the Ring Rail Line project in Helsinki Metropolitan Area in Finland. Going from Vantaankoski neighbourhood via the airport to Tikkurila in Vantaa, the urban rail line will improve public transport in the metropolitan area by connecting residential and workplace areas.

Making a skyscraper energy efficient

The Skyline Tower under construction in Munich, Germany will be built as a low-energy building, consuming less than half the energy of traditional office buildings. The construction that utilises renewable sources of energy, for instance solare energy, is supplemented by energy-efficient heating and air conditioning technology supplied by YIT.

Rental housing worth EUR 37 million sold to ICECAPITAL

In Finland, YIT sold five rental housing projects, including nearly 200 residential units, to ICECAPITAL. Located in different parts of the country - in Nurmijärvi, Mäntsälä, Lahti, Jyväskylä and Kuopio - the construction of the residential units will be completed in phases by the summer of 2011.



Turning the lights on at the right time

YIT provides the Finnish Road Administration with a service that turns the 230,000 road lamps on and off at exactly the right time. The lighting level of road lighting is controlled remotely in the nationwide ten-year service agreement, resulting in significant savings in both energy and work.



Energy genius offices

Construction of YIT's first "Energy genius" office and commercial building started in Järvenpää, Finland during the autumn. From now on, all our new offices in Finland will be low-energy offices, consuming less energy than required by current regulations. The thermal insulation capacity and heat recovery of these buildings have been improved and energy-efficient building automation has been added. The premise users can also influence their energy consumption with the correct use of building systems.

New residential start-ups in Russia

Russian housing sales began pick up as the spring turned into the summer. We responded to the increased need for housing on the market by starting up new construction projects in St. Petersburg, Moscow and the Moscow region towards the end of the year.

Increasing the capacity of a nuclear plant

In early 2009, YIT started up a project to increase the capacity of the Oskarshamn nuclear power plant OKG3 in Sweden by 250 MW - which is equivalent to power of one large conventional power plant. The projects was implemented with the help of 250 YIT professionals from Finland and Sweden: designers, supervisors, electricians, pipe fitters and welders. Due to the project, the Oskarshamn Nuclear Power Plant's production capacity has now incread to 1.450 MW.

► Revenue EUR **3,452** million

New business segment structure

YIT's business segment structure changed at the beginning of 2009 when the Building Systems and Industrial Services segments merged to form the new Building and Industrial Services segment. The Group's other two segments, Construction Services Finland and International Construction Services, continued operations as usual.

Appointments in the Management Board

Arne Malonæs was appointed as head of the Building and Industrial Services segment and Timo Lehtinen as the Group's Chief Financial Officer in August. Earlier, Malonæs was the Managing Director of YIT's Norwegian subsidiary and also in charge of the development of Building Systems operations in the Group. Lehtinen was previously in charge of financial administration at both Construction Services Finland and International Construction Services.

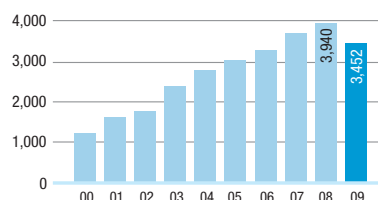
Financial development 2009

- Revenue declined by 12 per cent and was EUR 3,452 million.
- Operating profit declined by 36 per cent to EUR 166 million.
- Earnings per share declined 50 per cent and was EUR 0.53.
- Residential sales picked up during the second half of the year both in Finland and Russia. Profitability of Building and Industrial Services developed steadily.
- The operating profit and profitability of the Group increased in every quarter of 2009. The last quarter was year's best in terms of revenue, operating profit and cash flow.
- The Board dividend proposal: EUR 0.40 per share.

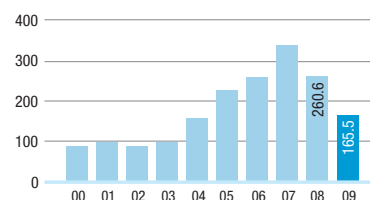
KEY FIGURES	2009	2008
Revenue, MEUR	3,452.4	3,939.7
Operating profit, MEUR	165.5	260.6
Profit before taxes, MEUR	106.9	193.1
Operating cash flow after investments, MEUR	211.4	-19.4
Operating profit margin	4.8%	6.6%
Return on investment	10.9%	17.5%
Equity ratio	33.8%	30.7%
Gearing ratio	62.2%	79.8%
Earnings/share, EUR	0.53	1.05
Dividend/share, EUR	0.40 *)	0.50
At year's end:		
Personnel	23,480	25,784
Order backlog, MEUR	2,773.6	3,233.7
Balance sheet total, MEUR	2,626.4	2,973.9

*) Board of Directors' proposal

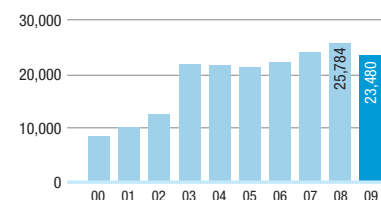
Revenue, EUR million



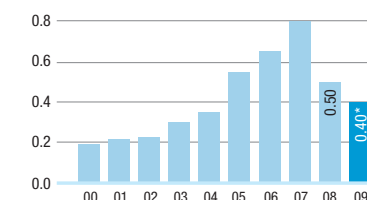
Operating profit, EUR million



Personnel



Dividend/share, EUR



* Board of Directors' proposal

PRESIDENT AND CEO'S REVIEW

Solid starting point for a new growth track



The year 2009 was an exceptional one in the history of our Group. Revenue declined and operating profit was clearly lower than the year before. However, during the course of the year we developed our operations successfully and managed to take advantage of opportunities offered by the market conditions. The fourth quarter was the strongest in terms of revenue, operating profit and operating cash flow. It is from this position that we turn our sights toward growth.

Operating profit and cash flow improved

Operating profit improved in every quarter in 2009. Of our business segments, Building and Industrial Services and Construction Services Finland showed steady profits. The profitability of the International Construction Services segment turned positive during the second half of the year. Whole year results remained negative in this segment due to the challenging market conditions in the Baltic countries as well as slow housing demand in Russia during the first months of the year. As the year advanced, residential sales picked up in Russia as well as Finland.

Our financial position was good at the end of 2009. We turned our focus on cash flow when the

difficulties of the global economy began to reflect in our operations at the end of 2008. Operating cash flow was good throughout 2009 – totalling EUR 211 million after investments. We repaid our short-term loans, and as a result the Group's gearing ratio decreased to 62 per cent.

Development of our operations is supported by the professional skills of 23,500 persons and a solid corporate culture that includes entrepreneurial spirit and the ability to react swiftly to market opportunities. We invested in improved customer service and shifted the focus of operations to those services and customer groups that offered steadier demand: maintenance, renovation and public sector investments. In our own residential production, we increased the volume

of rental housing production in Finland during the first months of the year, but as consumer demand revived, we increased housing start-ups aimed directly at consumers. In Russia, consumer confidence towards YIT increased as we continued to construct our projects in the difficult market situation and as a result our local market position strengthened.

Targeting profitable growth

Group's key strategic target is profitable growth. We decided already in the autumn to cease streamlining efforts and switch to a higher gear. The revenue growth target was increased to an annual average of 5 to 10 per cent, while the previous target had been positive growth in revenue.

We are seeking growth from our current business operations and those 14 countries where we already operate.

Building and Industrial Services is our largest segment, accounting for more than 60 per cent of the Group's revenue. We offer building system services throughout our area of operations. We aim to strengthen our market position further in our operating countries and increase especially the service and maintenance operations for buildings and industry.

We operate as a construction company in Finland, Russia and the Baltic countries. We are also starting up housing construction in the Czech Republic. In Finland, we construct housing, business premises and infrastructure. Our target is a stronger position in all these three areas. In Russia, we are ready to increase residential production as a response to the market demand. In Baltic countries we utilize the opportunities opening in both commercial real estate and residential market.

There is a definitive need for new housing in Finland, Russia and several Eastern European countries. The demand is supported in Finland as well as Russia by increased consumer confidence in the development of their own and national economies. Housing production volumes plunged in 2009, which has resulted in an imbalance of supply and need.

A softer market situation continues to perturb business premises construction in particular in

2010, and it will also affect the demand for our building system projects. The need for service and maintenance operations is stable regardless of economic fluctuations. Real estate and industrial repair and modernisation projects are also realised at a steady rate. Public premises are being constructed, boosted by the state stimulus measures. In Finland, the state may address the overdue repair needs of our country's roads, railways and bridges.

More efficient energy consumption

We are also investing strongly in our energy efficiency services. Our target is to be a forerunner in our industry. We can help our customers to cut their energy consumption considerably through choosing the right building system solutions and using the technology correctly. In industrial plants, the amounts of energy saved are even higher than in business premises. All the residential units and business premises constructed by us in Finland are low-energy buildings.

Growth through acquisitions

We are seeking growth through organic business expansion and through acquisitions. We acquire companies that strengthen and complement our services and our geographic network of local offices. We see abundant opportunities in the building system service markets in particular in Central European countries, where small and



We are also investing strongly in our energy efficiency services. Our target is to be a forerunner in our industry.

local companies predominate. There, even the largest players command only a small share of the market.

We identify companies that match YIT culture and then pull them in line with the Group's strategy and practices. During its nearly one hundred years of existence, YIT has realised several major and an abundance of minor business acquisitions.

Dividend proposal EUR 0.40

The number of our shareholders has continued to increase. The number of investors increased in 2009 by about 4,000, bringing the total to about 30,000. Slightly less than 40 per cent of the shares were held by non-Finnish shareholders.

Shareholders have raised their views on YIT's value so that the share price increased by as much as 216 per cent during the year. As far as we are concerned, our target is to offer shareholders a steadily developing dividend yield.

The Board of Directors has proposed to the Annual General Meeting that 74.9 per cent, or EUR 0.40 per share, of the result for 2009 be distributed as dividends.

I wish to thank our customers and partners for the mutually rewarding cooperation and our shareholders for their confidence in our operations. I wish to thank all YIT employees for their excellent efforts to ensure the company's success and swift adjustment to changes in the market conditions.

Our starting position for 2010 is a strong one. We estimate that the Group's revenue will increase and profit before taxes will increase significantly in 2010 compared to 2009.

Juhani Pitkääkoski
President and CEO

Goals are profitable growth and leading position



STRATEGY

YIT Group's strategic growth target for 2010–2012 was increased to an average of 5 to 10 per cent per year in August 2009. We aim to return the Group's development to a growth track after the challenging year 2009 and consolidate our position as the leading company in the business segments.

Maintenance, housing and energy as drivers of growth

Profitable growth is the key target of our strategy. Our aim is to grow in our current operating countries and businesses. Growth is pursued in services where the market situation offers opportunities and we have strong competitive advantages.

We strengthen our position in building and industrial services and increase in particular our service and maintenance operations. In construction services we strengthen position in Finnish residential, non-residential and infrastructure markets. In Russia, the focus is on own-developed residential construction. Energy saving is part of all our business operations. Our goal is to be a forerunner in energy-saving services.

Demand for service and maintenance of buildings and industrial processes develops steadily despite of economical fluctuations. The need for technical maintenance of buildings will increase as the equipment level is rising and the building

stock is ageing. Our competitive advantages are competence that covers all building systems and an extensive network of offices close to the customer. The customer is able to obtain all services easily from a single supplier. We are the largest provider of building system services in the Nordic countries.

There is demand for high-quality housing in Finland and Russia. Also in Baltic and Central European countries new apartments are needed. We take care of the implementation of our residential projects entirely, and therefore we are able to implement projects and service concepts that exactly match the demand. Thanks to our in-house residential sales, we are well-versed in the needs of our customers. We are developing new services for housing for senior citizens and leisure homes among others. We are the largest housing developer in Finland and a major one in the cities where we operate in Russia.

Increasing attention is paid to energy saving due to an increase in regulations and cost

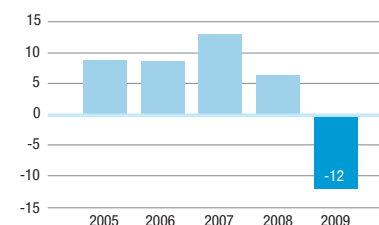
benefits. We are able to help our customers to decrease energy consumption in homes, business premises and industrial plants through technical and structural solutions. As a versatile service company we are able to combine different solutions and take into consideration not only systems and buildings but also the energy efficiency of entire areas.

More strongly in the Nordic countries and Central Europe

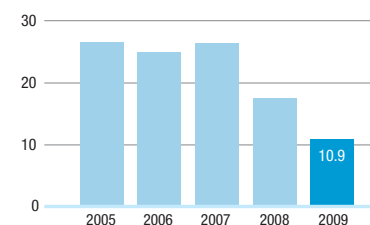
Growth will focus on the Nordic countries and Central Europe. Our goal is for YIT to be the leading provider of technical system maintenance in the Nordic countries and Central Europe. In Finland, we are strengthening our position as the biggest construction company in the country.

In Russia and the Baltic countries, we will take advantage of growth opportunities offered by the market. Our primary goal in these countries is to improve profitability. The aim is to be ready for growth.

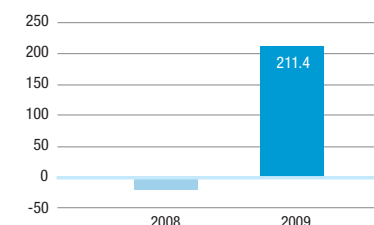
Revenue growth, %



Return on investment, %



Operating cash flow after investments, MEUR



All competence to benefit the customer

We will improve our profitability by focusing on services where we are able to utilise our versatile service offering and operating methods of a large company. We are at our best when we can utilise all our competence for the benefit of our customers.

In service and maintenance operations, we will strengthen our market position locally to be able to boost the efficiency of our work further. In long-term, multi-discipline service agreements, we assume responsibility for the management of a property's conditions for several years and develop the cooperation with the customer in the long term.

In residential and commercial development projects, we execute all phases of the project from plot acquisition to construction and sales of the residential units or leasing out the premises. In these business functions, we are able to take advantage of our solid market insight and project management expertise.

In energy-saving services, we are able to combine our expertise in building technology, industrial processes and construction. We adopt

the best solutions from the different countries where we operate.

More efficient use of capital

Our strategic goal is to make the use of capital more efficient and improve the cash flow of our business operations.

The majority of YIT's business operations are labour intensive and do not require heavy capital input. Our own development projects mainly tie up capital in the acquisition of plots, their development and construction of the projects.

We will make the use of capital more efficient in construction services by utilising the acquired plots rapidly and match the project start-ups, so that the reserve of residential units on sale is kept on the right level. We implement projects as smaller entities in order to shorten the construction period.

To improve cash flow we will accelerate our sales through continuous improvement of services and offering as well as correct pricing and marketing. In addition, we will develop the terms of payment of our investments and procurement. We will take advantage of the size of our exten-

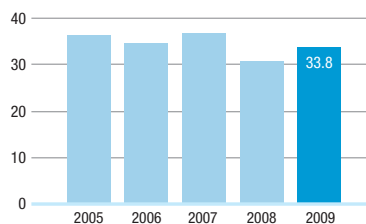
sive group in international procurement and keep our fixed costs low.

Top-class competence

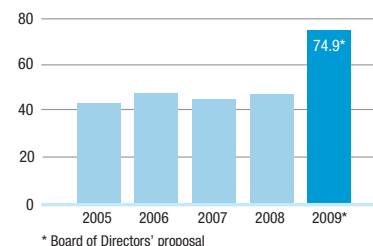
All our operations are based on the competence of our personnel. We develop the professional skills of our people to ensure that we have the best personnel in the branch. We pay attention to the well-being and occupational safety of our employees. Sufficient personnel is the prerequisite for organic growth. We aim to be an attractive employer in the eyes of current and future employees through satisfying tasks, good leadership and encouraging compensation.

We also pursue growth through acquisitions to increase the business functions selected in the strategy. Especially the building systems market provides opportunities for acquisitions. Compatibility with the strategic targets and the competence of the personnel in the acquired company are the key in the implementation of business acquisitions. During the integration phase we harmonising the operational systems and set the common strategic targets.

Equity ratio, %



Dividend payout, %



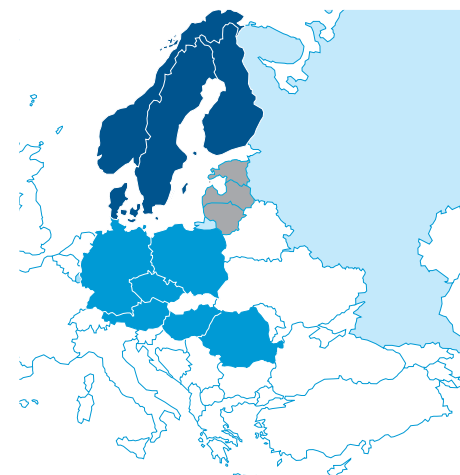
Acquisitions

We are seeking growth both organically and through acquisitions.

Targets of acquisitions

- Increase the business functions selected in the strategy
- Complement the expertise in particular in building systems
- Expand local presence
- Open new opportunities and footholds

Growth geographically



- Rapid growth in the Nordic countries
- Growth in Central Europe
- Ready for growth in Russia
- Utilising opportunities in the Baltic countries

Criteria for acquisitions

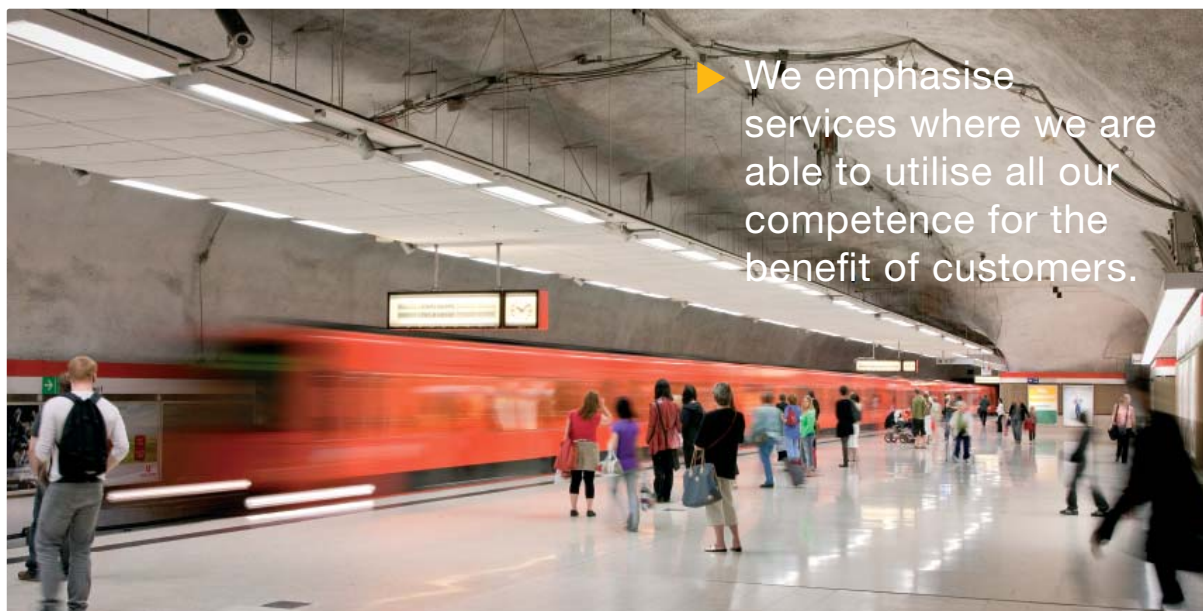
- Strategic compatibility
- Operational synergies
- Price and payback period
- Business culture and competent personnel

Financial targets 2010–2012

- Annual growth of revenue on average 5 to 10 per cent.
- Return on investment 20%.
- Operating cash flow after investments sufficient for dividend payout and reduction of debt.
- Equity ratio 35%.
- Dividend payout 40 to 60 per cent of net profit for the period.

The financial targets have been confirmed on August 19, 2009.
The revision history is presented on YIT's Internet site at.

→ www.yitgroup.com/investors



► We emphasise services where we are able to utilise all our competence for the benefit of customers.

Achievements in 2009

QUICK REACTION TO SHIFTS IN THE ECONOMY

Accelerating sales

- The share of revenue accounted for by service and maintenance services grew
- Residential sales picked up as the year progressed
- The service offering was directed towards more stable customer segments

Trimming of costs

- Fixed costs were decreased by approximately EUR 60 million on the annual level
- Production costs were reduced and number of personnel adjusted
- Operating methods were harmonised and made more efficient

Increasing the efficiency of the use of capital and cash flow

- Operating cash flow after investments increased to EUR 211 million
- Invested capital decreased
- Plot and other investments were made to secure growth opportunities

Strategic focus areas 2010–2012

RETURN TO GROWTH TRACK

Strengthening growth

- Service and maintenance operations for building systems and industry and energy services in the Nordic countries and Central Europe
- Residential construction in Finland and Russia
- Infrastructure and business premises construction in Finland

Improving profitability

- Focusing on services with higher profits
- Utilizing wide area of expertise
- Developing cost-efficiency and the efficiency of operating methods

Increasing the efficiency of the use of capital and cash flow

- Rapid turnover of plots and accurate start-ups in own development projects
- Boosting the efficiency of payments
- Managed cost and capital structure

Personnel development

- Development of competence and leadership
- Well-being at work and occupational safety
- Adoption of harmonised operating methods

Extensive business and geography make the impact of economic fluctuations smoother

Key trends

- Financial activity of companies
- Consumer behaviour
- Prevention of climate change
- Reform of the public sector

Demand

- Companies' needs for premises
- Technical quality requirements
- Industrial investments and utilisation rates
- Migration and decreasing family sizes
- Ageing and increasing wealth
- Appreciation of well-being and leisure time
- Legislation and incentives
- Energy efficiency and cost savings
- Growing importance of environmental values
- Making service production more efficient
- Increasing the appeal of municipalities

YIT's services

- Technical maintenance and modernisation
- Technical building system projects
- Construction of business premises and infrastructure work
- Industrial projects and maintenance
- Housing demand for different situations in life
- Combining housing and services
- City centre development
- Retail and leisure time centres
- Energy services for buildings and industry
- Low-energy construction
- Comprehensive and regional solutions
- Outsourcing of maintenance
- Infrastructure projects and public premises
- Life cycle responsibility models and joint projects

Market and supply

- Condition of buildings
- Technical equipment level
- Vacant premises and quality
- Living space per person
- Quality of housing
- Number of new residential units
- Level of prices and interest, unemployment
- Fragmented supply for energy efficiency
- New forms of energy production
- Renovation debt of roads, railways and bridges

OPERATING ENVIRONMENT

Our operating environment varies by business operation and country. The extensive business offsets the impacts of economic fluctuations, as changes impact our operations at different times and with different force. Key trends that influence the demand for our services include changes in consumer behaviour, prevention of climate change and the reform of public sector service production.

Demand for service and repair develops steadily

The demand for servicing, maintenance and renovation of buildings, industry and infrastructure develops relatively steadily in spite of economic fluctuations. In the next few years, servicing and maintenance will continue experiencing slight growth in the Nordic countries and Central Europe. The increasing amount of technology in buildings, ageing of buildings stock and low new investments will increase the need for service and maintenance operations. Maintaining industrial production reliability requires regular servicing and modernisation of process equipment. The maintenance of infrastructure is mainly the responsibility of the public sector. The state stimulus measures increase infrastructure renovation projects and support also the demand for building renovation and reconstruction projects.

Public sector service production is experiencing a reform. Cities and municipalities are seeking new operating methods for arranging the servicing of buildings and infrastructure. Economic down-turn increases the activity to outsource services to private sector. Privatisation and outsourcing of municipal services has continued for a long time in Germany and Austria. Tendering of technical administration is opening in Sweden and Finland. Outsourcing has been low in Norway and Denmark until now. The tight economic situation opens opportunities for outsourcing in the private sector as well.

Increasing need for energy services

The demand for various services related to energy-savings and improving energy efficiency is increasing particularly in the Nordic countries, Germany and Austria. Legislation on energy production methods and energy saving requirements is tightening, and the implementation of energy-efficient solutions is supported through national and EU-level measures. Energy-saving goals increase the demand for investments as well as servicing.

The majority of current energy-saving projects have been carried out for the industry and for public sector buildings - hospitals and schools, for instance. Also private building owners and users are paying increasing attention to the energy-efficiency of their business premises. Companies increasingly require guarantees of energy-saving in connection with the new construction, modernisation and service projects.

Residential construction depends on consumer confidence

The demand for housing is strongly dependent on consumers' confidence in the development of their finances. Expectations on the development of purchasing power, employment outlook, interest rates, price level and availability of loans have an effect on purchase decisions. Russia's economic situation and consumer behaviour are strongly dependent on the development of oil prices and the ruble exchange rate.

In Finland, the need for the construction of new homes is maintained by decreasing family sizes, increasing population and migration to growth centres. It has been estimated that there is an annual need for some 30,000 new homes. The construction of residential development projects fell steeply during 2009, and therefore the supply is at a low level. Consumer behaviour is changing and people pay more attention to services that are provided along with the apartment itself. For example the ageing of population increases the need for senior citizen concepts in housing and increasing wealth creates demand for leisure-time living solutions and leisure-time centres.

In Russia, the Baltic countries and Central Eastern Europe, living space per person is lower than in other parts of Europe and the housing is in poorer condition. Particularly in Russia, there is huge need for new housing, and the housing demand outlook is stable in the long term. During 2009, several new housing projects were suspended in Russia due to the uncertain market conditions, and the market supply of housing decreased. In the Baltic countries, the market situation has continued weak but there are signs of a recovery in the housing market and some new projects have been started.

Low volumes in new construction and investments

Construction of business premises has decreased strongly, which has also decreased the



Need for service and renovation grows due to the increasing amount of technology in buildings, ageing of buildings stock and low new investments.

demand for construction-related infrastructure work and building system installations.

Construction of new offices, in particular, will remain slight and new investments in building systems will decrease in countries where YIT operates. On the other hand, customers in need of premises are looking for modern premises, which results in demand for renovation and conversion projects. In public sector projects, demand will remain relatively stable.

In the Finnish business premises market, construction volumes have decreased strongly and the amount of vacant premises has grown. Renovation and modernisation projects provide

opportunities. Construction of retail and warehouse premises will remain moderate.

Industrial investments are low in Finland.

New projects related to transportation will begin in the Finnish infrastructure market in 2010; however at the same time the demand in the municipal sector will decrease. Opportunities will also open in connection with road and regional maintenance contracts, road and railway construction and rock excavation works.

In Russia, the underutilisation rate of offices is high and their construction is low. The demand for industrial and retail premises is increasing.

In the Baltic countries, there is need for construction in the long term, but construction volumes are extremely low and projects started up in the markets have been small for the time being.

Consolidation in the technical building system market

There are many small companies operating in the technical building system market, usually focusing on, e.g., plumbing or electric work only. In the countries where YIT operates there are typically only a few international companies with a more extensive service offering. A structural change is taking place in the industry, resulting

in small and medium-sized firms being put up for sale and mergers taking place. The consolidation development in the market will provide opportunities for acquisitions.

There are a few larger companies in the Finnish construction market with an extensive service offering and a large number of smaller, local contractors. In Russia, the majority of construction companies are local ones. In addition, there are Central European construction companies in the market. The competitive situation in the Baltic countries is tight following a steep decline in construction volumes.







Market position by business

Business	Market size by area		YIT market position	Competitors
Building system services	Nordic countries	EUR 30 billion	Largest in the Nordic countries	Bravida, NVS (Imtech), Lemminkäinen, Are
	Sweden	EUR 9.7 billion		
	Finland	EUR 6.3 billion	Strong foothold in Central Europe	Imtech, Bilfinger Berger
	Norway	EUR 6.0 billion		
	Denmark	EUR 5.1 billion	Strong presence in Baltic countries	Small local companies
	Central Europe	EUR 40 billion		
	Germany	EUR 29.4 billion	Leader in its product areas in the Nordic countries	ABB, Maintpartner, Empower, Lassila&Tikanoja
	Austria	EUR 3.6 billion		
Industrial services	Poland, Czech Republic, Hungary, Romania	EUR 7.2 billion	Largest construction company in Finland	Lemminkäinen, Skanska, NCC, SRV
	Baltic countries and Russia	EUR 12.5 billion		
	Nordic countries	EUR 6 billion	Significant foreign housing developer in Russia	SU-155, PIK, LSR, Mirax Group, GlavmosStroi, Inteco, LEK, LenSpetsSmu
	Finland	EUR 2.4 billion		
	Sweden	EUR 3.8 billion	Extensive local presence in Baltic countries	MERKO Ehitus, Skanska, NCC, EMV
	Finland	EUR 25 billion		
	Residential construction	EUR 9.1 billion	Residential production in start-up phase in Prague	
	Non-residential construction	EUR 10.8 billion		
Construction services	Infrastructure construction	EUR 5.4 billion	Residential production in start-up phase in Prague	
	Russia (residential construction)	EUR 50 billion*		
	Baltic countries (building construction)	EUR 5 billion	Residential production in start-up phase in Prague	
	Lithuania	EUR 2.2 billion		
	Estonia	EUR 1.1 billion	Residential production in start-up phase in Prague	
	Latvia	EUR 1.5 billion		
	Czech Republic		Residential production in start-up phase in Prague	

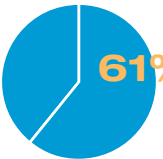
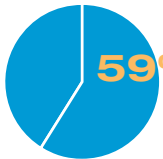
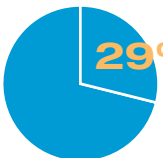
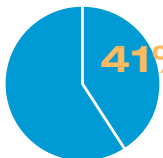
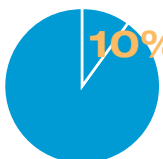
Sources: Euroconstruct, VTT, YIT's own follow-up.

*Estimate for 2008 is EUR 80-90 billion and estimated decrease up to 40% in 2009. YIT operates in Russia in St. Petersburg, Moscow's surroundings, Moscow, Kazan, Yekaterinburg and Rostov-on-Don.

BUSINESS SEGMENTS

Business segment	Offering	Area of operation	Customers
Building and Industrial Services 	Building Systems <ul style="list-style-type: none"> • Technical building systems • Repair and maintenance of building systems for properties • Energy efficiency and expert services Industrial Services <ul style="list-style-type: none"> • Project deliveries of technical systems and processes • Industrial maintenance • Energy efficiency services 		Building Systems <ul style="list-style-type: none"> • Developers and construction companies • Property investors and owners • Property service companies and building managers • Public institutions • Industry Industrial Services <ul style="list-style-type: none"> • Energy, forest, metal, process, food and maritime industries
Construction Services Finland 	<ul style="list-style-type: none"> • Residential units and entire areas • Business premises • Infrastructure construction 		<ul style="list-style-type: none"> • Households • Property investors and owners • Business premises users • Developers and construction companies • Public institutions
International Construction Services 	<ul style="list-style-type: none"> • Residential units and entire areas • Business premises 		<ul style="list-style-type: none"> • Households • Property investors and owners • Business premises users

- Four became three in the beginning of 2009 when Building Systems and Industrial Services merged to form the new Building and Industrial Services segment.

Market position	Strengths	Revenue	Operating profit	Invested capital	Personnel
Building Systems <ul style="list-style-type: none"> • Largest in the Nordic countries and Lithuania • Solid foothold in Central Europe Industrial Services <ul style="list-style-type: none"> • Leading Nordic service supplier in its product areas • One of Europe's major players in high-pressure piping projects • Market leader in Finland in energy efficiency services for industry 	<ul style="list-style-type: none"> • Extensive services and local presence close to the customer • Long-term partnership and in-depth understanding of the customer • Leading technical expertise and own technical solutions • Ability to grow through acquisitions 	 <p>2,124.9 MEUR</p> <p>Share of YIT's business segments</p>	 <p>119.3 MEUR</p> <p>Share of YIT's business segments</p>	<p>418.7 MEUR</p> <p>30% of business segments</p>	<p>17,557</p> <p>75% of the entire Group</p>
<ul style="list-style-type: none"> • Largest construction company in Finland • Solid position in residential, non-residential and infrastructure construction • Largest private maintainer of roads in Finland 	<ul style="list-style-type: none"> • Competence of a large company covering all areas of construction and a comprehensive service chain • Ability to respond to changes in demand rapidly, deep customer understanding • Services for different needs, service concepts for different target groups • Project and design management 	 <p>1,029.7 MEUR</p> <p>Share of YIT's business segments</p>	 <p>81.9 MEUR</p> <p>Share of YIT's business segments</p>	<p>315.7 MEUR</p> <p>22% of business segments</p>	<p>2,936</p> <p>13% of the entire Group</p>
<ul style="list-style-type: none"> • Significant foreign housing construction company in Russia • Extensive local presence in the Baltic countries 	<ul style="list-style-type: none"> • Experience in the target market and solid knowledge of local operating methods • Customer orientation and tailoring the offering to the customers' needs • Versatile housing offering in good locations • Reliable reputation 	 <p>359.4 MEUR</p> <p>Share of YIT's business segments</p>	<p>-17.8 MEUR</p> <p>Share of YIT's business segments</p>	<p>681.3 MEUR</p> <p>48% of business segments</p>	<p>2,647</p> <p>11% of the entire Group</p>

Service and maintenance offered stability



The profitability of the Building and Industrial Services segment developed steadily during 2009, even though new investments by our customers declined in the tight market conditions. The demand for service and maintenance developed steadily.

BUILDING AND INDUSTRIAL SERVICES

Leading expert in building systems and industrial services

With technical building system solutions and correct use of equipment we establish and maintain the desired conditions in properties. We help our customers in various fields of industry to boost their efficiency and improve productivity and reliability. Our services also enable our customers to make their energy consumption more efficient.

YIT is the largest provider of building system services in the Nordic countries. We are also the largest company in the field in Lithuania. We gained a strong foothold in Central Europe when the building system operations acquired from Germany, Austria, Poland, Czech Republic, Hungary and Romania were merged into YIT in 2008. In Nordic countries, YIT is the leading supplier of industrial services in its product areas. In Finland, we are the market leader in energy efficiency services for industry.

As building system supplier, we have operations in all 14 countries where YIT is present: in the Nordic countries, Russia, the Baltic countries and Central Europe. In industrial services, Finland and Sweden account for the majority of revenue.

Building and Industrial Services is YIT's largest business segment in terms of personnel and revenue. In 2009, 75% of YIT personnel worked in Building and Industrial Services, and the segment accounted for 61% of the Group's revenue. The segment's business is personnel-based business that requires little capital: in 2009, 30% of the Group's invested capital was tied up in Building and Industrial Services. 54% of revenue was generated by service and maintenance operations, which develop more steadily than new investments.

KEY FIGURES	2009	2008
Revenue, MEUR	2,124.9	2,396.0
of which service and maintenance, %	1,151.0	1,260.2
Operating profit, MEUR	119.3	162.0
Operating profit margin, %	5.6%	6.7%
Return on investment, %	31.4%	54.9%
Invested capital on Dec 31, MEUR	418.7	346.8
Order backlog on Dec 31, MEUR	850.4	1,050.2
Personnel on Dec 31	17,557	18,888

When calculated invested capital in business segments, the interest-bearing financial items have been netted.

Key achievements in 2009

- Operating profit developed steadily and improved during the last quarter.
- The share of revenue accounted for by service and maintenance grew.
- The development of the building system operations acquired in Central Europe in 2008 proceeded according to plan.

Strategic focus areas 2010–2012

- Increasing the market share in the Nordic countries and Central Europe.
- Increasing the service and maintenance operations faster than other operations.
- Forerunner in energy-saving services.



Building systems
from chocolate factories to sports centres

In spite of the decline in new investments, we implemented technical building systems at a variety of sites across Europe. Deliveries included the German state archives, a Cadbury chocolate factory in Poland and the Salmisaari sports and wellness centre in Finland, among others.

Focus of growth on service and maintenance

In Building and Industrial Services, YIT's goal in the strategy period 2010-2012 is to be the leading provider of technical system maintenance and a forerunner in energy-saving services in the Nordic countries and Central Europe. We aim to increase the service and maintenance operations faster than other operations. Growth is sought both organically and through acquisitions. We also aim to increase the number comprehensive, long-term service agreements, covering several building systems. In geographical terms we are targeting the fastest growth in the Nordic countries and Central Europe.

Energy-efficiency part of all our services

In improving the energy efficiency of premises, it is essential to choose the right solutions, use them correctly and service and maintain the equipment. With our monitoring and control systems, the equipment can be adjusted so that energy is used as efficiently as possible. 60 per cent of energy loss can be addressed by way of building system solutions. Energy consumption can be reduced and made more efficient with e.g., heat recovery, air conditioning, lighting control and apartment-specific measurement of water and heat consumption. In industrial plants, operation costs and greenhouse gas emissions can be cut with different kinds of modification investments and systematic maintenance.

Competitive edges

Comprehensive service offering

We provide our customers with comprehensive services that cover all technologies connected with buildings throughout their life-cycle – from design and installation through operation, maintenance and modernisation. This is what sets us apart from smaller and local providers who extend to only one technical solution. In building system projects, we focus on extensive projects that cover all building systems as well as so-called Design & Build deliveries where customer specifies the project basis and YIT assumes responsibility for planning, realisation and, if necessary, also management services.

Globally local presence

YIT operates an extensive network of local offices in 14 countries. We stay close to our customers, around the clock. Our Helpdesk is at the property users' service 24 hours and 365 days a year. Building systems can also be connected to YIT Control room, where they can be monitored

and adjusted with remote access reliably and without delay.

Long-term partner

We focus on long-term service agreements and comprehensive partnerships, where YIT assumes responsibility for the management and development of service operations and operative maintenance. As a long-term partner, we know the processes and needs of our customers.

Leading technical competence, own innovations

Our wide geographical presence makes it possible for us to develop new solutions and services, selecting the best practices and competencies from each country where we operate. Examples of our own solutions include LuxCool suspended ceiling element that combines the lighting, heating, cooling and air conditioning of office premises integrated into a single element, and our Niagara building automation system, where heating, plumbing, air conditioning, ac-

cess control and fire alarm can be controlled through one user-interface.

In industrial investment projects, our areas of excellence include high-pressure piping systems, prefabrication in our workshops and electric automation and ventilation projects. In high-pressure piping projects, we are one of Europe's major players.

We have persistently developed our energy-efficient solutions. Accurate and efficient use of energy is today an integral part of all of our services. As the market leader in energy efficiency services to industry in Finland, we have delivered approximately 30% of investments aimed at improving the energy-efficiency of Finnish industry during the last few years.

Ability to grow through acquisitions

Our goal is to grow both organically and through acquisitions. With acquisitions we complement our technical competence, widen our local presence and open up new business opportunities.



More than maintenance

We maintain the technical property of a total of more than 70 RIMI grocery shops in Latvia and Lithuania. The focus of the service agreement is on preventive maintenance, which enables us to ensure the continuous operation of the technical systems and improve their usability.



Automatic waste collection halves costs

A vacuum technology waste collection system is to be built in Suurpelto area, Espoo, Finland enabling collection of waste via underground pipes to a waste terminal. This reduces traffic and emissions in the residential area, and halves the operation and maintenance costs normally associated with conventional waste collection. Construction is underway; the first residents will move into the area in 2010.

Profitability developed steadily in 2009

The profitability of Building and Industrial Services segment developed steadily in 2009 and improved towards the end of the year. The full-year operating profit decreased by 26 per cent to EUR 119 million as customers' new investments declined and the market situation was tight. The revenue decreased by 11 per cent to EUR 2,125 million, which was particularly due to a strong decrease in the volume of business premises construction. The order backlog decreased by 19 per cent in particular due to decreased industrial investments and business premises construction.

We responded to the challenging market conditions by shifting the focus of our sales activities to areas where demand is more stable regardless of economic cycles: from new buildings to renovations and modernisations, from the private sector to the public sector, and from project operations to maintenance.

Demand for service and maintenance and energy efficiency

The demand for building system repair and maintenance work and various kinds of service agreements was relatively steady across all geographic areas. Service and maintenance operations increased their share of revenue as the year advanced, amounting to 54% of revenue. We entered into several building system maintenance agreements during the year. In Finland, we assumed responsibility for the comprehensive building system services of the Viinikkala logistics centre. In St Petersburg, Russia, we assume responsibility for the management of property maintenance services for the Gorigo logistics centre. In Sweden, we signed a service agreement with AstraZeneca and in Denmark, Peterson Packaging outsourced its building systems to us.

Municipalities are seeking new solutions for arranging their maintenance services, especially in the Nordic countries, which increased the demand in the municipal sector to some extent. In Finland, we made an agreement to renew and

maintain the road illumination control system of the Finnish Road Administration. In Norway, we signed an agreement on the technical maintenance of roads and tunnels in Bodø and Salten. In Solna, Sweden, YIT is responsible for the building system servicing and maintenance of approximately one hundred properties owned by the municipality.

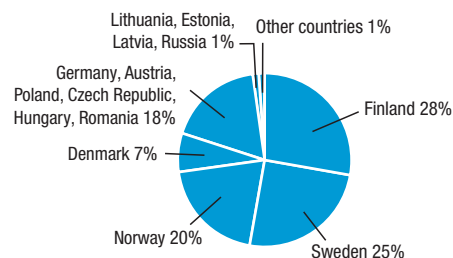
The demand for energy-saving solutions and services remained good. Demand picked up as the spring advanced in the Nordic countries, Austria and Germany in particular and continued steadily during the rest of the year. We delivered several energy audits and ESCO (Energy Service Company) energy-saving agreements both in the private and public sector. For example, we supplied an energy-efficient total technical solution for the Comfort Square Hotel in Stavanger, Norway. In Finland, YIT, Fortum and Uponor are jointly developing a model for regional production of bedrock heat, which will first be implemented in the Nupurinkartano residential area in Espoo.



Special competence is an export asset

What is the sense of shipping 1,000 tonnes of pipe from Finland across the sea to England? When does it pay to send welders to Poland? Both make perfect sense when the most crucial need is special expertise. In 2009 we signed a contract with Lule Kraft Ab for a significant gas boiler modernisation project. The power boiler built in Finland will be installed in Luleå, Sweden, by 110 YIT employees in summer 2010.

Revenue by country



OUR SERVICES

Building systems

- Technical building system solutions
 - > Heating, plumbing, air conditioning, electric, security, fire safety and telecommunications systems and the automation that controls them
- Service and renovation
- Facilities management

Operating areas: All countries with YIT presence

Industrial services

- Project deliveries to industry
 - > Piping, tanks, boilers, electrical, automation and ventilation systems
 - > From prefabricated components to end-to-end projects with design, materials, manufacturing and installation
- Industrial maintenance
 - > Comprehensive partnerships with design, management and implementation
 - > Individual service and maintenance measures and modernisation projects

Operating areas: mainly Finland and Sweden

Energy-saving services for buildings and industry

- Energy audits and analysis of the building's energy consumption
- Solutions to make energy consumption more efficient
- Total deliveries of an energy-saving project: ESCO (Energy Service Company) and EPC (Energy Performance Contracting) agreements
- Energy procurement services

Operating areas: all countries with YIT presence



Controlled hospital environment 24 hours a day

A hospital's working environment sets strict requirements for the premises. Patient safety must not be jeopardised under any circumstances, the premises and equipment must operate flawlessly and operations must be cost-efficient. YIT offers hospitals versatile building systems solutions, automation and maintenance. In hospitals, we take care of energy supply, heating, plumbing, air conditioning, refrigeration technology, electricity and telecommunications, among others. We ensure that indoor air is clean and the temperature is correct. We offer security services and provide clean rooms and waste collection systems.

As a hospital never sleeps, its maintainers must also be awake at all times. Our control room services monitor the state of the property around the clock, as even a small interruption can prove fatal in a hospital. When the operation times of air conditioning and heating, for instance, can be adjusted remotely, no machines run unnecessarily.

Energy consumption under the knife in Schwabach

The Schwabach municipal hospital in Germany put high energy costs under the knife. YIT analysed the hospital's saving opportunities and implemented technical building systems for the hospital as an ESCO energy-saving project, enabling the hospital to cut its annual energy costs by approximately 30%. The investments in the project will pay themselves back during the contractual period, which is 12 years.

At its simplest, the first step in saving energy is rationalising the use of existing systems. Correcting many small things results in large effects as a whole. At the Schwabach hospital, we renewed the steam heating boiler and basic gas boiler with water heating boilers. We installed a back-pressure power plant, optimising the hydraulic air and water distribution system in the property. Energy consumption is monitored actively, making it possible to fix the systems that waste energy without delay.

Demand for industrial maintenance services, solutions to improve energy efficiency and energy analysis services continued to be relatively stable in Finland. For example, we entered into an agreement on the comprehensive maintenance of the Vaasan & Vaasan Oy Kotka plant, as a result of which 30 employees joined YIT. We also entered into service agreements with Helsinki Energy and Neste Oil among others

Decline in new investments

New investments in building systems declined across all market areas. We focused strongly

on renovation and reconstruction projects and public sector investments. The renovation and reconstruction market picked up slightly thanks to the start-up of public sector stimulus projects.

Industrial investments were fewer than during the previous year. In particular, investments decreased in process, forest and steel industries, with the demand focusing on the energy industry. A piping project whereby YIT delivers all the pipelines of a power plant to Siemens AG started at the Severn Power natural gas combined cycle power plant in Uskmouth, United Kingdom.

Outlook for 2010

In the Building and Industrial Services segment, the slight increase in the demand for service and maintenance operations for building systems will continue. The economic recession will open new opportunities for outsourcing real estate services. The demand for energy efficiency services will increase in the next few years in the Nordic countries, Germany and Austria in particular with public sector stimulus measures and renewed environmental legislation. New investments in technical building systems will decrease in all YIT markets, particularly due to the low volumes of business premises construction. In new construction projects, public sector investments will be realised. The increase in the demand for renovation and reconstruction projects will continue with the support of public sector stimulus measures and renovation subsidies. Industrial investments are low in Finland, but the demand for industrial maintenance services will continue relatively stable.

The opportunities for organic growth in Building and Industrial Services are supported by the need for service and maintenance as well as renovation and public sector projects. There are a large number of small companies operating in building system markets and the consolidation development in the market will provide opportunities for acquisitions. YIT has an extensive network of local offices in the markets where it operates and a solid market position in building system and industrial service and maintenance operations, projects and energy-efficiency services.

Residential sales increased

The business operations of Construction Services Finland as a whole developed relatively steadily in 2009. Residential construction developed positively: we sold significantly more residential units than in 2008 and launched several own development projects. However, the challenging market situation was reflected in the construction of business premises, which decreased clearly on the previous year. Infrastructure construction developed steadily, but the competition for project became tighter.



CONSTRUCTION SERVICES FINLAND

Large and versatile constructor

Construction Services Finland constructs the necessary infrastructure for living, working and business environments as well as the functional technical infrastructure. YIT is the largest construction company in Finland. We are the largest residential developer and a significant commercial real estate developer. We also hold a solid position in infrastructure construction: We are the largest private maintainer of roads in Finland.

We construct residential units tailored to different needs and life circumstances. We construct office, retail and logistics premises and leisure centres and cooperate with municipalities and cities to develop the vitality of entire residential areas. We renovate existing and develop old premises to suit new uses. We construct, maintain and renovate roads, the railway network and related structures, such as bridges. We undertake our own development projects and manage every phase from land acquisition and construction through sale of residential units and business premises. In contract projects we construct premises for customer based on their order, for example rental housing for an investor. In 2009, approximately 44% of housing start-ups were our own development projects sold directly to consumers.

Of YIT's employees, 13% worked in Construction Services Finland in 2009. The segment accounted for 29% of the Group's revenue. In 2009, 22% of the Group's invested capital was tied up in Construction Services Finland.

Strengthening position in residential, non-residential and infrastructure construction

In Construction Services Finland, YIT's target for the strategy period 2010–2012 is to strengthen its position in all three key areas of construction: residential, business premises and infrastructure. In residential construction, we aim to shift the focus from rental housing production back to our own development projects. We have traditionally been strongly a property developer, and in 2009,

we already shifted our construction considerably back to our own property development.

In business premises construction, YIT's strategy in the early part of 2010–2012 will focus on developing and repairing existing properties and converting them for new uses.

In infrastructure services, our target is to reinforce our market position and increase maintenance activity.

We also aim to improve the efficiency of invested capital by improving the land plot turnover.

KEY FIGURES	2009	2008
Revenue, MEUR	1,029.7	1,147.9
of which service and maintenance, %	71.5	68.5
Operating profit, MEUR	81.9	111.7
Operating profit margin, %	8.0%	9.7%
Return on investment, %	20.5%	28.0%
Invested capital on Dec 31, MEUR	315.7	482.9
Order backlog Dec 31, MEUR	1,007.5	874.2
Personnel Dec 31	2,936	3,271

When calculated invested capital in business segments, the interest-bearing financial items have been netted.

Key achievements in 2009

- Residential sales increased.
- Our profitability was stable.
- We reacted swiftly to the market situation by shifting the focus of residential production from rental housing production to our own development projects to consumers.
- We decreased the amount of invested capital.

Strategic focus areas 2010–2012

- In residential construction, we will increase our own development projects.
- In infrastructure services, the market position will be reinforced and maintenance activity will be increased.
- In business premises, the focus will be on developing and repairing existing properties during the beginning of the strategy period.

Competitive edges

Customer-orientation

The needs of our customers are the starting point for all our operations: the projects are developed and plots acquired from that point forward. The cornerstone of our design management is to design the right kind of residential units at the right time, on the right kinds of plots, at the right size. We react swiftly and flexibly to changes in demand.

Services for various needs

We offer services that meet various needs of various target groups. We have developed service packages for leisure time, the ageing population and people with impaired memory, among others. Our low-energy concept sets us apart from other constructors: we construct all new residential units and business premises to be low-energy buildings, "Energy geniuses", consuming less energy than required by current regulations.

End-to-end service chain

Versatility is an asset. As the largest construction company in Finland, we master all essential fields of construction and combine the competence of our different units for the benefit of the customer. In our developer-contracted projects, we possess comprehensive expertise in all phases of the project – from the acquisition of plots and construction to customer service and sales, renting of premises and in part also maintenance. YIT has established resources and networks around Finland. We are already present where we are needed. Our sales are supported by our strong brand and in-house residential sales.

Project management and cost-efficiency

We have invested in project management competence from a long-term perspective as an area

that is critical to all our operations. We also stand out by virtue of our strong, result-oriented corporate culture. Our international procurement activities also support our cost-efficiency.

Stable profit development in 2009

The operating profit of Construction Services Finland developed steadily throughout the year. Full year operating profit declined by 27 per cent to EUR 82 million due to significant decline in the construction of business premises and residential sales focusing more on rental housing production during the first months of the year. Revenue decreased by 10 per cent and was EUR 1,030 million. Revenue decreased clearly in the construction of business premises and remained at previous year's level in residential construction and infrastructure services. The

order backlog increased by 15 per cent due to increase in residential start-ups, in particular.

Recovery of residential sales encouraged new start-ups

In the first months of the year, we considerably decreased the volume of our residential start-ups due to market uncertainties and temporarily increased rental housing production. However, residential sales to consumers stepped up considerably in the spring: In April-June, we sold over 100 more residential units to consumers compared to January-March.

Residential sales continued steadily throughout the rest of the year, and the number of residential units sold increased by over 80 per cent compared to 2008. In 2009 YIT sold a total of 3,502 (2008: 1,920) residential units in Finland. Of these, 1,567 were sold directly to consumers. The

number of finished, but unsold residential units decreased and residential start-ups more than doubled. Geographically extensive operations and our plot reserves made it possible to react swiftly to changes in the market conditions.

Following the recovery of demand, we shifted the focus of housing production back to our own development owner-occupied housing projects during the latter half of the year. In 2009 we started construction of total 3,447 (1,542) residential units, of which 1,528 was directly aimed to consumers.

Several new residential development projects for consumers were started around Finland. Among others, we started the construction of more than 70 residential units for senior citizens in the Tampella area in Tampere and started the construction of 70 leisure homes in Vierumäki and Levi.



YIT's residential building that utilises seawater cooling in Lauttasaari, Helsinki, was included in the City of Helsinki's project to seek individual solutions for multi-storey living. Some of the Merenkulkijanranta's houses are built partially over the sea, which sets special requirements for construction. Advanced building systems enable energy-efficient living: seawater is utilised in cooling the flats, automation systems allow building systems to be monitored real time real around the clock. By using the "away-from-home" function, the resident can personally decrease unnecessary energy consumption.

OUR SERVICES

Residential construction

- Residential units
- Entire residential areas
- Leisure housing
- Renovation of residential buildings

Business premises construction

- Office, retail and logistics premises and leisure projects
- Renovation
- Property development and conversion to new uses

We construct new buildings both as our own development projects on our own plots and as customer-agreed contracts.

Infrastructure construction

- Streets, roads, bridges, harbours and sports fields, among others
- Earth construction and foundation engineering, piling and foundation reinforcement, rock engineering
- Renovation and maintenance of infrastructure
- Public utility works

Projects constructed for investors were started up throughout the year in accordance with previous agreements. The most significant agreement on rental housing was signed in August when YIT sold five rental housing projects with a total of some 300 residential units to ICECAPITAL Housing Fund II for EUR 36.6 million. An agreement was signed with Tapiola Real Estate on the construction of a total of 225 residential units in the Helsinki region and the Uusimaa province. Agreements were also made with VVO and Tarveasunnot, among others.

Both the number of residential units sold and the number of residential units under construction exceeded the previous year considerably as we had rental housing production and own development projects underway. In Finland, the average construction time of a residential project is approximately one year. About half of YIT's ongoing projects will be completed during 2010 and half in 2011.

During 2009, we started renovation services for housing companies as a new service and utilised the demand arising from new, state-supported renovation projects by housing companies.

→ Residential sales figures on page 28

Business premise construction fell short of the previous year

The business premises construction market in 2009 was relatively quiet and the construction volumes decreased clearly compared to the previous year. The construction of office and industrial premises declined significantly whereas demand for new retail and warehouse premises remained moderate. The start up of stimulus measures by the public sector increased slightly the demand for renovation and modernisation projects.

In the business premises construction our operations focused on completing ongoing projects and obtaining leaseholders for new, ongoing and completed sites. We also put effort on the tenant and project development activities and on activating investor sales. In addition, some new development projects were started and contracts were won in competitive bidding. We also delivered several renovation and property development projects.

As for YIT's own development projects, we started the construction of terminal, warehouse and office premises for Transpoint Oy in Kujala, Lahti. In Vantaa, YIT was in charge of the construction and development of the Koivuhaka shopping centre.

In the autumn, we started up the construction of our first low-energy office and commercial building in Järvenpää. From now on, all our new offices in Finland will be low-energy offices, consuming less energy than required by current regulations.

The sports and wellness centre located in Salmisaari, Helsinki was sold to Varma Mutual Pension Insurance Company in January. There will be approximately 20,000 m² of rentable area in the building, which will be complete in late spring 2010.

A mini-mall, measuring approximately 1,100 m² was built in Tammisto, Vantaa, next to a Lidl shop.

With regard to tender-based projects, we started the extension of the Children's Hospital for the Hospital District of Helsinki. The first office building in Kalasatama, transforming from an industrial area into a residential and office area, the Rantatie Business Park, was erected in Helsinki's Hermann district. In Espoo, we renovated new showroom and production premises for Skanno in a property owned by Tapiola.



Residents and traffic set the pace for excavation

Mestarintunneli ("The Master Tunnel") will become the widest road tunnel ever built in Finland. At the tunnel site diving into the rock in the Kehä I road in Leppävaara, Espoo, work is done at the terms of residents and traffic: there are 70,000 vehicles passing by every day. The project utilises all of YIT's extensive infrastructure competence, including road and tunnel construction, technical building systems inside the tunnels and road tunnel telematics. A 12-metre high chimney rises in the middle of residential buildings, conducting the emissions from the tunnel into the sky. The project is one of the largest ever undertaken by YIT.



Recreation and care

Pellavatori in Tampere is a fresh example of the near future of housing for senior citizens. The modern multi-storey buildings take into account the special needs of ageing people in terms of spatial solutions, equipment and services. The residents may live independently, and as need be, utilise various services and recreation opportunities.

Infrastructure construction stable

As a whole, infrastructure construction developed steadily in 2009, even though the demand for infrastructure construction was decreased by the lower construction levels of new housing and business premises and the weakened state of the municipal economy. Several infrastructure projects related to basic road and railway maintenance started in Finland, boosted by state stimulus measures. However, the competition for the projects was tight.

Despite challenging market conditions, we realised major highway projects, such as the EUR 17 million project in the centre of Savonlinna, which includes construction of a composite

girder bridge and widening lanes. In Vantaa, we started a tunnel project for the Kehärata (Ring line) project. The contract includes the excavation of the Aviapolis underground station, five shafts and railway tunnel.

As regards municipal services, the City of Varkaus outsourced its municipal engineering to YIT, such as the construction and maintenance of its streets, water supply and outdoor lighting. We also provided municipalities with lifecycle projects where, in addition to renovation investments, we are in charge of site maintenance. The demand for environmental restoration services was good. Among other things, we constructed waste management centres across Finland.

Outlook for 2010

In Construction Services Finland, housing demand is expected to remain good, construction of business premises to decrease and infrastructure construction to remain relatively steady. YIT has started up new residential projects in 2009, which offers a solid starting point for 2010. Good plot reserves, geographically extensive operations and the ability to react swiftly to changes in the market enable YIT to increase residential development activity in 2010.

With regard to the business premises market, construction of offices and industrial premises will decline. Demand for retail and warehouse premises will remain moderate. The need for renovation is rising steadily. State stimulus measures will increase the public sector construction projects, but the weakness of municipal finances leads to uncertainty concerning the number of public sector construction projects.

New projects related to transportation will begin in the Finnish infrastructure market in 2010; at the same time the demand in the municipal sector will decrease. Opportunities will also open in connection with road and regional maintenance contracts. Underutilisation of capacity in infrastructure construction keeps the competitive situation tight. The Group has special expertise in infrastructure and a solid position as Finland's largest private provider of road maintenance services.



The four-star Hotel Levi Panorama completed in late 2009 at the top of the Koutalaki fell in Finnish Lapland represents the leading edge in utilising renewable energy. On the façades of the YIT-built fell hotel, there are hundreds of solar panels providing electricity used in lighting the hotel. Corridors, lobbies and outdoor premises are illuminated with LED lamps. Solar radiant heat is also used for heating part of the hotel's shower water. Groundwater is utilised in ventilation cooling and recycled back into nature. The condensate heat from refrigerators is utilised in heating.

Easy holidaymaking

The fell hotel is part of an extensive leisure service package and the development of the Levi area. An interconnecting passage leads to the Levi Summit Conference and Exhibition Centre, completed in 2008, with its versatile conference and entertainment services. In the future, on the nearby slopes, leisure time can be enjoyed in the 40 Chalets leisure homes whose construction YIT started in the autumn. The Chalets apartments offer easy holidaymaking with hotel-level services that make owning and living easier: from cleaning to linen and served breakfasts. The apartment can also be rented out. Similar apartments consistent with YIT's holiday living concept are completed or under construction across Finland in the vicinity of travel centres and good services. At the end of 2009 YIT had 400 completed Chalet apartments in seven localities: Ylläs, Saariselkä, Haukiputaa, Vuokatti, Lappajärvi, Tahko and Sappee. Besides Levi, Chalets apartments were under construction in Vierumäki and Vuokatti. YIT also plans to build additional Chalets to Imatra, Savonlinna, Ukkohalla, Vanajalinna and Pikkala, among others.

RESIDENTIAL CONSTRUCTION

Residential sales in Finland, Russia and the Baltic countries

RESIDENTIAL CONSTRUCTION 2009 (2008)

Number of residential units	Finland	Russia	Lithuania, Estonia, Latvia
Sold	3,502 (1,920)	2,612 (2,793)	256 (733)
Start-ups	3,447 (1,542)	672 (3,622)	0 (0)
Completed	1,562 (2,464)	4,960 (2,600)	592 (736)
Under construction at the end of the year	3,773 (1,887)	4,174 (8,407)	0 (592)
- of which sold at the end of the year	2,928 (1,134)	1,814 (3,120)	0 (477)
Unsold at the end of the year	1,061 (1,111)	3,603 (5,534)	40 (296)
- of which completed	216 (358)	1,243 (247)	40 (181)

In Finland, YIT had ongoing construction of both own development projects aimed directly to consumers and rental housing contracting projects sold to investors. 1,567 (2008: 1,462) residential units were sold directly to consumers. 1,528 (1,084) residential units of total start-ups were aimed directly to consumers. Due to the uncertain market situation, YIT made a decision in October 2008 to suspend the construction of residential projects in the start-up phase in Russia in projects whose sales had not yet begun. The units (2,145 at end of 2009) are not included in the residential units under construction in the table, as the restarting of their construction will be handled as new building start-ups.

BUILDING RIGHTS AND PLANNING POTENTIAL DECEMBER 31, 2009 (DECEMBER 31, 2008)

1,000 m ² of floor area	Finland	Russia	Lithuania, Estonia, Latvia
Residential plots	1,630 (1,770)	1,974 (2,256)	353 (398)
Business premise plots	908 (827)	563 (565)	136 (62)
Total	2,538 (2,597)	2,537 (2,821)	489 (460)

Construction projects in Finland, Russia and the Baltic countries differ by nature in terms of plot acquisition, project size and duration as well as the level of finishing of the flats.

We realise projects mainly as our own development projects where we are in charge of the entire implementation from land acquisition to sale of residential units and premises. In addition, we carry out construction contracts where we build the project for the customer, such as an investor for rental housing.

In developer-contracted projects, we are able to utilise our extensive competence in different phases of the project, which makes operations and risk management more effective. One of our strengths as a construction company is in management of the service chain extending from the acquisition of plots and implementation to customer service and sales, after-sales services and even maintenance.

Construction project

Construction of a typical residential project takes approximately one year in Finland and the Baltic countries. In Russia, the construction time is longer due to the large size of the sites.

Finishing of residential units

In Finland, residential units are fully equipped, including e.g. modern data networks. In Finland,

we build all our residential houses as low-energy houses, that consume less energy than regulations require.

In Russia, residential units are typically handed over to the buyers unfinished – that is, surface materials, kitchen and sanitary fixtures are not installed.

YIT's residential units are available with three levels of finishing: fully finished and furnished, filler surfaced and rough surfaced. In the Baltic countries, residential units are sold finished – with or without fixtures.

Plot reserve

Plot reserves include plots that have been planned and an estimate of the potential building rights on areas that are under land use planning.

The building rights provided by regional development agreements made with landowners remain as off-balance sheet items until the construction of each phase of the plan being implemented begins or YIT pays for the plots in accordance with the agreements.

At the end of 2009, the capital tied into plot reserves in Finland amounted to EUR 325.6 million (EUR 350.5 million), in Russia EUR 171.7 million (EUR 145.7 million) and in the Baltic countries EUR 74.8 million (EUR 83.2 million).



The global economic recession and challenging market environment had a strong impact on the International Construction Services' business in 2009. Our performance was impaired by the low volume of residential sales during the first months of the year, decreased housing prices and the weak market situation in the Baltic countries. As the year advanced, however, the development turned in to a more positive direction and our residential sales in Russia picked up. We prepared ourselves for the new growth by starting up new residential projects.

A turn for the better
dawned in International
Construction Services

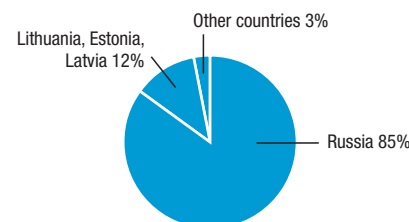
INTERNATIONAL CONSTRUCTION SERVICES

Significant housing constructor in Russia

The focus of International Construction Services is on own development projects in residential construction. In addition, we construct business premises. In Russia, YIT is a significant foreign housing construction company. We also have an extensive local presence in the Baltic countries. Operations in the Czech Republic were started up in 2008, adding another foothold for YIT.

In 2009, 11% of YIT personnel worked in International Construction Services, and the segment accounted for 10% of the Group's revenue. The segment's business operations are capital-intensive with capital tied to plot reserves and ongoing production. In 2009, 48% of the Group's invested capital was tied up in International Construction Services.

Revenue by country



Ready to grow

In International Construction Services, YIT's strategic target for 2010–2012 is to increase residential production as a response to the market demand. In Russia, the strong need for housing has not decreased, and the demand outlook for residential units aimed at YIT's customer segment is favourable in the long term, which provides opportunities for growth.

Also in the Baltic countries and Central Eastern Europe, YIT will aim to take advantage of emerging market opportunities.

Additionally, YIT seeks to boost the capital efficiency and higher profitability in the business segment. In Russia, the use of capital is made more efficient by reducing the project size, by shortening the selling times of residential units through campaigns and pricing and cooperating with banks in the credit market. Profitability is also improved by more accurate design management, by decreasing the size of projects and shortening construction times.

KEY FIGURES	2009	2008
Revenue, MEUR	359.4	493.5
Operating profit, MEUR	-17.8	9.0
Operating profit margin, %	-5.0%	1.8%
Return on investment, %	-2.7%	1.7%
Invested capital on Dec 31, MEUR	681.3	653.1
Order backlog on Dec 31, MEUR	960.1	1,369.3
Personnel on Dec 31	2,647	3,277

The order backlog includes projects suspended in October 2008 in Russia. At the end of 2009, the value of the projects that were still suspended amounted to EUR 282 million in the order backlog (12/08: EUR 356 million).

When calculated invested capital in business segments, the interest-bearing financial items have been netted.

Key achievements in 2009

- We swiftly adjusted our operations to the market conditions.
- In Russia, we stepped up our residential sales as the year advanced and in several cities doubled our market share of residential units sold.
- We continued the construction of all the projects we had started and of which we had sold residential units. In addition, we started new housing projects in Russia and launched service and maintenance operations.
- In the Baltic countries, we decreased the number of unsold residential units and shifted the focus of our operations to contracting, making it possible to halt the rapid decrease in volumes.

Strategic focus areas 2010–2012

- Ready to grow and utilise market opportunities.
- Improve profitability.
- Improve capital efficiency.

Competitive edges

Experience

One of our main success factors is our competence of an international construction company combined with knowledge of the local culture and operating methods. We have nearly five decades of experience in operating in the Russian market. In recent years, we have expanded our operations to major Russian cities, where our operations are headed by our local experienced management.

Customer-orientation

Our business operations are founded upon our deep understanding of our customers' needs. Our aim is to stand out from other construction companies in terms of the quality of residential units as well as our service portfolio. Moreover, we are able to respond to changing consumer needs by adjusting our offering accordingly. In Russia, YIT offers residential units as per the local way as rough surfaced, filler surfaced or fully finished, i.e. complete with surface materi-

als and kitchen fixtures, for example. Our own residential sales personnel and cooperation with local banks make buying a residential unit easier for our customers. Our aim is to continuously improve our service process. For instance, we offer maintenance services for the residential buildings we have constructed.

Versatile offering

YIT offers a variety of housing alternatives in good locations in several Russian cities. In 2009, YIT had ongoing housing development projects in St Petersburg, cities in the Moscow region, Moscow, Yekaterinburg, Rostov-on-Don and Kazan.

Reliable reputation

Our residential sales in Russia are supported by our reliable reputation. YIT will complete all the housing projects it has started according to promised schedule. Both consumers and the most significant banks have recognised YIT as one of the most reliable construction companies in Russia.

Operating profit turned positive in the third quarter

Revenue of International Construction Services for 2009 declined 27 per cent to EUR 359 million. However, the revenue increased during all quarters of the year as Russian residential sales picked up and the construction of sites progressed. The operating profit was negative, due to turbulent markets during the first months of the year. As the year advanced, the development took a turn in a more positive direction: operating profit turned positive during the third quarter and strengthened further towards the end of the year.

At the beginning of the year, our operating profit was impaired by the lower volume of residential sales compared to the same period of 2008, lower housing prices and by the weak market situation in the Baltic countries. Between October 2008 and September 2009 the housing prices declined by about one fifth. However, the housing prices stabilised in the latter half of the year and consumer confidence increased. The

value of the rouble weakened by a fifth compared to August 2008, which weakened profitability and revenue and decreased the amount of capital invested in Russia. Consumers' ability to buy residential units was also crippled by rapidly increasing interest rates which, however, decreased significantly towards the end of the year.

We responded to the challenging markets by adjusting our operations and the size of our organisation. We boosted our residential sales and improved our customer service processes. No new housing projects were started in the first half of 2009, and also other investments were decreased considerably.

Residential sales picked up in Russia

Residential sales in Russia increased during every quarter of 2009 and significantly picked up during the summer and the latter part of the year. Our sales volumes returned to the pre-recession level, and we sold 2,612 (2,793) residential units during the year. Majority of these residential units were sold to consumers. The number of unsold apartments decreased, and at the end of the year, we had 3,603 (5 534) unsold residential units. 4,174 (8,407) residential units were under construction at the turn of the year.

The market supply of housing diminished in 2009 as several developers suspended their projects. We responded to the need for housing in September by starting our first new residential site since summer 2008 in one of the cities surrounding Moscow, Zhukovsky. In addition, four other sites were started in the Moscow region, Moscow and St.Petersburg towards the end of the year. In total, we started the construction of 672 (3,622) residential units during the year in Russia. Good residential sales and new start-ups allowed us to increase our market share of sold apart-

Modern convenience in the heart of old St Petersburg

The Oriental residential complex next to the old centre of St Petersburg in the Petrogradsky area will be completed during the latter half of 2010. The height of the buildings in the residential area varies between four and eleven floors, and the apartments offer a view to Krestovsky island and Malaya Nevka river.



OUR SERVICES

Residential units and entire areas

- Multi-storey, terraced and single-family houses as own development projects
- Various degrees of finishing; in Russia, residential units are rough surfaced, filler surfaced or fully finished observing local customs. In the Baltic countries, residential units are sold finished - with or without fixtures.

Operating areas: Russia, Estonia, Lithuania, Latvia, the Czech Republic

Maintenance and services for residential buildings

- We offer maintenance and services to residential buildings that we have constructed

Operating areas: Russia

Business premises

- Office, retail and logistics premises
- We realise own development projects on our own plots. In addition, contracting projects are carried out in the Baltic countries.

Operating areas: Moscow region, St Petersburg, the Baltic countries

ments. Due to the uncertain market situation, YIT made a decision in October 2008 to suspend the construction of residential projects in the start-up phase in Russia in projects whose sales had not yet begun. At the end of 2009 2,145 residential units were suspended.

Cooperating with banks and launching service operations

In 2009 we boosted our residential sales by agreeing on housing loan cooperation with several banks in Russia. For example, with Sbebank YIT customers have the option to take out a mortgage in St Petersburg and Moscow region cities under special terms and conditions. In addition, YIT cooperates with VTB24 and Nordea among others also in other cities.

During the year, we launched service and maintenance operations in Russia. YIT maintains the buildings it has constructed, which also maintains the value of the building over time. At the end of 2009 our service and maintenance operations covered over 4,600 apartments.

Development of the Gorelovo industrial park continued

The development of the Gorelovo industrial park in St. Petersburg was continued in the autumn by starting up the development of production and distribution logistics premises used in packaging cosmetic products for Dermosil. YIT started the development of Gorelovo at the beginning of 2007, and it has constructed the Gorigo logistics centre and production facilities for the Danish company Viking Life Saving Equipment in the area. A logistics centre and a meat products plant have also been constructed for Atria.

The development of business premise projects was also continued in Moscow and its vicinity as YIT signed a strategic partnership agreement with BPT on business premise development.

Focus on contracting in the Baltic countries

The gross domestic product of the Baltic countries fell by approximately one-fifth in 2009, and the market situation was weak throughout the year. Competition for construction projects was tight and

production volumes were low. The market price level of housing was on average half of what it was at the end of 2007. In 2009 our performance was impaired by write-downs of approximately EUR 7 million to plot reserves in Latvia and Lithuania.

We responded to the weak housing markets by shifting the focus of our operations in the Baltic countries from residential construction to contracting. We decreased our amount of unsold apartments by selling completed residential units and entered into agreements on minor construction contracts, making it possible to halt the rapid decrease in volumes. The largest construction sites were mainly production and logistics premises for Western customers in Estonia and Lithuania.

During 2009 no new residential projects were started up in the Baltic countries, but the preparation of new projects continued. In 2009, 256 (733) residential units were sold in Lithuania, Estonia and Latvia. At the end of the year, YIT had 40 (296) unsold residential units.

→ Residential sales figures on p. 28



New housing start-ups in Russia

In the latter half of 2009 we responded to increased need for housing by starting up new own development projects in residential housing in Russia. Sites were started up in Ramenskoye and Balashiha in Moscow region and in Kolomyagi in St. Petersburg. One example of the start ups is the multi-storey residential building Fregat, which is under construction in Zhukovsky near Moscow. When completed, the 17-storey building will feature 105 residential units – ranging from studios to four-room family homes. In the past, a typical multi-storey apartment building constructed by YIT could contain between 300 and 800 apartments and require three years to complete. Now our strategy is to respond to the changed demand by focusing on smaller projects and construction on stages, and to shorten construction times.



New premises for Hiab

In the Baltic countries, we shifted the focus of our operations from residential construction to contracting. In Narva, Estonia, we constructed production and office premises of more than 18,000 square metres for Hiab Balti, a manufacturer of steel structures and components.

Outlook for 2010

In International Construction Services, housing demand in Russia is expected to remain good, and a slight recovery can be expected in the Baltic countries.

In Russia, there is still a great need for housing, and the demand outlook for residential units aimed at YIT's customer segment is unchanged in the long term. New residential projects have been started up in the market, but the supply is still limited. YIT started up new residential projects during the last months of 2009 and in 2010 the residential start-ups will be increased to respond the market demand. Russia's economic situation and consumer behaviour are strongly dependent on the development of oil prices and the rouble exchange rate. In addition, residential sales are affected by the development of mortgage markets, employment rates, interest rates and purchasing power.

In the Baltic countries, the construction market has reached an extremely low level. Due to the extensive impact of the recession, no significant recovery of the market conditions can be expected in the near future. However, there are signs of a recovery in the housing market with some new project start-ups in the market.

In Russia, the underutilisation of offices is high and their construction levels low, but the demand for industrial and retail premises is increasing. Minor business premise projects are underway in the Baltic market.



Active residential sales and design management

We stepped up our residential sales in Russia as the year advanced, and in some cities we doubled our market share of residential units sold. Sales were improved especially by our consumer-oriented, explicit pricing and visible marketing. We actively continued the development of our future projects and our design management. We adjusted our housing offering according to consumers' purchasing power and changed needs.

Our design management ensures that we build exactly the types of residential units that our customers need and in areas where the demand is keenest. YIT has a broad range of residential units in different cities in Russia, from smaller studios in city centres to larger family homes and terraced and single-family houses farther away from the bustle of the city.

In construction projects, we carefully pay attention to types and the composition of apartments that we build, apartment sizes as well as the functionality of apartments. Our customers can purchase residential units from us with different degrees of finishing according to their needs and budgets. Our pricing is carefully based on constantly analysing the markets.

Improving customer service

We have active in-house sales force guiding the customer through the purchase process. In 2009, our residential sales were further boosted by establishing housing loan cooperation with the leading banks. In addition, we improved our customer service process, reorganised our sales organisation and increased cooperation with housing brokerage firms. A new sales office for housing was opened in St. Petersburg. We also extended the scope of our services for our customers by launching maintenance services for the residential buildings we have constructed. YIT DOM (YIT Home) brand was promoted with highly visible marketing campaigns in different media.

YIT has a reliable reputation as a construction company that completes all the projects it has started. In spite of the general economic uncertainty, consumers felt secure to purchase not only complete residential units from us, but also units still under construction or only just begun. To demonstrate our reputation, consumers selected YIT as the most reliable housing construction company in the country at the Civil Housing Forum and Real Estate Fair events in October.

CORPORATE RESPONSIBILITY

We build a good living environment – responsibly

We believe that investments in responsible business operations also offer our stakeholders added value and well-being. In 2009, corporate responsibility measures focused on developing our energy efficiency services and promoting occupational safety.

Our operations have an effect on various stakeholders, such as customers, employees, shareholders, subcontractors and the community. Responsible business activity aims at ensuring the continuity of operations and building the foundations for the future. Taking responsibility for the financial, social and environmental impacts of our operations is a basic precondition for our long-span operations.

Financial responsibility is the cornerstone of corporate responsibility. We must secure our profitability and competitiveness in order to exist

and work for the benefit of our stakeholders, now and in the future. As a stock listed company we are committed to bringing profit to our shareholders. However, in pursuing profits we also take into account the social and environmental effects of our operations.

In terms of **social responsibility**, the key objective is to ensure the well-being, development and occupational safety of our current personnel. In addition, we are prepared to respond to the future competition for competent employees. We aim to be the most desirable employer in

all our fields of business. In addition to our own employees, our social responsibility extends to our subcontractors and service providers. We also have responsibility to our customers for our products and services.

Environmental responsibility is, in particular, ensured by offering services that improve our customers' energy efficiency. In addition, we minimise the environmental impacts of our own operations and those of our subcontractors by promoting the efficient use of materials and appropriate waste management.

Principles of YIT's corporate responsibility

1. Our operations are socially, financially and environmentally sustainable.
2. Responsibility is part and parcel of our day-to-day business operations at all levels of the Group.
3. By operating responsibly, we generate benefits and well-being.

The corporate responsibility principles are available in full on YIT's Internet site at
→ www.yitgroup.com – YIT in brief – Corporate responsibility



Indicators of corporate responsibility

Objectives	Means and practices	Indicators	Actual 2009 (2008)
Financial responsibility			
<ul style="list-style-type: none"> Profitable growth and long-term development of operations Financial, social and environmental responsibility are mutually supportive 	<ul style="list-style-type: none"> The company's key strategic target is profitable growth Strategic target levels have been set for key figures Good results through fair play: Sustained operations require taking the well-being of personnel and the environment into account 	<ul style="list-style-type: none"> Average annual growth in revenue Operating cash flow Return on investment Equity ratio Dividend payout Direct financial effects on stakeholders 	<ul style="list-style-type: none"> Revenue EUR 3,452.4 million (3,939.7), change from previous year -12% (+6%) Operating cash flow EUR 211.4 million (-19.4) Return on investment 10.9% (17.5%) Equity ratio 33.8% (30.7%) Board dividend proposal: EUR 0.40 per share (EUR 0.50). Dividend payout ratio 74.9% (47.6%)
Social responsibility			
<ul style="list-style-type: none"> The aim is to be the most desirable employer in all of YIT's fields of business. Physical and mental well-being of our employees No illegal actions Engaging in social dialogue and development projects Responsibility for products and services 	<ul style="list-style-type: none"> Interesting tasks, development of professional skills, job rotation and career development Encouraging management culture, competitive benefits, ability to participate and influence Focus on occupational health and safety Equal treatment of all employees Appreciation of long-term employment relationships Compliance with labour agreements No tolerance of illegal labour, child labour or forced labour, nor of cartels, restraints of trade or corruption Entertainment and sponsorship provided by YIT is at a reasonable and responsible level Customer satisfaction 	<ul style="list-style-type: none"> Number of employees Share of non-salaried and salaried employees among the personnel Share of men and women among the personnel Personnel survey results Level of site safety Customer satisfaction: unit-level surveys 	<ul style="list-style-type: none"> Number of personnel at year's end 23,480 (25,784) Of the personnel, 67% were non-salaried employees and 33% salaried employees (67% and 33%) Men 89% and women 11% (89% and 11%) In the personnel survey, job satisfaction exceeded the long-term average, being 3.75 (3.84) Year 2009 was a theme year for occupational safety at YIT
Environmental responsibility			
<ul style="list-style-type: none"> Respect for the natural, cultural and living environment Energy-efficiency Efficient use of natural resources Product life cycle management and appropriate treatment of waste Prevention of environmental damage 	<ul style="list-style-type: none"> We develop the energy efficiency of our solutions and services. Entire life cycle taken into account in our projects. We offer services for the cleaning of contaminated soil, construction of landfills, soil recycling and utilisation of industrial by-products. We aim to minimise the environmental impacts of our operations We aim to prevent the occurrence of environmental damage through risk management 	<ul style="list-style-type: none"> Energy-saving projects Life cycle projects Other environmental projects Electricity consumption Fuel consumption 	<ul style="list-style-type: none"> In 2009, we delivered several energy-saving projects and life cycle projects in several operating countries In Finland, for example, we launched our first low-energy office in Järvenpää

FINANCIAL RESPONSIBILITY

Well-being for our stakeholders through profitable operations

Our operations have financial effects on our customers, suppliers and service providers, employees, shareholders as well as the public sector. Good financial performance lays the foundation for social responsibility and environmental responsibility.

Customers valued our reliability

In 2009, our revenue amounted to EUR 3,452.4 million. The foundation for our business is our customers' need, based on which all projects are planned and developed. The principles guiding us are seamless cooperation, deliveries as promised and responsibility for the quality of our products and services. We offer comprehensive service throughout the premise's life cycle. The geographical extent of our operations allows us the possibility to continuously develop our own solutions. Our customers, whether they are private apartment buyers, users of business premises or industrial companies, can trust that we deliver what we promise. In 2009 our reputation as a reliable company supported our housing sales in particular in Russia.

Purchases decreased from previous year

In 2009 we purchased materials and goods valued at EUR 879.6 million and services valued at EUR 740.6 million. Our stable financial position is crucial for our suppliers: their livelihood and business prospects are also partly dependent on us. We have long-term cooperation with our selected partners. We are committed to agreements and develop operations with our suppliers. The focus of developing our procurement is on international procurement: procurement made internationally as a Group, instead of local procurement made separately by each functions, is far more cost-effective.

Salaries and pension costs about EUR 1 billion

During the year, we employed 24,497 persons on average. Their salaries and fees totalled EUR

904.9 million. Pension costs amounted to EUR 96.8 million. The majority of the Group's salaried employees are covered by a bonus system. In addition, we have a long-term incentive scheme, the 2006 share option programme. In 2009 the programme covered 350 key persons.

The share price development benefitted shareholders

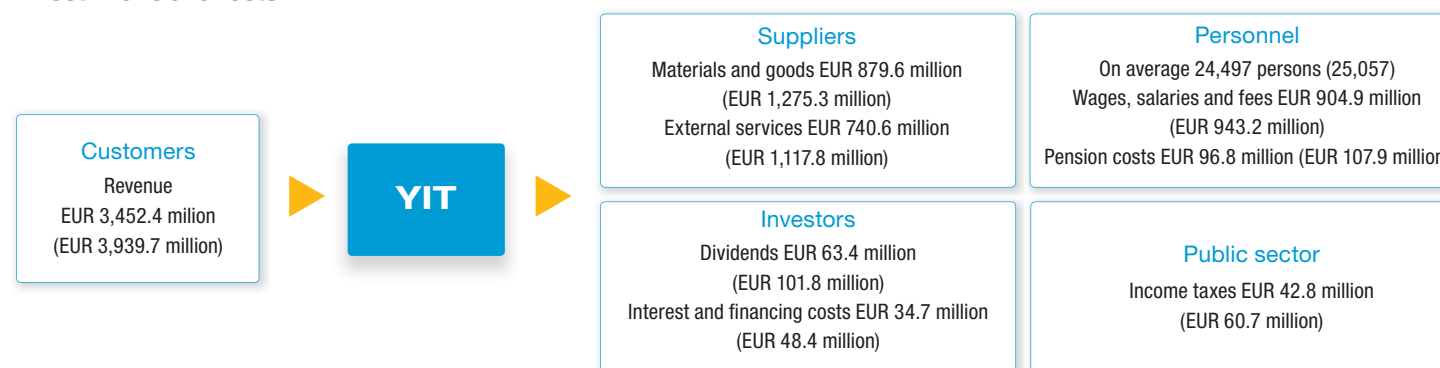
YIT's share price increased by 216 per cent during 2009. The highest price of the share during 2009 was EUR 14.49, the lowest EUR 4.31. The average price was EUR 8.52. Market capitalisation at the end of the year was EUR 1,807.4 million. The number of our shareholders was 29,678 at year's end. In 2009, we distributed EUR 63.4 million in dividends to shareholders from the profit for 2008. Interest and other financial expenses totalled EUR 34.7 million.

Income taxes decreased

YIT's operations generated EUR 42.8 million in income taxes for the public sector.

In addition to taxes, we promote the well-being of society through our business: the construction, development and maintenance of good living environments and functional infrastructure. Good corporate citizenship also includes compliance with laws and regulations, and engaging in social dialogue and development projects with authorities and organisations.

Direct financial effects



SOCIAL RESPONSIBILITY

Our success depends on our personnel

As a personnel-intensive company, we want to ensure the well-being, development, health and occupational safety of our current and future employees. In 2009 the global economic situation put a strain also on YIT. Despite the difficult situation, the job satisfaction remained good. We also invested in improving occupational safety.

Around 23,500 people in 14 countries

At the end of 2009, the Group employed 23,480 people (2008: 25,784) of which 39% worked in Finland, 37% in other Nordic countries, 11% in Russia, 9% in Central Europe and 4% in the Baltic countries. YIT is one of the largest employers in Finland.

In late 2008 and early 2009 the global economic situation weakened strongly and also YIT was impacted by the turbulence. The number of employees decreased in all segments, with the biggest relative decrease in the number of personnel taking place in the Baltic countries and Russia. Unfortunately, we were not able to avoid personnel reductions: Due to the weakened general market conditions, it was agreed to terminate the employment of about 1,200 people in the Group towards the end of 2008. During 2009, YIT agreed to terminate the employment of about 1,200 people. In addition, the Group used lay-offs in adjusting the number of personnel.

Job satisfaction remained good

Despite the difficult situation, the job satisfaction remained good. In 2009, the average result for job satisfaction in the annual personnel survey study was 3.75 (3.84) on a scale of 1 to 5, which was above the long-term average (average during 2000–2009: 3.58). The response rate of the survey was 71% (in 2008: 60%).

Job satisfaction at YIT has developed favourably over the long-term. According to personnel studies

well-being at work has increased and equality has progressed. The results show, that YIT employees appreciate their co-workers and are satisfied with their work place. Interesting tasks, responsibility and independence were considered factors that increased work motivation. Development areas included encouragement at work, managerial work and cooperation between units. Good relations with and confidence in employees as well as equitable treatment were considered to be the strengths of superiors.

Based on the results, it was decided to make managerial work and management a key focus of development activities. Satisfaction with occupational safety-related matters, especially with one's own knowledge and familiarity with guidelines, remained at a good level. However, supervisors were expected to be more proactive with regard to occupational safety.

Continuous learning increases competitiveness

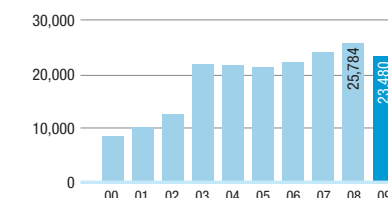
Utilising and developing one's own professional skills and making a difference are basic factors for job satisfaction. We offer development opportunities through internal and external coaching, vocational degree training and by promoting further studies. In addition, we offer opportunities for professional development, expanding one's competence through learning at work and career advancement by means of active job rotation. The major restructuring in unit management



Enthusiasm and additional competence from vocational skills competition

Young YIT employees Ville Rämö (Finland), Dimitri Hansen and Kristian Haugen (Norway) participated with success in the WorldSkills Competition in Canada, winning gold and glory. Various skills competitions and the experience gained from them reinforce professional skills, encourage on-the-job learning and motivate self-development.

Personnel at year's end



and the organisational structure in recent years have primarily been carried out by means of internal transfers.

Finding a career through traineeship

In all our areas of operation, we partner with educational institutions to develop vocational education to match practical needs. YIT aims to be the most desirable employer in its fields of business. YIT cooperates with local schools and offers students opportunities for on-the-job training. As a result, many students find a long-term career at YIT through traineeship.

Agreeing on objectives in development discussions

The Group's management system is management by key results. During the performance and development discussions, personal objectives are agreed for each employee, after which these objectives are monitored. The goal is for each YIT employee to have a performance development discussion with his or her supervisor at least once a year.

Performance bonuses spur activities towards achieving the Group's key results, rewarding good performance and improving personnel motivation and commitment. The size of the bonus

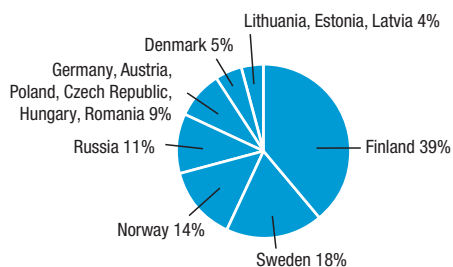
depends not only on the financial results, but also on the achievement of personal and team-work results. Other monetary rewards in use at YIT include years-of-service bonuses.

Cooperation in committees

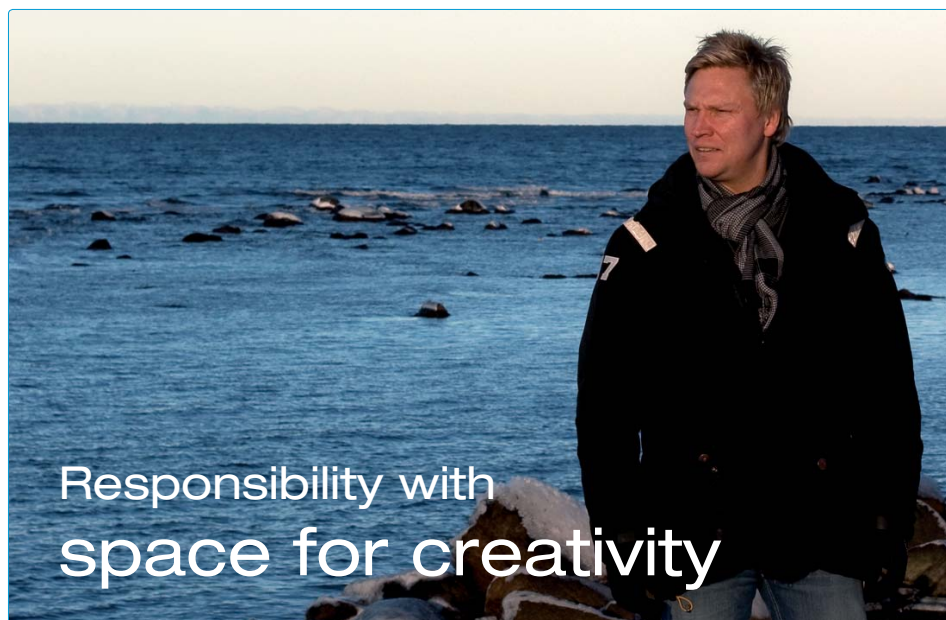
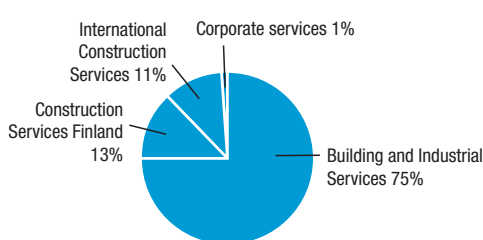
Our employees can influence their work and decisions concerning their work, working conditions and position in the company in result and development discussions and cooperation committees. We encourage employees to display initiative, and cash bonuses are paid for suggestions that lead to measures that develop operations. The personnel are represented on the management boards of the divisions in order to develop operations and enhance interaction.

YIT's European Works Council (YIT EWC) is a collaboration body for the personnel and the Group management, aiming to promote open interaction, the flow of information and the exchange of views between the personnel and the Group management on the Europe-wide level. Matters communicated, discussed and dealt with at meetings of the European Works Council include the Group's structure, the financial and employment situation, investments, major organisational changes, environmental and quality issues and the HR policy.

Personnel by country



Personnel by business segment



Responsibility with space for creativity

“The story began in 1993 when I was 22 years old and I was hired part-time as the first YIT employee in Gotland. Since then YIT has grown and expanded its offering. Nowadays I’m in charge of all building systems services in Gotland. The most long-term contract we currently have is 20 years, which guarantees us work for a long time.

I work a lot with people – I think that human relationships are very important because trust is built on relationships. Confidence is needed among your customers and employees. I believe that efforts in investing in relationships, has strengthened the trust towards our company and has expanded our customer base.

Our team is versatile and competent. Employees, however, pull in different directions if they do not have the right team. YIT is a great company at delegating responsibility, and it provides you with space and flexibility to your creative thinking and decision-making. Our way of thinking is based on the fact that no one survives on his own. Even though your own role is important, without the other team members it would be meaningless. Teamwork has to be flexible, because the team, that worked brilliantly yesterday, may fail tomorrow with a new client and a new problem. I have noticed that at YIT anything is possible. If you have a good idea and you can justify it to the management, your idea is likely to get the green light."

Anders Buskas, Regional Manager, Building Systems, Sweden

Health and safety are core issues in our operations

At YIT, occupational health care is organised on a country-by-country basis and employee health is followed locally. Occupational health care services improve the occupational fitness and well-being of personnel. In addition, these activities aim to prevent workplace injuries and musculoskeletal ailments in particular.

Our goal is to be an accident-free workplace. We aim to reduce workplace injuries by ensuring that work environments are safe and by investing in safety training. Management of safety risks begins during project planning when safety plans are made on the basis of risk evaluations. Employees receive on-the-job orientation on safety aspects and risks at all sites.

All YIT construction sites in all areas of operations share the unified occupational safety monitoring and development system, and the unified safety objectives apply throughout. We conduct weekly on-site safety level measurements to assess, for example, fall prevention, electrical devices and working methods.

Theme year for occupational safety

Occupational safety was a major development target for 2009 at YIT. Our aim was to reduce accident rate by 25 per cent to 2008. The accident frequency rate is the number of accidents at work that resulted in at least one day's absence per million worker hours.

In order to reduce accidents, we adopted harmonised rules to improve occupational safety:

- We immediately deal with all occupational safety risks.
- All sites are provided with safety plans that are also required of all cooperative partners and subcontractors.
- Personal protective equipment is used as instructed.

We have agreed that a notification of all accidents is immediately and personally submitted and an investigation of each accident is to take place within three working days after the accident. Most severe accident are immediately notified to the head of the business segment and the Safety Manager. Matters related to occupational safety are also regularly reviewed by the management teams.

During 2009, our business segments organised safety-related training for personnel, for example, occupational safety card training for those working at customer sites and various specialist occupational safety training courses, such as hot work, electric installation safety, asbestos card and first aid courses.

Besides knowledge-related resources, training in attitudes plays a very important role in occupational safety. Occupational safety instructions and best practices were published in the Group intranet, where the accident frequency rate was also monitored on a monthly basis.

YIT considered an equal opportunity employer

The Group's equality plan requires that each and every YIT employee receives equal treatment at work regardless of gender, age or ethnic origin. We promote equality in matters of career development, pay and training opportunities. The Group works to prevent workplace bullying, discrimination and harassment.

According to the results of our annual personnel surveys, YIT is considered an equal opportunity employer. However, more men than women typically seek employment in YIT's fields of business. In 2009, 89% (2008: 89%) of YIT's employees were men and 11% (11%) were women.

► ISO 9001 certified operations cover 80% of Group revenue

Responsibility for customers and subcontractors

In addition to our own employees, our social responsibility extends to subcontractors and service providers. We are also responsible for our products and services to our customers.

YIT is responsible also for the operations of its subcontractors at its sites. We instruct our partners to operate in accordance with YIT's principles and occupational safety regulations.

The use of illegal labour is not tolerated in any part of the production chain. Illegal labour prevents healthy competition and decreases the tax income of the society. In addition, illegal labour is not insurable.

We require all of YIT's suppliers to comply with the UN Convention on the Rights of Children and ILO Conventions No 138 and 182. According to these, children under 15 years of age (in developing countries, under 14 years of age) must not perform work that is likely to be hazardous to the child's health or education. Both suppliers and their subcontractors must comply with these requirements throughout the supplier chain all the way to the country of origin.

We are responsible for liability and quality of our products and operations towards our customers. Our objective is to continuously improve our service culture: the quality of products and services, our own processes, the management of the production and supplier chain, and customer satisfaction. We develop the quality with conducting quality measurements and follow-ups of our products, correcting deviations as well as utilizing customer satisfaction surveys, internal evaluations and management audits.

Our units conduct customer satisfaction surveys on project-by-project and process-by-process bases. We use quality systems in our systematic quality development efforts. ISO 9001-certified quality systems cover 80 per cent of the Group's operations.



ENVIRONMENTAL RESPONSIBILITY

Wise business is greenish

Environmental issues are important to YIT from the point of view of both the environmental impacts of our operations and the environmental solutions we offer. We increase energy efficiency in our own as well as our customers' processes and premises.

Accurate and efficient use of energy is an integral part of all our services. We are a developer of energy-efficient homes, business premises, industry and infrastructure solutions and services. Our energy efficiency solutions consume less energy than required by regulations. We also promote the sustainable development of the built environment by participating in the country-specific working groups of the international Green Building Council network.

Savings from correct use

In premises, savings can be achieved through paying attention to construction techniques and making sure that technical building systems are

functional. At its simplest, saving energy starts with rationalising the use of existing building systems. The majority of a building's energy consumption takes place during its use. Energy consumption can often be cut by just with correct adjustments. Studies show that 60 percent of energy loss can be impacted with building systems solutions: energy use can be reduced and made more efficient with heat recovery, air conditioning, controlling lighting and measuring the use of water and heat in apartments, among others. We help our customers choose the most energy-efficient building systems and automation solutions for their new and old buildings alike.

In life cycle projects and in comprehensive energy-saving contracts such as ESCO (Energy Service Company) and EPC (Energy Performance Contracting) YIT assumes the responsibility for the maintenance of buildings and energy and water consumption, even for decades. Investments in energy-efficiency are often made so that the customer pays nothing extra. The investment are then financed with energy-savings.

Energy genius homes and offices

Along with correct building systems, energy efficiency can also be promoted with paying attention to construction techniques: thermal insulation, windows and positioning of the building.



YIT promotes the well-being of the community by supporting selected non-profit organisations. In 2009 we focused our financial support to actions for cleaner environment, among others. For example, YIT supported the Clean Baltic Sea project, which addresses nutrient discharges by boosting phosphorus removal from the wastewater of Baltic cities. In addition to financial support, YIT has been involved in building St. Petersburg's largest wastewater treatment plant, which handles approximately half of the city's wastewater. In the project, we modernised the central wastewater treatment plant and commissioned an effective method for phosphorus removal. The intensified phosphorus removal has been estimated to reduce the total phosphorus load in the Gulf of Finland by about one tenth.

Additional information about the Clean Baltic Sea project

→ www.puhdasitameri.fi/en/index.html

In Finland our energy-saving solutions and services go under the name Energianero – “Energy genius”. In 2008, we decided to build all new YIT homes in Finland as low-energy houses. In energy genius YIT homes, total heating loss is up to 15% less than new, stricter regulations entering into force in 2010 require.

The Energy genius home promotes comfortable living with the correct temperature, fresh air and no draft. Energy geniuses are designed to save energy and are supplied with technology that encourages residents to monitor and reduce the household’s energy consumption. Low-energy home also offers more economical way of living as it is designed for environmental-friendly mode of heating: district, geothermal or bedrock heating, among others.

The low-energy home was joined in autumn 2009 year by the low-energy office when we started the construction of the first Energy genius office building in Järvenpää, Finland. From now on, all our offices will be built to save energy.

Much more than certificates require

Our Energy genius concept is also our response to certificates used in assessing energy-efficiency and environmental impacts, such as LEED (Leadership in Energy and Environmental Design). In Finland, the energy genius concept is in use in all our buildings, regardless of whether the project has a certificate or not. In our internal inspection procedure, we evaluate energy efficiency and environmental impacts of all our projects in accordance with certification principles. Public authorities have placed such high requirements and strict standards for energy efficiency, that in practise we reach the certificate levels even without obtaining a certificate. We are also prepared to apply for certificates, should our customer require one.

Efficient use of energy for industry

Modernisation of power plants and production processes, other renewal investments and efficient maintenance can significantly improve energy and material efficiency in the industry. YIT is the market leader in improving the efficiency of energy and material use in the Finnish industry. Customers’ annual energy consumption has decreased by nearly 300,000 MWh, which corresponds to the annual energy consumption of about 15,000 detached houses. Carbon dioxide emissions have been cut by approximately 100,000 tonnes per year, which corresponds to the annual emissions of about 30,000 passenger cars.

Environmental deeds for entire areas

In addition to premises, we also offer solutions that can have an effect on the energy consumption of entire areas. Heavy traffic, visible waste bins and costs of waste management are reduced when waste is collected centrally through underground pipes to waste terminals. At the same time, bedrock heat, for example, can be used for heating entire residential areas.

In addition to energy efficiency solutions and services, we also offer services for environmental protection: cleaning and the rehabilitation of contaminated soil, construction, management and closure of landfills, soil recycling and refining and utilisation of industrial by-products.

Responsibility for the environmental impacts of our own operations

We pay attention to environmental impacts of material use and waste handling in both our own and our subcontractors’ operations. In the operations of Building Systems we handle hazardous materials such as coolants, heat transfer fluids, oils, solvents and asbestos. Therefore, we are

meticulous about dealing with any hazardous waste produced, and in an appropriate manner.

Industrial Services handle pickling acids, heat transfer fluids, oils, solvents and asbestos. We assess the risks associated with personnel safety, use of chemicals and well-being at work involved in all industrial projects. Environmental objectives have been set for all offices and sites.

At construction sites, environmental management, occupational safety, organisation and tidiness are linked. We aim to minimise material wastage, and all waste is sorted. The supervision of production chain, the training of subcontractors and the unconditional ban on illegal labour also support the realisation of our environmental objectives.



In Denmark, YIT is assisting the municipality of Halsnæs in its efforts to cut energy nearly a third of the municipality’s electricity and heating costs. Significant savings, one could say, considering that the municipality’s annual energy costs have been nearly EUR 3 million. YIT is providing the municipality with an ESCO (Energy Service Company) project as a total delivery - the most extensive of its kind in the entire country. In the project, YIT will deliver and renew the building systems of 120 properties owned by the municipality, including ventilation, lighting and heating, among others. A fifth of the costs is saved just by replacing a part of energy production with renewable energy - solar panels, wind power, ground heat and biofuel. In addition to renewable energy, energy efficiency will be established based on rehabilitation of building envelope with changes made in exterior walls, roofs, windows and doors. Energy use is a further reduced with continuous maintenance and promoting the correct use of building systems.

In the first phase of the project YIT is providing a detailed energy analysis of the properties with an action plan to reduce energy. Energy consumption of each building will be followed up monthly, and actions are taken immediately if agreed energy levels are exceeded. The project involves no risks for the municipality, as the project costs are covered by energy savings accumulated over the 10-year guarantee period. YIT assumes the responsibility for costs generated when agreed energy levels are exceeded. The savings from reduced energy are shared with customer.

➔ [Read about our ESCO project to Schwabach municipal hospital in Germany on page 22.](#)

Striving for open and
transparent governance



CORPORATE GOVERNANCE

We are committed to good corporate governance through compliance with laws and regulations and by implementing best practices.

The administration of YIT Corporation and the YIT Group complies with Finnish legislation, particularly the Finnish Companies Act, Accounting Act and Securities Market Act. In addition, as of January 1, 2009 we adopted the Finnish Corporate Governance Code published by NASDAQ OMX Helsinki Ltd (hereinafter Helsinki Stock Exchange), Central Chamber of Commerce and Confederation of Finnish Industries EK, which replaced the recommendations on the Corporate Governance of listed companies in Finland which took effect in July 2004. We also comply with the Helsinki Stock Exchange insider guidelines and the recommendations of the Central Chamber of Commerce on procedures for public tendering in our decision-making and governance. YIT has been listed on the Helsinki Stock Exchange since 1995.

YIT Corporation's highest decision-making body is the shareholders at Annual General Meeting. The Board of Directors and the CEO are responsible for the management of the company. Management Board supports 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.

→ The Finnish Corporate Governance Code is available at www.cgfinland.fi

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 the 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 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:

- approving the financial statements
- distribution of profits
- discharging the members of the Board of Directors and the President 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.

Chairman of the Board of Directors, sufficient number of members of the Board of Directors, external auditor and President and CEO are present at the meeting.

Rights of shareholders in the general meeting

Every shareholder has the right to participate in a general meeting. One share confers one vote in the general meeting, and resolutions are usually made by a simple majority of votes.

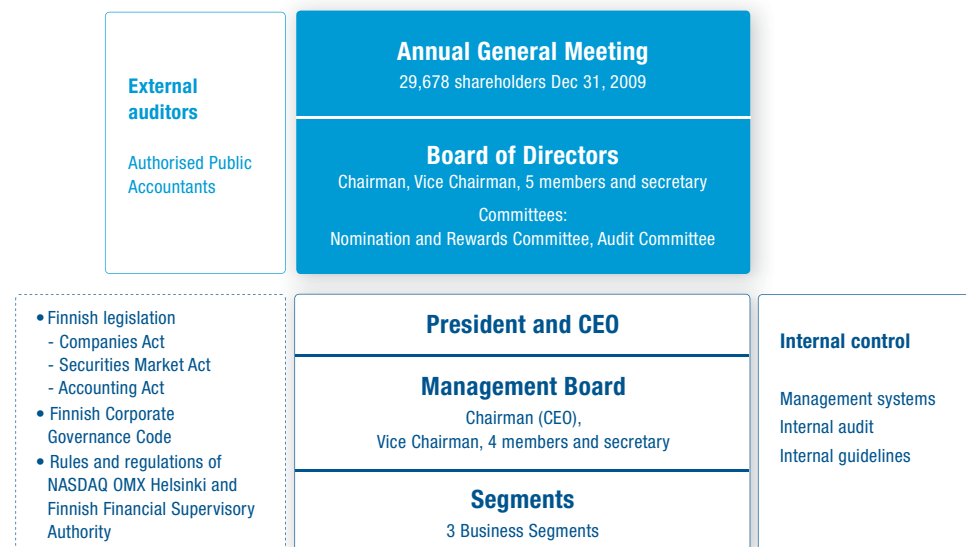
Participation in a general meeting requires that the shareholder is registered in the shareholder register on the general meeting's record date,

which is eight working days before the general meeting, and that the shareholder registers for the meeting no later than on the day mentioned in the notice of meeting.

Shareholders have the right to have matters falling within the competence of the general meeting by virtue of the Companies Act included in the general meeting agenda, provided they demand, in writing, the Board of Directors to do so early enough that the item can be included in the notice of meeting.

The notice of meeting is published no later than 21 days before the meeting in a nationwide newspaper chosen by the Board of Directors.

YIT's governance in 2009



The notice contains the agenda, the names of the persons nominated to seats on the Board of Directors and the nominated auditor. The notice and information on matters to be dealt with at the meeting are also published on our Internet site.

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
- approves the Group's strategic objectives and risk management principles
- approves budgets and operating plans and oversees their implementation
- specifies the dividend policy and makes a proposal to the general meeting of shareholders on the dividend to be paid annually
- approves significant acquisitions and other investments
- confirms the operational structure of the Group
- ensures the functioning of management systems
- ratifies the Group values.

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 Internet site.

In 2009

The Annual General Meeting was held on March 11, 2009 in Helsinki. A total of 487 shareholders, participated in the general meeting personally or by proxy. They represented 44,162,540 shares and votes, which was approximately 35% of the company's votes. The President and CEO and all members of the Board of Directors were present, apart from Lauri Ratia (a new member) and Teuvo Salminen (an old member).

→ The resolutions of the Annual General Meeting can be read on our Internet site at www.yitgroup.com/agm

Board of Directors

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

Our Board comprises the Chairman and the Vice chairman and 3 to 5 ordinary members elected by the general meeting of shareholders for one year at a time. A person who is 68 years old or over cannot be elected to the Board and the majority of the members must be independent of the company. In addition, we require that at least two of the majority members be independent of the major shareholders of the company. Both genders must be represented in the Board.

The Board convenes regularly as summoned by the Chairman. A quorum is established when

more than half of its members are present. An opinion supported by more than half of the members present becomes the decision. When the votes are even, the Chairman has the casting vote.

The CEO as referendary and Senior Vice President, Administration as secretary of the Board are present at Board meetings. They also prepare the meetings with the Chairman of the Board and draw up the agendas. Other Management Board members participate in the meetings when needed.

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.

In 2009

The Annual General Meeting held on March 11, 2009 elected five ordinary members to YIT's Board of Directors in addition to the Chairman and the Vice Chairman. Henrik Ehrnrooth was elected as Chairman of the Board. Eino Halonen was re-elected as Vice Chairman. Satu Huber and Lauri Ratia were elected as new members. Reino Hanhinen, Kim Gran and Antti Herlin continued as Board members. All of the members of the Board of Directors were independent of YIT and its major shareholders, however noting that Henrik Ehrnrooth holds indirectly with his brothers Georg Ehrnrooth and Carl-Gustaf Ehrnrooth a controlling interest in Structor S.A., which is a major shareholder of YIT Corporation.

Between January 1 and December 31, 2009 the Board convened 11 times in 2009, and its members' total attendance rate was 92%. The Board of Directors made a self-evaluation of its work.

Committees of the Board of Directors

Our Board of Directors has two Committees: the Audit Committee and the Nomination and Rewards Committee. The Board of Directors elects the members and Chairmen of the Committees from among its members in its organisational first meeting each year. Both Committees have written charters ratified by the Board of Directors.

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, effectiveness of internal control, internal audit and risk management systems and assessing audit. It reviews the company's financial statements and consolidated financial statements for the financial period as well as interim reports and monitors statutory audit. The Committee evaluates the 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 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 selected as members. The Group's CFO serves as the secretary of the Audit Committee.

In 2009

Reino Hanhinen was elected as the Chairman of the Audit Committee as of March 11, 2009 and Satu Huber and Lauri Ratia were elected as new members. Teuvo Salminen and Eino Halonen were members of the Committee until March 11, 2009. During the year, the Committee convened 5 times, of which 4 times was during the new Committee after March 11, 2009. The members' attendance rate was 91%. CFO Sakari Ahdekivi was the secretary of the Committee until August 20, after which the secretary was his successor CFO Timo Lehtinen. Also the President and CEO Juhani Pitkääkoski and an auditor, Heikki Lassila (PricewaterhouseCoopers) attended some of the meetings.

Nomination and Rewards Committee

The Nomination and Rewards Committee prepares matters related to the appointment and emoluments of Board members and the Group's key personnel as well as the Group's HR policy. The Committee prepares proposals on the ap-

Board member meeting participation January 1 – December 31, 2009

Board of Directors	92%
Audit Committee	91%
Nomination and Rewards Committee	100%

Between January 1 and December 31, 2009 The Board of Directors convened 11 times, the Audit Committee 5 times and the Nomination and Rewards Committee 7 times. Between March 11 and December 31, 2009 The Board convened 10 times, the Audit Committee 4 times and the Nomination and Rewards Committee 4 times.

pointment of Board members, CEO and other Group key personnel as well as their remuneration and other terms of employment. In addition, the Committee prepares Group's bonus rules and other issues related to pay policy.

The Committee convenes as necessary and as summoned by the Chairman. It has a minimum of 3 and a maximum of 5 members who have knowledge of our business operations and business segments as well as HR and reward-related matters. We require that a majority of the members are independent of the company. The CEO or other member of the company management may not be a member of the Nomination Committee. Senior Vice President, Administration serves as the Committee's secretary.

Board of Directors' fees and other benefits in 2009

The Nomination and Rewards Committee formed on October 28, 2008 prepared the proposal for appointment of members of Board of Directors to Annual General Meeting 2009. From the Board of Directors Reino Hanhinen was appointed as Chairman of the Committee and Eino Halonen and Antti Herlin as members. The Board of Directors strengthened the committee on November 19, 2008 by nominating Henrik Ehrnrooth as a new committee member from outside the Board.

The committee issued its proposal for Annual General Meeting on February 5, 2009.

The Annual General Meeting held on March 11, 2009 approved the Committee's proposal for the fees paid to the Board of Directors without changes. The meeting fees paid to the Board of Directors remained unchanged:

Chairman	6,000 e/month (72,000 e/year)
Vice Chairman	4,500 e/month (54,000 e/year)
member	3,500 e/month (42,000 e/year).

In addition, it was decided to pay a meeting fee of EUR 500 for each Board and Committee meeting. It was decided to pay per diems for trips in Finland and abroad in accordance with the State's travelling compensation regulations. In 2009 the total fees paid to Board of Directors amounted to EUR 374,000 million (296,000).

→ Remuneration of each member of the Board of Directors on page 119

Committee to prepare the election of the Board of Directors 2010

In its organisational meeting on March 11, 2009 the Board of Directors appointed Henrik Ehrnrooth as Chairman of the Board of Directors' Nomination and Rewards Committee, Eino Halonen, Antti Herlin and Reino Hanhinen continued as its members. The Committee convened 7 times during 2009, of which 4 meetings were held after the organisational meeting of March 11. The members' attendance rate was 100%.

The Nomination and Rewards Committee issued its proposal for the election and fees of Board members for the 2010 Annual General Meeting. The Nomination and Rewards Committee proposes that Henrik Ehrnrooth be elected as the Chairman of the Board of Directors, Reino Hanhinen as Vice Chairman, and Kim Gran, Eino Halonen, Antti Herlin, Satu Huber and Lauri Ratia as members of the Board of Directors.

The Board's Nomination and Rewards Committee proposes that the Board of Director's meeting fees be kept unchanged in 2009.

President and CEO

The President and CEO attends to the day-to-day administration of the company in accordance with the instructions and regulations laid down by the Board of Directors. The Board of

Directors appoints and discharges the CEO and supervises his operation. It also decides on the CEO's salary and fees and other terms of employment.

The CEO ensures that the company's accounting is lawful and asset management is organised reliably. The President and CEO serves as the chairman of the Group's Management Board 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 Group CEO with operational planning and management and prepares matters that are to be processed by the Board of Directors. Among other duties, the Management Board formulates and coordinates the Group's strategic and annual planning, supervises the realisation of plans and reporting, and prepares major investments and acquisitions. Development of cooperation within the Group and promoting common development projects is also among the Management Board's key duties. The President and CEO is responsible for decisions made by Management Board. Management Board members implement the decisions in their own areas of responsibility.

Changes in the Management Board in 2009

YIT Group's business segment structure and the composition of the Management Board were modified as from the beginning of 2009. Building Systems and Industrial Services merged into the

new Building and Industrial Services segment. The other two business segments of the Group were Construction Services Finland and International Construction Services.

On January 1, YIT Group's Management Board comprised: Juhani Pitkääkoski, President and CEO of YIT Corporation and head of the Building and Industrial Services business segment; Kari Kauriskangas, Deputy CEO of YIT Corporation and head of the International Construction Services business segment; Tero Kiviniemi, head of the Construction Services Finland business segment; Arne Malonæs, Managing Director of YIT's Building Systems company in Norway, Senior Vice President responsible for development in Building Systems; Pekka Frantti, head of Industrial Services; Sakari Ahdekivi, CFO; Christel Berghäll, Senior Vice President, Human Resources; Sakari Toikkanen, Senior Vice President, Business Development; and as secretary Antero Saarilahti, Senior Vice President, Administration.

Christel Berghäll left YIT on April 30, 2009, and Antero Saarilahti assumed responsibility for YIT's Corporate Human Resources function. In connection with the change, the focus of HR matters was transferred more clearly to YIT's business segments.

Arne Malonæs was appointed as head of YIT's Building and Industrial Services business segment on August 20 as Juhani Pitkääkoski focused on the duties of President and CEO of YIT Corporation; Timo Lehtinen was appointed as Chief Financial Officer of YIT Group and member of the Group's Management Board, as Sakari Ahdekivi left YIT at the beginning of September. Pekka Frantti, head of Industrial Services left YIT at the end of December 2009.

The Management Board convened 12 times during 2009.

Management compensation systems

The remuneration paid to the Group's Management Board comprises a fixed basic salary, an annual performance bonus and long-term incentive schemes, such as pension benefits and share-based bonuses.

The Board of Directors decides on the remuneration paid to the President and CEO and other key personnel in the Group and other terms of employment based on the proposal of the Nomination and Rewards Committee. The Nomination and Rewards Committee prepares matters related to the company's compensation systems and HR policy for the Board of Directors. The Board of Directors confirms the terms and conditions of long-term incentive schemes, such as the criteria for the payment of performance bonuses annually.

The amount of the performance bonus depends on the financial result of the entire Group and unit and personal key results. The maximum annual performance bonus paid to the CEO and the Management Board may equal 50–60% of their annual taxable pay excluding the performance bonus. The "one over" principle is applied in the Group; in other words, all recruitment and decisions related to pay scales and other terms and conditions must be approved by the supervisor of the person making the appointment.

Share and share option ownership

YIT has one long-term incentive scheme, the 2006 share option programme. The purpose of the share option programme is to reward the management, commit them to the Group's objectives and increase their motivation to act in the interests of the company and its shareholders. The Annual General Meeting decides on share option issues and the terms and conditions of the option

programmes. The Board of Directors annually decides on the distribution of options annually on the basis of these terms and conditions.

The Annual General Meeting in 2006 granted a maximum of 300,000 Series K, 900,000 Series L, 900,000 Series M and 900,000 Series N share options for subscription without consideration. Shares could be subscribed for in 2009 under the Series M and N share options issued in 2006 between April 1 and November 20. The programme covered the CEO, his deputy and other management and key personnel in the Group, totalling 350 persons. Members of YIT's Board of Directors, the CEO and his deputy held a total of 15,687,970 (837,950) YIT shares on December 31, 2009, corresponding to 12% (0.7%) of the company's shares and the votes conferred by them. On December 31, 2009, the President and CEO and his deputy had a total of 5,040 Series N share options.

→ Further information on the incentive scheme on page 127

Remuneration paid to the CEO

The performance bonus paid to President and CEO Juhani Pitkääkoski is based on the Group's financial performance and personal key results set by the Board of Directors. In addition to salary, his benefits include a company car and telephone.

The contractual retirement age of the President and CEO and that of his deputy is 62. The pension amounts to 60% of salary accounted according to Finnish employment pension law.

The contractual retirement age of one other member of the Group's Management Board is 62. In other respects, the statutory retirement age applies to the members of the Management Board.

The 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.

The President and CEO's salary was increased by 13% in 2009. The performance bonus for 2009 corresponded to the monthly salary of approximately 3 months. In addition, the President and CEO subscribed 2,880 N options as part of the 2006 share option programme.

Internal control

Our company has the reporting systems required for effective control. The Board of Directors is ultimately responsible for arranging appropriate accounting and supervision of financial administration. The appropriateness of operations is overseen by management and Audit Committee. Audit Committee also assesses the adequate-

Remuneration paid to the CEO and Management Board 2009, EUR

	Regular salary	Fringe benefits	Bonuses paid from the previous year	Option income	2009 total	2008 total
President and CEO	417,253	12,763	112,844	-	542,859	502,742
Other members of Group Management Board, total*	1,337,579	88,073	272,309	-	1,697,960	1,622,045

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

ness and appropriateness of risk management. The CEO ensures that the company's accounting is lawful and asset management is organised reliably. The Group's accounting department is responsible for accounting and reporting principles. It provides instructions on the drafting of the financial statements and interim financial statements as well as prepares the consolidated financial statements. The finance department attends to the YIT Group's asset management and funding on a centralised basis and is responsible for the management of interest and exchange rate risks.

The Group's business is organised into business segments, the heads of which report to YIT Corporation's President and CEO. The Financial Directors of the business segments shall oversee that reporting within the business segments complies with the instructions issued by the Group's management.

As a rule, the Management Boards of the segments meet on a monthly basis. The reporting and supervision of the segments is based on budgets drafted every six months and monthly performance profit reporting to Group's Management Board.

The actualisation of personal targets of an employee is controlled through management by key results management system. The HR department controls and supervises the company's HR policy. Projects and service agreements are controlled in project-specific reporting, which is part of Group accounting process. The risks of large projects and projects with abnormal profitability are monitored separately.

The Group's legal affairs department provides guidelines and oversees agreements made in the company. The company has confirmed principles for approving acquisitions, investments, plot acquisitions, project-specific housing start-ups

and tendering authorisations, for example. The Group has also defined specific euro-based limits after which the legal services of the Group and business segments participate in business transactions. Major disputes and all court cases and arbitration proceedings are also communicated to legal services.

→ [More on risk management on pages 48-51](#)

Internal audit

The Group has an internal audit organisation whose task is to support operational management in organising internal control. It among others reviews and evaluates the appropriateness and functioning of the Group's internal control system, appropriateness and efficiency of operations, reliability of financial information and reporting, and compliance with regulations and operating principles. In addition, internal audit supports operational management in risk management. Internal audits are planned based on risks and their focus is on operational risks. Internal audits are coordinated with the auditor.

The Group's internal audit reports to the Audit Committee of the Board of Directors and in terms of administration, to the Group's CFO. The Board of Directors annually ratifies the internal audit plan whose results are reported to the Audit Committee, the management and auditors.

Audit fees EUR 1,000	2009	2008
Audit fee	1,150	1,300
Statements	15	19
Tax services	226	168
Other services	162	279
Total	1,553	1,766

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. Pursuant to the resolution of the Annual General Meeting, the auditor is paid as per invoice. We comply with the Auditing Act and Finnish Corporate Governance Code's requirement that when electing the auditor, it must be taken into account that the aggregate duration of the consecutive terms of the auditor with main responsibility may not exceed seven years.

In the statutory audit, the duty of the auditor is to audit the company's accounts for the financial period, 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.

In 2009

The Annual General Meeting in 2009 elected Price-waterhouseCoopers Oy, Authorised Public Accountants, to audit governance and accounts in 2009. The auditor with main responsibility is Heikki Lassila, Authorised Public Accountant, who has been the company's chief auditor since 2008.

Insider administration

The YIT Group has had Guidelines for Insiders since 2000. They follow the Guidelines for

Insiders approved by NASDAQ OMX Helsinki for listed companies.

Our permanent insiders may not trade in securities issued by YIT during the periods between the end of review periods and the publication of financial statements or interim reports (closed window).

For the statutory insiders (insiders with duty to declare) and their close associates, the ownership of YIT securities are public. Statutory insiders include the members and secretary of the Board of Directors, the President and CEO, his Deputy, 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 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 Corporate 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 has about 55 permanent insiders. We maintain a register of our insiders subject to 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 on our Internet site at
www.yitgroup.com/investors – Ownership – Insiders' ownership in YIT](#)

RISK MANAGEMENT

Risk management covers the management of threats and opportunities

YIT's risk management is an integral part of the YIT's management, monitoring and reporting systems. Successful risk management increases the company's value and ensures the realisation of the benefits of YIT's various shareholders.

Goals

YIT classifies as risks those factors that might endanger the achievement of the Group's strategic and financial goals if they should materialise.

YIT's risk management policies aim to identify major risk factors and optimally manage these factors so that the company achieves its strategic and financial targets. The starting point is to manage the Group's total risk exposure, not merely the management of individual risk factors. Risk management must be preventive, coordinated and systematic.

Organisation

The Board of Directors approves the risk management policy and its objectives, and guides and supervises the planning and execution of risk management. The Audit Committee 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 both follow-up and assessment of the audit.

The Group CEO holds overall responsibility for risk management. He 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 heads of the business segments shall identify, assess and monitor the major risks of their respective business segments, draw up contingency plans for the risks and attend to the implementation and supervision of risk management. The segment heads report to the President and CEO.

The Group's financial and finance management is responsible for identifying and assessing financial risks, reporting the findings 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 in terms of administration, to the Group's CFO.

Process

YIT's 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. Risks are divided into strategic, operational, financial and event risks.

A strategic risk assessment is carried out at the 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 probability and possible impact. 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 unit, business group and business segment level on a monthly basis as part of the normal monitoring of performance.

Financial risks are reported at the level of the unit, business group 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.

YIT's risks and risk management methods

Risks	Management methods	Process
Strategic risks		
<ul style="list-style-type: none"> • Foreseeing changes in the operating environment and reacting to them • Management of structural and organic growth • Optimisation and management of capital and cash flow 	<ul style="list-style-type: none"> • Foreseeing, monitoring and analysis of financial, demographic and technological phenomena and ability to react • Making the business structure even more balanced • Investing in the commitment of current employees, developing the employer image, cooperation with educational institutions, expanding recruitment and training programmes, utilisation of foreign labour • Criteria for acquisitions and outsourcing, integration programmes, development of management systems • Efficient turnover of net working capital, adjustment of capital input, payment terms, cost and capital structure 	A strategic risk assessment is carried out at the Group level, by business segment and for Corporate Services twice a year in connection with the review of the strategy and the annual plan. The reports are reviewed by YIT's Board of Directors, the Group's Management Board and the Management Boards of the business segments.
Operational risks		
<ul style="list-style-type: none"> • Investments related to development projects and sales risk of the order backlog • Management of the costs and implementation of projects and service agreements 	<ul style="list-style-type: none"> • Decision-making authority and guidelines on investments and project start-ups • Decision-making authority and guidelines on making offers • Project reviews in all phases of the contract, regular monitoring of profitability • Development of offer and risk analyses, contractual expertise and procurement activity 	Operational risks are reported at the unit, business group and business segment level on a monthly basis as part of the normal monitoring of performance.
Financial risks		
<ul style="list-style-type: none"> • Liquidity, interest rate, currency and credit risk • Risks related to the financial reporting process 	<ul style="list-style-type: none"> • Accounting and financing policies • Internal and external audit 	Financial risks are reported on a monthly basis as part of the normal monitoring of performance and quarterly to the Audit Committee. The risks associated with the financial reporting process are identified and assessed annually.
Event risks		
<ul style="list-style-type: none"> • Sudden and unforeseen material damage to the project sites and other property, such as due to fire, collapse and theft 	<ul style="list-style-type: none"> • Insurance policy and plans 	Event risks are reported at the unit, business group and business segment level on a monthly basis as part of the normal monitoring of performance.

Most significant risks

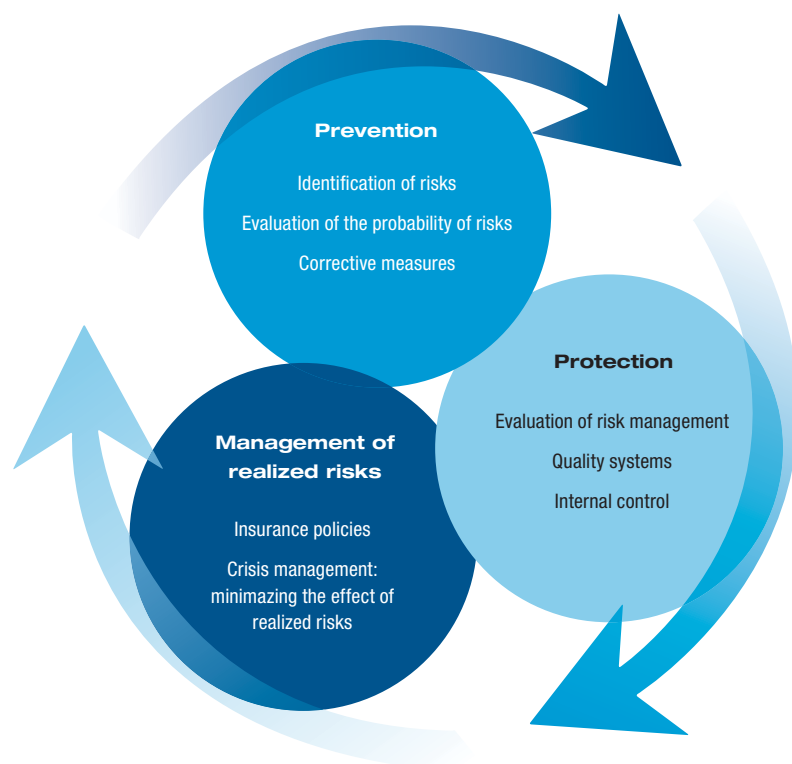
YIT has specified the major risk factors and their management from the point of view of the Group as a whole, taking the special characteristics of YIT's business operations and environment into consideration.

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. In Building and Industrial Services and in business premises and infrastructure construction, the key factors are the amount of

Risk management process



investments by the private and public sectors and modernisation and renovation needs. In Finland, residential demand is impacted the most by consumer confidence. In Russia, the most important changes in the operating environment are the oil price, which has a strong impact on the economic situation in Russia, and consumer confidence.

Management of the risks related to the operating environment and markets is based on forecasting the changes and our own ability to react. Continuous monitoring and analysis make it possible to react quickly to change and to utilise the new business opportunities provided by them. YIT's primary objective has also been to make its business structure even more balanced and tolerant of economic fluctuations. Steadily developing service and maintenance operations have been increased in a focused way and operations have been expanded geographically so that economic fluctuations impact operations at different times in different markets.

Structural and organic growth

YIT's success factors include a strong corporate culture and a clear management system. The majority of YIT's business is labour-intensive, meaning that the availability of skilled employees is a prerequisite for organic growth. The availability of labour is a challenge in the long term, given the changing age structure of the population. The implementation of major acquisitions and expanding to new geographic areas require taking note of and managing cultural, legislative and political factors.

The aim is to ensure a skilled and sufficient personnel by improving the commitment of current employees through satisfying tasks and encouraging compensation, developing the employer image, cooperating with educational institutions, offering recruitment and training

programmes for young professionals and putting effort on the utilisation of foreign labour.

Risks associated with acquisitions and outsourcing are managed by strict selection criteria and effective integration processes that familiarise new employees with YIT's values, operating methods and strategy. Acquisition criteria include the evaluation of the potentially acquired corporation's company culture.

As the organisation becomes larger and more international, governance, operational and reporting systems are harmonised across different countries and business segments.

Management of capital

The majority of the Group's services comprise operations where investments are minor. In residential development projects and commercial real estate development projects, YIT invests capital in plots and their development as well as ongoing production. In order to reach the financial targets, the Group's capital structure is kept at the optimum level by controlling the amount of capital tied to business operations. The investments required by the business operations and the generated cash flow are kept in balance.

In business where investments are small, effective turnover of net working capital is the objective. In the more capital-intensive business operations the crucial question is to adjust capital investments according to the market conditions. Capital is adjusted by decreasing or increasing the number of start-ups and plot investments and dividing the projects into stages and developing the terms of purchases of plots.

Cash flow is strengthened by accelerating sales, adjusting the terms of payment of services and procurement and lightening the cost and capital structure.

Operational risks

Sales risk of the order backlog

In residential and property development projects, YIT assumes responsibility for all phases of the project from plot acquisition to construction and sales of the residential units or the property. The sales risk included in the order backlog is mainly comprised of residential units that under construction or completed but unsold.

With regard to residential production, the sales risk of the order backlog is managed by matching the number of housing start-ups with the estimated residential demand and the number of unsold residential units. Non-residential development projects are usually sold to investors either before the launch of construction work or during the initial stages of construction. If necessary, preparations are made to make new contractual arrangements in order to secure financing for the projects.

The Group has specified approval authorisations concerning decisions on investments and project start-ups. Depending on the financial significance, the decisions are made by the head of the business segment, YIT Corporation's President and CEO or the Board of Directors of YIT Corporation. A special construction investment team prepares plot acquisitions and construction start-ups.

Management of projects and service agreements

Project cost and implementation management is a major area of focus particularly in commercial real estate development projects that are individual large-scale projects by nature. Also contracting requires comprehensive project management expertise at all operative levels in order to reach the desired profitability. In long-term service agreements, YIT commits to the agreed service level and pricing principles.

Project management includes regular audits before the contract, during it and in the delivery phase. The regular monitoring of profitability extends throughout the entire line organisation, from the project level to the Group level with the help of an active management approach.

The Group has specified approval authorisations concerning offers. In tender-based projects, YIT is selective with regards to their risks and profitability. Competence is developed by focusing on offer and risk analyses. Risks are managed by developing contractual expertise and procurement activities.

Financial risks

Financial risks include liquidity, interest rate, currency and credit risk and risks related to the reporting process. In particular, currency risk is associated with ruble-denominated investments. As part of financial reporting, the value of plot reserves, for instance, is audited in compliance with the IFRS accounting principles.

Financial risks are managed through accounting and financing policies as well as internal and external audit.

→ An account of financial risks can be found in the notes to the financial statements for 2009 on page 111

→ The accounting principles are presented on page 78

→ The main characteristics of the internal control and risk management systems connected with the financial reporting process are described on page 131

Event risks

Event risks include sudden and unforeseen material damage to the project sites and other property, such as due to fire, collapse and theft.

Event risks are managed with target-oriented insurance policy and plans, aiming to minimise the damage caused by the risks and ensure financial profit and continuity of operation. There are few projects that are large considering the overall extent of operations and whose insurance should be separately surveyed. YIT's projects are insured with project-specific insurance policies. Other assets, such as properties, machinery and equipment are insured through continuous property insurance policies in case of material damage.

BOARD OF DIRECTORS ON DECEMBER 31, 2009



Henrik Ehrnrooth
Chairman

- Chairman of the Nomination and Rewards Committee
2009–

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–
Member of the Board 2009–

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

Primary working experience:

Pöyry Plc: Chief Executive Officer 1995–1997, President and CEO 1986–1995, in Pöyry Plc's employ 1979–

Other positions of trust:

Pöyry Plc: Chairman of the Board of Directors
2003–, Vice Chairman of the Board of Directors
1997–2002, member of the Board of Directors
1997–. Otava Books and Magazines Group Ltd:
member of the Board of Directors 1988–



Eino Halonen
Vice Chairman

- Member of the Nomination and Rewards Committee
2008–

born 1949, M.Sc. (Econ.)

Vice Chairman of the Board of Directors, 2003–
Member of the Board of Directors 2000–

Independent of YIT Corporation and its major shareholders

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

Other positions of trust:

Metsäliitto Cooperative: member of the Board of Directors 2006–. Cramo Oyj: member of the Board of Directors 2003–



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

Other 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–.



Reino Hanhinen

- Chairman of the Audit Committee, 2009–
- Member of the Nomination and Rewards Committee, 2008–

born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c.

Chairman of the Board of Directors 1989–2000
and 2006–2008, Member of the Board of Direc-
tors since 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 Insinööri-toimisto: Managing Director 1985–1986. Oy PPTH-Norden Ab: Managing Director 1976–1985. YIT Oy Yleinen Insinööri-toimisto, Division Manager. 1974–1976

Other positions of trust:

Rautaruukki Corporation: Chairman of the Board of Directors 2009–, member of the Board of Directors 2006–. Kone Corporation: member of the Board of Directors 2005–



Antti Herlin

- Member of the Nomination and Rewards Committee, 2008–

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

Member of the Board of Directors 2004–

Independent of YIT Corporation and its major shareholders

Primary working experience:

KONE Corporation, CEO 1996–2006

Other positions of trust:

KONE Corporation: Chairman of the Board of Directors 2003–, Vice Chairman of the Board of Directors 1996–2003, member of the Board of Directors 1991–. Solidium: member of the Board of Directors 2008–. The Federation of Finnish Technology Industries: Chairman of the Board of Directors 2005–2006, Vice Chairman of the Board of Directors 2002–2004, member of the Board of Directors 1996–. Ilmarinen Mutual Pension Insurance Company: Vice Chairman of the Supervisory Board 2004–, member of the Supervisory Board 2001–



Satu Huber

- Member of the Audit Committee, 2009–

born 1958, M.Sc. (Econ.), managing director of Tapiola Mutual Pension Insurance Company

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 1995–1997. Suomen Yhdyspankki Oy/Merita Bank: Vice President 1986–1995. Citibank NA London: Executive Trainee. Citibank Oy: Helsinki Account Officer 1982–1986

Other positions of trust:

Finnair Plc: member of the Board of Directors 2006–. The Finnish Pension Alliance TELA: member of the Board 2008–. Finnish Cultural Foundation: member of the Supervisory Board 2009–. Finnish Industry Investment Ltd: member of the Investment Council 2007–. Expert Group on State ownership steering: member 2008–. Council for Security of Supply and Infrastructure (CSSI): member 2008–



Lauri Ratia

- Member of the Audit Committee, 2009–

born 1946, M.Sc. (Eng.)

Member of the Board of Directors 2009–

Independent of YIT Corporation and its major shareholders.

Primary working experience:

CRH plc Europe Materials: Senior Advisor for Russia 2007–2008. Lohja Rudus Group: Managing Director 1998–2006. Scancem International ANS: Oslo, Norway, Deputy CEO and Lohja Rudus Oy Ab, Managing Director 1996–1997. Euroc Abp: Malmö, Sweden, Concrete and Aggregates Division and Lohja Rudus Oy Ab, Managing Director 1994–1996. Kone Corporation: Development/area director 1993–1994. Euroventures Nordica Ab: Stockholm, Sweden, Equity Financing, partner 1990–1993. Nokia Oyj: Nokia Robots Managing Director 1989–1990. Nokia Oyj: director for Group's corporate planning 1987–1989. Nokia Inc: USA, Managing Director 1981–1987. Nokia Oyj: Machines, marketing and sales director 1978–1980

Other positions of trust:

VR-Group Ltd: Chairman of the Board of Directors 2008–. Samesor Oy: Chairman of the Board of Directors 2009–. Inspecta Oy: member of the Board of Directors 2007–. LSR Group: member of the Board of Directors 2007–2009. Sponda Plc: Chairman of the Board of Directors 2007–. Medisize Oy: Chairman of the Board of Directors 2007–. Edita Plc: Chairman of the Board of Directors 2005–. Tecnomen Corporation: Chairman of the Board of Directors 2001–2009. Olvi Plc: member of the Board of Directors 1999–

SHARE OWNERSHIP

December 31, 2009	Shares
BOARD OF DIRECTORS	
Henrik Ehrnrooth, Chairman	14,700,000
Eino Halonen, Vice Chairman	27,690
Kim Gran	5,700
Reino Hanhinen	132,300
Antti Herlin	788,980
Satu Huber	900
Lauri Ratia	5,400
Total	15,660,970

Up-to-date share ownership data:

→ www.yitgroup.com/investors – Ownership – Insiders' ownership in YIT

Antero Saarihahti, Senior Vice President, Administration of YIT Corporation, serves as the secretary of the Board of Directors. He is presented in connection with the Management Board.

MANAGEMENT BOARD ON DECEMBER 31, 2009



Juhani Pitkääkoski
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 systems 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. Oy Huber Ab: attorney-at-law, 1988–1991. The Electrical Contractors' Association of Finland: Attorney-at-Law, 1986–1988

Positions of trust:

Tapiola Corporate Life Insurance Ltd: Member
of the Supervisory Board, 2009–



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.)

Primary working experience:

YIT Corporation: Executive Vice President and deputy to the President and CEO, 2008–, Head of International Construction Services segment, 2008–. YIT Construction Ltd: Business Premises, Division Manager, 2005–2007. YIT Construction Ltd: 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. YIT Corporation: Housing Production Uusimaa, Site engineer, 1997–1998

Positions of trust:

Ilmarinen Mutual Pension Insurance Company:
member of Supervisory Board, 2009–



Tero Kiviniemi

Head of YIT Construction Services Finland
business segment
born 1971, M.Sc. (Eng.), Executive MBA
In the Group's employ 1996–

Primary working experience:

At YIT: Infraservices: Division manager, 2008–2009. Structural engineering and regional infra services: 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. Insinööritoimisto Hentinen Oy: 1992–1996. Hai Phong Construction Company No 16: Vietnam, 1995. Haka Oy: 1993. Skanska Väst AB, Sweden: 1988–1990

Positions of trust:

Confederation of Finnish Industries EK: member of body of representatives, 2010–. Talonrakennusteollisuus Ry: member of the Board of Directors, 2010–. Infra Ry: member of the Board of Directors, 2010–. Confederation of Finnish Construction Industries RT: member of the Board of Directors, 2009–. Construction pool: Chairman of the pool commission, 2009–. Pioneerimuseosäätiö: member of the Board of Directors. 2007–



Timo Lehtinen

Chief Financial Officer of YIT Corporation
born 1964, M.Sc. (Econ.)
In the Group's employ 2006–

Primary working experience:

YIT Corporation: Chief Financial Officer, 2009–. YIT Construction Ltd: Senior Vice President, Finance, responsible for financial administration of both the Construction Services Finland and International Construction Services segments, 2006–2009. Affetto Plc: CFO, 2006. Saunalahti Group Oy: 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.



Arne Malonæs

Head of the Building and Industrial Services segment

born 1957, M.Sc. (Eng.)

In the Group's employ 2003–

Primary working experience:

Building and Industrial Services: President, 2009–. YIT Building Systems AS: Managing Director of YIT's building systems company in Norway, Senior Vice President responsible for development in building systems, 2003–2009. ABB Building Systems AS: Managing Director, 2003. ABB AS: Executive Vice President (Manufacturing and Consumer Industries) 2001–2003. ABB Miljø AS, Managing Director, Division Manager, Regional Manager, Project Manager, 1985–2001. Alfsen & Gunderson AS: Department Manager, Project Manager, 1980–1985.

Positions of trust:

YIT Building Systems AS Pension Funds: member of the Board of Directors, 1999–. Norsk Teknologi (NHO - Norwegian Employer Organisation): member of the Board of Directors, 2001–. Norsk Finsk Handelsforening - NOFI (Norwegian Finnish Commercial Association): member of the Board of Directors, 2003–. The Norwegian CEO Climate Policy Forum: NHO - Norwegian Employer Organisation, 2008–



Sakari Toikkanen

YIT Corporation, Senior Vice President, Business Development

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. YIT Construction Ltd: Quality Manager, 1997–1998. Helsinki University of Technology: Researcher, 1993–1996

Positions of trust:

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



Antero Saarilahti

Secretary

YIT Corporation, Senior Vice President, Administration

born 1948, M.Sc. (Eng.)

In the Group's employ 1971–

Primary working experience:

YIT Corporation: Vice President, Administration, 2004–, Personnel director, 1989–2003, IT department manager 1987–1995. Perusyhtymä Oy: Group administration manager, 1986–1987. Vesto Oy: Administration manager, 1981–1986.

Positions of trust:

Etera Mutual Pension Insurance Company: Chairman of the Supervisory Board, 2007–, member of the Supervisory Board, 2006–. Kaiko Oy: Chairman of the Board of Directors, 1985–

SHARE OWNERSHIP

December 31, 2009	Shares	Options
Management Board		
Juhani Pitkääkoski, Chairman	26,000	2,880
Kari Kauniskangas, Vice chairman	1,000	2,160
Tero Kiviniemi	12	2,160
Timo Lehtinen	-	1,440
Arne Malonæs	-	2,160
Sakari Toikkanen	11,132	2,160
Antero Saarilahti (Secretary)	9,972	1,440
Total	48,116	14,400

Up-to-date share ownership data:

→ www.yitgroup.com/investors – Ownership –
Insiders' ownership in YIT



Financial Statements **2009**

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Board of Directors' Report

EARNINGS TREND AND FINANCIAL STANDING

Revenue EUR 3,452 million

YIT Group's revenue for 2009 decreased by 12 per cent on the previous year to EUR 3,452.4 million (1-12/2008: EUR 3,939.7 million).

Building and Industrial Services, covering all countries in which YIT operates, generated the majority of the revenue. Revenue decreased in all segments compared to the year before due to the weaker market conditions. International Construction Services revenue increased in all quarters as the year went on with a picking up of residential sales. Revenue for the fourth quarter was the all-year high in all segments due to accelerated residential sales in Russia and Finland and seasonal fluctuations typical of the Building and Industrial Services segment.

Finland accounted for 45% of revenue (47%), Sweden for 15% (16%), Norway for 12% (12%), Central Europe for 11% (5%), Russia for 9% (10%), Denmark for 4% (4%) and the Baltic countries for 2% (4%). In local currency terms, the decrease in Group revenue was 8 per cent.

YIT's service chain for customers covers investments, servicing and maintenance as well as the change of premises' purpose of use. The extensive service chain aims at better service capability, business growth and steady income flow. Service and maintenance of buildings, industry and traditional infrastructure accounts for a significant proportion of the Group's revenue. The target is to increase service and maintenance operations further. In 2009, service and maintenance operations generated EUR 1,201.3 million (2008: EUR 1,299.2 million), in

other words, 35 per cent (33%) of consolidated revenue. The Building and Industrial Services segment accounted for the majority of service and maintenance operations; 54 per cent (53 %), or EUR 1,151.0 million (EUR 1,260.2 million), of its revenue was generated by service and maintenance operations.

Operating profit EUR 166 million

The Group's operating profit decreased by 36 per cent to EUR 165.5 million (EUR 260.6 million). Operating profit margin was 4.8 per cent (6.6%). Return on investment was 10.9 per cent (17.5%).

The operating profit decreased compared to the previous year in all segments. The operating profit of International Construction Services remained negative as a whole. The segment's operating profit was weakened on account of the volume of residential sales in the first part of the year falling short of the previous year, housing prices being at a lower level than last year and the Baltic market continuing to be weak.

The Group's profitability and operating profit improved in every quarter. Operating profit for the fourth quarter was clearly better than during the previous quarter or the corresponding period the year before. Profit improvement during 2009 was affected by the recovery in residential sales in Finland and Russia. The profitability of Building and Industrial Services was stable in January-September and improved during the fourth quarter. The operating profit of Construction Services Finland remained stable throughout

the year. The operating profit of International Construction Services turned to positive figures during the third quarter and improved further in October-December.

Earnings per share EUR 0.53

Profit before taxes decreased by 45 per cent compared to the year before to EUR 106.9 million (EUR 193.1 million). Earnings per share decreased by 50 per cent to EUR 0.53 (EUR 1.05).

Financial expenses decreased compared to the previous year due to a general decrease in interest rates and a decrease in net interest-bearing liabilities.

Profit before taxes and earnings per share improved in every quarter. Profit before taxes amounted to EUR 2.2 million for the first quarter of 2009, EUR 25.2 million for the second quarter, EUR 29.9 million for the third quarter and EUR 49.5 for the fourth quarter.

Order backlog EUR 2,774 million

The Group's order backlog was EUR 2,773.6 million (EUR 3,233.7 million) at the end of the year, or 14 per cent less than a year before. The order backlog has a normal margin.

The order backlog of Construction Services Finland increased particularly due to increased housing start-ups. The order backlog decreased in the other business segments compared to the year before. The order backlog of the Building and Industrial Services segment declined due to the decrease in customers' investments.

The order backlog of International Construction Services decreased as the segment's residential projects under construction in Russia were recognised as income as construction and sales proceeded. Also new residential projects were started up in Russia.

Due to market uncertainties, the construction of residential projects in the start-up phase in Russia in projects whose sales had not yet begun was suspended in October 2008. Some of the projects were restarted late in 2009. At the end of 2009, the value of the projects that were still suspended amounted to EUR 282 million in the order backlog (12/08: EUR 356 million).

The order backlog was impacted by fluctuations in the exchange rates of the Norwegian krone, Swedish krona and Russian ruble. Also in local currency terms, the decrease in the Group's order backlog was 14 per cent.

The order backlog includes that portion of customer orders and ongoing development projects that has not been recognised as revenue. Contracted projects are recognised as income based on the percentage of completion. Residential development projects are recognised as income by multiplying the percentage of completion by percentage of sale. Commercial real estate development projects are recognised as income using the principle percentage of completion multiplied by percentage of sale multiplied by occupancy rate. As of the beginning of 2010, the revenue recognition of the Group's own housing development projects will change so that the projects will be recognised as income in their

entirety only upon delivery. In business premises development the method of income recognition will be evaluated case by case depending on the terms of agreements. Change in the income recognition will cause greater variation between the different quarters.

The order backlog of Building and Industrial Services mainly comprises contract orders and service and maintenance agreements. A significant part of the segment's maintenance and servicing operations are immediately performed assignments that are not included in the order backlog. All of the additional works or alterations are neither included in the order backlog.

In residential and commercial development projects, YIT assumes the responsibility for the sales of the residential units or the site. Commercial real estate development projects are usually sold to investors either prior to construction or during an early phase thereof. In Construction Services Finland, more than half of the order backlog at the end of 2009 was sold and less than half unsold production. In International Construction Services, more than half of the order backlog consisted of unsold residential units.

Good financial position at year's end

Operating cash flow after investments was good throughout the year and very strong during the fourth quarter. The cash flow was strengthened by strong residential sales during the second part of the year and stable profitability in Building and Industrial Services. Operating cash flow after investments amounted to EUR 211.4 million

(1-12:2008: EUR -19.4 million). Operating cash flow after investments was EUR 10.3 million in January-March, EUR 27.8 million in April-June, EUR 29.5 million in July-September and EUR 143.8 million in October-December. Cash reserves at the end of the period amounted to EUR 173.1 million (EUR 201.7 million). Dividends of EUR 63.4 million (EUR 102.0 million) were paid. Taxes of EUR 38.7 million were paid during the year.

Of YIT's business operations, building and industrial services as well as infrastructure and other contract construction require little capital. Capital is particularly tied to the plot reserves, their development and ongoing or completed production. At the end of the year, the Group's invested capital amounted to EUR 1,471.4 million (EUR 1,653.9 million). At the end of the year, 40 per cent (33%), or EUR 582.3 million (EUR 545.2 million), of the Group's invested capital was invested in Russia. The amount of capital invested in Russia was increased by capital tied to unfinished and completed production. The devaluation of the ruble decreased the amount of capital invested in Russia by EUR 26.4 million compared to the end of 2008. At the end of the year, EUR 213.9 million of the capital invested in Russia comprised debt investments and EUR 368.5 million were equity investments or similar fixed net investments. Invested capital is calculated by deducting non-interest bearing liabilities from the balance sheet total. The balance sheet total at the end of the year was EUR 2,626.4 million (EUR 2,973.9 million).

The gearing ratio improved to 62.2 per cent (79.8%) at the end of the year. Net financing debt decreased on the previous year to EUR 497.7 million (EUR 644.5 million). The equity ratio was 33.8 per cent (30.7%).

Net financial expenses decreased to EUR 58.6 million (EUR 67.5 million), or 1.7 per cent (1.7%) of the Group's revenue. The exchange rate differences recognised under net financial expenses, totalling EUR 28.4 million (EUR 25.0 million), were comprised nearly entirely of costs of hedging debt investments in Russia.

The loan portfolio totalled EUR 670.8 million (EUR 846.2 million) at the end of the year, and its average interest rate was 3.6 per cent (4.7%). Fixed-interest loans accounted for 67 per cent (51%) of the Group's entire loan portfolio. Of the loans, 30 per cent (32%) had been raised directly on the capital and money markets. The maturity distribution of the loans is balanced. The capital structure was reinforced by converting EUR 60.0 million in short-term loans to long-term loans during the first quarter. In addition, factoring financing for Nordic trade receivables was arranged during the review period, increasing available sources of finance by about EUR 100 million. Factoring financing was being used at the end of the year for EUR 27.0 million. A bond of EUR 50 million that fell due in October was paid in cash assets.

The construction-stage contract receivables sold to financing companies totalled EUR 78.0 million (EUR 163.3 million) at the end of the year. Of this amount, EUR 37.8 million (EUR 95.5

million) is included in interest-bearing liabilities in 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 1.8 million (EUR 15.1 million) during the review period and they are fully included in the financial expenses of the reported period.

Participations in the housing corporation loans of unsold completed residential units, EUR 34.5 million (EUR 48.2 million) at year's end, are included in interest-bearing liabilities. The interest of participations in the housing corporation loans, EUR 2.3 million (EUR 2.3 million), is booked in project expenses, as it is included in housing corporation charges.

Key figures

1,000 EUR	2009	2008	2007
Income statement summary			
Revenue, MEUR	3,452.4	3,939.7	3,706.5
Operating profit, MEUR	165.5	260.6	337.8
% of revenue	4.8	6.6	9.1
Profit before taxes, MEUR	106.9	193.1	305.6
Profit for the financial period, MEUR	66.2	134.3	228.0
Attributable to:			
Equity holders of the company, MEUR	66.8	132.9	224.9
Minority interest, MEUR	-0.6	1.4	3.1
Other key figures			
Cash flow from operating activities, MEUR	242.5	47.8	84.1
Return on equity, %	8.2	16.5	30.5
Return on investment, %	10.9	17.5	26.2
Equity ratio, %	33.8	30.7	36.7
Net financing debt, MEUR	497.7	644.5	514.8
Gearing ratio, %	62.2	79.8	62.9
Gross capital expenditures on non-current assets, MEUR	27.9	85.2	51.6
% of revenue	0.8	2.2	1.4
Research and development expenditure, MEUR	15.2	19.0	22.0
% of revenue	0.4	0.5	0.6
Order backlog on Dec 31, MEUR	2,773.6	3,233.7	3,509.3
Operations outside Finland, MEUR	1,885.7	2,072.9	1,999.2
Personnel Dec 31	23,480	25,784	24,073
Number of personnel on average during the year	24,497	25,057	23,394

1,000 EUR	2009	2008	2007
Per-share figures			
Earnings/share, EUR	0.53	1.05	1.77
Earnings/share, diluted, EUR	0.53	1.05	1.77
Equity/share, EUR	6.38	6.38	6.40
Dividend/share, EUR	0.40*)	0.50	0.80
Dividend/earnings, EUR	74.9*)	47.6	45.2
Effective dividend yield, EUR	2.8	10.9	5.3
Price/earnings ratio (P/E)	27.3	4.4	8.5
Share price trend			
Average price, EUR	8.52	10.89	22.15
Low, EUR	4.31	3.70	14.79
High, EUR	14.49	19.99	27.90
Price on Dec 31, EUR	14.45	4.58	14.99
Market capitalisation on Dec 31, MEUR	1,807.4	576.2	1,907.0
Share turnover trend			
Share turnover, thousands	190,057	295,156	245,672
Share turnover as percentage of shares outstanding	149.4	232.2	193.6
Weighted average share-issue adjusted number of shares outstanding, thousands	125,167	127,104	126,872
Weighted average share-issue adjusted number of shares outstanding, diluted, thousands	125,167	127,104	127,028
Share issue-adjusted number of shares outstanding on Dec 31, thousands	125,078	125,798	127,218

*) Board of Directors' proposal

Definitions of key financial figures

Return on investment (%)	=	$\frac{\text{Profit before taxes + interest expenses and other financial expenses + / - exchange rate differences}}{\text{Balance sheet total - non-interest bearing liabilities (average for the period)}}$	x 100
Return on equity (%)	=	$\frac{\text{Net profit for the financial year}}{\text{Shareholders' equity - treasury shares + minority interest (average)}}$	x 100
Equity ratio (%)	=	$\frac{\text{Shareholders' equity - own shares + minority interest}}{\text{Balance sheet total - advances received}}$	x 100
Gearing ratio (%)	=	$\frac{\text{Interest-bearing liabilities - liquid financial assets}}{\text{Shareholders' equity - own shares + minority interest}}$	x 100
Share issue-adjusted earnings per share (EUR)	=	$\frac{\text{Net profit for the financial year (attributable to equity holders)}}{\text{Share issue-adjusted average number of outstanding shares during the period}}$	
Equity/share, EUR	=	$\frac{\text{Shareholders' equity - treasury shares}}{\text{Share issue-adjusted number of outstanding shares on December 31}}$	
Share issue-adjusted dividend per share (EUR)	=	$\frac{\text{Dividend per share for the financial period}}{\text{Adjustment ratios of share issues during the period and afterwards}}$	
Dividend per earnings (%)	=	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	x 100
Effective dividend yield (%)	=	$\frac{\text{Share issue-adjusted dividend per share}}{\text{Share issue-adjusted share price on Dec 31}}$	x 100
Price per earnings ratio (P/E ratio)	=	$\frac{\text{Share issue-adjusted share price on Dec 31}}{\text{Share issue-adjusted earnings per share}}$	
Market capitalisation	=	(Number of shares - treasury shares) x share price on the closing date by share series	
Share turnover (%)	=	$\frac{\text{Number of shares traded}}{\text{Average number of outstanding shares}}$	x 100

MAJOR EVENTS DURING THE FINANCIAL PERIOD

Resolutions passed at the Annual General Meeting

YIT Corporation's Annual General Meeting was held on March 11, 2009. The Annual General Meeting adopted the 2008 financial statements, discharged the members of the Board of Directors and the President and CEO from liability, confirmed a dividend of EUR 0.50 (EUR 0.80) per share, or a total of EUR 62.5 million (EUR 101.8 million) as proposed by the Board of Directors. The Annual General Meeting confirmed the composition of the Board of Directors, decided to keep the Board of Directors' fees unchanged and elected Henrik Ehrnrooth as Chairman of the Board of Directors, Eino Halonen as Vice Chairman and Kim Gran, Reino Hanhinen, Antti Herlin, Satu Huber and Lauri Ratia as members. The Annual General Meeting elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor.

The Annual General Meeting decided to authorise the Board of Directors to purchase the company's shares and to dispose of them, as proposed by the Board of Directors. The authorisation granted to the Board of Directors covers the acquisition of a maximum of 10,100,000 company shares, purchased with the

company's unrestricted equity, and the assignment of a maximum of 12,700,000 of the shares bought back for and held by the company. The authorisation overrides the authorisation to purchase and divest the company's own shares issued by the Extraordinary General Meeting on October 6, 2008.

In its organisational meeting on March 11, 2009, the Board elected Reino Hanhinen as chairman and Satu Huber and Lauri Ratia as members of the audit committee from among its number. The Board elected Henrik Ehrnrooth as chairman and Eino Halonen, Reino Hanhinen and Antti Herlin as members of the nomination and rewards committee from among its number.

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, 2009.

Growth target for the strategic period is raised

YIT Corporation's Board of Directors confirmed the Group's strategy for 2010–2012 on August 19, 2009. The key target of the strategy is profitable growth. The Group's annual revenue growth target was increased to 5–10 per cent on aver-

age. Previously, the target was positive growth in revenue. The Group's other strategic target levels remain unchanged, and they are: return on investment of 20 per cent, operating cash flow after investments must be sufficient for dividend payout and reduction of debt, equity ratio of 35 per cent and dividend payout of 40 to 60 per cent of net profit for the period.

Capital expenditures and acquisitions

Gross capital expenditures on non-current assets included in the balance sheet totalled EUR 27.9 million (EUR 85.2 million) during the financial period, representing 0.8 per cent (2.2%) of revenue. Investments in construction equipment amounted to EUR 9.0 million (EUR 14.2 million) and investments in information technology to EUR 7.9 million (EUR 5.5 million). Other investments, including acquisitions, amounted to EUR 11.0 million (EUR 65.5 million).

No significant acquisitions or divestments were made during 2009. During the latter half of the year, YIT increased its holding in YIT Kausta

in Lithuania to 97.5 per cent and in Russia in YIT Uralstroi to 99.9 per cent and in YIT Don to 78 per cent in the International Construction Services segment.

Research and development

The development of personnel and operating systems is a part of YIT's daily business operations. The Group's investments in research and development efforts in 2009 amounted to approx. EUR 15.2 million, representing 0.4 per cent of revenue. In 2008 investments in research and development amounted to EUR 19.0 million (0.5 per cent of revenue), in 2007, EUR 22.0 million (0.6% of revenue) and in 2006, EUR 21.0 million (0.6% of revenue).

Personnel

In 2009, the Group employed 24,497 (25,057) people on average. At the end of the year, the Group had 23,480 employees (25,784). Of the personnel, 67 per cent (67%) were non-salaried employees and 33 per cent (33%) salaried em-

Personnel by business segment

	12/2009	12/2008	Change	Share of the Group's employees 12/2009
Building and Industrial Services	17,557	18,888	-7%	75%
Construction Services Finland	2,936	3,271	-10%	13%
International Construction Services	2,647	3,277	-19%	11%
Corporate Services	340	348	-2%	1%
YIT Group, total	23,480	25,784	-9%	100%

Personnel by country

	12/2009	12/2008	Change	Share of the Group's employees 12/2009
Finland	9,102	10,180	-11%	39%
Sweden	4,193	4,523	-7%	18%
Norway	3,248	3,280	-1%	14%
Russia	2,600	3,089	-16%	11%
Germany, Austria, Poland, the Czech Republic, Hungary, Romania	2,160	2,094	3%	9%
Denmark	1,269	1,448	-12%	5%
Lithuania, Estonia, Latvia	908	1,170	-22%	4%
YIT Group, total	23,480	25,784	-9%	100%

DEVELOPMENT BY BUSINESS SEGMENT

ployees. A total of 89 per cent (89%) were men and 11 per cent (11%) women.

In 2009, the number of employees decreased in all segments. The biggest relative decrease in the number of personnel took place in the Baltic countries and Russia. Due to the weakened general market conditions, it was agreed to terminate the employment of about 1,200 people in the Group towards the end of 2008. During 2009, YIT agreed to terminate the employment of about 1,200 people. In addition, the Group has used lay-offs in adjusting the number of personnel.

Environmental issues

Material usage and waste treatment are significant environmental issues in YIT's operations. ISO 14001-certified business operations account for 50 per cent of Group revenue. YIT's most significant environmental business services include solutions to improve energy efficiency.

Legal proceedings

The court of arbitration issued its ruling in the dispute between YIT Industrial and Network Services and Neste Oil Corporation on September 30, 2009. The dispute concerned the mechanical installation contract of production line 4 at Neste Oil's Porvoo oil refinery carried out by YIT between 2004 and 2006. The court of arbitration ordered Neste Oil to compensate YIT with EUR 8.7 million on contracting works and YIT to compensate Neste Oil with EUR 7.4 million on postponement and other compensation. The effect of the ruling on Building and Industrial Services' operating profit for Q3/2009 was EUR -3.2 million. YIT has published stock exchange releases concerning the matter on April 1, 2008, September 1, 2008 and October 1, 2009.

Building and Industrial Services

The Building and Industrial Services segment was formed at the beginning of 2009 by merging the Building Systems and Industrial Services segments into a single segment. Revenue of the Industrial Services is mainly generated in Finland and additionally in Sweden and in export countries, and it amounted to EUR 429.7 million in 2008. In 2008, YIT acquired Central European building system operations from Germany, Austria, Poland, Czech Republic, Hungary and Romania that were transferred to YIT on August 1, 2008. The revenue of these operations for August-December 2008 amounted to EUR 182.6 million and in 2009 to EUR 362.1 million. In January 2010, YIT made three minor acquisitions in Sweden and one in Norway.

The segment's revenue decreased by 11 per cent compared to the year before, which was particularly due to a strong decrease in the volume of business premises construction. Revenue for the fourth quarter was the all-year high due to the typical seasonal fluctuations in these businesses. The sales focus was shifted from new buildings to renovations and modernisations, from the private sector to the public sector, and from project operations to maintenance. Of the revenue, service and maintenance operations accounted for 54 per cent (53%) or EUR 1,151.0 million (EUR 1,260.2 million).

Finland accounted for 28% of revenue (34%), Sweden for 25% (27%), Norway for 20% (20%), Denmark for 7% (7%), Central Europe for 18% (8%), the Baltic countries and Russia for 1% (3%) and export countries for 2% (2%). Revenue decreased relatively the most in the Baltic countries and Russia and Finland.

Operating profit decreased by 26 per cent compared to the year before due to a decrease in customers' new investments and a tighter market situation. The court of arbitration issued its ruling in the third quarter, decreasing the segment's operating profit by EUR 3.2 million. The segment's profitability was stable in Janu-

ary-September and improved during the fourth quarter.

The order backlog decreased by 19 per cent in particular due to decreased industrial investments and business premises construction. A significant part of the segment's maintenance and servicing operations are immediately per-

Key figures

	2009	2008	Change
Revenue, MEUR	2,124.9	2 396.0	-11%
- of which service and maintenance, MEUR	1,151.0	1,260.2	-9%
Operating profit, MEUR ¹⁾	119.3	162.0	-26%
Operating profit margin, %	5.6%	6.7%	-
Order backlog at end of period, MEUR	850.4	1,050.2	-19%
Invested capital at end of period, MEUR ²⁾	418.7	346.8	21%
Personnel at end of period	17,557	18,888	-7%

1) On September 30, 2009, the court of arbitration issued its ruling in the dispute concerning the mechanical installation contract YIT carried out for Neste Oil's Porvoo oil refinery. The effect of the ruling on Building and Industrial Services' operating profit for Q3/2009 was EUR -3.2 million.

2) When calculating invested capital in business segments, the interest-bearing financial items have been netted.

Building and Industrial Services' revenue by country, MEUR

	2009	2008	Change
Finland	594.5	817.9	-27%
Sweden	532.3	648.7	-18%
Norway	414.6	481.6	-14%
Denmark	145.9	164.6	-11%
Germany, Austria, Poland, the Czech Republic, Hungary, Romania ¹⁾	374.6	183.6	104%
Lithuania, Estonia, Latvia and Russia	28.0	63.0	-56%
Other countries	35.0	36.6	-4%
Total	2,124.9	2,396.0	-11%

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

formed assignments that are not included in the order backlog. All of the additional works or alterations are neither included in the order backlog.

The changes in Swedish krona and Norwegian krone had the most significant currency movement impact on the business segment's figures. Exchange rate changes decreased the revenue in 2009 by EUR 93.3 million and on the other hand improved the order backlog by EUR 29.8 million compared to the year before. In local currency terms, revenue decreased by 7 per cent and order backlog by 22 per cent compared to the year before. The revenue was affected by the average exchange rates during the year end and the order backlog by the exchange rates at the year's end.

The Building and Industrial Services segment's business is personnel-based business that requires little capital. Capital invested in the business segment amounted to EUR 418.7 million at the end of the year (EUR 346.8 million). Return on investment was 31.4 per cent (54.9%).

The number of personnel in the segment decreased compared to the year before and was 17,557 at the end of the year (18,888).

Stable demand for maintenance and energy saving services

The demand for building system repair and maintenance work and various kinds of service agreements was relatively steady across all countries where YIT has a presence. Agreements were signed on building system service agreements and outsourcing in, e.g., logistics premises and production plants. Municipalities

are seeking new solutions for arranging their maintenance services, especially in the Nordic countries. For instance, technical maintenance of roads and tunnels was agreed upon with the Bodo and Salten municipalities in Norway. In Solna, Sweden, YIT is responsible for the building system servicing and maintenance of approximately one hundred municipality-owned properties.

The demand for energy-saving solutions and services picked up in the spring in the Nordic countries, Austria and Germany in particular and continued steadily during the rest of the year. Several energy analyses and ESCO energy saving agreements were performed in the private and public sectors.

The demand for industrial plant maintenance services, solutions that improve energy efficiency and energy analysis services continued to be relatively steady in Finland.

Decrease in new investments

New investments in building systems decreased across all market areas. The renovation and reconstruction market picked up slightly thanks to the start-up of public sector stimulus projects.

Industrial investments were fewer than during the year before. In particular, investments decreased in process, forest and steel industries, with the demand focusing on the energy industry. An extensive piping project whereby YIT delivers all the pipelines of a power plant to Siemens AG started at the Severn Power natural gas combined cycle power plant in Uskmouth, United Kingdom.

Construction Services Finland

Construction Services Finland's revenue decreased by 10 per cent compared to the previous year. Revenue decreased clearly in the construction of business premises. In residential construction and infrastructure services, revenue remained at last year's level.

Operating profit declined by 27 per cent due to a significant decline in the construction of business premises and residential sales focusing more on rental housing production during the first months of the year compared to previous year. During the comparison period, the Supreme Court issued a ruling that had a positive effect of EUR 3.5 million on the segment's operating profit for Q1/2008.

The order backlog increased by 15 per cent compared to the end of the previous year. The order backlog increased especially in connection with an increase in residential start-ups.

In Construction Services Finland, development production mainly ties up capital in the plot reserves, their development and ongoing production. Infrastructure and other contract construction require only little capital. Capital invested in the business segment decreased and amounted to EUR 315.7 million at the end of the year (EUR 482.9 million). Plot investments were decreased in 2009, amounting to EUR 54.0 million (EUR 61.6 million). Return on investment was 20.5% (28.0%).

The number of personnel in the segment decreased compared to the year before and was 2,936 at the end of the year (3,271).

At the end of the year the plot reserves included 1,630,000 m² of floor area (1,770,000 m² of floor area) of residential plots and 908,000 m² of floor area (827,000 m² of floor area) of plots for busi-

ness premises. Plot reserves include off-balance sheet items. Plot reserves include plots that have been planned and an estimate of the potential building rights on areas that are under land use planning. The building rights provided by regional development agreements made with landowners remain as off-balance sheet items until the construction of each phase of the plan being implemented begins or YIT pays for the plots in accordance with the agreements.

Residential sales picked up

Due to uncertainties in the market conditions, housing construction focused on rental housing production during the first months of the year. As the residential sales picked up the focus was turned back on own development projects. YIT sold 276 residential units to consumers during the first quarter, 401 during the second quarter, 380 during the third quarter and 510 during the fourth quarter. The price level of housing developed positively at the later part of the year.

The volume of residential start-ups for consumers was increased in each quarter in order to ensure a sufficient number of apartments on sale. Geographically extensive operations and plot reserves made it possible to react swiftly to changes in the market conditions. At the end of the year, YIT had on sale a total of 1,061 residential units, of which 216 had been completed. The residential units on sale consist of apartments in different sizes. In the market the number of own housing development projects started up was lower than during the previous years.

Projects constructed for investors were started up throughout the year in accordance with previous agreements. The most significant agreement on rental housing was signed in August when

YIT sold five rental housing projects with a total of some 300 residential units to ICECAPITAL Housing Fund II for EUR 36.6 million. An agreement was signed with Tapiola Real Estate on the construction of a total of 225 residential units in the Helsinki region and the Uusimaa province. Agreements were also made with VVO and Tarveasunnot, among others.

The number of residential units sold and residential units under construction on the whole exceeded the previous year considerably with both rental housing production and YIT's own development projects underway. In Finland, the average construction time of a residential project is approximately one year. About half of YIT's ongoing projects will be completed during 2010 and half in 2011.

Lower volume in business premises construction than in the previous year

The volume of business premises construction decreased clearly compared to the previ-

ous year. Construction of offices and industrial premises declined significantly. Demand for new business and warehouse premises remained moderate. The start up of stimulus measures by the public sector increased slightly the demand for renovation and modernisation projects.

The business focused on completing ongoing projects and obtaining leaseholders for new, ongoing and completed sites. YIT put effort on the tenant and project development activities and in activating investor sales. Some new development projects were started during the year and contracts were won in competitive bidding. In addition, several renovation and modernisation projects were carried out.

With regard to projects as the Group's own development, the sports and wellness centre located in Salmisaari, Helsinki was sold to Varma Mutual Pension Insurance Company in January. In November, YIT sold a shopping centre located in Joensuu to Fennia Mutual Insurance Company after the agreement made in 2007 with a Danish

real estate investor on the premises had been cancelled.

The construction of the first low-energy office and commercial building was started in Järvenpää in the autumn.

From now on, all new offices constructed by YIT will be low-energy offices, consuming less energy than required by current regulations.

Infrastructure construction is steady

The demand for infrastructure construction was decreased by the lower construction levels of new housing and business premises and the impaired state of the municipal economy. Several infrastructure projects concerning basic road and railway maintenance started in Finland, boosted by state stimulus measures. The demand for environmental restoration services was good. Infrastructure construction developed steadily as a whole.

YIT has special expertise in infrastructure construction in rock excavations, maintenance

works and municipal services. As for large-scale road projects, a project of EUR 17 million with bridge and road work was started in the centre of Savonlinna. A tunnel for the Kehärata (Ring line) projects was started in Vantaa. As regards municipal services, the City of Varkaus outsourced the production and maintenance of its streets, water supply and outdoor lighting. In addition, lifecycle projects were implemented for municipalities, covering repair investments and maintenance of sites.

Key figures

	2009	2008	Change
Revenue, MEUR	1,029.7	1,147.9	-10%
- of which service and maintenance, MEUR	71.5	68.5	4%
Operating profit, MEUR	81.9	111.7	-27%
Operating profit margin, %	8.0%	9.7%	-
Order backlog at end of period, MEUR	1,007.5	874.2	15%
Invested capital at end of period, MEUR ¹⁾	315.7	482.9	-35%
- in plot reserves, MEUR	325.6	350.5	-7%
Personnel at end of period	2,936	3,271	-10%

1) When calculating invested capital in business segments, the interest-bearing financial items have been netted.

Residential construction in Finland in 2009 (2008), number of residential units

	2009	2008	Change
Sold	3,502	1,920	82%
- of which directly to consumers	1,567	1,462	7%
Start-ups	3,447	1,542	124%
- of which aimed directly to consumers	1,528	1,084	41%
Completed	1,562	2,464	-37%
Under construction at the end of the period	3,773	1,887	100%
- of which sold at the end of the period	2,928	1,134	148%
Unsold at the end of the period	1,061	1,111	-5%
- of which completed	216	358	-40%

International Construction Services

International Construction Services' revenue decreased by 27 per cent compared to the previous year due to the weaker market conditions. Revenue decreased by 17 per cent in Russia and by 63 per cent in the Baltic countries. Russia accounted for 85 per cent (75%) of the revenue for 2009, the Baltic countries for 12 per cent (24%). Revenue increased during all quarters of the year as Russian residential sales picked up and the construction of sites progressed.

The segment's operating profit for 2009 was negative. Operating profit turned positive during the third quarter and continued to improve during the fourth quarter. The segment's operating profit was weakened on account of the volume of residential sales in the first part of the year falling short of the previous year, housing prices being at a lower level than last year, the low volume of business premises construction in Russia and the Baltic market continuing to be weak. The project margin forecasts of the business segment were weakened in particular during the first quarter. Write-downs of approximately EUR 7 million were recognised during the year for the plot reserves mainly located in Latvia and Lithuania.

The order backlog of International Construction Services decreased by 30 per cent compared to the year before. Residential projects under construction in Russia were recognised as income as construction and sales proceeded. During the year there were more apartments sold than apartment start-ups. Due to market uncertainties, the construction of residential projects in the start-up phase in Russia in projects whose sales had not yet begun was suspended in October 2008. At the end of 2009, the value of

the projects that were still suspended amounted to EUR 282 million in the order backlog (12/08: EUR 356 million).

Exchange rate changes of the ruble decreased the revenue in 2009 by EUR 65.2 million and order backlog by EUR 41.1 million compared to the year before. When the figures for Russia are calculated in local currency, the change in revenue for the business segment was -14 per cent and change in the order backlog was -27 per cent compared to the previous year.

In International Construction Services, capital has been tied mainly to ongoing, completed and suspended production and additionally to the plot reserves and their development. Capital invested in the business segment amounted to EUR 681.3 million (EUR 653.1 million) at the end of 2009. No new housing projects were started in early 2009, and investments were decreased considerably. Housing start-ups were restarted once sales picked up and the market conditions improved again in September, and decisions on a few new plot investments were made during the fourth quarter. Return on investment was -2.7 per cent (1.7%).

The Group's capital invested in Russia is primarily accounted for by the International Construction Services segment. At the end of the year, the Group's capital invested in Russia amounted to EUR 582.3 million (EUR 545.2 million). The amount of capital invested in Russia was increased by capital tied to unfinished and completed production. The devaluation of the ruble decreased the amount of capital invested in Russia by EUR 26.4 million compared to the previous year.

During the latter half of the year, YIT increased its holding in YIT Kausta in Lithuania to 97.5 per

cent, in Russia in YIT Uralstroi to 99.9 per cent and in YIT Don to 78 per cent. In January 2010, YIT increased its holding in YIT Don to 100 per cent.

At the end of the year the plot reserves in Russia included 1,974,000 m² of floor area (2,256,000 m² of floor area) of residential plots and 563,000 m² of floor area (565,000 m² of floor area) of plots for business premises. The plot reserves in the Baltic countries included 353,000 m² of floor area (398,000 m² of floor area) of residential plots and 136,000 m² of floor area (62,000 m² of floor area) of plots for business premises.

Residential sales strengthened in Russia as the year advanced

YIT is involved in its own housing development projects in St Petersburg, Moscow, cities in the Moscow region, Yekaterinburg, Rostov-on-Don and Kazan.

Housing sales strengthened in Russia during every quarter of 2009. YIT sold 323 residential units in Russia during the first quarter, 494 during the second quarter, 829 during the third quarter and 966 during fourth quarter. A majority of the residential units were sold directly to consumers. In December, YIT sold 90 residential units in Moscow's surroundings to the Ministry of Defence in a single transaction.

Sales received a boost from greater consumer confidence in YIT, the company's own marketing and sales measures, a more appealing offering when sites are completed or are nearing completion and improved credit availability and terms for the customers. In order to support sales, YIT agreed on cooperation with several banks, whereby YIT customers now have the option to take out a mortgage under special terms and conditions. In St. Petersburg, approximately one-fifth of residential sales made

Key figures

	2009	2008	Change
Revenue, MEUR	359.4	493.5	-27%
Operating profit, MEUR	-17.8	9.0	-
Operating profit margin, %	-5.0%	1.8%	-
Order backlog at end of period, MEUR ¹⁾	960.1	1,369.3	-30%
Invested capital at end of period, MEUR ¹⁾	681.3	653.1	4%
- in plot reserves, total	246.5	228.9	8%
- in plot reserves in Russia	171.7	145.7	18%
- in plot reserves in the Baltic countries	74.8	83.2	-10%
Personnel at end of period	2,647	3,277	-19%

1) The order backlog includes residential projects suspended in Russia in October 2008. At the end of 2009, the value of the projects that were still suspended amounted to EUR 282 million in the order backlog (12/08: EUR 356 million).

2) When calculating invested capital in business segments, the interest-bearing financial items have been netted.

with YIT in October-December were made with loan financing. In other cities where the company operates loan financing was utilised less frequently.

Housing prices decreased in rubles on average, varying by city, approximately on one-fifth between September 2008 and October 2009. The rate of decline in housing prices slowed down during the third quarter of 2009, and prices remained steady for the rest of the year. The supply of housing in the market declined in 2009 after numerous constructors had halted their

projects, thereby increasing YIT's market share in residential sales. Some construction companies restarted their halted projects towards the end of the year.

YIT started the construction of 672 residential units during the last months of the year. The first new residential site since summer 2008 was started in September 2009 in one of the cities surrounding Moscow, Zhukovsky. Residential construction projects were started up in the Moscow region, Moscow and St. Petersburg during the fourth quarter. The housing sales

portfolio improved following the completion of sites and new residential start-ups.

The costs of completing the 4,174 residential units under construction are estimated to be approximately EUR 178 million. The residential start-ups in 2009 account for EUR 42 million of the costs of completion. Capital is freed up simultaneously with the sale of residential units. In Russia the projects are long and the value of them is large. The majority of the projects under construction will be completed during 2010.

Development of the Gorelovo industrial park continued

The development of the Gorelovo industrial park in St. Petersburg was continued in the autumn by starting up the realisation of production and distribution logistics premises used in packaging cosmetic products for Dermosil. The development of business premise projects was also continued in Moscow and its vicinity. YIT signed a strategic partnership agreement with BPT on business premise development.

The water and drain connections of the food plant completed in the Gorelovo area were connected in October 2009, and the authorities granted the official permits for putting into operation the production plant at the end of December. Thus, YIT's obligations based on the agreements made with the customer have been fulfilled.

Weak market situation in the Baltic countries

The market situation remained weak in the Baltic countries. Competition for construction projects was tight and production volumes were low. The market price level of housing dropped on average to approximately half of what it was at the end of 2007.

The focus of YIT's operations was shifted from residential construction to contracting in the Baltic countries. Minor construction contracts were won, making it possible to halt the rapid decrease in operational volumes. The largest construction sites were mainly production and logistics premises for Western customers in Estonia and Lithuania.

No new residential projects were started up during 2009, but the preparation of new projects continued. In 2009, 256 (1-12/08: 733) residential units were sold in Lithuania, Estonia and Latvia. Of these units, 53 were sold during the first quarter, 147 during the second quarter, 50 during the third quarter and 6 during the fourth quarter. 592 (736) residential units were completed during the period. No residential units were under construction at year's end (12/08: 592). At the end of the year, YIT had 40 (296) unsold residential units.

International Construction Services' revenue by country, MEUR

	2009	2008	Change
Russia	305.7	368.2	-17%
Lithuania, Estonia, Latvia	44.3	118.7	-63%
Other countries	9.4	6.6	42%
Total	359.4	493.5	-27%

Residential construction in Russia in 2009 (2008), number of residential units

	2009	2008	Change
Sold	2,612	2,793	-6%
Start-ups	672	3,622	-81%
Completed	4,960	2,600	91%
Under construction at the end of the period ¹⁾	4,174	8,407	-50%
- of which sold at the end of the period	1,814	3,120	-42%
Unsold at the end of the period	3,603	5,534	-35%
- of which completed	1,243	247	403%

1) Due to the uncertain market situation, YIT made a decision in October 2008 to suspend the construction of residential projects in the start-up phase in Russia in projects whose sales had not yet begun. The residential units whose construction was suspended are not included in the residential units under construction in the above table, as the restarting of their construction will be handled as new building start-ups. Changes in the number of residential units may take place after the start of construction due to the division or combination of residences.

MANAGEMENT AND ADMINISTRATION

YIT's share is listed on NASDAQ OMX Helsinki. YIT Corporation complies with Finnish legislation, its Articles of Association and the rules and regulations of bodies that regulate and supervise the operations of listed companies. YIT complies with all of the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association in October 2008. The Corporate Governance Code replaced the Corporate Governance Recommendation for Listed Companies that took effect in July 2004 as of the beginning of 2009.

A Corporate Governance Statement will be published at the same time with the Board of Director's Report as a separate statement. An up-to-date presentation of YIT Corporation's management and administration is presented in the company's Annual Report and Internet site.

Organisation of business operations and changes in Group structure

YIT Group's business operations are divided into main business segments. The Building Systems and Industrial Services segments merged into a single segment, Building and Industrial Services, at the beginning of 2009. The other two business segments were Construction Services Finland and International Construction Services.

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 standing orders. 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 operation, finances and risks of the Group.

The members of YIT Corporation's Board of Directors between January 1 and March 11, 2009 were

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

YIT Corporation's Annual General Meeting held on March 11, 2009 resolved to elect a chairman, vice chairman and five ordinary members to the Board of Directors:

- Chairman Henrik Ehrnrooth, born 1954, M.Sc. (Forest economics), B.Sc. (Econ.), Chairman of the Board of Directors of Pöyry PLC
- Vice Chairman Eino Halonen, born 1949, M.Sc. (Econ.)

and members

- Kim Gran, born 1954, B.Sc. (Econ.), President and CEO of Nokian Tyres plc
- Reino Hanhinen, born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c.
- 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
- Lauri Ratia, born 1946, M.Sc. (Eng.)

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

An up-to-date presentation of the members of the Board of Directors can be found on YIT's Internet site.

Committees of the Board of Directors

In 2009, the Board of Directors had an Audit Committee and a Nomination and Rewards Committee, for which the Board has ratified separate charters.

Between January 1 and March 11, 2009, the members of the Audit Committee of YIT Corporation's Board of Directors were Eino Halonen as Chairman and Teuvo Salminen and Reino Hanhinen as members. In its organisational meeting on March 11, 2009, the Board elected Reino Hanhinen as chairman and Satu Huber

and Lauri Ratia as members of the audit committee from among its number.

Between January 1 and March 11, 2009, the members of the Nomination and Rewards Committee of YIT Corporation's Board of Directors were Reino Hanhinen as Chairman and Henrik Ehrnrooth, Eino Halonen and Antti Herlin as members. In its organisational meeting on March 11, 2009, the Board elected Henrik Ehrnrooth as chairman and Eino Halonen, Reino Hanhinen and Antti Herlin as members of the Nomination and Rewards Committee from among its number.

Meetings of the Board of Directors

In 2009, the Board of Directors had 11 meetings, the Audit Committee 5 meetings and the Nomination and Rewards Committee 7 meetings. The members' attendance rate in Board of Directors' meetings was 92%, in Audit Committee's meetings 91% and in Nomination and Rewards Committee's meetings 100%.

The Group's Management Board and changes in Group management

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., as of November 2008, with Kari Kauniskangas (born 1974), M.Sc. (Eng.), B.Sc. (Econ.), as his deputy.

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. Presidents of the seg-

ments report to the President and CEO of YIT Corporation.

As of the beginning of 2009 the Group Management Board comprised of:

- President and CEO (Chairman) and President of the Building and Industrial Services business segment
- Deputy to the Group's President and CEO (Vice Chairman) and President of International Construction Services business segment
- President of the YIT Construction Services Finland business segment
- Managing Director of YIT's building systems company in Norway, and Senior Vice President responsible for development in building systems
- Head of industrial services
- The Group's Chief Financial Officer
- The Group's Senior Vice President, Business Development
- The Group's Senior Vice President, Human Resources

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

On August 20, 2009, Arne Malonæs was appointed as President of the YIT Building and Industrial Services segment and Timo Lehtinen as Chief Financial Officer of YIT Group. Before this appointment, Arne Malonæs served as the President of YIT's Norwegian subsidiary, with responsibility for the development of the Group's building system services. Timo Lehtinen was Senior Vice President, Finance, with responsibility for both the Construction Services Finland and International Construction Services segments.

Of the Group's Management Board members, the previous CFO, head of Industrial Services and Senior Vice President, Human Resources left YIT's employ during 2009. HR matters were included within the responsibilities of the Senior Vice President, Administration.

As of the beginning of 2010 the Group Management Board comprises of:

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

The Group's Vice President, Administration, serves as the secretary of the Management Board.

An up-to-date presentation of the Group management can be found on YIT's Internet site.

Auditor

The Annual General Meeting on March 11, 2009 re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor, with Heikki Lassila, Authorised Public Accountant, as the chief auditor.

Management's share and share option ownership

On December 31, 2009, the members of YIT Corporation's Board of Directors as well as the President and CEO and his deputy held a total of 15,687,970 (December 31, 2008: 837,950) YIT shares, corresponding to 12.3 per cent (0.7) of the company's shares and the votes conferred thereby.

On December 31, 2009, the President and CEO and his Deputy held a total of 5,040 Series N share options from 2006. Members of the

Board of Directors are not covered by the company's share option programmes. If these options were to be exercised in full, YIT Corporation's number of shares would increase by 5,040 on basis of the subscriptions, increasing the share capital by EUR 96,919; on December 31, 2009, this amount would have represented 0.01 per cent of the company's number of votes and share capital.

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, 2009.

Retirement ages and termination compensation

The retirement age of the President and CEO and that of his deputy has been set at 62. The pension amounts 60 per cent of salary accounted according to Finnish employment pension law. The contractual retirement age of three of the members of the Group's Management Board is 62. In other respects, the statutory retirement age applies to the members of the Management Board.

The 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.

Shares and options held by the Board of Directors, the president and CEO and the Group's Management Board, December 31, 2009

	Shares	% of shares outstanding	N options
Board of Directors	15,660,970	12.31%	-
President and CEO	26,000	0.02%	2,880
Deputy to the President and CEO	1,000	0.00%	2,160
The Group's Management Board excluding the President and CEO and his deputy	11,144	0.01%	7,920

Share and option ownership includes the 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 2008. Up-to-date information can be found on YIT's Internet site.

SHARES

YIT Corporation's share and share options are listed in NASDAQ OMX Helsinki in Industrials sector. 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 was EUR 149,216,748.22 at the beginning of the review period, and the number of shares outstanding was 127,223,422. The share capital and number of shares did not change during the year.

Own shares and authorisations of the Board of Directors

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

At the beginning of 2009, YIT Corporation held 1,425,000 of its own shares, purchased based on the authorisation given by the General Meeting of October 6, 2008.

The Annual General Meeting of YIT Corporation resolved on March 11, 2009, to authorise the Board of Directors to purchase the company's shares and to dispose of them, as proposed by the Board of Directors. The authorisation granted to the Board of Directors covers the acquisition of a maximum of 10,100,000 company shares, purchased with the company's unrestricted equity, and the assignment of a maximum of 12,700,000 of the shares bought back for and held by the company. The authorisation overrides the authorisation to purchase and divest the company's own shares issued by the Extraordinary General Meeting on October 6, 2008.

Between February 10 and February 23, 2009, YIT purchased 720,000 of its own shares at an average price of EUR 5.6. At the end of 2009, YIT Corporation held 2,145,000 of its own shares. During the period, no shares in the parent company were owned by subsidiaries.

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

Trading in the shares and share options

At the end of 2009, the closing rate of YIT's share was EUR 14.45 (2008: EUR 4.58). YIT's share price increased by 216 per cent during 2009. The highest price of the share during 2009 was EUR 14.49 (EUR 19.99), the lowest EUR 4.31 (EUR 3.70). The average price was EUR 8.52 (EUR 10.89).

Market capitalisation at the end of the year was EUR 1,807.4 million (EUR 576.2 million). The market capitalisation at the end of year has been calculated excluding the shares held by the company.

Share turnover in 2009 amounted to 190,057,125 shares (295,155,593). The value of share turnover was EUR 1,631.4 million (EUR 3,221.4 million). The average daily turnover was 757,200 shares (1,166,623).

No Series M or N share options issued in 2006 were traded in 2009.

SHARE OPTION PROGRAMMES

The General Meeting decides on share option issues and the terms and conditions of the option programmes. The Board of Directors decides on the distribution of options annually on the basis of the terms and conditions of YIT's share options. Shares could be subscribed for in 2009 under the Series M and N share options issued in 2006 between April 1 and November 30, 2009. The subscription period under the Series M share options ended on November 30, 2009.

2006 share option programme

The Annual General Meeting in 2006 decided to grant a maximum of 300,000 Series K, 900,000 Series L, 900,000 Series M and 900,000 Series N share options for subscription without consideration. Each Series K, L, M and N share option entitles its holder to subscribe for one YIT Corporation share. The shares subscribed for with share options confer all the shareholder rights as of the share capital increase registration date.

YIT Construction Ltd subscribed for the 2006 share options for distribution in 2006 (K), 2007 (L), 2008 (M) and 2009 (N), on the basis of the decision by the Board of Directors of YIT Corporation, to those who are either in the employ of or will be hired into the employ of the YIT Group companies, the president and CEO of YIT Corporation, the deputy to the CEO, and other members of the Group's management and its key employees. The criteria for the distribution of Series L, M and N share options are return on investment and revenue growth.

YIT Corporation's Board of Directors will confirm the subscription prices of shares prior to the commencement of the subscription periods.

The subscription price of Series K and L share options was EUR 20.53. The subscription price of Series M share options is EUR 19.73 per share and of Series N share options EUR 19.23 per share.

Shares can be subscribed for annually in the period from April 1 to November 30. Shares could be subscribed for with the Series K share options in 2007–2008, the Series L share options in 2007–2008, the Series M share options in 2008–2009, and shares can be subscribed for with the Series N share options in 2009–2010.

At the beginning of the subscription periods, a total of 241,800 Series K share options, and a total of 593,460 Series L share options, a total of 734,240 Series M share options and a total of 229,320 Series N share options had been distributed to the Group's management and key employees.

A total of 5,200 shares were subscribed for with Series K options, 3,460 with Series L options and 2,450 with Series M share options by November 30, 2009. No shares were subscribed for with the Series N share options by November 30, 2009. A maximum of 229,320 shares can be subscribed for with the remaining Series N share options.

No Series M or N share options issued in 2006 were traded in 2009.

The option programme terms can be found in their entirety on the Company's Internet site.

SHAREHOLDERS

The number of registered shareholders was 25,515 (15,265) at the beginning of the review period and 29,678 (25,515) at the end of the period. The number of households among the owners increased by 4,070. At the beginning of the year, a total of 36.5 per cent (52.9%) of the shares were owned by nominee-registered and non-Finnish investors, while this figure was 38.7 per cent (36.5%) at year's end.

Flagging notification

During 2009, one notification of changes in holdings was made in accordance with Chapter 2, section 9 of the Securities Market Act. Suomi Mutual Life Assurance Company notified that its holdings have decreased to below 5 per cent of YIT Corporation's shares and votes following a share transaction on April 3, 2009. The company held a total of 6,184,119 YIT shares, which equals 4.86 per cent of YIT Corporation's shares.

Shareholders December 31, 2009

	Number of shares	% of shares and votes
Structor S.A.	14,700,000	11.55
Mandatum Life	5,513,709	4.33
Varma Mutual Pension Insurance Company	5,503,001	4.33
Ilmarinen Mutual Pension Insurance Company	4,636,785	3.64
Suomi Mutual Life Assurance Company	3,350,000	2.63
YIT Corporation	2,145,000	1.69
Svenska Litteratursällskapet	1,874,200	1.47
Tapiola Mutual Pension Insurance Company	1,785,000	1.40
State Pension Fund	1,700,000	1.34
Etera	1,534,443	1.21
Brotherus Ilkka	1,424,740	1.12
Odin Norden	1,401,366	1.10
Kaleva Mutual Insurance Company	807,603	0.63
OP-Delta Equity Fund	785,057	0.62
Odin Finland	550,232	0.43
Nominee registered shares	31,921,214	25.09
Others total	47,591,072	37.42
Total	127,223,422	100.00

Ownership by shareholder groups, December 31, 2009

	Number of shareholders	Proportion, %	Number of shares	Proportion, %
Corporations	1,859	6.26	10,746,478	8.45
Financial and insurance corporations	106	0.36	16,418,424	12.90
The public sector	45	0.15	17,321,637	13.62
Non-profit institutions	433	1.46	8,592,254	6.75
Households	27,103	91.32	24,920,194	19.59
Non-Finnish and nominee registered	132	0.44	49,224,435	38.69
- of which nominee registered	15	0.05	31,921,214	25.09
Total	29,678	100.00	127,223,422	100.00

Number of shares, pcs

	Number of shareholders	Proportion, %	Number of shares	Proportion, %
1–100	6,785	22.86	463,889	0.37
101–1,000	17,425	58.71	7,575,943	5.96
1,001–10,000	4,963	16.72	14,119,603	11.10
10,001–100,000	429	1.45	11,707,120	9.20
100,001–1,000,000	60	0.20	16,094,506	12.65
1,000,001–10,000,000	13	0.04	35,987,612	28.29
10,000,001–	3	0.01	41,274,749	32.44
Total	29,678	100.00	127,223,422	100.00

This information is based on the shareholder list maintained by Euroclear Finland Oy. 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.

ESTIMATE OF FUTURE DEVELOPMENT

Market outlook

In the Building and Industrial Services segment, the slight increase in the demand for service and maintenance operations for building systems will continue. The increasing amount of technology in buildings and low new investments will increase the need for service and maintenance operations. The economic recession will open new opportunities for outsourcing real estate services. The demand for energy-efficiency services will increase in the next few years in the Nordic countries, Germany and Austria in particular with public sector stimulus measures and renewed environmental legislation. New investments in office and retail properties will remain slight. In new construction projects, public sector investments will be realised. The increase in the demand for renovation and reconstruction projects will continue with the support of public sector stimulus measures and renovation subsidies. Industrial investments are low in Finland, but the demand for industrial maintenance services will continue relatively stable.

With regard to Construction Services Finland, housing demand is expected to remain good, construction of business premises to decrease and infrastructure construction to remain relatively steady. The demand for owner-occupied housing will be supported by low interest rates, an increase in consumer confidence and the limited housing supply. The need for new housing is also maintained by the decreasing family sizes, migration and increasing population. Decreased employment rates and rising interest rates may increase insecurity in the housing market in the future. With regard to the business premises mar-

ket, construction of offices and industrial premises will decline. Demand for retail and warehouse premises will remain moderate. The need for renovation is rising steadily. State stimulus measures will increase the public sector construction projects, but the weakness of municipal finances leads to uncertainty concerning the number of public sector construction projects. New projects related to transportation will begin in the Finnish infrastructure market in 2010; at the same time the demand in the municipal sector will decrease. Opportunities will also open in connection with road and regional maintenance contracts. Capacity underutilisation in infrastructure construction keeps the competitive situation tight.

As for International Construction Services, housing demand in Russia is expected to remain good, and a slight recovery can be expected in the Baltic countries. There is still a great need for housing in Russia, and the demand outlook for residential units aimed at YIT's customer segment is unchanged in the long term. Russia's economic situation and consumer behaviour are strongly dependent on the development of oil prices and the ruble exchange rate. In addition the development of the functionality of housing finance, employment rates, interest rates and purchasing power affect residential sales. The construction market has reached an extremely low level in the Baltic countries. Due to the extensive impact of the recession, no significant recovery of the market conditions can be expected in the near future; however there are signs of a recovery in the housing market and there have been some new project start-ups in the market. In Russia, the underutilisation rate of

offices is high and their construction is low, but the demand for industrial and retail premises is increasing. Minor business premise projects are underway in the Baltic market.

Strategic targets

YIT Corporation's Board of Directors confirmed the Group's strategy for 2010-2012 on August 19, 2009. The Group's strategic target levels are: average annual revenue growth of 5-10 per cent, return on investment of 20 per cent, operating cash flow after investments must be sufficient for dividend payout and reduction of debt, equity ratio of 35 per cent and dividend payout of 40 to 60 per cent of net profit for the period.

In Building and Industrial Services, YIT aims to be the leading provider of technical system maintenance in the Nordic countries and Central Europe and a forerunner in energy-saving services. The target is to increase the service and maintenance operations faster than other operations. Growth is sought both organically and through acquisitions.

In Construction Services Finland, YIT's aim is to strengthen its position in all of its three key construction areas - housing, business premises and infrastructure. With regard to residential construction, development projects will be increased so that the turnover of capital is accelerated. In business premises, the focus will be on developing and repairing existing properties during the beginning of the strategy period. In infrastructure services, the market position will be reinforced and maintenance activity will be increased.

In International Construction Services, YIT aims to increase its residential production

responding to the market demand. The strong need for housing has not decreased, and the demand outlook for residential units aimed at YIT's customer segment is favourable in the long term, which provides opportunities for growth. Also in the Baltic countries and Central Eastern Europe, YIT will aim to take advantage of emerging market opportunities. Additionally, YIT seeks to boost the capital efficiency and higher profitability in the business segment.

Major business risks and uncertainties

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. Most significant strategic risks are related to changes in the operating environment, the structural and organic growth and the management of capital. Operational risks are related to sales risk of the order backlog and project management.

Financial risks include liquidity, interest rate, currency and credit risk and risks related to the reporting process. Event risks include sudden and unforeseen material damage to the project sites and other property, such as due to fire, collapse and theft; these are managed with insurances.

The most significant operational short-term business risks and uncertainties are connected with the continuity of the favourable development of residential sales and the sales and price risk of the order backlog mainly due to unsold residential units. At the end of the year, YIT's residential units under construction or completed

but unsold totalled 3,603 in Russia, 1,061 in Finland and 40 in the Baltic countries. In addition, there are 2,145 residential units in Russia whose construction has been suspended. YIT manages sales risk by matching the number of housing start-ups with the estimated residential demand and the number of unsold residential units. Housing start-ups were increased towards the end of the year in order to ensure a sufficient number of apartments on sale. A more detailed account of the structure of the order backlog is presented above under Order Backlog. An account of housing production and related measures can be found under Development by business segment.

There is a currency risk related to investments in ruble terms. The Group's invested capital in Russia amounted to EUR 582.3 million at year's end. At the turn of the year 2008-2009, net equity investments in Russia were increased by classifying a part of the loans given to the subsidiaries as fixed net investments. Net investments totalled EUR 368.5 million at the end of the year. Net investments in the Russian subsidiaries are unhedged in accordance with the finance policy, and the possible devaluation of the ruble would have a negative impact equal to the amount of decrease in equity on the Group's shareholders' equity. Debt investments amounted to EUR 213.9 million at the end of the year, and this exposure was hedged in full. The difference in the interest rates between the euro and ruble has an effect on hedging costs and therefore net financial expenses.

YIT tests the value of its plots as required by the IFRS accounting principles. Plot reserves

are measured at acquisition cost and the 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. Write-downs of approximately EUR 7 million were recognised during the year mainly for the plot reserves in Latvia and Lithuania.

A more detailed account of YIT's risk management policy and the most significant risks is published in the Annual Report 2009. Financing risks are described in more detail in the notes to the financial statements for 2009.

Outlook for 2010

YIT Corporation estimates that the Group's revenue will increase and profit before taxes will increase significantly in 2010 compared to 2009.

The demand for housing is expected to remain good in 2010 in Finland as well as Russia.

In Finland, the residential demand is supported by low interest rates, increased consumer confidence and structural factors, such as migration, increasing population and decreasing family sizes. The price level of apartments has developed positively. There is a low supply of new residential units in the market. YIT has started up new residential projects in 2009, which offers a solid starting point for 2010. At the end of 2009, YIT had 3,773 residential units under construction. There were 1,061 residential units on sale, of which 216 had been completed. Good plot reserves, geographically extensive operations and the ability to react swiftly to changes in the market enable YIT to increase residential development activity in 2010.

There is a great need for new housing in Russia, and therefore the demand outlook for residential units aimed at YIT's customer segment is unchanged in the long term. At the end of 2009, housing prices have stabilized and consumer confidence has increased. New residential projects have been started up in the market, but the supply is still limited. At the end of 2009, YIT had 4,174 residential units under construction. There were 3,603 residential units on sale, of which 1,243 had been completed. YIT has improved its reputation as a reliable construction company and developed its sales process. The company has increased the availability of loans for its customers through co-operation with banks. YIT started new residential projects during the last months of 2009 and in 2010 the residential start-ups are increased responding to the market demand.

Residential demand is affected by consumer confidence, employment situation and interest rate development both in Finland and Russia. Additionally, in Russia the residential demand is dependent on oil prices and the exchange rate of the ruble.

The opportunities for organic growth in Building and Industrial Services are supported by the need for service and maintenance as well as renovation and public sector projects. There is a large number of small companies operating in building system markets and the consolidation development provides opportunities for acquisitions. Industrial investments are low in Finland, but the demand for industrial maintenance services will continue relatively stable. New investments in technical building systems

will decrease in all YIT markets, particularly due to the low volumes of business premises construction. YIT has an extensive network of local offices in the markets where it operates and a solid market position in building system and industrial service and maintenance operations, projects and energy-efficiency services.

New projects related to transportation will begin in the Finnish infrastructure market in 2010; at the same time the demand in the municipal sector will decrease. Opportunities will also open in connection with road and regional maintenance contracts. YIT has large-scale route projects underway in infrastructure services. The Group has special expertise in infrastructure and a solid position as Finland's largest private provider of road maintenance services.

Consolidated income statement

1,000 EUR	Note	2009	2008
Revenue	2, 4, 5	3,452,359	3,939,686
Other operating income	6	9,093	14,907
Change in inventories of finished goods and in work in progress		-129,089	266,125
Production for own use		2,136	4,345
Materials and services for own use		-1,599,150	-2,310,135
Personnel expenses	9	-1,091,204	-1,162,925
Other operating expenses	7, 10	-444,430	-459,453
Share of results in associated companies	16	-562	-123
Depreciation and value adjustments	8	-33,613	-31,830
Operating profit		165,540	260,597
Financial income		4,476	5,950
Exchange rate differences (net)		-28,437	-25,061
Financial expenses		-34,674	-48,377
Financial income and expenses	11	-58,635	-67,488
Profit before taxes		106,905	193,109
Income taxes	12	-40,671	-58,760
Net profit for the financial year		66,234	134,349
Attributable to:			
Equity holders of the company		66,794	132,935
Minority interest		-560	1,414
Earnings per share for profit attributable to the equity holders of the Company during the financial year			
Basic earnings per share, EUR	13	0.53	1.05
Diluted earnings per share, EUR		0.53	1.05

The notes are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income

1,000 EUR	Note	2009	2008
Profit for the report period		66,234	134,349
Other comprehensive income:			
Change in the fair value of interest derivatives		-3,126	-4,735
- Deferred tax asset		8	1,230
- Transferred to income statement		3,095	0
Changes in fair value		24	-102
Change in translation differences		-5,949	-35,782
Other change		-496	-252
Other comprehensive income, total		-6,444	-39,641
Total comprehensive income		59,790	94,708
Attributable to:			
Equity holders of the parent		60,939	93,729
Minority interests		-1,149	979

Consolidated balance sheet

1,000 EUR	Note	31/12/09	31/12/08
ASSETS			
Non-current assets			
Tangible assets	14	99,808	104,607
Goodwill	15	290,964	290,964
Other intangible assets	15	32,789	35,143
Investments in associated companies	16	3,235	3,823
Other investments	17	2,032	2,511
Receivables	18	14,402	12,673
Deferred tax receivables	19	39,805	34,563
Total non-current assets		483,035	484,284
Current assets			
Inventories	20	1,309,543	1,509,862
Trade and other receivables	21, 3	660,727	778,055
Cash and cash equivalents	22	173,085	201,738
Total current assets		2,143,355	2,489,655
TOTAL ASSETS		2,626,390	2,973,939

1,000 EUR	Note	31/12/09	31/12/08
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company 23			
Share capital		149,217	149,217
Legal reserve		1,696	1,375
Other reserves		11,598	13,857
Treasury shares		-10,636	-6,604
Translation differences		-42,506	-35,219
Fair value reserve		-1,681	-1,682
Retained earnings		690,346	682,183
		798,034	803,127
Minority interest		2,577	4,555
Total equity		800,611	807,682
Non-current liabilities			
Deferred tax liabilities	19	73,564	68,351
Pension obligations	24	17,606	19,684
Provisions	25	48,984	44,989
Borrowings	26	501,982	516,169
Other liabilities	27	3,342	4,040
Non-current liabilities		645,478	653,233
Current liabilities			
Trade and other liabilities	27	956,229	1,126,545
Income tax liabilities		15,294	14,461
Provisions	25	39,980	41,955
Borrowings	26	168,798	330,063
Total current liabilities		1,180,301	1,513,024
Total liabilities		1,825,779	2,166,257
TOTAL EQUITY AND LIABILITIES		2,626,390	2,973,939

The notes are an integral part of these consolidated financial statements

Consolidated cash flow statement

1,000 EUR	Note	2009	2008
Cash flow from operating activities			
Net profit for the financial year		66,234	134,349
Adjustments for			
Depreciations		33,613	31,830
Reversal of accrual-based items		32,662	40,316
Financial income and expenses		58,635	67,489
Gains on the sale of tangible and intangible assets		-678	-1,279
Taxes		40,671	58,760
		164,903	197,116
Change in working capital			
Change in trade and other receivables		124,346	4,454
Change in inventories		148,714	-318,214
Change in trade and other payables		-170,366	132,398
		102,694	-181,362
Interest paid		-35,340	-45,486
Other financial items, net cash flow		-22,020	2,745
Interest received		4,725	5,743
Dividends received		21	36
Taxes paid		-38,688	-65,322
Net cash generated from operating activities		242,529	47,819

1,000 EUR	Note	2009	2008
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	3	-7,541	-38,930
Disposals of associated companies		35	-
Purchases of property, plant and equipment	14	-20,777	-33,534
Purchases of intangible assets	15	-7,247	-4,118
Increases in other investments		-	-219
Disposals of subsidiaries and operations	4	-	4,262
Proceeds from sale of tangible and intangible assets		4,125	4,703
Proceeds from sale of other investments		280	648
Net cash used in investing activities		-31,125	-67,188
Operating cash flow after investments		211,404	-19,369
Cash flow from financing activities			
Proceeds from share issues		0	112
Proceeds from borrowings	26	60,000	265,000
Repayment of borrowings	26	-110,648	-97,499
Change in loan receivables		9	-1
Change in current liabilities, net	26	-120,249	103,274
Payments of financial leasing debts		-227	-457
Purchase of treasury shares	23	-4,032	-6,604
Dividends paid		-63,368	-102,041
Net cash used in financing activities		-238,515	161,784
Net change in cash and cash equivalents		-27,111	142,415
Cash and cash equivalents at the beginning of the financial year		197,740	59,232
Foreign exchange rate effect on cash and cash equivalents		2,453	-3,905
Cash and cash equivalents at the end of the financial year	22	173,082	197,742

The notes are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

1,000 EUR		Attributable to equity holders of the parent company								Minority interest	Total equity
		Share capital	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total		
Equity on Jan 1, 2008	Note	149,104	1,009	13,857	-9,016	1,925		657,628	814,507	3,843	818,350
Dividend paid, EUR 0.80/share		-	-	-	-	-	-	-101,774	-101,774	-267	-102,041
Purchase of treasury shares		-	-	-	-	-	-6,604	-	-6,604	-	-6,604
Shares subscribed with options		113	-	-	-	-	-	-	113	-	113
Employee share option scheme		-	-	-	-	-	-	3,156	3,156	-	3,156
Transfer from retained earnings		-	366	-	-	-	-	-366	0	-	0
Other comprehensive income, total		-	-	-	-26,203	-3,607	-	123,539	93,729	979	94,708
Equity on Dec 31, 2008		149,217	1,375	13,857	-35,219	-1,682	-6,604	682,183	803,127	4,555	807,682
Equity on Jan 1, 2009		149,217	1,375	13,857	-35,219	-1,682	-6,604	682,183	803,127	4,555	807,682
Dividend paid, EUR 0.50/share		-	-	-	-	-	-	-62,539	-62,539	-829	-63,368
Purchase of treasury shares	11	-	-	-	-	-	-4,032	-	-4,032	-	-4,032
Shares subscribed with options		-	-	-	-	-	-	-	0	-	0
Employee share option scheme	17	-	-	-2,259	-	-	-	2,798	539	-	539
Transfer from retained earnings		-	321	-	-	-	-	-321	0	-	0
Other comprehensive income, total		-	-	-	-7,287	1	-	68,225	60,939	-1,149	59,790
Equity on Dec 31, 2009		149,217	1,696	11,598	-42,506	-1,681	-10,636	690,346	798,034	2,577	800,611

The notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. YIT Group's accounting principles

General information

YIT group provides services for real estate, construction and industry sectors. Group companies render capital investments and maintenance services for real estate and construction sector as well as industry.

YIT's main market areas are the Nordic countries, Baltic countries, Russia and Central Europe. YIT group's segments are: Building and Industrial Services, 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 3, 2010. 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 International Financial Reporting Standards (IFRS). All the IAS/

IFRS standards and SIC/IFRIC interpretations approved by the EU Commission by December 31, 2009 have been complied with. International Financial Reporting Standards refers to Finnish Accounting Act and related legal code based on EU regulation N:o 1606/2002 concerning the adoption of IFRS standards and interpretations in EU. The notes to consolidated financial statements comply also with Finnish GAAP and the Companies Act. The figures in the financial statements are presented in thousands of euros.

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, including derivative instruments and hedged assets. Share-based payments (options granted) are measured at fair value at the time of granting.

Application of revised standards and interpretations as from January 1, 2009

The Group has applied the following amendments to standards or new interpretations from January 1, 2009:

- **IFRS 8 Operating Segments:** According to standard, the segment figures presented must be based on the internal reports regularly reviewed by the entity's management. Adopting this standard 2009 does not have changed significantly Group's segment reporting, as already previously published segment information was based on internal reporting structure.
- **IAS 23 (revised) Borrowing cost:** Standard provides that borrowing costs directly attributable to certain qualified assets, f.ex construction project, shall be capitalized as part of the cost of that asset. Previously all borrow-

ing costs could be recognized as an expense immediately. Borrowing costs attributable to construction projects that begin on January 1, 2009 or later, will be capitalised in the balance sheet and are recognised to Profit and loss account when project revenue is recognised

- **IAS 1 (revised) Presentation of financial statements:** The change in accounting policy only impacts presentation of profit and loss account and the statement of changes in equity as well as some terms in the financial statements. Non-owner changes in equity are presented in a comprehensive income statement. In 2009 Group has disclosed two separate calculations Income statement and Comprehensive income statement. Also comparative information has been re-presented.
- **IFRS 2 (Amendment) Share-based payment – vesting conditions and cancellations:** The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are non-vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment does not have an impact on group's financial statements.
- **IFRS 1 and IFRS 27 (Amendment):** Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate in Adoption of IFRS for the first time. The amendment does not have an impact on group's financial statements.
- **IAS 39 (Amendment): Financial instruments: Recognition and measurement – Eligible Hedged Items:** The amendment prohibits

designating inflation as a hedge able component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The amendment does not have an impact on group's financial statements.

- **IAS 1 and IAS 32 (Amendments):** Financial Instruments Puttable at Fair Value and Obligations Arising on Liquidation. The amendments classify the puttable financial instruments financial instruments as equity, provided they have particular features and meet specific conditions. Before the amendment these instruments were classified as liability. The amendments do not have an impact on group's financial statements.
- **IFRS 7 (Amendment):** Enhancing Disclosures on Financial instruments. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by levels of a fair value measurement hierarchy. The amendment only results in additional disclosures, but does not change financial statements.
- **Improvements to IFRSs – amendments:** A Compilation of small and less important amendments to various standards into a single entity. The compilation encompassed 34 standards and the impacts of the amendments vary by standard. The amendments do not have substantial impact on groups reporting. Partly effective in 2009 and partly effective in 2010.
- **IFRIC 11, IFRS 2 – Group and treasury share transactions:** The interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone ac-

counts of the parent and group companies. The amendments do not have an impact on group's financial statements.

- **IFRIC 13 Customer Loyalty Programs:** The Group has no customer loyalty programs referred to in the interpretation.
- **IFRIC 14:** IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The interpretation is applied to post-employment defined benefit plans and other long-term defined benefit plans under IAS 19, if the plan includes minimum funding requirements. The interpretation also clarifies the criteria for recognition of an asset on future refunds or reductions in future contributions. The amendments do not have an impact on group's balance sheet.

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.

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 the YIT Group exercises a shared controlling interest with other parties. The YIT Group's holding in joint ventures are consolidated proportionally on a line-by-line basis. The consolidated financial statements include the Group's share of joint venture assets, liabilities, profit and expenses.

Minority interest

Minority interest has been included in Group equity. The minority share and shareholders' share of profit or loss for the period are disclosed in the income statement after net profit for the year. Gains or losses on the disposal of minority interests are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between the consideration paid and the net assets of subsidiary.

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 euros, which is the Group's functional and presentation currency.

Transactions and balances

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

at fair value are included in the change of the fair value.

Translation of foreign group companies

The income statements of foreign group companies have been translated to euros 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 income statement and balance sheet results in a translation difference, which is entered in equity in the retained earnings.

Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and items classified to be a part of net investments and the hedging result of these net investment are entered in shareholders' equity. When a foreign subsidiary is disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Translation differences arising before January 1, 2004, are recorded in the retained earnings at the transi-

Currency exchange rates used in YIT consolidated financial statements:

	Average rate Year 2009	Rate 31.12.2009	Average rate Year 2008	Rate 31.12.2008
1 EUR = USD		1.4406		1.3917
SEK	10.6189	10.2520	9.6101	10.8700
NOK	8.7287	8.3000	8.2181	9.7500
DKK	7.4463	7.4418	7.4560	7.4506
EEK	15.6466	15.6466	15.6466	15.6466
LVL	0.7028	0.7028	0.7028	0.7028
LTL	3.4528	3.4528	3.4528	3.4528
RUB	44.1306	43.1540	36.3922	41.2830
HUF	280.39	270.42	253.20	266.70
CZK	26.436	26.473	24.833	26.875
PLN	4.3270	4.1045	3.5883	4.1535

tion 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 euros.

Tangible Assets

Tangible asset 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	4–5 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 the 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 deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

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 at the date of acquisition. Goodwill on the consolidation of business functions before January 1, 2004, corresponds to the carrying amount as per the previously employed accounting standards, which has been used as the deemed cost. 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 recognised in connection with business acquisitions other than goodwill 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 utilized 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

Impairment of tangible and intangible assets

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

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

culatation of recoverable amounts requires the use of estimates. For more information on impairment testing, see note 15.

Inventories

Inventories are measured either at the lower of acquisition cost or net realisable value. The acquisition cost of materials and supplies is determined using the weighted average price method. The acquisition cost of work in progress and shares in completed housing and real estate companies comprises the value of the plot and other raw materials, planning costs, direct costs of labour, other direct costs and the appropriate portion of the variable general costs of manufacture and fixed overhead. The net realisable value is the estimated selling price in ordinary business operations less the estimated expenditure on product completion and sales. In estimating the net realisable value of shares in completed housing and real estate 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 current value of the minimum rents. Assets acquired under financial lease agreements are depreciated over their economic lifetime or the period of lease, whichever is shorter. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding per financial period. The lease commitments of financial lease agreements are included in the financial liabilities.

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

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 defined benefit plans are calculated by independent actuaries. The discount rate used in calculating the present value of the pension liability is the market rate of high-quality corporate bonds or the interest rate of treasury notes. The maturity of the reference rate substantially corresponds to the maturity of the calculated pension liability. In defined benefit plans, the pension liability presented is the

current value of future pension payments at the closing date less the fair value of the plan assets at the closing date together with adjustments for actuarial gains or losses and past service costs. Pension expenditure is expensed in the income statement, periodising the costs over the time in employment of the employees. Actuarial profits and losses in excess of a certain range of variation are entered 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 the 2006 share option scheme as an incentive system, in which payments are made as share-based payment transactions. The fair value of share options is determined as at the time granted and expensed in even instalments in the income statement over the vesting period of the rights. The expense determined at the time of granting the option is based on the Group's estimate of the number of options to which it is assumed that rights will vest by the end of the vesting period. The fair value is determined using the Black-Scholes pricing model. The so-called non-market vesting conditions, such as profitability and profit growth target, have not been considered when determining the fair value; they are included in assumptions about the final number of options. When share options are exercised, the cash payments (adjusted for any transaction costs) received on the basis of share subscriptions are entered in the

share capital. The Group updates its estimate of the final number of options on each closing date. Changes in estimates are recorded in the income statement.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the 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 provision is charged at the beginning of "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 materialization 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. A guarantee provision and

10-year provisions for commitments in the construction industry are recorded when a project is recognised in the income statement. The amount of the guarantee and 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 the deferred tax liabilities. Taxes are entered in the income statement except when they are associated with items recognised under shareholders' equity. Taxes on the taxable income for the financial period are calculated on the taxable income on the basis of the tax rate in force in the country in question. 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 bases or the tax bases 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 materialize in the future. The most significant temporary differences arise from differences of the partial debiting and taxable income of long-term projects, depreciation differences of property, plant and equipment, defined benefit pension plans, provisions deductible at a later date, measurement at fair value in connection with acquisitions, unused tax losses and voluntary provisions.

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. The discount rate used is the rate at which the Group could possibly sell a corresponding batch on the closing date.

The Group has classified at the initial recognition its financial assets into the following categories:

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 or initially financial assets classified to be assets measured at fair value through profit and loss account. Currency forward contracts and interest rate swaps associated with business operations and financing to which IAS 39-compliant hedging is not applied have been classified into this category. Derivatives are originally measured at fair value when the Group becomes a contractual party to an agreement and are subsequently measured at fair value. Currency forward contracts are used for hedging against the currency exposure of exchange rates and resulting changes in fair value are entered in other operating income and expenses or financial income and expenses based on their nature in the financial period in which they were incurred. Interest rate swaps are used to hedge against changes in market interest rates, and changes in the fair value of interest rate swaps are entered in financing income or expenses in the financial period in which they were incurred. Derivatives are non-current assets when their maturity is more than 12 months (Receivables) and current assets (Trade and other receivables) when the remaining maturity is less than 12 months.

Loans and receivables

Loans and receivables consist of loan receivables, trade receivables and other receivables.

Loan receivables are current if the maturity date is within 12 months after the closing date, otherwise they are non-current. They are initially measured at fair value and subsequently valued at the periodised acquisition costs using the effective yield method less any impairment. The

changes are recognised in the income statement under financial income or expenses.

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

Available-for-sale financial assets

Available-for-sale financial assets not falling into the categories presented above. They are non-current financial assets that the Group will not actively dispose of in the short-term. Available-for-sale financial assets primarily comprise shares and participations acquired to support business operations, e.g. in local telecom, water and environment service companies. They are not primarily quoted in well-functioning markets and they are measured at acquisition cost less any impairment. Quoted shares are measured at fair value and others at the original acquisition cost. When fair value can be evaluated reliable, 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 assets or its value has declined such that an impairment loss must be recognised on it. Derecognition of available-for-sale financial assets takes place when the Group has lost its contractual rights to the cash flows or when the risks and benefits connected with the financial assets have transferred outside the Group.

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. 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. An impairment loss related to equity investments in available for sale category will not be reversed through profit and loss account. The value of 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, a 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.

Classification of financial liabilities

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. Developer contracting-related debts from contract receivables sold to financing companies are also presented in financial liabilities. The debt is presented in current loans in accordance with their nature. In the case of unsold shares, contract receivables sold to financing companies are recognised as liabilities in their entirety and, in the case of sold shares, to the extent that they exceed the debt outstanding on the sold shares in accordance with the degree of 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 fair values of the financial liabilities are market rates if one has been reliably available, or otherwise discounted values or accounting values if this is reasonably close to the fair value. The discount rate used is the rate at which the Group could possibly buy a corresponding batch 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.

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.

Treasury shares

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

Income recognition

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

Goods and services sold

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 long-term services is recorded on the basis of the degree of completion when the end result of the business operations can be estimated reliably. Income from short-term services is recorded when the service has been performed.

Long-term projects

The income and costs of a long-term project are recorded as revenue and expenses on the basis of the degree of completion when the end result of the project can be estimated reliably. The degree of completion 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. 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. Long-term projects are recognised as income on the basis of estimates. If the estimates of the end result of a construction contract change, the sales and profits recognised are amended in the financial period when the change first becomes known and can be evaluated.

The income and costs from developer contracting are recognised as revenue on the basis of the percentage of degree of completion and the degree of sale. Costs in excess of the degree of completion are capitalized in incomplete construction contracts.

Income from construction projects including leasing liabilities is recognised as revenue on the basis of the percentage of degree of completion, degree of sale and degree of lease income. 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.

Interest and dividends

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

Critical accounting estimates and judgements

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

Estimated impairment of goodwill

Goodwill is tested for any impairment annually in accordance with the accounting policy stated in note 15. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The cash flows in the value-in-use calculations are based on the management's best estimate of market development for the subsequent years. The 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 period, 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. 31.12.2009 goodwill amounted to EUR 291.0 million.

Revenue recognition of long-term projects

Due to estimates included in the revenue recognition of long-term 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. Recognition of income from long-term projects is based on the percentage of completion method and 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 construction contract change, the sales and profits recognised are amended in the financial 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 2009 revenue recognition through percentage of completion method amounted to EUR 2,634.2 million, representing 76 per cent of 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. 31.12.2009 Deferred tax receivables amounted to EUR 39.8 million and

deferred tax liabilities amounted to EUR 73.6 million. (Note 19.)

Provisions

The recognition of provisions is associated with estimates concerning probability and quantity. Provisions are booked for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement. A guarantee provision and 10-year provisions for commitments are recorded when a project is recognised in the income statement. The amount of the guarantee and 10-year provisions for commitments in the construction industry provision is set on the basis of experience of the materialisation of these commitments. 31.12.2009 provisions amounted to EUR 89.0 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 substantially corresponds to the maturity of the calculated pension liability. Other assumptions are based on actuarial statistics and prevailing market conditions. 31.12.2009 pension liabilities amounted to EUR 17.6 million (Note 24.)

Inventories

At the each closing Group assess the valuing of inventory and possible decrease in value based on the management's 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. If the poor market conditions continue, the risk of write-offs to plot values increases. 31.12.2009 work in progress amounted to EUR 441.9 million, completed housing units amounted to EUR 224.8 million and plot reserve amounted to EUR 572.1 million (Note 20.)

Trade receivables

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. 31.12.2009 trade receivables amounted to EUR 413.7 million.

Evaluation of the future impact of new standards and interpretations

The effect of new or revised standards published by the IASB and endorsed by the EU Commission by the signing of the financial statements, on YIT Group's reporting in 2010:

- IFRIC 15 Agreements for the Construction of Real Estate: The interpretation provides guidance on when to account for revenue from the construction of real estate based on delivery according to the IAS 18 standard and when the percentage of completion method can be used in accordance with the IAS 11 standard. The entry into force of the interpretation will change YIT Group's revenue recognition in Construction Services Finland and International Construction Services segments from housing developer contracting to take place mainly at the time of delivery, while so far revenue and operating profit have been recognised based on the percentage of completion and percentage of sale. Application of the percentage of completion method according to IAS 11 may possibly continue contract specific in construction of business premises. The application will mainly have an impact on the reporting of revenue, operating profit, profit for the period, inventories, advances received, trade receivables, interest-bearing liabilities, deferred taxes, shareholders' equity and balance sheet total. The adoption will also have an impact on the key figures. The interpretation shall be applied to the financial period starting on January 1, 2010. YIT Group has analysed the impact of the implementation of IFRIC 15 for group's key figures, using preliminary comparative figures for the year 2009. The adjusted revenue for the year 2009 is about EUR 3.486 million (effect + EUR

33 million, +1.0%), adjusted earnings before taxes is about EUR 110 million (effect 3 EUR 3 million, +2.5%), adjusted retained earnings about EUR 654 million (effect -EUR 37 million, -5.3%), adjusted return on investments 10.8% (effect -0.1% units), adjusted equity ratio 32.4% (effect -1.4% units) adjusted operating cash flow after investments about EUR 230 million (effect + EUR 18 million, corresponding negative effect in cash flow from financing activities and no effect on total net change in cash), adjusted dividend payout ratio according to Board of Directors proposal 73.2% (effect -1.7% units). The effect of the IFRIC15 adoption will fluctuate significantly in reporting periods depending on the amount of completions of different construction projects during that period. The adoption of IFRIC15 will not change the management's segment reporting or the accounting principles in there.

- IAS 27 (revised) Consolidated and Separate Financial Statements: The revised standard requires that impacts due to changes in the ownership of a subsidiary be entered directly in shareholders' equity when the parent company's control remains. If control is lost, the remaining investment is valued at fair value through profit and loss. As a result of the standard amendment, a subsidiary's losses can be allocated to a minority even when they exceed the amount of the minority's investment.
- IFRS 3 (revised) Business Combinations: The revised standard contains significant changes with regard to the Group. The amendment of the standard has an impact on the amount of goodwill entered for acquisitions and the sales results of the business operations. Goodwill can be calculated as the parent company's share of the net assets of the acquiree or

goodwill included in minority interest can be included in it. In addition, both costs directly connected with the transaction and additional items caused by conditional considerations are recognised as costs. Effective from the beginning of year 2010.

- IFRIC 18: Transfers of Assets from Customers: The interpretation clarifies the requirements of IFRS standards for agreements in which an entity receives from a customer an item of property, plant and equipment or cash to be invested in such an item that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The Group is analyzing the impacts of application on the future financial statements. Effective 2010.

The following published amendments or interpretations effective 2010 will not have impact on group's financial reporting:

- IAS 39 Financial Instruments: Recognition and Measurement – standard amendment: The amendments specify guidelines for hedge accounting for items not present in Group.
- IAS 1 Presentation of Financial Statements and IAS 32 Financial Instruments: Presentation- standard amendments- Puttable Financial Instruments and Obligations arising on Liquidation. The standard amendment requires that puttable own equity financial instruments that meet the certain criteria are categorised as equity whereas until now they have been processed as liabilities.
- IFRIC 12 Service Concession Agreements: The Group has not any agreements with the public sector referred to in the interpretation, and the application will not have effects on group's financial statements.

- IFRS 1 (Amendment): First-time adoption of Financial Instruments – Additional Exemptions for First-time Adopters. The amendment does not have an impact on Group's reporting.
- IAS 32 (Amendment): Financial Instruments: Presentation – Classification of Rights Issues
- IFRIC 14 (Amendment): Prepayments of a Minimum Funding Requirement
- IFRS 2 (Amendment): Share-based Payment – Group Cash-settled Share-based Payment Transactions. The amendment to IFRS 2 clarifies that an entity that receives goods or services from its suppliers must apply IFRS 2 even though the entity has no obligation to make the required share-based cash payments. The amendments do not have an impact on group's financial statements.

IASB has published the following standard, amendments or interpretations, which have not been enforced by EU Commission by the date of approval of the financial statements. Group has not applied these standards and will adopt them in the financial statements for the year 2010.

- Improvements to IFRSs – amendments: A Compilation of small and less important amendments to various standards into a single entity, which were published on April 2009. The compilation encompassed 12 standards and the impacts of the amendments vary by standard. Group management is analysing the impact of these amendments on Group's financial statements.
- Improvements to IFRSs – amendments: A Compilation of small and less important amendments to various standards into a single entity, which were published on May 2008. The compilation encompassed 34 standards

and the impacts of the amendments vary by standard. The amendments do not have substantial impact on groups reporting. Mostly effective in 2009 and partly effective in 2010. Changes will have no major effect on Group's financial statements.

- IFRIC 9 and IAS 39 (Amendment): Reassessment of embedded derivatives on reclassification. The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The Group in analyzing the impact of the application.

IASB has published the following standard, amendments or interpretations, which have not been enforced by EU Commission by the date of approval of the financial statements. Group has not applied these standards and will adopt them in the financial statements for the year 2011 or later.

- IAS 24 (Revised): Related Party Disclosures. The revised standard simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant. The Group in analysing the impact of the application and will adopt the change in the financial statements for the year 2011.

- 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 Group in analysing the impact of the application and will adopt the change in the financial statements for the year 2011.
- IFRS 9: Financial Assets – Classification and Measurement. The standard represents the first milestone in the IASB's planned replacement of IAS 39. It addresses classification and measurement of financial assets. The next steps involve reconsideration and re-exposure of the classification and measurement requirements for financial liabilities, impairment testing methods for financial assets, and development of enhanced guidance on hedge accounting. The Group will adopt the standard in its 2013 financial statements. The standard will have major impacts on accounting for financial instruments, and the management is currently starting to assess them.

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.

From the beginning of year 2009 YIT Group's operating segments are Building and Industrial Services, Construction Services Finland and International Construction Services. Segments' operating activities are organised as follows:

Building and Industrial Services:

- Servicing, repairs, renovation and modernization works required in homes
- Servicing and maintenance of the building equipment systems of properties as well as property management, refurbishing, modernization and new HEPAC, electrical and automation systems and individual contracted maintenance and servicing works. Maintenance of industrial plants, industrial processes and road networks.
- 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, small-scale construction carried out under service agreements, project development, construction investments, renovation and property development projects, as well as infrastructure construction and development projects.

International Construction Services:

- Block of flats, single-family houses and leisure solutions. Maintenance of roads, streets and 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.

Pricing of transactions between the business segments equals with the common price list in force. Operating segments' revenue and asset reporting to Group's management is based on Group's accounting policies.

OPERATING SEGMENTS 2009					
1,000 EUR	Building and Industrial Services	Construction Services Finland	International Construction Services	Other	Group
Segment revenue	2,124,878	1,029,739	359,408	46,804	3,560,829
Group internal	-58,568	-1,784	-3,093	-45,025	-108,470
Revenue from external customers	2,066,310	1,027,955	356,315	1,779	3,452,359
Share of profit from associates	3	199	-764	0	-562
Operating profit segment/Group	119,289	81,857	-17,778	-17,828	165,540
Operating profit includes:					
Depreciation and amortization	-16,070	-251	-3,618	-13,678	-33,613
Change in pension liabilities and provisions	-2,206	-4,466	-8,635	-992	-16,299
Segments' assets	1,241,078	825,906	852,025	-332,424	2,586,585
Total assets includes:					
Investments	8,045	437	3,046	16,341	27,869
Investments in associates	83	371	2,781	0	3,235
Segments' liabilities	779,790	520,738	888,809	-437,122	1,752,215

From the beginning of year 2009 Building Systems and Industrial Services -segments were merged into one segment; Building and Industrial Services -segment. The comparative figures for the year 2008 have been changed.

OPERATING SEGMENTS 2008

1,000 EUR	Building and Industrial Services	Construction Services Finland	International Construction Services	Other	Group
Segment revenue	2,395,970	1,147,897	493,532	52,547	4,089,946
Group internal	-90,172	-3,726	-6,445	-49,917	-150,260
Revenue from external customers	2,305,798	1,144,171	487,087	2,630	3,939,686
Share of profit from associates	14	-19	-118		-123
Operating profit segment/Group	162,038	111,748	9,011	-22,200	260,597
Operating profit includes:					
Depreciation and amortization	-14,952	-294	-3,645	-12,939	-31,830
Change in pension liabilities and and provisions	-37,393	-1,222	-1,621	101	-40,135
Segments' assets	1,280,048	861,142	960,726	-162,540	2,939,376
Total assets includes:					
Investments	58,901	1,871	7,025	17,314	85,111
Investments in associates	80	198	3,545		3,823
Segments' liabilities	857,696	674,935	914,507	-349,232	2,097,906

From the beginning of year 2008 Construction services -segment divided into two separate segments; Construction services Finland -segment and International construction services -segment.

SEGMENT INFORMATION RECONCILIATION

1,000 EUR	2009	2008
Net profit for the financial year		
Net profit segments/group	165,540	260,597
Unallocated items:		
Financial income and expenses	-58,635	-67,488
Income taxes	-40,671	-58,760
Other	560	-1,414
Consolidated net profit for the financial year	66,794	132,935
	2009	2008
Assets		
Segment's asset	2,586,585	2,939,376
Unallocated items:		
Deferred tax receivables	39,805	34,563
Consolidated assets total	2,626,390	2,973,939
	2009	2008
Liabilities		
Segment's liabilities	1,752,215	2,097,906
Deferred tax liabilities	73,564	68,351
Consolidated liabilities total	1,825,779	2,166,257

GEOGRAPHICAL INFORMATION

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

1,000 EUR	2009 Revenue from external customers	2009 Non-current assets	2008 Revenue from external customers	2008 Non-current assets
Finland	1,566,637	218,255	1,866,799	233,619
Sweden	532,286	33,039	648,234	32,788
Norway	414,670	85,658	481,629	72,783
Central Europe	374,646	60,484	183,680	61,675
Russia	316,827	14,905	402,326	17,209
Denmark	145,910	10,698	164,629	11,661
Baltic countries	62,263	5,789	154,343	7,314
Other Europe	34,221	-	27,795	-
Other countries	4,899	-	10,251	-
Group total	3,452,359	428,828	3,939,686	437,049

3. Acquisitions

Acquisitions in 2009

In 2009 there were no acquisitions in YIT Group. The acquisitions of the year 2008 had EUR -7,5 million cash flow effect in 2009.

Acquisitions in 2008

In the Building Systems segment, YIT acquired MCE AG's building system service business in Germany, Austria, Poland, the Czech Republic, Hungary and Romania. The transaction was finalised on August 1, 2008. The value of the acquisition was EUR 55 million, after contractual liabilities and obligations the purchase price is EUR 36.1 million. Expert fees of EUR 1.6 million were included in the purchase price. The purchase price was paid in cash. Of the paid premium, EUR 5.4 million was allocated to customer acquisition in the servicing business. The transaction resulted in goodwill of EUR 50.4 million. According to the management's estimate, the goodwill is based on the foothold on new market areas provided by the MCE subgroup and the opportunities of directing business operations towards long-term service and maintenance agreements and servicing and maintenance work. These measures make it possible to improve the profitability of the operations. In addition, possible synergy benefits are seen to be achieved from the harmonisation of processes, expanded service offering and in procurement activities.

The MCE subgroup's effect on YIT Group's revenue for 2008 is EUR 182.6 million. Revenue of the MCE subgroup for 2008 as a whole would have amounted to EUR 387.3 million.

Specification of acquired net assets of MCE subgroup:

1,000 EUR	Fair value	Carrying value
Cash and cash equivalents	0	0
Tangible assets	5,205	6,318
Intangible assets	5,404	10,565
Inventories	1,730	1,730
Receivables	98,154	104,227
Deferred tax liability (net)	1,749	0
Pension liabilities	-30,913	-28,741
Interest-bearing liabilities	-6,193	-6,193
Other liabilities	-89,423	-89,449
Acquired net assets	-14,287	-1,543

Cost of business combination**1,000 EUR**

Paid in cash	34,438
Direct costs related to acquisition	1,651
Total consideration	36,089
Acquired net assets	-14,287
Goodwill	50,376

Cash outflow on the MCE acquisition**1,000 EUR**

Paid in cash	34,438
Direct costs related to acquisition	1,651
Cash and cash equivalents in acquired entity	0
Cash outflow on the acquisition	-36,089
Unpaid part at balance sheet date	7,541
Total cash flow on the acquisition	-28,548

In addition, YIT Group made smaller business acquisitions. Competence as a supplier of energy efficiency solutions was strengthened in the Building Systems segment by acquiring Computec, an expert in building automation, in Finland, and other acquisitions were made in Finland, Norway, Sweden and Denmark. YIT Construction Ltd acquired an 85% share of the Czech company Euro Stavokonsult s.r.o. on July 1, 2008.

The total cost of acquisitions made during the financial period for the smaller acquisitions amounted to EUR 11.3 million. The minor acquisitions did not result in goodwill. The paid premiums were allocated to intangible assets.

The effect of the other acquisitions made in 2008 on the Group's net assets is presented below:

1,000 EUR	Fair value	Carrying value
Cash and cash equivalents	966	966
Tangible assets	960	960
Intangible assets	9,541	385
Inventories	1,427	1,427
Receivables	3,522	3,522
Deferred tax liability (net)	-560	-182
Interest-bearing liabilities	-736	-736
Other liabilities	-3,772	-3,772
Acquired net assets	11,348	2,570

Cost of business combination**1,000 EUR**

Paid in cash	11,322
Direct costs related to acquisition	26
Total consideration	11,348
Acquired net assets	11,348
Goodwill	0

Cash outflow on the acquisition**1,000 EUR**

Paid in cash	11,322
Direct costs related to acquisition	26
Cash and cash equivalents in acquired entity	966
Total cash flow on the acquisition	-10,382

4. Disposals

Disposals in 2009

In 2009 there were no disposals in YIT Group.

Disposals in 2008

YIT Kiinteistötekniikka Oy sold the business operations in the areas of investor, lease management and financial administration services for property management. The effective date of the transaction was July 1, 2008.

The effect of disposed companies and businesses on the revenue, net profit for the year and cash flow was the following:

1,000 EUR	1.1.–31.12.2008
Revenue	5,882
Operating expenses	-5,112
Operating profit	770
Financial expenses	-4
Profit before taxes	766
Net profit	766
Received in cash	4,262
Cash flow effect	4,262

The disposed businessss did not have any effect on Group's net assets. Total consideration recieved was EUR 4.3 million. Net disposed assets amounted EUR 0 million, accordingly the gain on disposals before taxes was EUR 4.3 million. The gain after taxes amounted EUR 3.2 million.

5. Long-term construction contracts

1,000 EUR	2009	2008
Contract revenue recognised as revenue in the period	2,634,152	2,983,951
Contract costs incurred and recognised profits less recognised losses to date for work in progress	2,280,201	2,441,200
Gross amount due from customers	132,612	134,531
Gross amount due to customers	256,176	346,756

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. If the expenditure incurred and the profits recognized are lower than the amount invoiced for the project, the difference is disclosed in "Trade and other payables"

6. Other operating income

1,000 EUR	2009	2008
Gains on the sale of tangible assets	861	979
Rent income	2,155	2,395
Gains on disposed companies or businesses	0	4,262
Other income	6,077	7,271
Total	9,093	14,907

7. Other operating expenses

1,000 EUR	2009	2008
Losses on the sale of tangible assets	183	114
Rent expenses	111,424	101,496
Voluntary indirect personnel expenses	10,758	16,598
Other variable expenses for work in progress	214,037	248,856
Other fixed expenses	108,028	92,389
Total	444,430	459,453

Audit fee

1,000 EUR	2009	2008
PricewaterhouseCoopers Oy		
Audit fee	1,150	1,300
Statements	15	19
Tax services	226	168
Other services	162	279
Total	1,553	1,766

8. Depreciations and impairments

1,000 EUR	2009	2008
Depreciations		
Intangible assets		
on allocations	6,116	5,241
on other intangible assets	4,532	4,606
Tangible assets		
on buildings and structures	1,749	1,273
on machinery and equipment	17,199	18,431
on machinery and equipment,	592	782
on other tangible assets	3,425	1,497
Total	33,613	31,830

9. Employee benefit expenses

1,000 EUR	2009	2008
Wages and salaries	904,881	943,173
Pension costs - defined contribution plan	91,532	103,539
Pension costs- defined benefit plan	5,762	4,818
Other post-employment benefits	-501	-446
Share options granted to employees	540	3,156
Other indirect employee costs	88,990	108,685
Total	1,091,204	1,162,925

Average number of personnel by business segment	2009	2008
Building Systems	18,103	17,717
Construction Services Finland	3,065	3,503
International construction services	2,965	3,487
Other	364	350
Total	24,497	25,057

The key management compensation in total are disclosed in Note 35. Related party transactions.

10. Research and development expenses

YIT group's research and development expenses amounted to about 15.2 million euros in 2009 and 19.0 million euros in 2008. 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

1,000 EUR	2009	2008
Financial income		
Dividend income on available for sale investments	21	36
Interest income on loans and other receivables	4,251	5,503
Net gains on Available for sale investments	0	300
Transfers from equity	0	2
Other financial income on loans and other receivables	204	109
Financial income, total	4,476	5,950
Financial expenses		
Interest expenses on liabilities at amortized cost	-24,914	-30,206
Interest expenses on receivables sold to financing companies	-1,784	-15,123
Interest expenses on factoring debt	-745	0
Other financial expenses on liabilities at amortized cost	-2,310	-1,588
Interest expenses on hedging derivatives, transfer from equity	-3,095	1,888
Interest expenses on non-hedging derivatives	-1,263	416
Realized losses on available for sale investments	0	-9
Changes in fair values on financial instruments		
at fair value through profit and loss account	-466	-3,703
Interest expenses on finance leases	-97	-52
Financial expenses, total	-34,674	-48,377
Exchange rate gains	69,201	95,909
Exchange rate losses	-97,638	-120,970
Exchange rate differences, net ¹⁾	-28,437	-25,061
Financial expenses, net	-58,635	-67,488

1) Exchange rate losses were mainly caused by realised losses from hedging the ruble against the euro. Particularly, on the first quarter of year 2009 hedging costs were high as the ruble interests were 30–50 percent per annum. Valuation of the forward agreements at the fair value resulted in EUR 10.5 million exchange rate gain during the year 2008. This exchange rate gain resulted in an exchange rate loss during the year 2009 as the mentioned exchange rate forward agreements fell due.

12. Income taxes

Income taxes in the income statement

1,000 EUR	2009	2008
Current taxes	42,799	60,741
Taxes for prior years	927	-428
Deferred taxes	-3,055	-1,553
Total income taxes	40,671	58,760

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

1,000 EUR	2009	2008
Consolidated profit before taxes	106,905	193,109
Income taxes at the tax rate in Finland (26%)	27,795	50,208
Effect of different tax rates outside Finland	4,352	3,765
Tax exempt income and non-deductible expenses	6,007	5,342
Net results of associated companies	146	32
Impact of the changes in the tax rates on deferred taxes	124	-5,205
Impact of losses for which deferred tax asset is recognised	-7,519	397
Impact of losses for which deferred taxes is not recognised	7,101	4,667
Reassessment of deferred taxes	1,738	0
Taxes for prior years	927	-428
Income taxes in the income statement	40,671	58,760

13. Earnings per share

	2009	2008
Profit attributable to the equity holders of the Company, EUR 1,000	66,794	132,935
Weighted average number of shares, 1,000'	125,167	127,104
Earnings per share, EUR	0.53	1.05

Diluted earnings per share is calculated by adjusting number of shares to assume conversion of all diluting potential shares. YIT Corporation has share options, which increase the number of potential dilutive ordinary shares, when the exercise price with an option is lower than the market value of the Company share. The diluting effect is the number of shares that the Company has to issue gratuitously because the received funds from the exercised options do not cover the fair value of the shares. The fair value of the Company share is the average market price of the shares during the period.

	2009	2008
Profit attributable to the equity holders of the Company, EUR 1,000	66,794	132,935
Weighted average number of shares, 1,000'	125,167	127,104
Diluted average number of shares, 1,000'	125,167	127,104
Diluted earnings per share, EUR	0.53	1.05

14. Tangible assets

2009 1,000 EUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Historical cost on, January 1	3,022	40,058	200,550	11,418	22	255,070
Translation differences	19	-48	-5,472	7		-5,494
Increases	45	957	14,530	5,929	26	21,487
Acquisitions						
Decreases		-776	-4,131	-540	-22	-5,469
Disposals						
Reclassifications		3,716	-8,636	4,902		-18
Historical cost, December 31	3,086	43,907	196,841	21,716	26	265,576
Accumulated depreciations and value, January 1		-19,163	-126,070	-5,230		-150,463
Translation differences		-58	5,402	-50		5,294
Depreciations		-1,749	-17,791	-3,425		-22,965
Accumulated depreciations of reclassifications		-907	4,706	-1,433		2,366
Accumulated depreciations, December 31		-21,877	-133,753	-10,138		-165,768
Carrying value, January 1	3,022	20,895	74,480	6,188	22	104,607
Carrying value, December 31	3,086	22,030	63,088	11,578	26	99,808

2008 1,000 EUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
Historical cost, January 1	2,771	33,456	179,110	8,356	966	224,659
Translation differences	-46	-614	-1,169	-3		-1,832
Increases		6,111	25,127	2,003	22	33,263
Acquisitions	361	1,995	2,047	1,762		6,165
Decreases	-64	-908	-4,565	-857	-966	-7,360
Disposals						
Reclassifications		18		157		175
Historical cost, December 31	3,022	40,058	200,550	11,418	22	255,070
Accumulated depreciations and value, January 1	-	-18,142	-109,450	-4,558	-	-132,150
Translation differences	-	111	173	13	-	297
Depreciations	-	-1,273	-19,213	-1,497	-	-21,983
Accumulated depreciations of reclassifications	-	141	2,420	812	-	3,373
Accumulated depreciations, December 31	-	-19,163	-126,070	-5,230	-	-150,463
Carrying value, January 1	2,771	15,314	69,660	3,798	966	92,509
Carrying value, December 31	3,022	20,895	74,480	6,188	22	104,607

Finance lease assets

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

Machinery and Equipment 1,000 EUR	2009	2008
Historical cost, January 1	10,879	14,253
Translation differences	597	-1,169
Increases	467	668
Decreases	-524	-2,873
Accumulated depreciations	-10,340	-9,660
Carrying value, December 31	1,079	1,219

No impairment losses have been recognised in the years 2009 and 2008. The government grant received are not material. The received government grants have been deducted from the carrying value.

15. Intangible assets

2009

1,000 EUR	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total Other intangible assets
Historical cost, January 1	290,964	29,297	49,776	1,870	80,943
Increases	-	-	3,667	3,427	7,094
Acquisitions	-	-	-	-	-
Decreases	-	-	-252	-	-252
Reclassifications	-	-	1,580	-1,562	18
Translation differences	-	2,152	-2,998	-	-846
Historical cost, December 31	290,964	31,449	51,773	3,735	86,957
Accumulated depreciations, January 1	-	-7,784	-38,016	-	-45,793
Depreciations	-	-6,116	-4,532	-	-10,648
Translation differences	-	-1,054	3,235	-	2,181
Accumulated depreciations of reclassifications	-	36	63	-	99
Accumulated depreciations, December 31	-	-14,918	-39,250	-	-54,168
Carrying value, January 1	290,964	21,513	11,760	1,870	35,143
Carrying value, December 31	290,964	16,531	12,523	3,735	32,789

2008

1,000 EUR	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total Other intangible assets
Historical cost, January 1	240,591	14,185	45,029	2,450	61,664
Increases	50,374	0	3,211	1,757	4,968
Acquisitions	-	14,945	0	-	14,945
Decreases	-	-87	-801	-	-888
Reclassifications	-	0	2,337	-2,337	0
Translation differences	-1	254	0	-	254
Historical cost, December 31	290,964	29,297	49,776	1,870	80,943
Accumulated depreciations, January 1	-	-3,170	-31,417	-	-34,587
Depreciations	-	-5,241	-4,606	-	-9,847
Translation differences	-	540	-2,401	-	-1,861
Accumulated depreciations of reclassifications	-	87	408	-	495
Accumulated depreciations, December 31	-	-7,784	-38,016	-	-45,800
Carrying value January 1	240,591	11,015	13,612	2,450	27 077
Carrying value December 31	290,964	21,513	11,760	1,870	35,143

Allocations from business combinations:

1,000 EUR	2009	2008
Customer relations and contract bases	13,592	17,423
Unpatented technology	2,939	4,090
	16,531	21,513

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

1,000 EUR	2009	2008
Building and Industrial Services		
Finland	68,876	68,876
Sweden	41,805	41,805
Norway	69,698	69,698
Denmark	7,600	7,600
Central Europe	50,374	50,374
Industrial services	41,750	41,750
Building and Industrial Services, total	280,103	280,103
International Construction Services	10,861	10,861
Total goodwill	290,964	290,964

The recoverable amount of all cash generating units (CGU) is based on the value in use calculations. The recoverable cash flows are based for the first year on the budget for the year 2010 and for the next coming years on the managements' best estimate on market development and the projections and on cash flows in line with these projections. In the impairment testing at the year-end 2009 a growth rate for terminal value of 0% (2% 2008) has been used.

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 8.6% (8.2% 2008) was used in testing. The risk factors used for the business segments were : Building and Industrial services 2% (1% 2008) and International Construction Services 5 % (3% 2008). The total discount factor used was 10,6% for Building and Industrial services and 13,6% for International Construction services. The risk factors are always reassessed during testing and can vary between 1–5 % (before between 1–3%).

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

1,000 EUR	2009	2008
Historical costs on January 1	3,823	3,615
Share of the profit	-562	-123
Increased		357
Disposals	-26	-26
Historical costs on December 31	3,235	3,823

The carrying amounts of the shares in associated companies does not include goodwill in 2009 and 2008.

YIT Group's associated companies

1,000 EUR	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership %
Arandur Oy	Vantaa	2,507	2,259	5,053	9	33.00%
AS Tartu Maja Betoontooted	Tartto	15,902	4,789	11,696	-3,057	25.00%
YIT Kuntatekniikka Oy	Mikkeli	2,075	1,148	7,653	427	40.00%
		20,484	8,196	24,402	-2,621	

17. Available for sale investments

1,000 EUR	2009	2008
Carrying value January 1	2,511	2,538
Increases	0	1,026
Decreases	-518	-951
Changes in fair values	39	-102
Carrying value December 31	2,032	2,511
Available for sale investments consist of as follows:		
Quoted	165	86
Unquoted	1,867	2,425
	2,032	2,511

18. Non-current receivables

1,000 EUR	2009 Carrying value	2009 Fair value	2008 Carrying value	2008 Fair value
Trade receivables	127	127	173	173
Loan receivables	0	0	9	9
Other receivables ¹⁾	14,060	14,060	12,159	12,159
Accrued receivables of derivatives	215	215	331	331
Non-current receivables, total	14,402	14,402	12,672	12,672

¹⁾ Other receivables include defined benefit plan pension assets EUR 12,542 thousand (2008 EUR 11,221 thousand).

Reconciliation to the Note 29 Financial assets and liabilities by category

Trade receivables	127	173
Other receivables	14,060	12,159
	14,187	12,332
Defined benefit pension asset	-12,542	-11,221
	1,645	1,111

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

19. Deferred tax receivables and liabilities

Changes in deferred tax receivables and liabilities

2009

1,000 EUR	Acquisitions/ Jan. 1	Translation difference	Recognised in the income statement	Recognised in the comprehensive income statement	Disposals	Dec. 31
Deferred tax receivables:						
Provisions	19,329	337	-899			18,767
Tax losses carried forward	5,232	170	-244			5,158
Pension obligations	1,342	135	-1,477			0
Percentage of completion method	404	89	5,358			5,851
Other items	8,256	65	1,745	-37		10,029
Total deferred tax receivables	34,563	796	4,483	-37	0	39,805
Deferred tax liabilities:						
Allocation of intangible assets	23,302	1,967	4,245			29,514
Accumulated depreciation differences	10,533	406	3,974			14,913
Percentage of completion method	26,725	684	-8,523			18,886
Fixed production overheads to WIP	1,583	-2	-324			1,257
Fair value adjustments of derivatives	1	0	1			2
Other items	6,207	775	2,055	-45		8,992
Total deferred tax liabilities	68,351	3,830	1,428	-45	0	73,564
Deferred tax receivables, net	-33,788	-3,034	3,055	8	0	-33,759

2008						
1,000 EUR	Jan. 1	Translation difference	Recognised in the income statement	Recognised in the comprehensive income statement	Acquisitions/ Disposals	Dec. 31
Deferred tax receivables:						
Provisions	16,157	-189	3,267	-	94	19,329
Tax losses carried forward	6,427	-798	-397			5,232
Pension obligations	1,294	38	10			1,342
Percentage of completion method	343	-59	120			404
Other items	2,938	-581	1,163	607	4,129	8,256
Total deferred tax receivables	27,159	-1,589	4,163	607	4,223	34,563
Deferred tax liabilities:						
Allocation of intangible assets	25,490	-6,870	4,682			23,302
Accumulated depreciation differences	8,954	-2,049	3,251		377	10,533
Percentage of completion method	28,217	-3,421	1,790		139	26,725
Fixed production overheads to WIP	885	698	0			1,583
Fair value adjustments of derivatives	693	-40	-29	-623		1
Other items	7,246	3,592	-7,084		2,453	6,207
Total deferred tax liabilities	71,485	-8,090	2,610	-623	2,969	68,351
Deferred tax receivables, net	-44,326	6501	1,553	1,230	1,254	-33,788

The deferred tax receivables on the taxable losses will be booked to the extent the benefit is expected to be able to deduct from the taxable profit in the future. No deferred tax asset of EUR 10.9 million (2008 EUR 9.4 million) 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 recognized 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

1,000 EUR	2009	2008
Raw materials and consumables	18,847	20,113
Work in progress	441,863	690,543
Land areas and plot-owing companies	572,104	579,330
Shares in completed housing and real estate companies	224,815	135,890
Advance payments	51,503	83,689
Other inventories	411	297
Total inventories	1,309,543	1,509,862

The write-downs of inventories to net realisable value amounted to 6.9 million euros in 2009 and 2.8 million euros in 2008.

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 and plot-owing companies in inventories.

21. Trade and other receivables

1,000 EUR	2009 Carrying value	2008 Carrying value
Trade receivables ¹⁾	413,718	464,703
Loan receivables	463	8
Loan receivables from associated companies	66	89
Accrued income from long-term projects	132,612	134,531
Accrued income	47,125	39,706
Tax receivables	21,545	46,294
Receivables from derivative agreements	324	29,764
Other receivables	44,874	62,960
Total	660,727	778,055

1) On 31.12.2009 EUR 45,080 thousand (31.12.2008 EUR 0) of trade receivables of Building and Industrial Services was pledged as security for factoring debt. Factoring debt Note 26.

Trade receivables average amount was EUR 424.5 million in 2009 (2008 EUR 484.8 million)
Group has not received collaterals.

Reconciliation to the Note 29 Financial assets and liabilities by category

1,000 EUR		
Loan receivables	463	8
Loan receivables from associated companies	66	89
	529	97
Trade receivables	413,718	464,703
Accrued income from long-term projects	132,612	134,531
Other receivables	44,874	62,960
	591,204	662,194

22. Cash and cash equivalents

1,000 EUR	2009 Carrying value	2009 Fair value	2008 Carrying value	2008 Fair value
Cash and cash equivalents	173,085	173,085	165,291	165,291
Current investments	0	0	36,447	36,613
Total	173,085	173,085	201,738	201,904
Cash and cash equivalents presented in group cash flow statement	2009		2008	
Cash and cash equivalents	173,085		165,291	
Current investments	0		36,447	
Accounts with overdraft facility	-3		-3,996	
	173,082		197,742	

23. Equity

Share capital and share premium reserve

1,000 EUR	Number of shares, 1,000	Share capital	Treasury shares
1/1/08	127,217,872	149,104	0
Shares subscribed with options	5,550	113	
Purchase of treasury shares	-1,425,000		-6,604
31/12/08	125,798,422	149,217	-6,604
1/1/09	125,798,422	149,217	-6,604
Purchase of treasury shares	-720,000		-4,032
31/12/09	125,078,422	149,217	-10,636

The total number of YIT Oyj's shares was 127.223.422 and the share capital amounted to 149.217 thousand euros at December 31, 2009. All the issued and subscribed shares have been fully paid to the company.

The increases in share capital in 2008 resulted from share subscriptions carried out on the basis of share options 2006 and 2004. The subscription prices were fully booked as an increase in share capital.

Treasury shares

YIT corporation bought own shares in the stock exchange during the year 2009 as follows:

Time	Amount	Price	Price
10.2.–23.2.2009	720,000	5.6	4.66–5.99

Total consideration paid on own shares amounted to 4.032 thousand euros and the treasury shares are 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 the company 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 other equity 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.

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 0,40 euros per share.

Share options

YIT corporation has in force an option scheme with several phases, according to the option scheme to the key persons employed by YIT Group will be granted options in years 2006-2009 from the option scheme issued in the year 2006. Granting the options to the key employees is subject to annual target levels in return on investments and in increase in revenue. The option series 2006K, 2006L and 2006M have been lapsed by the end of year 2009.

The Group's option series in force are as follows:

Grant year and amount	Ratio	Exercise price, EUR	Subscription periods
2006N 900,000	1:1	19.23	1.4.–30.11 in years 2009–2010

2006N: Granted to group's management and key employees in spring 2009, basis on objectives for the growth and profitability. The option rights have been granted free and the option rights will be lapsed when leaving YIT group before the option rights have been vested.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2009	2009	2008	2008
	Average exercise price in euro/share	Options 1,000'	Average exercise price in euro/share	Options 1,000'
January 1	19.73	728,890	20.53	829,700
Granted	19.23	229,320	19.73	731,340
Exercised	0.00	0	20.18	5,550
Lapsed	19.23	728,890	20.53	826,600
December 31	19.23	229,320	19.73	728,890

Based on the outstanding share options at the year-end the potential maximum increase in share capital is 4.409.824 euros and 229.320 shares. In 2009 and 2008 no new options schemes were declared. 670.680 of 2006N options are occupied by YIT Group at the year-end.

The fair value of options issued in 2006, determined using the Black and Scholes valuation model, was in average 5.770 euros per share.

The key factors used in the valuation are:

	2006
Average weighted price of share (EUR)	21.93
Average weighted exercise price (EUR)	21.18
Volatility	23.70%
Duration	3.8
Risk free interest	3.82%
Dividends	0%

The expected volatility have been determined on the basis of the actual volatility of YIT share for the period before the granting date corresponding the duration of option schemes .

24. Employee benefit obligations

1,000 EUR	2009	2008
Balance sheet obligations for:		
Pension benefits	7,649	7,779
Other post-employment benefits	9,957	11,905
	17,606	19,684
Income statement charge for:		
Pension benefits	5,762	4,818
Other post-employment benefits	-501	-446
	5,261	4,372

(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 recognised in the balance sheet are determined as follows:

	2009	2008
Present value of funded obligations	72,521	61,929
Fair value of plan assets	-61,953	-60,512
Deficit/surplus	10,568	1,417
Present value of unfunded obligations	7,578	7,844
Unrecognised actuarial gains/losses	-23,039	-12,702
Net pension liability	-4,893	-3,442
Defined benefit pension assets (Note 19)	12,542	11,221

(a) Pension liability in balance sheet

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

	2009	2008
On 1 January	69,773	79,936
Exchange differences	11,337	-15,116
Current service Cost	3,958	3,110
Interest cost	3,549	2,843
Other actual loss / gain	-6,588	-4,163
Benefits paid	-1,930	-1,601
Liabilities acquired in a business combination	0	4,764
On 31 December	80,099	69,773

The movement of plan assets of the year is as follows:

	2009	2008
On 1 January	60,512	71,457
Exchange differences	10,573	-13,135
Expected return of plan assets	3,860	3,390
Actuarial losses	-16,162	-4,710
Employer contribution	4,819	5,026
Benefits paid	-1,649	-1,515
On 31 December	61,953	60,512

The actual return on plan assets was EUR 2.9 million in 2009 (2008 EUR 0.2 million).

The plan assets are 80% invested in interest-bearing instruments and 20% in equity instruments.

	2009	2008
Discount rate	4.50%–5.25%	4.30%–5.25%
Rate of salary increase	3%–4.5%	3%–4%
Rate of pension increases	1.4%–2.25%	2%–2.25%
Rate of expected return on plan assets	5.70%	6.30%

The future mortality rate and average life expectancy in years are based on statistics in each country.

(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:

	2009	2008
Present value of unfunded obligations	9,957	11,905
Liability in the balance sheet	9,957	11,905

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

	2009	2008
On 1 January	11,905	3,228
Contribution by plan participants	814	16
Actuarial losses / gains	-1,315	69
Benefits paid	-1,447	-244
Liabilities acquired in a business combination	0	8,836
On 31 December	9,957	11,905
Amortisation of unrecognised gain/loss	-1,315	69
Total	-1,315	69

25. Provisions

1,000 EUR	Guarantee reserve	10-year commitments in construction	Provisions for loss making projects	Restructuring provisions	Legal provisions	Other provisions	Total
January 1, 2009	25,755	28,458	3,543	2,666	4,299	22,223	86,944
Translation difference	537	-	34	10	137	-1,991	-1,273
Provision additions	8,108	9,926	13,845	45	1,005	7,846	40,775
Released during the period (+)	-7,915	-5,123	-605	-790	-2,904	-11,547	-28,884
Reversals of unused provisions (-)	-1,645	-391	-4,230	-294	-1,000	-1,038	-8,598
December 31, 2009	24,840	32,870	12,587	1,637	1,537	15,493	88,964
Non-current	12,086	28,358	0	843	415	7,282	48,984
Current	12,754	4,512	12,587	794	1,122	8,211	39,980
Total	24,840	32,870	12,587	1,637	1,537	15,493	88,964

Provisions for contractual guarantees and for 10-year commitments in construction is determined on the basis of experience of the realization of commitments.

Other provisions include the provision for rental guarantees EUR 3.1 million.

26. Borrowings

1,000 EUR	2009 Carrying value	2009 Fair value	2008 Carrying value	2008 Fair value
Non-current liabilities				
Bonds	192,754	182,091	199,841	174,062
Loans from credit institutions	121,611	112,749	161,681	162,144
Pension loans	185,685	173,674	152,917	150,525
Other loans	1,618	1,045	898	898
Finance lease liabilities	314	314	832	832
Total	501,982	469,873	516,169	488,461
1,000 EUR	2009 Carrying value	2009 Fair value	2008 Carrying value	2008 Fair value
Current liabilities				
Bonds	7,124	7,124	50,053	50,000
Loans from credit institutions	29,117	29,117	80,083	80,083
Overdraft facility used	3	3	3,998	3,998
Pension loans	31,982	31,982	25,399	25,399
Commercial papers	0	0	17,794	17,956
Developer contracting liabilities				
Receivables sold to financing companies ¹⁾	37,792	37,792	95,467	95,467
Liability in housing corporation loans ²⁾	34,452	34,452	48,225	48,225
Factoring debt	27,048	27,048	0	0
Other loans	547	547	8,601	8,601
Finance lease liabilities	733	733	443	443
Total	168,798	168,798	330,063	330,172

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 0.60-3.00 % (0.60-3.00 %) p.a.

1) The construction-stage contract receivables sold to banks and other financing companies totalled EUR 78.0 million (EUR 163.3 million) at year end. Of this amount, EUR 37.8 million (EUR 95.5 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 1.8 million, (EUR 15.1 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

1,000 EUR	Interest rate	Currency	Nominal value
Floating-rate bonds			
1/2006–2011 ¹⁾	1.158	EUR	50,000
2/2006–2016 ²⁾	1.186	EUR	50,000
1/2007–2014 ³⁾	1.218	EUR	50,000
2/2007–2012 ⁴⁾	1.107	EUR	50,000
			200,000

Terms of the bonds in brief:

- 1) Loan-period Sept 27, 2006 - Sept 27, 2011, interest payments in arrear at December 27, March 27, June 27 and September 27 annually. Interest rate is 3 months Euribor + 0.45%. The bond is unsecured. ISIN code FI0003022442. (Private Placement).
- 2) Loan period Sept 28, 2006 - Sept 28, 2016, interest payments 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 semiannually March 28 and September 28, will start March 28, 2010. Loan is not secured. ISIN code SE0001826686. (Private Placement).
- 3) 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. (Private Placement).
- 4) Loan-period March 29, 2007 - March 29, 2012, interest payments 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. (Private Placement).

Finance lease liabilities

1,000 EUR	2009	2008
Finance lease liabilities fall due in as follows:		
Minimum lease payments		
No later than 1 year	314	838
1–5 years	733	582
Minimum lease payments, total	1,047	1,420
Present value of minimum lease payments		
No later than 1 year	305	442
1–5 years	713	833
Present value of minimum lease payments, total	1,018	1,275
Future finance charges	29	145
Finance expenses charged to income statement	97	52

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

1,000 EUR	2009 Carrying value	2008 Carrying value
Non-current liabilities		
Trade payables	479	145
Liabilities of derivative instruments	2,006	2,257
Other liabilities	857	1,638
Non-current payables, total	3,342	4,040

Current liabilities

Trade payables	200,292	227,029
Accrued expenses	205,547	242,593
Liabilities of derivative instruments	13,557	5,667
Accrued expenses in work in progress	171,172	156,061
Advances received	256,176	346,756
Other payables	109,485	148,439
Current payables, total	956,229	1,126,545

Accrued expenses

1,000 EUR	2009	2008
Accrued employee-related liabilities	144,372	155,768
Interest expenses	5,538	6,670
Other accrued expenses	55,637	80,155

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

1,000 EUR	2009	2008
Non-current liabilities	3,342	4,040
Derivatives (in hedge accounting)	-2,006	-2,257
Accrued expenses	-317	-189
Other liabilities (Note 26)	0	898
Finance leases (Note 26)	0	832
	1,019	3,324
Current trade and other payables	956,229	1,126,545
Accrued expenses	-205,547	-242,593
Derivatives	-13,557	-5,667
Accrued expenses in work in progress	-171,172	-156,061
	565,953	722,224

28. Nominal values and fair values of derivative instruments

Nominal values

1,000 EUR	2009	2008
Foreign exchange forward contracts	83,459	213,698
Interest rate forward contracts		
Hedge accounting applied		
Interest rate swaps	281,500	135,000
Hedge accounting not applied		
Cancellable interest rate swaps	52,000	52,000
Interest rate forward agreements	0	25,000
Interest rate swaps	2,317	0
Interest rate caps	26,483	27,164
Interest rate forward contracts, total	362,300	239,164

Fair values

1,000 EUR	2009 Positive fair value (carrying value)	2009 Negative fair value (carrying value)	2009 Net value	2008 Positive fair value (carrying value)	2008 Negative fair value (carrying value)	2008 Net value
Foreign exchange forward contracts						
Hedge accounting applied	0	0	0	0	0	0
Hedge accounting not applied	3,311	-12,721	-9,410	37,480	-10,682	26,798
Total	3,311	-12,721	-9,410	37,480	-10,682	26,798
Interest rate derivatives						
Hedge accounting applied	0	-2,364	-2,364	0	-2,333	-2,333
Hedge accounting not applied	215	-3,729	-3,514	330	-3,263	-2,933
Total	215	-6,093	-5,878	330	-5,596	-5,266

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 2010.

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.

29. Financial assets and liabilities by category

2009									
1,000 EUR	Financial assets available for sale	Loans and other receivables	Initial recognition at fair value through profit or loss	Held for trading	Derivatives / hedge accounting	Finance liabilities	Carrying value	Fair value	Note
Valuation	Fair value	Measured at amortised cost	Fair value	Fair value	Fair value	Measured at amortised cost			
Non-current financial assets									
Available for sale investments ¹⁾	2,032						2,032	2,032	17
Receivables									
Trade receivables and other receivables		1,645					1,645	1,645	18
Derivatives (hedge accounting not applied)				215			215	215	18, 28
Current financial assets									
Receivables									
Loan receivables		529					529	529	21
Trade receivables and other receivables		591,204					591,204	591,204	21
Derivatives (hedge accounting not applied)				324			324	324	21, 28
Cash and cash equivalents		173,085					173,085	173,085	22
Total by valuation group	2,032	766,463	0	539	0	0	769,034	769,034	
Non-current financial liabilities									
Borrowings									
						501,982	501,982	469,873	26
Other liabilities									
Trade payables and other liabilities						1,019	1,019	1,019	27
Derivatives (hedge accounting applied)					2,006		2,006	2,006	27, 28
Current financial liabilities									
Borrowings									
						168,798	168,798	168,798	26
Trade payables and other liabilities									
Trade payables and other liabilities						565,953	565,953	565,953	27
Derivatives (hedge accounting applied)					358		358	358	27, 28
Derivatives (hedge accounting not applied)				13,199			13,199	13,199	27, 28
Total by valuation group	0	0	0	13,199	2,364	1,237,752	1,253,315	1,221,206	

1) Quoted shares valued at fair value EUR 165 thousand and unquoted shares valued at cost less impairments EUR 1,867 thousand.

Financial assets and liabilities by category

2008									
1,000 EUR	Financial assets available for sale	Loans and other receivables	Initial recognition at fair value through profit or loss	Held for trading	Derivatives / hedge accounting	Finance liabilities	Carrying value	Fair value	Note
Valuation	Fair value	Measured at amortised cost	Fair value	Fair value	Fair value	Measured at amortised cost			
Non-current financial assets									
Available for sale investments ¹⁾	2,511						2,511	2,511	17
Receivables									
Loan receivables		9					9	9	18
Trade receivables and other receivables		1,111					1,111	1,111	18
Derivatives (hedge accounting not applied)				331			331	331	18, 28
Current financial assets									
Receivables									
Loan receivables		97					97	97	21
Trade receivables and other receivables		662,194					662,194	662,194	21
Derivatives (hedge accounting not applied)				29,764			29,764	29,764	21, 28
Cash and cash equivalents		201,738					201,738	201,904	22
Total by valuation group	2,511	865,149	0	30,095	0	0	897,755	897,921	
Non-current financial liabilities									
Borrowings						516,169	516,169	487,992	26
Other liabilities									
Trade payables and other liabilities						1,594	1,594	1,594	26, 27
Derivatives (hedge accounting applied)					2,257		2,257	2,257	27, 28
Current financial liabilities									
Borrowings						330,063	330,063	330,063	26
Trade payables and other liabilities									
Trade payables and other liabilities						722,224	722,224	722,224	26, 27
Derivatives (hedge accounting applied)					76		76	76	27, 28
Derivatives (hedge accounting not applied)				5,591			5,591	5,591	27, 28
Total by valuation group	0	0	0	5,591	2,333	1,570,050	1,577,974	1,549,797	

1) Quoted shares valued at fair value EUR 86 thousand and unquoted shares valued at cost less impairments EUR 2,425 thousand.

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 years at the decision of Vice President, Group Treasurer. In order to meet the duration target, part of the loans at floating rates are converted to fixed rate using interest rate swaps. At the balance sheet date the duration of non-current loans including the derivatives was 2.19 years (1.58 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 200 and EUR 31.5 million (100 and 35 million) and their reference interest rates are 3 months and 6 months euribor interest rates respectively. The hedged cash flows will realise within five years. As a rule, the Group applies hedge accounting as set out in IAS 39 to hedge its cash flow interest rate risk (Notes 28 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 52 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 67% (51%) of the loan portfolio. Weighted average effective interest rate of the loans at fixed rate was 4.052% (4.449%). Weighted average interest rate of the loans at variable rates was 2.677% (4.924%). The weighted average effective interest rate of the loan portfolio as a whole was 3.604% (4.680%). These figures include effect of derivative instruments. Derivatives increase the average effective interest rate of the loan portfolio by 1.03 (increase 0.074) percentage points.

In addition to the duration target the management monitors the effect of the possible change in interest rate level on the Group's financial result on monthly basis (effect of one percentage point change in interest rate level on yearly net interest expenses). The effect on yearly net interest expenses would have been EUR 0.8 million (EUR 1.4 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 0.8 million to EUR 2.1 million. In addition, the effect of fair valuation of interest rate derivatives for which the hedge accounting is not applied would have been EUR 2.0 million (EUR 1.9 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

1,000 EUR	2009	2008
< 1 month	171,906	-23,083
1 to 3 months	-225,087	-175,382
3 to 12 months	-57,824	-143,480
1 to 5 years	-281,868	-274,991
> 5 years	-108,723	-38,000
	-501,596	-654,936

Figures in the table are nominal values.

Off-balance sheet receivables sold to financial institutions amounting to EUR 40.2 million (EUR 67.8 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 1.4 million (EUR 1.44 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 4.6 million (EUR 1.5 million) net of tax. The effect would have changed the fair values of the interest rate derivatives in the hedging 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. 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 Group manages credit risk by retaining 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 total amount of credit losses and provision for impairment of receivables amounted to EUR 11.5 million (EUR 6.6 million), of which EUR 10.2 million (EUR 5.6 million) belongs to Building and Industrial Services -segment. Comparative figures 2008 include credit losses for five months after the change of ownership of the companies acquired from Central Europe in year 2008.

The amount of credit losses in International Construction Services was EUR 1.3 million (EUR 1.0 million). The operating units are not expecting any unusual credit risk arising from trade receivables or from construction contracts. The trade receivables, which are related to sales of apartments and office buildings which are paid by customers when the ownership is transferred, are partially transferred to banks and financial institutions. Transfers meet the conditions set out in IAS 39 for derecognition of financial assets.

Analysis of trade receivables per 31 December 2009 is as follows:

1,000 EUR	Balance sheet amount	Impaired	Gross
Not past due ¹⁾	340,081	-12,284	352,366
1 to 90 days	51,971	-1,974	53,945
91 to 180 days	8,058	-1,276	9,334
181 to 360 days	6,651	-2,768	9,419
Over 360 days	6,957	-9,236	16,193
Total	413,718	-27,538	441,256

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.

The Group Treasury is responsible for the counterparty risk of the derivative instruments and cash and cash equivalents. The counterparties 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 their limits. According to the treasury policy, investments related to liquidity management are made short-term. 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's maximum exposure to credit risk at the balance sheet date is the carrying value of the financial assets.

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 Group treasury policy, 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 and commercial paper programmes to manage the liquidity risk. The unused financing programmes and mainly uncommitted credit limits totalled at 31 December 2009 to EUR 600 million (EUR 510 million). EUR 350 million of the credit limits have no due date. 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 173.1 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 2009 (31 December 2008). Cash flows of foreign currency denominated loans are translated into euros at the foreign currency rates prevailing at the balance sheet date. Cash flows of foreign currency forward contracts are translated into euros at forward rates.

Contractual maturity analysis of financial liabilities and interest payments at 31 December 2009

1,000 EUR	2010	2011	2012	2013	2014	2015-	Total	Note
Bonds	9,504	59,361	58,502	8,362	57,890	15,353	208,971	26, 29
Loans from financial institutions	12,747	12,556	29,864	58,400	8,569	21,505	143,641	26, 29
Pension loans	39,245	38,161	37,079	35,993	21,021	77,433	248,933	26, 29
Receivables sold to banks / financial institutions ¹⁾	34,287	3,815	0	0	0	0	38,103	26, 29
Finance lease liabilities	314	678	41	14	0	0	1,047	26, 29
Other financial liabilities ²⁾	35,046	60	60	45	428	1,292	36,931	26, 29
Commercial papers	0	0	0	0	0	0	0	26, 29
Trade and other payables	565,953	0	0	0	0	0	565,953	27, 29
Interest rate derivatives								
Hedge accounting applied	5,037	3,183	1,914	1,834	1,213	0	13,181	27, 28, 29
Hedge accounting not applied	1,550	0	0	0	0	0	1,550	27, 28, 29
Foreign currency derivatives								
cash outflow	83,459	0	0	0	0	0	83,459	27, 28, 29
cash inflow	73,989	0	0	0	0	0	73,989	27, 28, 29

Contractual maturity analysis of financial liabilities and interest payments at 31 December 2008

1,000 EUR	2009	2010	2011	2012	2013	2014-	Total	Note
Bonds	59,449	14,219	63,786	61,162	10,730	76,755	286,101	26, 29
Loans from financial institutions	89,123	46,681	20,455	37,778	63,694	22,595	280,326	26, 29
Pension loans	31,618	30,335	29,464	28,593	27,722	58,496	206,228	26, 29
Receivables sold to banks / financial institutions ¹⁾	89,236	8,131	0	0	0	0	97,367	26, 29
Finance lease liabilities	838	472	60	37	13	0	1,420	26, 29
Other financial liabilities ²⁾	56,936	4,138	40	40	40	934	62,128	26, 29
Commercial papers	18,000	0	0	0	0	0	18,000	26, 29
Trade and other payables	715,578	892	891	0	0	0	717,361	27, 29
Interest rate derivatives								
Hedge accounting applied	446	2,070	285	0	0	0	2,801	27, 28, 29
Hedge accounting not applied	-78	0	0	0	0	0	-78	27, 28, 29
Foreign currency derivatives								
cash outflow	206,824	6,874	0	0	0	0	213,698	27, 28, 29
cash inflow	232,799	7,927	0	0	0	0	240,726	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 reduced the value of the Group's net investments in equity by EUR 7.3 million as at 31 December 2009 compared to financial statements per December 31, 2008. The decrease was due to the weakening of the Russian Rouble. Strengthening of the Swedish Crown and Norwegian Crown increased the net investments.

An increase or decrease of 5 per cent in the exchange rate between the Euro to the Russian Rouble, Swedish Crown and Norwegian Crown would have had an impact of EUR 17.5 million (EUR 10.4 million) on translation differences under consolidated shareholders' equity net of tax. The change percentage represents the average change in foreign exchange rates over the years 2003–2008.

Foreign currency denominated net investments at the balance sheet date

1,000 EUR	2009 Net investment	2008 Net investment
SEK	62,072	57,008
NOK	43,695	31,735
DKK	12,353	13,921
RUB	368,456	168,098
EEK	13,017	19,807
LTL	18,756	30,740
LVL	14,724	22,678
Other currencies	9,296	6,160

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 2009 the most significant currencies related to commercial agreements and their hedges were GBP 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 0.3 million (GBP) and loss of 0.2 million (SEK) 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

1,000 EUR	External loans		Adjusted by derivatives	
	2009	2008	2009	2008
EUR	622,689	801,922	389,845	458,714
LVL	0	23,478	0	0
RUB	19,929	20,832	210,032	215,343
SEK	27,048	0	27,048	0
DKK	1,091	0	1,091	0
LTL			22,777	49,129
EEK			18,831	22,000
USD			0	99,159
PLN			0	1,366
CZK			1,133	521
	670,757	846,232	670,757	846,232

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 objective when managing capital is 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 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 residential start-ups and plot investments. 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:

1,000 EUR	2009	2008
Equity	800,611	807,682
Balance sheet total	2,626,390	2,973,939
./. Advances received (Note 27)	-256,176	-346,756
Capital	2,370,214	2,627,183
Equity ratio %	33.8%	30.7%

YIT Group has a financial covenant requiring the Group to maintain a minimum equity ratio in only one loan from a financial institution. The loan was drawn down in accounting period. The covenant has not been breached.

Fair value estimation

Effective 1 January 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices in active markets for identical asset 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

1,000 EUR	Level 1	Level 2	Level 3	Total
Available-for-sale investments	165	0	1,867	2,032
Derivatives (hedge accounting not applied)	0	539	0	539
Assets Total	165	539	1,867	2,571

Liabilities

1,000 EUR	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)	0	13,199	0	13,199
Derivatives (hedge accounting applied)	0	2,364	0	2,364
Liabilities Total	0	15,563	0	15,563

Changes in level 3 instruments:

	Assets 2009	Liabilities 2009
1,000 EUR		
Opening balance sheet	2,425	0
Transfers into/from level 3	-40	0
Purchases and sales	-518	0
Gains and losses recognised in profit or loss	0	0
Gains and losses recognised in comprehensive profit or loss	0	0
Closing balance	1,867	0

31. Other lease agreements

YIT-Group as lessee

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

1,000 EUR	2009	2008
No later than 1 year	54,572	51,573
1 - 5 years	145,109	154,793
Later than 5 years	122,227	145,810
	321,908	352,176

The lease payments of non-cancellable operating leases charged to income statement in 2009 amounted to EUR 53.073 thousand (2008 EUR 57.082 thousand)

The YIT group has leased the office facilities in use. The operating lease agreements of office facilities have a period of validity up to fifteen 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 five years

32. Commitments and contingent liabilities

1,000 EUR	2009	2008
Collateral given for own liabilities		
Corporate mortgages	29,265	29,265
Pledged assets ¹⁾	45,255	0
Other commitments		
Rental guarantees for clients	9,256	11,027
Other contingent liabilities	373	0
Investment commitments		
Repurchase commitments	106,429	139,051

1) Pledged assets include pledged trade receivables EUR 45,080 thousand. (Note 21)

YIT Corporation has guaranteed obligations of its subsidiaries.

On 31.12.2009 the total amount of these guarantees was EUR 943.3 million (EUR 958.8 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 other 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 Rakennus Oy	Helsinki	100.00
YIT Building Systems Oy	Helsinki	100.00
YIT Teollisuus- ja verkkopalvelut Oy	Vantaa	100.00
YIT Kalusto Oy	Urkala	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
YIT Betoontööd	Tallinn	100.00
OÜ Vintano	Tallinn	100.00
Nordic Arenduse AS	Tallinn	100.00
SIA YIT Celtniecība	Riga	100.00
SIA Ebelmuiza Ligzda	Riga	100.00
ZAO YIT-Genstroj	Moscow	100.00
YIT Invest Export Oy	Helsinki	100.00
ZAO YIT Moskovia	Moscow	92.88
OOO Industrial Stroj	Moscow	100.00
LLC YIT Service	Moscow	100.00
CJSC YIT Stroj	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	99.00
OOO Gorelovo Infra	St.Petersburg	100.00
Urepol Oy	Helsinki	100.00
CJSC YIT Don	Rostov-on-Don	78.00
LLC SP YIT Don	Rostov-on-Don	100.00

Company name	Domicile	Holding -%
YIT Polska Sp zo.o	Cracow	100.00
AB YIT Kausta	Kaunas	97.51
UAB LEZ Terminalas	Kaunas	100.00
UAB YIT Kausta Bustas	Vilnius	100.00
YIT Salym Development Oy	Helsinki	100.00
ZAO YIT Saint -Petersburg	St.Petersburg	100.00
Tortum Oy Ab	Helsinki	100.00
ZAO YIT Uralstroj	Moscow	91.10
Finn-Stroi Oy	Helsinki	100.00
ZAO YIT CityStroi	Moscow	65.00
OOO Hetber	Moscow	100.00
OOO Emerkon-Specstroj	Moscow	100.00
ZAO TPK Strojmaterialy	Moscow	100.00
YIT Saturnus Oy	Helsinki	100.00
YIT Uranus Oy	Helsinki	100.00
ZAO YIT Properties	Moscow	100.00
YIT Neptunus Oy	Helsinki	100.00
YIT Stavo s.r.o	Prague	100.00 ¹⁾

Shares in subsidiaries, ownwed by YIT Building Systems Ltd

YIT Sverige AB (group)	Solna	
Calor Fastigheter AB	Solna	100.00
Calor AB	Solna	100.00
Calor nr 1 AB	Solna	100.00
Carlsson & Myrberg AB	Solna	100.00
Smedby Värme & Sanitet AB	Solna	100.00
Värmebolaget i Västerås AB	Solna	100.00
Fläktteknik i Umeå AB	Solna	100.00
Cellpipe AB	Solna	100.00
Garantirör i Helsingborg AB	Solna	100.00
Almrins Rörservice AB	Solna	100.00
YIT Vatten & Miljöteknik AB	Landskrona	100.00

Company name	Domicile	Holding -%
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
YIT Elmek Ltd	Moscow	100.00
YIT Building Systems AS	Austrheim	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
YIT Austria GmbH	Wien	100.00
YIT Hungary	Budapest	100.00
YIT Poland	Warsav	100.00
YIT Germany GmbH	München	100.00
YIT Cesko Republic s.r.o.	Prague	100.00
YIT Romania S.R.L.	Sibiu	100.00

Shares in subsidiaries, owned by YIT Industry and Network Ltd

YIT Teollisuus Invest Oy	Helsinki	100.00
OOO YIT Industria	St.Petersburg	100.00
Oy Botnia Mill Service Ab	Kemi	49.83 ²⁾
Kiinteistö Oy Leppävirran Teollisuustie 1	Leppävirta	60.00

1) YIT Group's share in YIT Stavo s.r.o is 100% in IFRS accounting, because the minority share of 15% is 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. Joint ventures

Group has a joint control of 33,3% in a company SWTP Constrction Oy.

The following assets, liabilities, revenues and expenses of the joint venture company are included into consolidated balance sheet and income statement

1,000 EUR	2009	2008
Non-current assets	0	0
Current assets	4	8
Non-current liabilities	0	0
Current liabilities	53	56
Revenues	0	0
Expenses	-1	-17

35. Related party transactions

1,000 EUR	2009	2008
Sales of goods and services	1,319	3,558
Purchases of goods and services	206	13,306
Trade and other receivables	66	89
Trade and other payables	0	461

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

Key management compensation

Salaries and other short-term employee benefits ¹⁾	2,241	2,421
Termination benefits	1,141	992
Share-based payments, options € ²⁾	74,779	206,589
Share-based payments, options	12,960	46,920

Salaries and fees

EUR	2009	2008
President and CEO	542,859	502,742
Deputy to President and CEO	273,171	252,022
Board of Directors		
Henrik Ehrnrooth	65,000	500
Eino Halonen	62,500	64,000
Reino Hanhinen	59,500	82,500
Antti Herlin	50,500	48,000
Kim Gran	47,000	39,000
Satu Huber	39,750	-
Lauri Ratia	38,250	-
Teuvo Salminen, until 11.3.2009	11,500	51,000
Sari Baldauf, until 13.3.2008	-	11,000
Board of Directors, total	374,000	296,000

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

2) The value of the options is based on the fair value determined at the granting date by using the Black & Scholes valuation model.

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.

Income statement, Parent company

1,000 EUR	Note	2009	2008
Revenue		0	0
Other operating income	1	20,042	17,117
Personnel expenses	2	9,243	8,777
Depreciation and value adjustments	3	2,455	1,731
Other operating expenses		29,796	30,519
Operating profit		-21,452	-23,910
Financial income and expenses	4	20,431	8,267
Profit before extraordinary items		-1,021	-15,643
Extraordinary items	5	67,400	116,265
Profit before taxes		66,379	100,622
Change in depreciation difference	6	284	-358
Income taxes	7	-12,189	-21,741
Net profit for the financial period		54,474	78,523

Balance sheet, parent company

1,000 EUR	Note	2009	2008
ASSETS			
Non-current assets			
Intangible assets	8		
Intangible rights		144	144
Other capitalize expenditure		3,830	3,043
		3,974	3,187
Tangible assets	8		
Land and water areas		1,019	1,019
Buildings and structures		3,709	3,962
Machinery and equipment		2,072	2,771
Other tangible assets		146	165
		6,946	7,917
Investments	9		
Shares in Group companies		366,924	336,932
Other shares and holdings		166	168
		367,090	337,100
Total non-current assets		378,010	348,204
Current assets			
Long-term receivables	10		
Receivables from group companies		356,671	229,954
Accrued income		313	396
Receivables	10		
Trade receivables		53	21
Receivables from group companies		506,866	799,136
Other receivables		6,550	10,001
Accrued income		267	27,500
		870,720	1,067,008
Current investments	11	3	35,665
Cash and cash equivalents		147,553	142,222
Total current assets		1,018,276	1,244,895
TOTAL ASSETS		1,396,286	1,593,099

1,000 EUR	Note	2009	2008
EQUITY AND LIABILITIES			
Equity			
	12		
Share capital		149,217	149,217
Retained earnings		173,807	161,855
Net profit for the financial year		54,474	78,523
Total equity		377,498	389,595
Appropriations			
Accumulated depreciation difference	13	290	573
Provisions			
Other current provisions	14	1,003	0
Liabilities			
Non-current liabilities			
	16		
Bonds		192,860	200,000
Loans from credit institutions		101,500	140,478
Pension loans		117,573	72,534
Advances received		342	735
Non-current liabilities to group companies		68,400	80,700
Accrued expenses		0	7
		480,675	494,454
Current liabilities			
	17		
Bonds		7,140	50,000
Loans from credit institutions		29,003	83,998
Pension loans		19,700	13,120
Advances received		75	31
Trade payables		388	1,641
Current liabilities to group companies		465,157	534,579
Other current liabilities		269	18,526
Accrued expenses		15,088	6,582
		536,820	708,477
Total liabilities		1,017,495	1,202,931
TOTAL EQUITY AND LIABILITIES		1,396,286	1,593,099

Cash flow statement, Parent company

1,000 EUR	2009	2008
Cash flow from operating activities		
Profit before extraordinary items	-1,021	-15,643
Adjustments for		
Depreciations	2,454	1,731
Reversal of accrual-based items	1,002	-59
Gains on the sale of tangible and intangible assets	-2	-70
Financial income and expenses	-20,430	-8,267
Cash flow before change in working capital	-17,997	-22,308
Change in working capital		
Change in trade and other receivables	565	-827
Change in trade and other payables	-3,555	3,219
Net cash flow from operating activities before financial items and taxes	-20,987	-19,916
Interest paid	-141,867	-80,847
Dividends received	22,656	16,883
Interest received and financial income	159,177	91,654
Taxes paid	-9,394	-31,711
Net cash generated from operating activities	9,585	-23,937
Cash flow from investing activities		
Purchases of tangible and intangible assets	-2,270	-4,186
Proceeds from sale of tangible and intangible assets	0	21
Increase in investments	-29,992	-19
Proceeds from sale of other investments	2	91
Net cash used in investing activities	-32,260	-4,093

1,000 EUR	2009	2008
Cash flow from financing activities		
Purchase of treasury shares	-4,032	-6,604
Proceeds from share issues	0	112
Increase in loan receivables	134,087	-445,962
Increase in current loans	-140,788	373,953
Proceeds from borrowings	119,302	265,000
Repayment of borrowings	-169,950	-81,888
Dividends paid	-62,539	-101,774
Group contributions received	116,265	161,100
Net cash used in financing activities	-7,655	163,937
Net change in cash and cash equivalents	-30,330	135,907
Cash and cash equivalents at the beginning of the financial year	177,886	41,979
Cash and cash equivalents at the end of the financial year	147,556	177,886

Notes to income statement

The changes made in the comparative figures are only due to the changes made in the disclosures in the closing 2009.

1,000 EUR	2009	2008
1. Other operating income		
Capital gains on disposals of fixed assets	2	70
Rent income	15,759	14,424
Service income	4,186	2,573
Other	95	50
Total	20,042	17,117
2. Information concerning personnel and Key management		
Personnel expenses		
Wages, salaries and fees	7,577	7,330
Pension expenses	1,234	881
Other indirect personnel costs	432	566
Total	9,243	8,777
Salaries and fees to the management		
President and executive Vice President	816	755
Members of the Board of Directors, money	374	296
Total	1,190	1,051
Average personnel	128	101
The fees for the auditors		
PricewaterhouseCoopers Oy		
Audit fee	174	176
Tax services	70	34
Other services	89	134
Total	333	344

1,000 EUR	2009	2008
3. Depreciations and value adjustments		
Depreciations on other capitalized expenditures	1,218	729
Depreciations on buildings and structures	297	277
Depreciations on machinery and equipment	916	701
Depreciation on other tangible assets	24	24
Total	2,455	1,731
4. Financial income and expenses		
Dividend income		
From Group companies	22,646	16,863
From others	10	20
Total	22,656	16,883
Interest income from non-current investments		
From Group companies	8,323	13,459
Total	8,323	13,459
Other interest and financial income		
From Group companies	53,890	35,500
From other companies	932	1,418
Total	54,822	36,918
Other interest and financial expenses		
Interest expenses to Group companies	-6,964	-13,759
Interest expenses on derivatives	-1,375	0
From other companies	-19,576	-22,750
Total	-27,915	-36,509
Exchange rate gains	93,093	49,486
Fair value change in derivatives	-36,901	23,282
Exchange rate losses	-93,647	-95,252
Total	-37,455	-22,484
Total financial income and expenses	20,431	8,267

1,000 EUR	2009	2008
5. Extraordinary items		
Extraordinary income		
Group contributions	67,400	116,265
Total	67,400	116,265
Extraordinary items, total	67,400	116,265
6. Appropriations		
The accumulated difference between the depreciations according to plan and depreciations in taxation	284	-358
7. Income taxes		
Income taxes on extraordinary items	-17,524	-30,229
Income taxes on operating activities	5,625	8,490
Income taxes on previous years	-290	-2
Total	-12,189	-21,741

Notes to balance sheet

1,000 EUR	2009	2008
8. Changes in fixed assets		
Intangible assets		
Intangible rights		
Historical cost at January 1	144	144
Historical cost at December 31	144	144
Book value at December 31	144	144
Other capitalized expenditures		
Historical cost at January 1	10,327	8,513
Increases	2,005	1,814
Historical cost at December 31	12,332	10,327
Accumulated depreciations and value adjustments Jan 1	7,284	6,555
Depreciations for the period	1,218	729
Accumulated depreciations and value adjustments Dec 31	8,502	7,284
Book value at December 31	3,830	3,043
Total intangible assets	3,974	3,187
Tangible assets		
Land and water areas		
Historical cost at January 1	1,019	1,019
Historical cost at December 31	1,019	1,019
Book value at December 31	1,019	1,019
Buildings and structures		
Historical cost at January 1	7,930	7,125
Increases	44	805
Historical cost at December 31	7,974	7,930
Accumulated depreciations and value adjustments Jan 1	3,968	3,690
Depreciations for the period	297	278
Accumulated depreciations and value adjustments Dec 31	4,265	3,968
Book value at December 31	3,709	3,962

1,000 EUR	2009	2008
Machinery and equipment		
Historical cost at January 1	9,844	8,288
Increases	217	1,556
Historical cost at December 31	10,061	9,844
Accumulated depreciations and value adjustments Jan 1	7,073	6,372
Depreciations for the period	916	701
Accumulated depreciations and value adjustments Dec 31	7,989	7,073
Book value at December 31	2,072	2,771
Other tangible assets		
Historical cost at January 1	856	856
Increases	5	0
Historical cost at December 31	861	856
Accumulated depreciations and value adjustments Jan 1	691	667
Depreciations for the period	24	24
Accumulated depreciations and value adjustments Dec 31	715	691
Book value at December 31	146	165
Total tangible assets	6,946	7,917
9. Investments		
Shares in Group companies		
Historical cost at January 1	336,932	336,924
Increases	29,992	8
Historical cost at December 31	366,924	336,932
Other shares and holdings		
Historical cost at January 1	168	189
Increases	0	12
Decreases	-2	-33
Historical cost at December 31	166	168
Total investments	367,090	337,100

1,000 EUR	2009	2008
10. Receivables		
Non-current receivables		
Receivables from Group companies		
Loan receivables	356,671	229,954
Total	356,671	229,954
Non-current receivables	356,671	229,954
Current receivables		
Receivables from Group companies		
Trade receivables	1,217	1,266
Loan receivables	429,417	668,162
Other receivables	67,400	116,265
Accrued income	8,832	13,443
Total	506,866	799,136
Accrued receivables, intra-group		
Accrued interest receivables	8,103	13,443
Exchange rate derivatives	608	0
Other receivables	121	0
Total	8,832	13,443
Accrued receivables, group external		
Accrued interest receivables	0	148
Exchange rate derivatives	0	27,328
Other receivables	267	24
Total	267	27,500

1,000 EUR	2009	2008
11. Cash and cash equivalents		
Current investments		
Carrying value	3	35,665
Market value	31	35,686
Difference	28	21
12. Equity		
Share capital Jan 1	149,217	149,105
Subscriptions with share options	0	112
Share capital Dec 31	149,217	149,217
Retained earnings Jan 1	240,378	270,233
Purchase of treasury shares	-4,032	-6,604
Dividends paid	-62,539	-101,774
Retained earnings Dec 31	173 807	161 855
Net profit for the financial period	54,474	78,523
	228,281	240,378
Total equity	377,498	389,595
Distributable funds at December 31		
Retained earnings	173,807	161,855
Net profit for the financial period	54,474	78,523
Distributable fund from shareholders' equity	228,281	240,378

Treasury shares on December 31, 2009

YIT Corporation's holding in treasury shares on 31.12.2009

Amount	% of share capital	% of voting rights
2,145,000	1,69%	1.69%

YIT corporation bought own shares in the stock exchange during the year 2009 as follows:

Time	Amount	Price (average)	Price (spread)
10.2. - 23.2.	720 000	5,60	4,66–5,99

1,000 EUR	2009	2008
13. Appropriations		
Accumulated depreciation difference Jan 1	573	215
Increase	-283	358
Accumulated depreciation difference Dec 31	290	573
14. Provisions		
Other provisions	1,003	0
15. Deferred tax receivables and liabilities		
Deferred tax receivables		
Other temporary differences	156	185
Pension liabilities	58	61
Total	214	246
Deferred tax liabilities		
Accumulated depreciation difference	45	113
Total	45	113

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

1,000 EUR	2009	2008
16. Non-current liabilities		
Liabilities falling due after five years		
Bonds	14,300	100,000
Loans from credit institutions	20,455	63,000
Pension loans	46,550	45,000
Other loans	25,200	56,700
Total	106,505	264,700
Bonds		
Floating-rate bond 1/2007 2007–2014, interest 3 month Euribor + 0,51%	50,000	50,000
Floating-rate bond 2/2007 2007–2012, interest 3 month Euribor + 0,40%	50,000	50,000
Floating-rate bond 1/2006 2006–20011, interest 3 month Euribor + 0,45%	50,000	50,000
Floating-rate bond 2/2006 2006–2016, interest 3 month Euribor + 0,48%	42,860	50,000
Total	192,860	200,000
17. Current liabilities		
Liabilities to Group companies		
Trade payables	1,031	2,235
Other liabilities	462,732	531,658
Accrued expenses	1,394	686
Total	465,157	534,579
Accrued expenses, intra-group		
Interest expenses	683	686
Exchange rate derivatives	711	0
Total	1,394	686
Accrued expenses, group external		
Personnel expenses	1,810	1,924
Interest expenses	3,778	4,460
Exchange rate forward agreements	9,493	0
Other expenses	7	198
Total	15,088	6,582

1,000 EUR	2009	2008
18. Commitments and contingent liabilities		
Mortgages given as security for loans	29,265	29,265
Leasing commitments for premises		
Payable during the current financial year	13,056	12,086
Payable in subsequent years	151,497	164,512
Total	164,553	176,598
Operating leasing commitments		
Payable during the current financial year	33	8
Payable in subsequent years	9	28
Total	42	36
Other commitments		
Other commitments	48	83
Total	48	83
Guarantees		
On behalf of Group companies	943,256	958,822
Total	943,256	958,822
Derivative contracts		
Foreign currency forward contracts		
Fair value	-9,469	27,136
Value of underlying instruments	86,089	208,918
Interest rate swaps and future contracts		
Fair value	-6,093	-5,596
Value of underlying instruments	335,817	212,000
Interest rate options bought		
Fair value	215	331
Value of underlying instruments	26,483	27,164

19. Salaries and fees to the management

Compensation and incentive schemes

The Annual General Meeting Decides on the fees of the Board of Directors. The Board of Directors decides on the president's and his deputy's salary, remuneration and other terms of employment. The Board also decides on the salaries and fees of the members of the Group's Management Board.

Bonuses

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 annually. The bonuses paid to management are determined on the basis of the realization of the Group's strategic profitability, growth and development objectives and personal objectives.

Share option programmes

In 2009, YIT had one share option programme. The General Meeting decides on share option issues and terms and conditions of the option programmes. The Board of Directors decides on the distribution of options annually on the basis of the terms and conditions of YIT's share options.

Remuneration of Board members in 2009

The Annual General Meeting held on March 11, 2009 decided to keep the fees unchanged and pay members of the Board Directors remuneration for the entire term of office as follows:

- chairman EUR 6 000 per month, or EUR 72 000 per year
- vice chairman EUR 4 500 per month, or EUR 54 000 per year
- members EUR 3 500 per month, or EUR 42 000 per year

Furthermore, it was decided that a meeting fee of EUR 500 will be paid to all members of the Board of Directors for each Board meeting and EUR 500 to the members of Audit Committee for each committee meeting. Per diems for trips in Finland and Abroad are paid in accordance with the State's travelling compensation regulations. YIT's Board members are not covered by the company's share option schemes. YIT's Board members are not covered by company's share option schemes.

Board of Directors' fees in 2009

The fees of YIT Corporation's Board members totalled EUR 374,000 in 2009.

Remuneration paid to the president and CEO, his deputy and the Group's Management Board in 2009

	Regular salary inclusive of fringe benefits, EUR	Bonuses EUR	Option income EUR	Total EUR
President and CEO	430,015	112,844	-	542,859
Deputy to CEO	233,171	40,000	-	273,171
Group's Management Board (excl. President and CEO, and his deputy)	1,192,480	232,309	-	1,424,789

Shares and options held by the Board of Directors, the president and CEO and the Group's Management Board, December 31, 2009.

	Shares	% of shares outstanding	N-options
Board of Directors	15,660,970	12,31%	-
President and CEO	26,000	0,02%	2,880
Deputy to President and CEO	1,000	-	2,160
Group's Management Board (excl. President and CEO, and his deputy)	11,144	0,01%	7,920

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

Loans to related 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, 2009.

Retirement ages and termination compensation

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

The 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.

Board of directors’ proposal for the use of distributable equity

The distributable equity of YIT Corporation on December 31, 2009 amounts 228,281,847.21 euros, of which profit for the financial year 2009 is 54,474,447.59 euros.

The Board of directors proposes that the profit be disposed of as follows:

Payment of a dividend EUR 0.40 per share to shareholders	50,031,368.80
Remains in distributable equity	178,250,478.41
	228,281,847.21

Further the Board of Directors proposes that the Annual General Meeting grants the Board the authority to donate the sum of no more than EUR 500,000 to support activities of colleges and universities and, in the same context, that the Board of Directors be authorised to decide the schedule of payments and any other terms and conditions governing the donations

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 Board of Directors the proposed dividend payout does not jeopardise the company’s solvency.

Helsinki, February 3, 2010

Henrik Ehrnrooth Chairman	Eino Halonen Vice chairman
Reino Hanhinen	Antti Herlin
Satu Huber	Lauri Ratia
Kim Gran	Juhani Pitkäkoski President and CEO

Auditor's report

To the Annual General Meeting of YIT Oyj

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of YIT Oyj for the year ended on 31 December, 2009. The financial statements comprise the consolidated income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and notes to the consolidated financial statements, as well as the parent company's income statement, balance sheet, 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 the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the financial statements and the report of the Board of Directors in accordance with 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and the Managing Director have complied with the Limited Liability Companies Act.

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 of the financial statements and of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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, 3 February 2010

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

YIT CORPORATION'S CORPORATE GOVERNANCE STATEMENT

YIT's share is listed on NASDAQ OMX Helsinki. YIT Corporation complies with Finnish legislation, its Articles of Association and the rules and regulations of bodies that regulate and supervise the operations of listed companies.

YIT complies with all of the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association in October 2008. The Corporate Governance Code replaced the Corporate Governance Recommendation for Listed Companies that took effect in July 2004 as of the beginning of 2009.

The Finnish Corporate Governance Code is available at www.cgfinland.fi

Annual General Meeting

The Annual General Meeting is the company's highest decision-making body, and its tasks are determined based on the Articles of Association and the Finnish Companies Act. The Annual General Meeting takes decisions on approving the financial statements, the payment of dividends, discharging the members of the Board of Directors and the President from liability, the election of the Board of Directors and the auditor and the remuneration to be paid to them and other matters requiring resolutions by the Annual General Meeting under the Companies Act and matters presented to it. The general meeting of shareholders is convened at least once a year. The Annual General Meeting is held annually by the end of March. The general meeting of shareholders is convened by the Board of Directors.

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 standing orders. 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 operation, finances and risks of the Group. In particular, the following tasks are to be handled and decided by the Board of Directors:

- Electing the CEO and his deputy and senior management and deciding on the terms of their employment
- The Group's strategy and objectives
- Budgets and operating plans and overseeing their realisation
- Approving the financial statements and interim reports
- Specifying the dividend policy
- Significant acquisitions and investments
- The Group's operational structure
- Principles of risk management
- Ratifying the Group's values.

The Board of Directors convenes about once a month according to a pre-determined schedule, in addition to which the Board of Directors convenes as necessary. The Board of Directors assesses its activities and operating methods annually.

YIT Corporation's Annual General meeting elects the Chairman and Vice Chairman and a minimum of three and maximum of five members of the Board of Directors. A person who is 68 years old or over cannot be elected as a member of the Board of Directors. The term of office of the Board members is one year.

Board of Directors in 2009

The members of YIT Corporation's Board of Directors between January 1 and March 11, 2009 were

- Chairman Reino Hanhinen, born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c.
- Vice Chairman Eino Halonen, born 1949, M.Sc. (Econ.)

and members

- Kim Gran, born 1954, B.Sc. (Econ.), President and CEO of Nokian Tyres plc
- Antti Herlin, born 1956, D.Sc. (Econ.) h.c., D.Sc. (Arts) h.c., Chairman of KONE Corporation's Board of Directors
- Teuvo Salminen, born 1954, M.Sc. (Econ.), Deputy CEO of Pöyry PLC

YIT Corporation's Annual General Meeting held on March 11, 2009 resolved to elect a chairman, vice chairman and five ordinary members to the Board of Directors:

- Chairman Henrik Ehrnrooth, born 1954, M.Sc. (Forest economics), B.Sc. (Econ.), Chairman of the Board of Directors of Pöyry PLC
- Vice Chairman Eino Halonen, born 1949, M.Sc. (Econ.)

and members

- Kim Gran, born 1954, B.Sc. (Econ.), President and CEO of Nokian Tyres plc
- Reino Hanhinen, born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c.
- 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
- Lauri Ratia, born 1946, M.Sc. (Eng.)

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

In 2009, the Board of Directors convened 11 times. The members' attendance rate was 92%.

Committees of the Board of Directors

In 2009, the Board of Directors had an Audit Committee and a Nomination and Rewards Committee, for which the Board has ratified separate charters.

Audit Committee of the Board of Directors in 2009

It is the task of the Audit Committee to assist the Board of Directors in supervisory duties related to YIT Group's reporting and accounting proc-

esses, including internal monitoring, risk management, internal auditing and follow-up and assessment of the audit. The Audit Committee convenes four times a year, prior to approving the interim reports and financial statements. If necessary, the Audit Committee convenes more frequently. The Audit Committee has three members who must be independent of the company.

Between January 1 and March 11, 2009, the members of the Audit Committee of YIT Corporation's Board of Directors were Eino Halonen as Chairman and Teuvo Salminen and Reino Hanhinen as members. In its organisational meeting on March 11, 2009, the Board elected Reino Hanhinen as chairman and Satu Huber and Lauri Ratia as members of the audit committee from among its number.

In 2009, the Audit Committee convened 5 times. The members' attendance rate was 91%.

Nomination and Rewards Committee of the Board of Directors in 2009

It is the task of the Nomination and Rewards Committee to assist YIT Corporation's Board of Directors in the nomination and rewarding of key personnel within the Group, as well as in other issues related to the development of HR policies. The Committee prepares the proposals for the composition and rewards of the Board of Directors to the Annual General Meeting and convenes as necessary, summoned by the Chairman.

Between January 1 and March 11, 2009, the members of the Nomination and Rewards Committee of YIT Corporation's Board of Directors were Reino Hanhinen as Chairman and Henrik Ehrnrooth, Eino Halonen and Antti Herlin as members. In its organisational meeting on March

11, 2009, the Board elected Henrik Ehrnrooth as chairman and Eino Halonen, Reino Hanhinen and Antti Herlin as members of the Nomination and Rewards Committee from among its number.

In 2009, the Nomination and Rewards Committee convened 7 times. Its members' attendance rate was 100%.

President and CEO and his deputy

The President and CEO attends to the day-to-day administration of the company in accordance with the instructions and regulations laid down by the Board of Directors. He also ensures that the company's accounting is lawful and asset management is organised reliably. The President and CEO is also responsible for reporting to the Board of Directors. The President and 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. The Board of Directors decides on the CEO's salary and fees and other terms of employment.

YIT Corporation's President and CEO has been Juhani Pitkääkoski (born 1958), LL.M., as of November 2008, with Kari Kauniskangas (born 1974), M.Sc. (Eng.), B.Sc. (Econ.), as his deputy.

Main characteristics of the internal control and risk management systems connected with 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. In addition, the purpose is to ensure that the Group's financial reporting produces substan-

tially correct information for published reports and use by the management. Reliable and correct financial reporting supports the monitoring of how the Group's strategic objectives are achieved.

YIT Group's financial reporting is based on the international IFRS accounting standards approved by the EU Commission and their interpretations, the Finnish Companies Act, the Securities Market Act, rules and regulations for listed companies issued by NASDAQ OMX Helsinki Ltd and the standards of the Financial Supervisory Authority. The parent company YIT Corporation's reporting complies with the Finnish Accounting Act.

Identification and assessment of risks

The CEO holds overall responsibility for risk management. The management of the segments identifies and assesses the risks of their segments twice a year and sees to the implementation of risk management. The Group's financial and financing management is responsible for identifying and assessing financial risks.

YIT's risks are divided into strategic, operational, financial and event risks. Financial risks are reported at the level of the unit, business group 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.

Control environment

The Group's operations have been divided into Corporate Services and main business segments. YIT Group and its main business seg-

ments have written charters that describe the key tasks, duties and responsibilities of the different administrative bodies.

The Group employs appropriate reporting systems for monitoring business operations and supervising asset management. The planning, reporting and supervision of the business segments is based on budgets drafted every six months and on monthly performance reporting.

YIT Group Accounting is responsible for maintaining and specifying rules and policies for the Group's accounting and reporting. The Group's accounting department provides instructions on the drafting of the financial statements and interim reports as well as prepares the consolidated financial statements. The business segments are responsible for producing the required segment-specific guidelines within the limits of Group guidelines and Group schedules. The business segments and subsidiaries are responsible for compliance with local legislation and regulations.

Control functions

Financial risks are managed through guidelines on accounting and finance, controls performed by the financial management functions of the units, business segments and the Group, such as balancing, analyses and diversification of tasks and by means of internal audit.

The business segments are responsible for the correctness of the information reported by the business segments and seeing to it that said information is produced on schedule. The financial managers of the business segments oversee that reporting within the business segments is carried out in accordance with the instructions issued by the Group's management.

The Group has specified approval authorisations concerning decisions on investments, submitting tenders and project start-ups. Depending on the financial significance, the decisions are made by the head of the business segment, YIT Corporation's President and CEO or the Board of Directors of YIT Corporation. A special construction investment team prepares plot acquisitions and construction start-ups.

Due to the nature of YIT's business operations, the reliability of project accounting is of particular importance. Financial estimates of the profitability of projects are composed in the planning and tender phase based on the required risk analysis. The reported result of ongoing projects is based on a forecast made systematically. The line and financial organisations of the business segments monitor project reporting as part of project management and management of project risks. In housing production, the project risk management is based on the Housing process, a phased process that covers the entire life cycle of the project from plot acquisition to delivery.

Financial reporting processes and systems are continuously developed. The focus areas in 2009 included the accounting and reporting system of the Group companies, adopting a shared ERP system in the Building and Industrial Services segment and developing an accounting manual for the International Construction Services segment.

Communications

The Group's charter, accounting and reporting principles and other guidelines are available on the Group's intranet in English, with all parties involved in financial reporting having access to them. The Group has a financial management team whose task is to prepare and direct Group-level shared tasks and distribute information and best practices. The financial management team consists of the Group's CFO and the CFOs of the segments as well as the Group's controller, finance manager, IT manager and head of external accounting.

Corporate Communications maintain YIT's communication policy and guidelines on external and financial communication, which specify YIT's policies in disclosing financial information and the procedures to fulfil the communication obligations of a listed company. The Vice President, Investor Relations, is responsible for the appropriate arrangement of all investor relations-related events.

Follow-up

The Board of Directors oversees the operation, finances and risks of the Group.

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 both following up and assessing the audit. The Audit Committee convenes four times a year, before approving the financial statements and the interim financial statements. If necessary, the Audit Committee may also convene more frequently.

The Group's internal audit organisation supports YIT's management in arranging and developing risk management and internal control. The internal audit function reports to the Audit Committee of the Board of Directors and in terms of administration, to the Group's CFO. The Group's internal audit assesses the reliability of financial reporting within the framework of its annual audit plan. The audit is coordinated with external auditing.

Board of Directors' report

The Board of Directors has signed its report for 2009 on February 3, 2010, and it is published with this statement as part of the company's Annual Report. This Corporate Governance Statement and the Board of Directors' report are available on the company's website at www.yitgroup.com.

February 3, 2010

Board of Directors

KEY FINANCIAL FIGURES

Income statement 2000-2009

		2000	2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS
Revenue	MEUR	1,235.4	1,623.1	1,763.0	2,389.7	3,033.4	2,780.1	3,023.8	3,284.4	3,706.5	3,939.7	3,452.4
- change	%	1.1	31.4	8.6	35.5	26.9		8.8	8.6	12.9	6.3	-12.4
- of which activities outside Finland	MEUR	146.4	330.5	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
Operating income and expenses	MEUR	-1,126.8	-1,497.2	-1,643.5	-2,253.3	-2,850.6	-2,600.4	-2,772.2	-3,002.8	-3,341.5	-3,647.4	-3,253.3
Depreciation and write-downs	MEUR	-13.6	-16.1	-16.5	-17.3	-17.1	-22.3	-23.9	-24.1	-27.2	-31.8	-33.6
Depreciation of goodwill	MEUR	-5.3	-10.1	-13.2	-20.5	-30.6						
Operating profit	MEUR	89.7	99.7	89.8	98.6	135.1	157.4	227.7	258.8	337.8	260.6	165.5
- % of revenue	%	7.3	6.1	5.1	4.1	4.5	5.7	7.5	7.9	9.1	6.6	4.8
Financial income and expences, net	MEUR	-10.2	-10.9	-12.2	-14.2	-16.8	-17.4	-12.9	-20.6	-32.2	-67.5	-58.6
Prioft before extraordinary items	MEUR	79.5	88.8	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1	106.9
- % of revenue	%	6.4	5.5	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9	3.1
Extraordinary income	MEUR											
Extraordinary expenses	MEUR	-0.1										
Profit before taxes	MEUR	79.4	88.8	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1	106.9
- % of revenue	%	6.4	5.5	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9	3.1
Profit for the period	MEUR	54.7	61.6	43.0	48.4	84.0	100.5	156.9	175.4	228.0	134.3	66.2
- % of revenue	%	4.4	3.8	2.4	2.0	2.8	3.6	5.2	5.3	6.2	3.4	1.9
Attributable to:												
Equity holders of the company							99.1	155.5	171.0	224.9	132.9	66.8
Minority interest							1.4	1.4	4.4	3.1	1.4	-0.6

Balance sheet 2000-2009

		2000	2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS
ASSETS												
Intangible assets	MEUR	85.2	69.7	61.9	66.8	68.4	81.0	77.1	91.8	92.5	104.6	99.8
Goodwill on consolidation	MEUR	14.3	47.4	72.0	246.9	224.2	248.8	248.8	248.8	240.6	291.0	291.0
Tangible assets	MEUR	9.5	7.2	9.5	11.8	12.3	13.1	13.4	15.6	27.1	35.1	32.8
Investments	MEUR	11.0	6.3	7.1	7.9	6.8	4.2	4.8	5.9	6.2	6.3	5.3
Inventories	MEUR	249.4	259.3	338.1	380.8	421.6	629.3	685.2	1,006.4	1,265.0	1,509.9	1,309.5
Receivables	MEUR	411.0	483.0	503.5	781.0	822.1	503.7	578.1	723.4	769.7	825.3	714.9
Current investments	MEUR	1.4	18.6	10.7	11.9	0.7	0.7	0.0	0.0	0.0	36.4	0.0
Cash and cash equivalents	MEUR	11.2	18.4	28.2	48.4	34.2	35.4	80.7	25.9	60.2	165.3	173.1
Total assets	MEUR	800.8	916.4	1,038.2	1,555.5	1,590.3	1,516.2	1,688.1	2,117.8	2,461.3	2,973.9	2,626.4
EQUITY AND LIABILITIES												
Share capital	MEUR	58.8	58.8	59.5	61.0	61.3	61.3	62.4	63.4	149.1	149.2	149.2
Other equity	MEUR	250.2	291.6	313.7	347.3	395.9	380.0	497.4	607.1	665.4	653.9	648.8
Minority interest	MEUR	1.6	3.2	2.9	3.4	3.6	4.1	3.7	3.9	3.8	4.6	2.6
Provisions	MEUR	6.9	10.1	14.2	27.3	26.0	59.9	57.5	50.5	59.0	86.9	89.0
Non-current liabilities												
Interest-bearing	MEUR	89.2	133.5	130.4	202.6	214.0	224.0	172.4	275.8	356.9	516.2	502.0
Non interest-bearing	MEUR	3.3	7.7	7.8	8.3	15.7	23.6	40.9	72.5	80.7	92.1	94.5
Current liabilities												
Interest-bearing	MEUR	38.9	14.2	12.6	62.2	47.5	171.5	162.6	256.6	218.1	330.1	168.8
Advances received	MEUR	47.1	54.5	71.8	100.6	106.7	77.5	134.9	163.6	230.4	346.8	256.2
Other non interest-bearing	MEUR	304.8	342.8	425.3	742.8	719.6	514.3	556.3	624.4	697.9	794.2	715.3
Total shareholders' equity and liabilities	MEUR	800.8	916.4	1,038.2	1,555.5	1,590.3	1,516.2	1,688.1	2,117.8	2,461.3	2,973.9	2,626.4

Other key figures 2000-2009

		2000	2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS
Cash flow from operating activities	MEUR	47.3	40.3	76.7	97.6	35.4	59.2	167.3	-148.3	84.1	47.8	242.5
Return on equity	%	19.1	19.1	12.2	12.5	19.6	24.3	31.1	28.3	30.5	16.5	8.2
Return on investment	%	21.2	21.6	17.8	16.8	19.6	19.1	26.4	24.8	26.2	17.5	10.9
Equity ratio	%	40.2	40.3	38.2	28.3	31.1	31.0	36.3	34.5	36.7	30.7	33.8
Net interest-bearing debt	MEUR	115.4	110.7	104.1	204.4	226.6	359.4	254.4	506.5	514.8	644.5	497.7
Gearing ratio	%	38.1	31.9	28.2	49.6	49.2	80.7	45.1	75.1	62.9	79.8	62.2
Gross capital expenditures on non-current assets	MEUR	34.3	75.1	60.6	232.9	31.0	35.6	30.1	50.4	51.6	85.2	27.7
- % of revenue	%	2.8	4.6	3.4	9.7	1.0	1.3	1.0	1.5	1.4	2.2	0.8
Research and development expenditure	MEUR	10.0	12.0	13.0	16.0	18.0	18.0	19.0	21.0	22.0	19.0	15.2
- % of revenue	%	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.4
Order backlog as on Dec 31	MEUR	574.7	735.8	938.8	1,490.1	1,604.9	1,823.4	1,878.8	2,802.3	3,509.3	3,233.7	2,773.6
of wich orders from abroad	MEUR	57.3	180.2	255.0	569.5	621.0	645.0	752.4	1,490.0	1,999.2	2,118.9	1,549.0
Number of employees on Dec 31		8,605	10,264	12,633	21,939	21,680	21,680	21,289	22,311	24,073	24,239	23,480
Average number of employees		8,189	10,118	11,990	16,212	21,884	21,884	21,194	21,846	23,394	25,057	24,497

Share-related key figures 2000-2009

		2000	2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS
Earnings/share, basic	EUR	0.48	0.54	0.37	0.41	0.69	0.81	1.26	1.36	1.77	1.05	0.53
Earnings/share, diluted	EUR			0.37	0.41	0.68	0.80	1.23	1.35	1.77	1.05	0.53
Equity/share	EUR	2.63	2.98	3.14	3.35	3.73	3.60	4.49	5.29	6.40	6.38	6.38
Dividend/share	EUR	0.19	0.21	0.23	0.30	0.35	0.35	0.55	0.65	0.80	0.50	0.40*)
Dividend/earnings	%	39.5	39.7	60.4	73.2	51.1	43.2	43.7	47.8	45.2	47.6	74.9*)
Effective dividend yield	%	5.5	6.3	5.4	4.5	3.8	3.8	3.0	3.1	5.3	10.9	2.8
Price/earnings multiple (P/E)		7.2	6.3	11.3	16.4	13.4	11.3	14.3	15.4	8.5	4.4	27.3
Share price trend												
Average price	EUR	3.18	3.17	4.10	5.18	7.96	7.96	13.99	19.24	22.15	10.89	8.52
Low	EUR	2.60	2.61	3.30	3.50	6.76	6.76	8.95	15.20	14.79	3.70	4.31
High	EUR	3.55	3.49	4.91	6.93	9.42	9.42	18.25	23.88	27.90	19.99	14.49
Price on Dec 31	EUR	3.40	3.38	4.20	6.73	9.18	9.18	18.07	20.95	14.99	4.58	14.45
Market capitalisation on Dec 31	MEUR	389.3	389.7	489.9	821.1	1125.3	1 125.3	2 254.4	2 656.0	1 907.0	576.2	1 838.4
Share turnover trend												
Share turnover	1,000	43,300	17,792	39,648	58,558	91,160	91,160	120,368	184,577	245,672	295,155	190,057
Share turnover as percentage of shares outstanding	%	37.6	15.5	34.2	49.5	74.6	74.6	97.4	147.2	193.6	232.2	149.4
Weighted average share-issue adjusted number of shares outstanding												
Weighted average share-issue adjusted number of shares outstanding, diluted	1,000	115,048	114,988	115,880	118,208	122,246	122,246	123 544	125,357	126,872	127,104	125,167
Share-issue adjusted number of shares outstanding on Dec 31												
Share-issue adjusted number of shares outstanding on Dec 31	1,000	114,504	115,472	116,716	122,092	122,586	122,586	124,794	126,777	127,218	125,798	127,223

*) 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 for previous years have been adjusted to be comparable with the figures for 2007.

Financial development by quarter

	I/ 2008	II/ 2008	III/ 2008	IV/ 2008	I/ 2009	II/ 2009	III/ 2009	IV/ 2009
Revenue, MEUR	927.0	991.2	970.8	1,050.7	823.7	853.1	815.0	960.5
Operating profit, MEUR	78.6	70.5	63.1	48.4	22.1	38.1	45.6	59.7
- % of revenue	8.5	7.1	6.5	4.6	2.7	4.5	5.6	6.2
Financial income, MEUR	3.2	0.6	0.8	1.2	1.3	0.4	0.9	1.9
Exchange rate differences, MEUR	-0.8	-2.6	6.0	-27.6	-9.6	-5.1	-7.8	4.12
Financial expenses, MEUR	-10.7	-8.0	-13.0	-16.7	-11.6	-8.2	-8.8	-16.2
Profit before taxes, MEUR	70.3	60.5	56.9	5.4	57.4	25.2	29.9	49.5
- % of revenue	0.1	6.1	5.9	0.5	0.3	3.0	3.7	5.2
Total balance sheet assets, MEUR	2,525.8	2,605.5	2,868.5	2,973.9	2,845.9	2,837.9	2,845.9	2,626.4
Earnings per share, EUR	0.40	0.33	0.29	0.03	0.02	0.14	0.15	0.24
Equity per share, EUR	5.97	6.32	6.61	6.38	5.7	5.9	6.09	6.38
Share price at the end of period	17.97	15.98	7.30	4.58	5.05	7.4	13.01	14.45
Market capitalization at the end of period, EUR million	2,286.1	2,033.0	928.7	576.2	631.6	925.6	1,627.0	1,807.4
Return on investment, rolling 12 months, %	28.1	25.6	21.9	17.5	14.3	11.4	9.8	10.9
Return on equity %				16.5				8.2
Equity ratio, %	33.3	34.5	33.4	30.7	28.3	29.3	29.7	33.8
Net interest-bearing debt at the end of period, EUR million	462.7	625.2	697.0	644.5	635.2	671.4	640.4	497.7
Gearing ratio, %	60.6	77.2	82.5	79.8	88.5	90.6	83.8	62.2
Gross capital expenditures, EUR million	11.8	14.0	51.1	8.3	6.7	3.9	5.1	12.2
Order backlog at the end of period, MEUR	3,627.0	3,670.4	3,964.9	3,233.7	2,800.8	2,916.4	2,800.8	2,773.6
Personnel at the end of period	23,644	24,978	26,688	25,784	25,239	24,763	24,003	23,480

Revenue by business segment, EUR million

	I/ 2008	II/ 2008	III/ 2008	IV/ 2008	I/ 2009	II/ 2009	III/ 2009	IV/ 2009
Building Systems	507.8	589.1	586.1	713.0	537.9	529.2	483.9	573.9
Construction Services Finland	284.9	308.6	285.8	268.6	239.8	253.0	246.3	290.6
International Construction Services	154.3	119.5	123.3	96.4	61.4	87.4	97.6	113.0
Other items	-20.0	-26.0	-24.4	-27.3	-15.5	-16.4	-12.8	-16.9
YIT Group, total	927.0	991.2	970.8	1 050.7	823.7	853.2	815.0	960.5

Operating profit by business segment, EUR million

	I/ 2008	II/ 2008	III/ 2008	IV/ 2008	I/ 2009	II/ 2009	III/ 2009	IV/ 2009
Building Systems	31.5	41.0	43.5	46.0	28.6	28.2	24.9	37.6
Construction Services Finland	35.4	29.4	28.1	18.8	20.9	19.9	20.8	20.3
International Construction Services	16.1	6.1	-4.0	-9.2	-23.8	-5.2	3.7	7.5
Other items	-4.4	-6.0	-4.5	-7.1	-3.6	-4.8	-3.8	-5.7
YIT Group, total	78.6	70.5	63.1	48.5	22.1	38.1	45.6	59.7

Order backlog by business segment, EUR million

	I/ 2008	II/ 2008	III/ 2008	IV/ 2008	I/ 2009	II/ 2009	III/ 2009	IV/ 2009
Building Systems	1,048.0	1,021.3	1,284.1	1,050.2	1,048.3	984.7	946.7	850.4
Construction Services Finland	1,306.4	1,264.8	1,085.9	874.2	819.8	846.9	909.9	1,007.5
International Construction Services	1,381.7	1,483.7	1,678.2	1,369.3	1,239.1	1,126.8	998.4	960.1
Other items	-109.1	-99.4	-83.6	-60.0	-62.1	-41.9	-54.2	-44.4
YIT Group, total	3,627.0	3,670.4	3,964.6	3,233.7	3,045.0	2,916.5	2,800.8	2,773.6

SHARES AND SHAREHOLDERS

YIT shares are listed in NASDAQ OMX Helsinki. The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

Share price increased by 216 per cent during the year

At the end of 2009, the closing rate of YIT's share was EUR 14.45 (2008: EUR 4.58). YIT's share price increased by 216 per cent during 2009. The highest price of the share during 2009 was EUR 14.49 (EUR 19.99), the lowest EUR 4.31 (EUR 3.70). The average price was EUR 8.52 (EUR 10.89).

Market capitalisation at the end of the year was EUR 1,807.4 million (EUR 576.2 million). The market capitalisation at the end of year has been calculated excluding the shares held by the company.

Share turnover in 2009 amounted to 190,057,125 shares (295,155,593). The value of share turnover was EUR 1,631.4 million (EUR 3,221.4 million). The average daily turnover was 757,200 shares (1,166,623).

More than 29,600 shareholders at year's end

The number of registered shareholders was 25,515 (15,265) at the beginning of the review period and 29,678 (25,515) at the end of the period. The number of households among the owners increased by 4,070. At the beginning of the year, a total of 36.5 per cent (52.9%) of the shares were owned by nominee-registered and non-Finnish investors, while this figure was 38.7 per cent (36.5%) at year's end.

MAJOR SHAREHOLDERS DECEMBER 31, 2009

	Number of shares	% of shares and votes
Structor S.A.	14,700,000	11,55
Mandatum Life	5,513,709	4,33
Varma Mutual Pension Insurance Company	5,503,001	4,33
Ilmarinen Mutual Pension Insurance Company	4,636,785	3,64
Suomi Mutual Life Assurance Company	3,350,000	2,63
YIT Corporation	2,145,000	1,69
Svenska Litteratursällskapet	1,874,200	1,47
Tapiola Mutual Pension Insurance Company	1,785,000	1,40
State Pension Fund	1,700,000	1,34
Etera	1,534,443	1,21
Brotherus Ilkka	1,424,740	1,12
Odin Norden	1,401,366	1,10
Kaleva Mutual Insurance Company	807,603	0,63
OP-Delta Equity Fund	785,057	0,62
Odin Finland	550,232	0,43
Nominee registered shares	31,921,214	25,09
Others total	47,591,072	37,42
Total	127,223,422	100,00

OWNERSHIP BY SHAREHOLDER GROUPS, DECEMBER 31, 2009

	Number of shareholders	Proportion, %	Number of shares	Proportion, %
Corporations	1,859	6.26	10,746,478	8.45
Financial and insurance corporations	106	0.36	16,418,424	12.90
The public sector	45	0.15	17,321,637	13.62
Non-profit institutions	433	1.46	8,592,254	6.75
Households	27,103	91.32	24,920,194	19.59
Non-Finnish and nominee registered	132	0.44	49,224,435	38.69
- of which nominee registered	15	0.05	31,921,214	25.09
Total	29,678	100.00	127,223,422	100.00

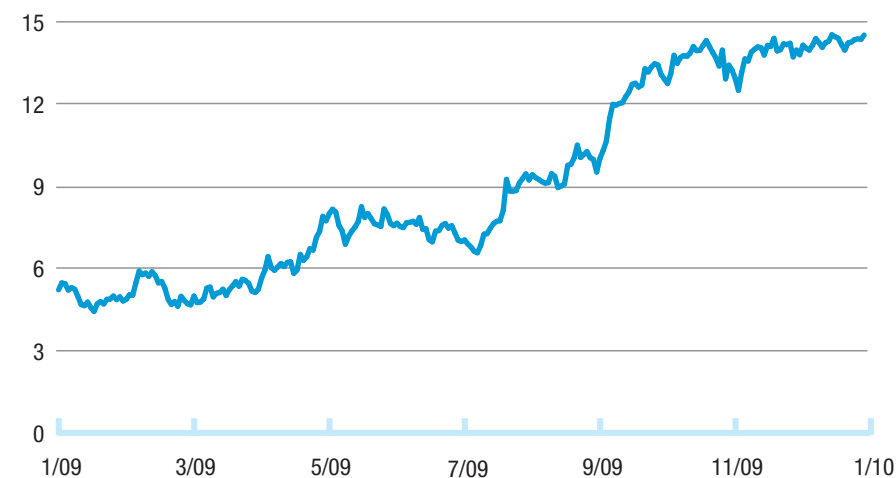
DISTRIBUTION OF SHAREHOLDINGS BY SIZE CLASS, DECEMBER 31, 2009

Number of shares, pcs	Number of shareholders	Proportion, %	Number of shares	Proportion, %
1–100	6,785	22.86	463,889	0.37
101–1,000	17,425	58.71	7,575,943	5.96
1,001–10,000	4,963	16.72	14,119,603	11.10
10,001–100,000	429	1.45	11,707,120	9.20
100,001–1,000,000	60	0.20	16,094,506	12.65
1,000,001–10,000,000	13	0.04	35,987,612	28.29
10,000,001–	3	0.01	41,274,749	32.44
Total	29,678	100.00	127,223,422	100.00

This information is based on the shareholder list maintained by Euroclear Finland Oy. 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.

→ More information on shares and shareholders in Board of Director's report on pages 70-71

▶ More than **29,600**
shareholders at year's end

Share price development in 2009, EUR

INVESTOR RELATIONS

The aim of our Investor Relations function is to continuously and consistently communicate all essential information on YIT to all market parties so that the price of YIT's share reflects its fair value. YIT communicates proactively with all its stakeholders. The key principles of the company's communications are service-mindedness, equitability, openness and honesty. The company aims to uphold the confidence that stakeholders have in YIT. We keep regular contact with current and future shareholders and analysts.

Our Investor Relations function is in charge of the implementation of investor relations and daily contact with investors. We respond to the questions of analysts and investors by telephone, e-mail and through meetings with investors.

Closed period

Prior to each earnings announcement is a so-called closed period during which YIT's representatives do not meet capital market representatives or provide comments on the company's financial state or the future outlook of the company or its markets. The closed period starts on April 1, July 1, October 1 and January 1 and lasts until the publication of the respective earnings announcement.

Operation in 2009

During 2009, we met close to 300 professional investors and analysts and participated in approximately ten investor seminars in different countries. Our Capital Market Day was held in September in Helsinki. The event had approximately 50 participants.

Analysts following YIT

According to YIT's information, at least the following brokerage firms publish investment analyses on YIT.

ABG Sundal Collier
Carnegie Investment Bank AB, Finland
Credit Agricole Cheuvreux Nordic AB
Danske Markets Equities
Deutsche Bank AG, Helsinki Branch Global Equities
Evli Bank Plc
E. Öhman J:or Securities Finland Ltd
FIM Bank Ltd
Goldman Sachs International
Handelsbanken Capital Markets
Icecapital
Impivaara Securities Ltd
Merrill Lynch
Nordea Markets
Pohjola Bank
SEB Eskilda
Sofia Bank
Standard & Poor's Equity Research Services
Swedbank
UBS

→ Contact details of the brokerage firms on YIT's Internet site at www.yitgroup.com/investors - IR contacts - Analysts following YIT

Share data

Listing: NASDAQ OMX Helsinki
Date of listing: September 4, 1995
Trading currency: EUR
Segment and sector: Large Cap / Industrials, Construction & Engineering.
Trading code: YTY1V
ISIN code: FI0009800643
Reuters ID: YTY1V.HE
Bloomberg ID: YTY1V.FH

Series N share option: YTY1VEW406

Shares can be subscribed for in 2010 under the Series N share options issued by YIT Corporation in 2006 between April 1 and November 30. The subscription period with the Series M share options (YTY1VEW306) ended on November 30, 2009.

The shares and share options are included in the book-entry system maintained by Euroclear Ltd.

Indices

The YIT share is included in the following indices, among others:

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

Contact information

YIT Corporation

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

www.yitgroup.com/investors

InvestorRelations@yit.fi
Fax +358 20 433 2505

CFO

Timo Lehtinen
+358 20 433 2258
timo.lehtinen@yit.fi

Senior Vice President, Communications

Virva Salmivaara
+358 20 433 2781 / +358 40 830 8091
virva.salmivaara@yit.fi

Financial Communications Officer

Lilli Riikonen
+358 40 714 6487
lilli.riikonen@yit.fi

Requests for investor meetings

Päivi Mirfakhraei
+358 20 433 2257
paivi.mirfakhraei@yit.fi

INFORMATION FOR SHAREHOLDERS

Annual General Meeting 2010

The Annual General Meeting of YIT Group will be held on March 10, 2010, starting at 1:00 pm (Finnish time) in Finlandia Hall, Conference Wing, Hall A, address: Mannerheimintie 13, 00100 Helsinki, Finland. The check-in of those who have signed up for the meeting, distribution of ballots and serving of coffee will start at 12:00 pm (Finnish time).

Participation right

In order to have the right to participate in the Annual General Meeting, the 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, February 26, 2010. 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 temporarily entered in the company's shareholder register in order to participate in the general meeting by March 5, 2010 by 10:00 a.m.

Registration

Registration for the Annual General Meeting will begin on February 4, 2010 and end on March 3, 2010 at 4.00 p.m. (Finnish time). Shareholders can register:

- Online on YIT Corporation's Internet site, www.yitgroup.com/agm
- By sending a telefax to +358 20 433 2077
- By telephoning Marja Salo, +358 20 433 2470 or Pirkko Pesonen, +358 20 433 2453
- 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 name of any assistant, proxy or legal representative must be declared in connection with the registration. Personal data disclosed by shareholders to YIT Corporation will only be used in connection with the Annual General Meeting and the processing of related necessary registrations. 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.

Shareholder rights

Shareholders have the right to have items included in the agenda of the general meeting, provided they demand, in writing, the Board of Directors to do so early enough that the item can be included in the Notice of Meeting. Shareholders have the right to pose questions at the general meeting as set forth in the Companies Act.

The minutes of a general meeting are made available for inspection by shareholders by March 24, 2010 on the company's Internet site www.yitgroup.com/investors

A shareholder or shareholders who own no less than 10 per cent of all the company's shares may demand that an extraordinary general meeting be convened.

Payment of dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.40 per share be paid from 2009. Dividend is paid to the shareholder who, by the record date (March 15, 2010), 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 7, 2010.

Important dates

Registration opens	February 4, 2010
Record date of Annual General Meeting	February 26, 2010
Registration closes	March 5, 2010
Annual General Meeting	March 10, 2010
Dividend ex-date	March 11, 2010
Dividend record date	March 15, 2010
Dividend payment date	April 7, 2010*

*) Board of Directors' proposal to the Annual General Meeting

Address changes of shareholders

Shareholders are requested to make notification of changes in their 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 address changes should be sent to

Euroclear Finland Ltd
P.O. Box 1110
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 Annual General Meeting:
www.yitgroup.com/agm

FINANCIAL INFORMATION

Financial information 2010

2009 Financial Statements Bulletin	February 4, 2010 at 8:00 a.m.
Annual General Meeting	March 10, 2010 at 1:00 a.m.
Interim Report for Jan - Mar	April 29, 2010 at 8:00 a.m.
Interim Report for Jan - Jun	July 23, 2010 at 8:00 a.m.
Interim Report for Jan - Sep	October 27, 2010 at 8:00 a.m.

Times are in Finnish time (EEST)

Publishing of results online

The interim and annual results conferences can be viewed as webcasts in English on the YIT Internet site both live and subsequently as recordings: www.yitgroup.com/webcast

Order publications and releases

YIT's annual reports, interim reports and other publications can be ordered on YIT's website or from Corporate Communications, tel. +358 20 433 2467 or by e-mail InvestorRelations@yit.fi. Releases can be ordered directly to your e-mail on the website.

Contact information

Senior Vice President, Corporate Communications

Virva Salmivaara
+358 20 433 2781/ +358 40 830 8091
virva.salmivaara@yit.fi

Financial Communications Officer

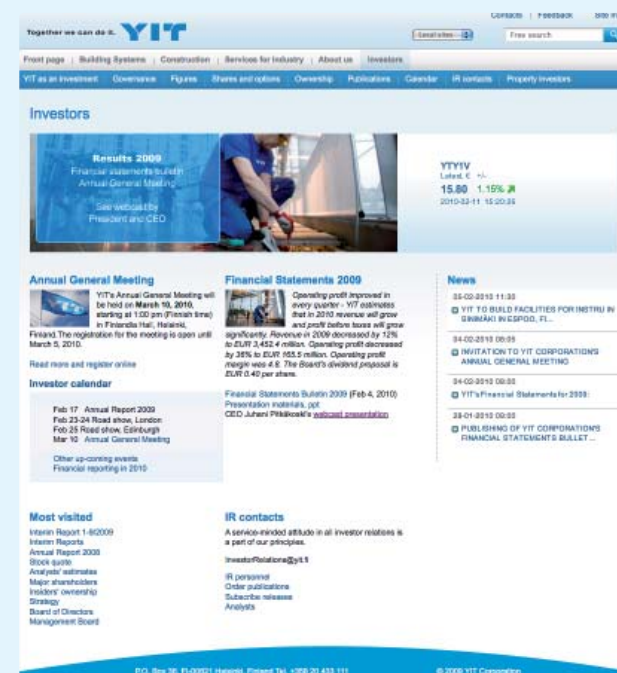
Lilli Riikonen
+358 40 714 6487
lilli.riikonen@yit.fi

Information on the Internet

The Investors section of YIT's Internet site contains, e.g.

- financial reports and stock exchange releases
- monthly updated data on our major shareholders and the company's statutory insiders and their shareholdings
- YIT's communication policy
- trading data
- analysts' consensus estimate of our earnings
- total return calculator for determining the value of your investments in YIT

→ www.yitgroup.com/investors

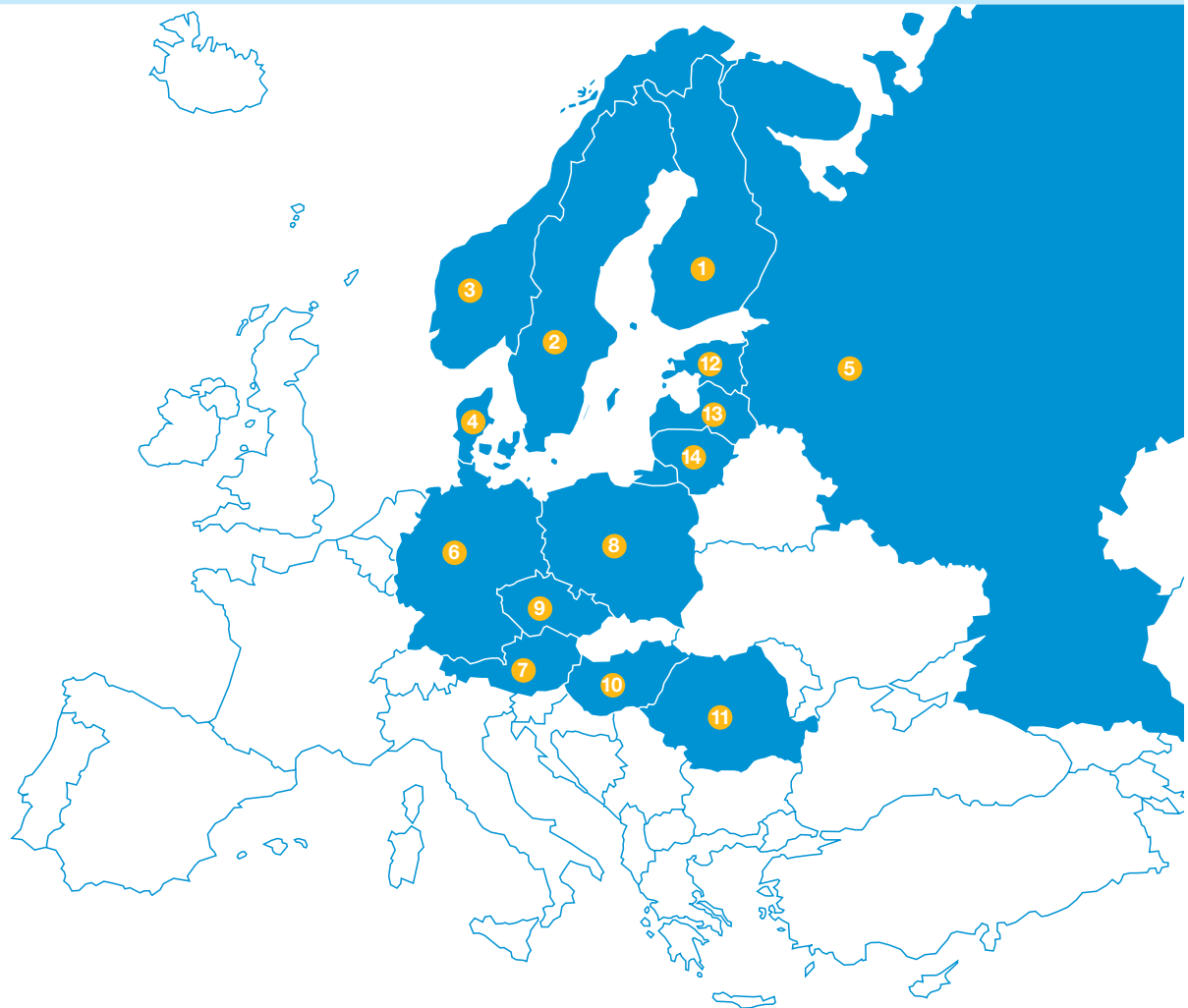


CONTACT INFORMATION

YIT Corporation

P.O. Box 36 (Panuntie 11)
FI-00621 Helsinki, FINLAND
Tel. +358 20 433 111
Fax +358 20 433 3700
firstname.surname@yit.fi
www.yitgroup.com

- 1 Finland: www.yit.fi
- 2 Sweden: www.yit.se
- 3 Norway: www.yit.no
- 4 Denmark: www.yit.dk
- 5 Russia: www.yit.ru
- 6 Germany: www.yit.de
- 7 Austria: www.yit.at
- 8 Poland: www.yit.pl
- 9 the Czech Republic: www.yit.cz
- 10 Hungary: www.yit.hu
- 11 Romania
- 12 Estonia: www.yit.ee
- 13 Latvia: www.yit.lv
- 14 Lithuania: www.yit.lt





YIT Corporation, 2/2010

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P.O. Box 36 (Panuntie 11)

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