Annual Report 2010

One step ahead

Together we can do it.

One step ahead

Our operating concept starts from our wish to help our customers to use built living environments. YIT creates good living environments that you can meet in a variety of everyday situations. You 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.

In these encounters lie also our **strengths:**

We lead the way as we offer extensive services in all fields of construction and building systems, in all project phases. We work close to the customer: we are at service whenever we are needed, wherever we are needed. Our local network currently covers 15 countries. However, an in-depth understanding of the needs of our customers is the starting point in everything we do. Our leading technical expertise allows us to continuously develop our own solutions – be they technical innovations, energy efficiency or in-house service concepts.

extensive
services

close
to the customer

own
solutions

Opened in April 2010 in Helsinki, Finland, the Salmisaari sports centre features an indoor rock climbing wall – one of the highest in Europe.

Contents

YIT in brief

YIT Group is a leading European service company in building systems and construction. YIT builds, develops and maintains quality living environments in the Nordic countries, Central Europe, Russia and the Baltic countries.

We build residential buildings, business premises, 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. YIT is the largest provider of building systems services in the Nordic countries and among the leading service providers in Central Europe. In Finland, YIT is the largest residential developer and the largest private maintainer of the roads. In Russia, we are one of the most significant foreign housing construction companies.

A key strength of our business operations is the balanced combination of stable service operations and construction services, which are more capital-intensive but offers the company opportunities for higher operating profit margins.

Energy efficiency is part of all of our business operations, whether energy-efficient construction, or energy-saving building systems. Our solutions enable energy efficiency in homes, workplaces and industrial plants.

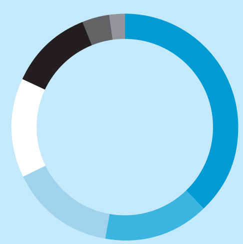
The YIT story extends back to 1912 when Yleinen Insinööritoimisto started out in Finland. Today, we already have close to 26,000 professionals in 15 countries. YIT's segments' total revenue for 2010 was EUR 3,847 million. YIT's share is listed on NASDAQ OMX Helsinki in the Industrials segment, Construction & Engineering sector.

In 2010, YIT Group's segments were Building and Industrial Services, Construction Services Finland and International Construction Services.

New division of segments in 2011

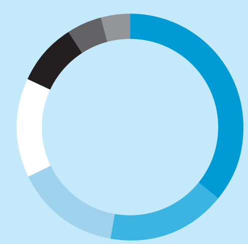
As of March 1, 2011 YIT's business segments will be Building Services Northern Europe, Building Services Central Europe, Construction Services Finland and International Construction Services.

Revenue by country, %



- Finland 38%
- Sweden 15%
- Central Europe 15%
- Russia 14%
- Norway 12%
- Denmark 4%
- Baltic countries 2%

Personnel by country, %



- Finland 36%
- Sweden 17%
- Central Europe 15%
- Norway 14%
- Russia 9%
- Denmark 5%
- Baltic countries 4%

Operating profit by segment, %

- Building and Industrial Services 42%
- Construction Services Finland 44%
- International Construction Services 14%

60%

Building and Industrial Services

Technical building systems, project deliveries of technical systems and processes to industry, service and maintenance

- The Nordic countries, Central Europe, Russia, the Baltic countries

28%

Construction Services Finland

Housing, business premises, infrastructure

- Finland

12%

International Construction Services

Housing, business premises

- Russia, the Baltic countries, the Czech Republic, Slovakia

Share of segments' total revenue

Events in 2010

YIT assumes responsibility for the maintenance of Varma's properties. Our strategic goal is to step up our service and maintenance services. During the first quarter, we signed an agreement with Varma Mutual Pension Insurance Company on an extensive partnership covering the building system servicing, maintenance and technical management of more than 80 office premises in Finland.

10 kilometers of wind power network. German wind power manufacturer Enercon chose YIT to deliver a 10 kilometres long power net to one of the largest wind power plant areas in Europe under construction in Dragaliden, Sweden.

Construction revived in the Baltic countries. After the revival of the housing market in the Baltic countries, we started our first new residential sites for more than two years in Estonia and Lithuania. New start-ups were continued during the year.

Q1

Photo: ECB

Green building systems. During the spring, we agreed on significant deliveries of building systems to the head office of automobile association ADAC in Munich and the new premises of European Central Bank in Frankfurt am Main in Germany. The latter will feature ground source heating and cooling, rainwater usage, heat recovery and natural ventilation, among others.

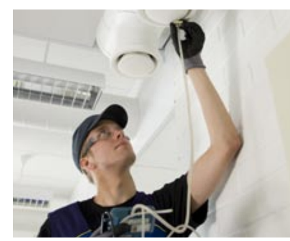
New shopping centre under construction in Hyvinkää. In Finland, construction of business premises picked up as the year advanced. The construction of shopping centre Willa in Hyvinkää, covering area of more than 40,000 m², started in the spring. The shopping centre is a part of a more extensive town centre development project, offering premises to approximately 100 shops after completion on 2013. YIT's project covers both construction and the total delivery of building systems to the shopping centre.

Flexible homes. Residential sales continued favourably in Finland throughout the year, and housing production focused on residential units built directly to consumers. In the spring, YIT launched its concept for lifespan apartments. The special feature of the concept is the possibility for alterations designed for different kinds of housing needs, making apartments suitable for a variety of age groups and situations in life.

Q2

Acquisition doubled operations in Central Europe. In June, YIT agreed to acquire the business operations of a company providing building systems services in Central Europe. Completed at the end of August, the acquisition made YIT the second-largest provider of building systems services in Germany. Around 2,000 new employees joined YIT.

Expanding construction services in Central Eastern Europe. During the third quarter, YIT started the construction of its first residential site in the Czech Republic. In the last quarter of the year, we expanded our residential and business premises construction also to Slovakia as the result of an acquisition.



Growth target was raised. In August, YIT increased the Group's annual revenue growth target for the strategy period 2011–2013 to more than 10 percent on average.

Q3

Financial development: Profitability increased clearly

The Children's Hospital in Helsinki, Finland celebrated the opening of its renovated and expanded facilities in November. In addition to intensive care, improved premises were welcomed by anaesthesia and operating unit and magnetic resonance imaging.

Russian residential sales continued to be brisk. New residential projects were started up in Russia throughout the year in accordance with the revived demand. In Moscow, YIT's residential house Axioma received recognition as the best business class project in the Urban Awards 2010.

Ring road I awarded as the infra site of the year. YIT's road construction project in Vallikallio, Espoo was awarded in the competition organised by Rakennuslehti journal as the infra site of 2010 in Finland. In addition to infra construction, YIT is responsible for telematics controlling road safety in a tunnel, among others. At the end of 2010, the project was close to completion and half a year ahead of the schedule.

Q4

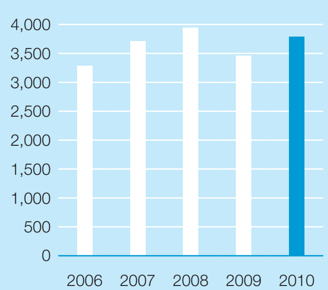
- Revenue increased in all business segments, and the total revenue of the segments was 11% higher than in 2009.
- The segment operating profit was 38% higher than in 2009. The operating profit grew in construction services but decreased in Building and Industrial Services.
- The segments' order backlog increased 17%. Order backlog grew especially in Building and Industrial Services, but also in Construction Services Finland.
- Earnings per share doubled. The board dividend proposal: EUR 0.65 per share.

▶▶▶ The difference between segment reporting (POC) and Group reporting (IFRIC 15) is explained on page 65.

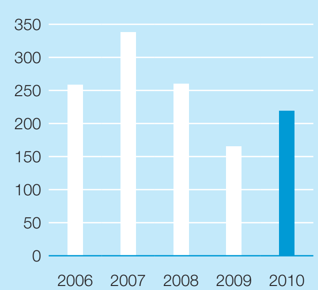
KEY FIGURES	2010	2009	Change
Segment reporting (POC)			
Revenue, MEUR	**3,847.0**	3,452.4	11%
Operating profit, MEUR	**229.1**	165.5	38%
% of revenue	**6.0**	4.8	-
Order backlog at year's end, MEUR	**3,250.1**	2,773.6	17%
Group reporting (IFRIC 15)			
Revenue, MEUR	**3,787.6**	3,485.6	9%
Operating profit, MEUR	**220.1**	168.1	31%
% of revenue	**5.8**	4.8	-
Profit before taxes, MEUR	**194.8**	109.5	78%
Operating cash flow after investments, MEUR	**-61.7**	229.8	-
Return on investment, % (last 12 months)	**14.3**	11.0	-
Equity ratio, %	**31.9**	32.4	-
Gearing ratio, %	**72.6**	69.2	-
Earnings/share, EUR	**1.12**	0.55	104%
Dividend/share, EUR	**0.65*)**	0.40	63%
At year's end:			
Personnel	**25,832**	23,480	10%
Order backlog, MEUR	**3,535.7**	2,983.3	19%
Balance sheet total, MEUR	**3,117.1**	2,777.1	12%

*) Year 2010: Board proposal

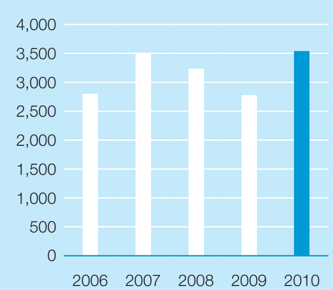
Revenue, EUR million



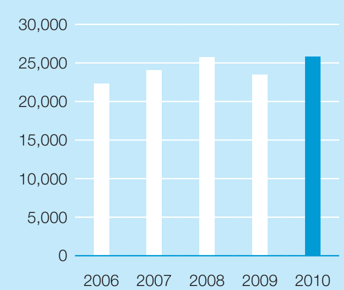
Operating profit, EUR million



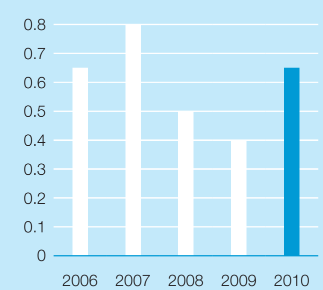
Order backlog, EUR million



Personnel



Dividend/share, EUR



Year 2010: Board proposal

2006–2009 figures according to segment reporting (POC) and 2010 according to Group reporting (IFRIC 15).

Return to growth track – the pace will continue in 2011

We invested in improving our service and occupational safety in 2010. Revenue, operating profit and the order backlog increased. In 2011, we will continue to develop our strengths and pursue profitable growth.

Revenue and operating profit increased

The Group's performance returned to the track of profitable growth in 2010 in accordance with our strategy. The business segments' revenue increased by 11% and operating profit by 38%. At the end of 2010, the order backlog was 17% higher than the previous year.

Factors underlying the good performance in particular were the continuous improvement of profitability of residential construction in Russia, our good start in the Central Eastern European construction markets as well as passing the bottom in Baltics. In Finland, the development in residential construction was good, and we reacted swiftly in the construction of business premises. With regard to Building and Industrial Services, the completion of a significant business acquisition in Central Europe strengthened our position especially in Germany.

Financial expenses were cut in half compared to the previous year, improving the result by more than EUR 30 million. Earnings per share doubled, which makes it possible to increase dividend payout. The Board of Directors proposes that a dividend of EUR 0.65 per share be paid. The aim is to increase the dividend each year.

Service and quality were improved

With regard to improving our service, we particularly focused on an in-depth understanding of our customers' needs. There are several examples of solid progress.

In Building and Industrial Services, we have made our customers' lives easier by packaging our maintenance services under the single ServiFlex concept. Customers can purchase the maintenance of all required technical equipment from us under a single agreement. Otherwise, there could be up to a hundred separate maintenance agreements for a single office building.

In residential construction, we have invested in continuous improvement of quality and reviewed how we can help our customers in all phases of the process. In Russia, for example, buyers of YIT Homes can obtain mortgages from our partner banks. At the end of 2010, loan financing was utilised in more than 40% of our residential sales. In Finland, there is demand for various services in housing; from services for the aged to leisure activities. Our residential projects have sold well, meaning that we have succeeded in meeting customers' wishes in their design.

Potential in energy services

We focus on ease of use also in energy efficiency-related services. In 2010, we delivered to our customers several investments and improvements that will eventually pay for themselves in the form of energy savings. In service agreements, we assume the responsibility for our customers' energy consumption over several years. We are able to offer the customer a finished package and demonstrate the savings in the form of concrete amounts.

Our competence in energy-related matters is extremely extensive, covering both measures related to energy savings and services related to new means of producing energy. The demand for our energy-saving services is continuously increasing as a result of regulations and growing environmental awareness. The future potential is thus significant.

Occupational safety at the core

Our success depends on having the best people in the industry working for us. YIT is not a machine that works without people; currently, our operations are the result of the daily work of nearly 26,000 employees. It is essential that our employees' occupational safety is taken care of and that they enjoy their work. Occupational safety and managerial work were focal points in human resource development in 2010, and we will continue the work with determination.

Occupational safety has improved at YIT. However, we must aim for zero accidents. We will continue the training to improve attitudes and skills. Occupational safety has been included among the criteria for performance bonuses, and monitoring the situation is a number one priority in all management meetings.

Favourable market outlook

Our view is that residential sales will continue at a favourable level both in Finland and in Russia. We actively started new residential projects in 2010, which will offer us a solid starting point for 2011.

In Finland, the residential prices have followed the rise in wages and spending power, and therefore, no price bubble has been created. Inflation is likely to increase interest rates. However, interests will stay moderate due to the general economic situation. In Russia, the oil price has an effect on consumer behaviour; the current level of EUR 100 per barrel supports favourable development in residential sales.

The demand for real estate and industrial service and maintenance is developing favourably in all countries where we operate. The German market in particular offers good growth opportunities. The acquisitions market is also active.

Clear targets, tough competitive edge

Our aim is to grow our business at a faster rate in the next few years - by more than 10% per year on average. Our growth is spearheaded by service and maintenance operations, residential construction and energy solutions. Focusing on these will allow us to lead the way.

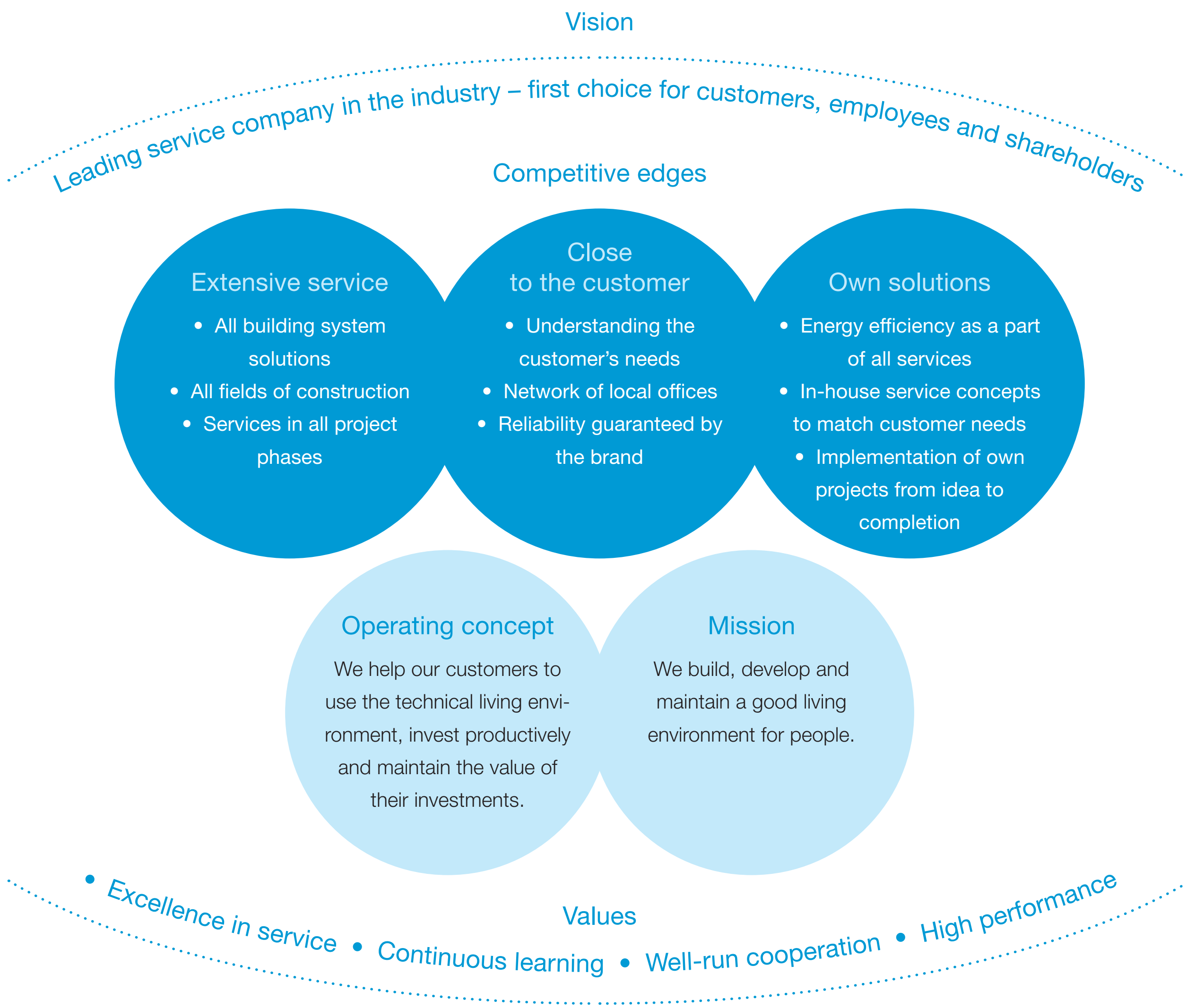
We stand out from the competition with the extensive coverage of our services, our in-house solutions and, above all, being close to our customers. We engage in long-term and close cooperation with our customers and invest in our employees having the skills to find the best solution for each situation.

I wish to thank our customers and partners for the successful year and our employees for tenaciously developing our service and creating new ideas.

Juhani Pitkäkoski
President and CEO

Our aim is to be the leading service company in the industry

During the strategy period 2011–2013, we will aim for faster growth. Our target is to increase our revenue by more than 10 percent per year. In particular, we will strengthen our position in servicing technical systems and building residential units. We are seeking growth from services where we offer a strong competitive edge.



Understanding customer needs as the starting point

People are at the core of all of our operations. Our basic mission is to build, develop and maintain a good living environment for people. By offering the best service, interesting tasks and committing to reaching financial targets, we can grow profitably and prosper together with our customers, personnel and owners.

Our success requires that we are able to offer the exact service that our customers want. We closely monitor the development of customer needs. We continuously develop our own solutions, which enables us to stand out from the competition. In projects and service agreements for companies and the public sector, the entire implementation is tailored on a case-by-case basis. Our residential projects include a variety of options and service packages.

By being an interesting employer, we can attract the best industry professionals. Competent personnel and a strong corporate culture based on shared values are key factors in our success. We focus on the development of occupational safety and well-being as well as vocational training and long careers.

We increase shareholder value through the determined pursuit of profitable growth. We act with a long-term focus and compliance with sustainable business ethics. We follow an active dividend distribution policy.

Growth at a faster rate

Profitable growth is the key objective of our strategy. In the autumn 2010, we increased the Group's annual growth target to more than 10 percent on average, while the previous target for annual revenue growth was 5–10 percent on average. Our other financial targets remained unchanged.

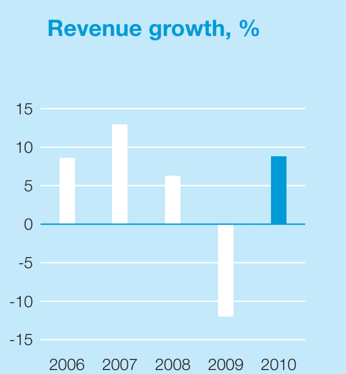
For us, 2010 meant returning to the growth track and consolidating our position as the leading company in our fields of operation. The Group's revenue increased by 9 percent.

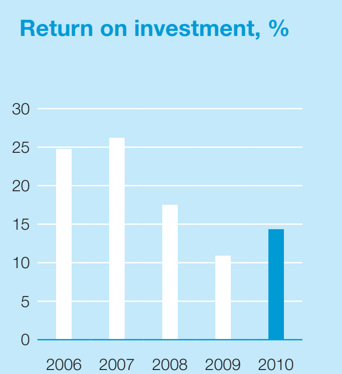
Spearheads of growth: service and residential units

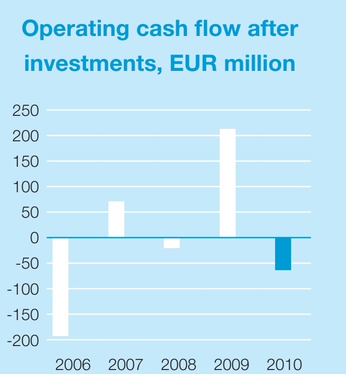
We are seeking growth from services that are our distinctive strength. Our strategic intent is to be the leading company in technical maintenance in the Nordic countries and Central Europe and a forerunner in residential construction in Finland, Russia and Central Eastern Europe.

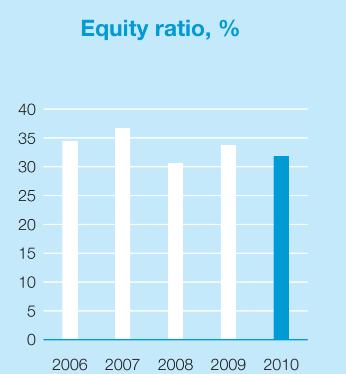
We will increase our services related to the service and maintenance of building systems and industrial processes faster than new investments. We aim to create long-term partnerships with our customers and enter into extensive agreements that cover several technical disciplines. Our competitive edges are competence that covers all technical systems and an extensive network of offices close to the customer. The customer is able to obtain all services easily from a single partner.

In 2010, service and maintenance operations accounted for 58% of the total Building and Indus-









2006-2009 figures according to segment reporting (POC), 2010 according to Group reporting (IFRIC 15).

trial Services revenue. We strengthened the offering of maintenance services by adopting a ServiFlex service concept whereby the customer can agree on the service and maintenance of more than 80 technical systems with a single service agreement in all countries where we operate.

As a residential construction company, our aim is to offer our customers the best solutions and service experience in the area. Thanks to our in-house residential sales, we are familiar with the needs of our customers. We take care of the implementation of our projects entirely by ourselves, and therefore we are able to carry out projects that exactly match demands. We develop new services for housing for senior citizens and leisure homes, among others.

In 2010, our residential sales and number of residential units under construction increased considerably across all markets.

Energy saving is part of all of our business operations. We can help our customers to considerably reduce the energy consumption of buildings and industrial plants. In energy-saving services, we combine our expertise in building technology, industrial processes and construction. We utilise the best solutions from the different countries where we operate.

Stronger position in current countries, a foothold in new ones

We offer services that match the needs of society. We pursue growth by strengthening our local market position in the countries where we already operate and by expanding to new countries.

Building system services are increased in countries where the building stock needs service and maintenance and technology in buildings increases. We will complement our competence and network of offices in the Nordic countries and Central Europe. In building system services, potential new market areas are the United Kingdom, the Netherlands and Belgium.

With regard to construction services, we operate in countries with a high need for housing due to changes in population structures and increasing quality requirements for living. We will increase our residential construction activity in Finland, Russia, the Baltic countries and Central Eastern Europe, where we are surveying the opportunities for expanding construction services to Poland.

Half of growth through mergers and acquisitions

We are seeking growth through acquisitions as well as organically. Organic growth is supported by investing in offering the best service and continuous improvement of operational efficiency.

Acquisitions are made to increase the business functions selected in the strategy, expand local operations or service offering, or gain a foothold in new countries. In addition to price and predicted payback time, the key criteria for choosing the targets include the corporate culture of the company and the competence of its personnel, which enable the successful integration of the companies and development of operations.

The annual revenue of the acquired businesses in 2010 was approximately EUR 500 million. The market position of building system services was strengthened in Central Europe, and revenue in Germany doubled as the result of one acquisition. Construction services expanded to Slovakia through an acquisition. We also started up the construction of first residential sites in the Czech Republic, which we entered in 2008 through an acquisition.

Stable and profitable

We have developed the Group's structure to support long-term and profitable development. Two key business areas complement each other. Technical service and maintenance is labour-intensive activity that does not require heavy capital input, but generates cash flow. The cash flow can be used for residential development projects that require investments in plots and construction but are typically more profitable than technical servicing business.

The level of service work is relatively stable in all economic situations. The key is to gain a strong local market position in order to ensure the efficient realisation of individual assignments.

The volume of residential development projects varies according to the basis of the market situation, but a long service chain from land management to residential sales offers an opportunity for efficient operation and high profitability. We manage production carefully in order for the completed sites to match the needs of the customer base. Measures to accelerate the turnover of capital include dividing projects into smaller entities and developing the terms and conditions of plot acquisitions.

Financial targets 2011–2013

- Annual revenue growth of more than 10 percent on average
- Return on investment 20 percent
- Operating cash flow after investments sufficient for dividend payout and reduction of debt
- Equity ratio 35 percent
- Dividend payout 40–60 percent of net profit for the period

The financial targets were confirmed on August 18, 2010. The revision history is presented on YIT's website at

▶▶▶ www.yitgroup.com/investors

Strategy 2011–2013

Increasing the growth rate

Annual revenue growth

> 10%

- Acquisitions and organic growth

Focus of operations

Building Systems:

- Service and maintenance

Construction Services:

- Residential construction

Geographic direction

Building Systems:

- Nordic countries and Central Europe
- Potential expansion to the United Kingdom, the Netherlands and Belgium

Construction Services:

- Finland, Russia, the Baltic countries, the Czech Republic and Slovakia
- Potential expansion to Poland

The market outlook for residential construction remains good in 2011. The volume of construction in the market is expected to increase in business premises construction, which will also gradually increase building system projects in some of the countries where YIT operates.

Construction picked up, driven by residential production

Residential construction markets picked up in 2010. As for the other sectors of construction, demand was soft early in the year. The volume of building system and industrial installation work remained low due to the low volume of new investments. However, the market for renovation, service and maintenance in buildings and industry developed at a steady rate.

Demand for technical service and repair developed steadily

The market for building system installation projects was tight in 2010 due to the low volume of construction of new business premises. Demand for building system service and repair developed steadily. Industrial investments were low, which, on the other hand, upheld the need for servicing plants and processes. Energy efficiency projects were implemented in the private and public sectors.

The building system market is expected to grow in the Nordic countries in 2011. The development of the German market will also be favourable due to the steady level of business premises construction. The demand for service and maintenance will increase with ageing buildings and the increasing number of technical systems in them. Building owners pursue cost savings and improving the convenience of the premises by outsourcing the servicing and maintenance of equipment to professional experts.

The demand for installation projects of building systems varies by country. The picking up of construction activity translates into an increase in new building system projects approximately six to twelve months later. Opportunities are opening in the construction of shopping centres, schools and hospitals. Public sector projects support the demand for building system services in Norway, Sweden, Denmark and Germany.

Investments by industrial customers began to increase in Finland in the previous year, and their increase is expected to continue. Mine and power plant projects as well as forest industry investments will be commenced. The demand for maintenance services will be stable. Maintaining industrial production reliability requires regular servicing and modernisation of process equipment.

There is demand for new projects aimed at energy savings and service agreements in both office properties and industrial plants.

Improved consumer confidence accelerated residential construction in Finland

The volume of residential construction increased considerably in Finland during 2010, and in the market production was increasingly shifted from the construction of rental housing to development projects aimed directly at consumers.

The outlook of residential construction for 2011 is good, and production volumes in the markets are expected to increase. The need for the construction of new homes is maintained in Finland by migration to growth centres, immigration and decreasing family sizes. The volume of residential construction has been lower than the long-term annual need, which has piled up demand. The development of housing prices has been moderate in Finland compared to other countries. The demand for housing is strongly dependent on consumers' confidence in the development of their finances. The availability of loans, interest rates, rents and prices have an effect on purchase decisions.

Demand for commercial and traffic projects

In Finland, the construction of new offices was low, but favourable consumer demand increased the need for retail and logistics premises projects. Business premises markets started to pick up during the second half of the year. The volume of construction of business premises is expected to increase in 2011: investors' yield requirements have decreased and rents of business premises are expected to begin rising in 2011. There is demand for centrally located shopping venues and retail premises where service is provided close to consumers. Logistics premises are also built to serve the retail industry. Vacant office premises are available, and as a result, the volume of new projects will not increase strongly. However, there is demand for modernisation and conversion of premises. The needs of the users of premises, the amount of available premises and rents as well as property investors' yield requirements have an effect on the development of the business premises market.

Infrastructure construction in Finland remained relatively stable in 2010; municipalities postponed projects due to financing difficulties but, on the other hand, several projects related to railway traffic and roads were launched in Finland. The infrastructure construction market is expected to decrease in 2011 due to, for example, the low volume of government and municipal investments. The demand for road maintenance is stable. Business opportunities are also opening in the maintenance of the railway network, rock construction associated with major mine investments and the construction of wind power plants.

Residential construction increased in Russia and Central Eastern Europe

Residential construction picked up in Russia during 2010. The improvement of the economic situation and the strengthening of the rouble increased consumer confidence and spending power. Construction companies restarted residential projects halted in 2008 and started new projects. In the Baltic countries, the construction market began to revive. The development of the residential market remained moderate in the Czech Republic and Slovakia.

In Russia, the Baltic countries and Central Eastern Europe, living space per person is lower than in other parts of Europe and housing is in a poorer condition, which is why there is a real need for improving the quality of housing in these countries. The construction market during 2011 is expected to develop favourably in the countries where YIT operates.

In Russia, in spite of the decreasing population, the number of households will increase as living conditions improve. The middle class will grow in size and its spending power will improve as the economy develops at a steady rate. The construction of new residential units is promoted through political measures, and the mortgage market is gradually developing. The country's economic situation and consumer confidence are strongly influenced by oil prices and the development of the rouble exchange rate against the US dollar, in particular.

KEY MARKET DRIVERS

REQUIREMENTS TO MAKE OPERATIONS MORE EFFICIENT IN COMPANIES AND THE PUBLIC SECTOR

- The general economic situation influences the volume of investments by companies and the public sector.
- Companies require modern cost- and energy-efficient premises.
- Industry wants to ensure the operational reliability of production plants.
- The public sector must find new operating models to construct and maintain buildings and infrastructure in several countries where YIT operates.
- The customers are interested in purchasing larger entities from a single partner. Outsourcing of services and cooperation models between the private and public sector are becoming more commonplace.

CONSUMER BEHAVIOUR

- Demographic changes, a rise in the standard of living and the emphasis of individual values and ways of living have an effect on consumption habits. Urbanisation will continue in countries where YIT operates, the population will age and family structures will change.
- Leisure time and personal well-being are appreciated more than before. An increasing number of people are interested in improving the quality of their housing and paying for individual services that match their own situation in life.
- Housing solutions and places for recreational activities that meet the demand must be available to consumers.
- In addition to residential production, consumers' needs are reflected also in construction projects for shopping and leisure time centres, the development of entire residential areas and city centres as well as the construction of and solutions for schools, senior homes and hospitals.

PREVENTION OF CLIMATE CHANGE

- The EU and national goals set to prevent climate change, stricter legislation and various incentives have an influence on energy production methods and set limitations for energy consumption and carbon dioxide emissions.
- The growing importance of environmental values can be seen in the choices made by companies and private persons.
- The energy-saving market is fragmented. There are providers of individual services on the market, but the number of service providers who take into account both energy production and its use is lower.
- Energy efficiency regulates the selection of both structural and technical solutions in the construction of new buildings and the renovation of old buildings.
- Minimising the environmental impacts of buildings and industrial plants throughout the life cycle will increase the need for the appropriate servicing and operation of systems.
- Energy sector projects and the construction of wind power plants and biomass production plants will increase.

YIT IS ONE OF EUROPE'S LARGEST BUILDING SYSTEM PROVIDERS AND A SIGNIFICANT RESIDENTIAL CONSTRUCTION COMPANY

Business	Strengths	Market size	Market position	Competitive situation
Building and Industrial Services	• Competence covering all building systems • Special expertise in industrial services, such as high-pressure pipelines • Extensive network of offices • Several own solutions and service concepts • Long-term partnership and in-depth understanding of the customers • Ability to grow through acquisitions	**Nordic countries** • Sweden EUR 9.7 billion • Finland EUR 6.3 billion • Norway EUR 6.0 billion • Denmark EUR 5.1 billion **Central Europe** • Germany EUR 29.4 billion • Austria EUR 3.6 billion • Poland, Czech Republic, Hungary, Romania EUR 7.2 billion • Baltic countries and Russia EUR 12.5 billion **Industrial services** • Finland EUR 2.4 billion • Sweden EUR 3.8 billion	**One of Europe's largest building system companies** • The largest building system company in the Nordic countries • The second largest building system company in Germany • In industrial services, one of the biggest in Finland and among the leading companies in Europe in its fields of expertise	• Many small companies operating in the technical building system market, usually focusing on one discipline only. • Only a few international companies with a more extensive service offering. • In building systems services, YIT's biggest competitors in the Nordic countries are Bravida and Imtech, which operates at the European level. • In industrial services, major German industrial service companies include KAM and Kresta. In Finland, the biggest competitor is ABB.
Construction Services	• Highly developed competence in all phases of development projects, from land management to correct design and sales of residential units and business premises • Quick reaction to market changes • In-house residential sales in all countries, strong customer service and an in-depth understanding of customer needs • In Finland, a provider of various housing services, such as leisure time solutions • In Russia, a reliable reputation among customers and partners, high quality, versatile housing offering and long experience in the market • In the Baltic countries, Czech Republic and Slovakia, a competitive edge from new solutions for example regarding low-energy buildings and customer service	**Finland** EUR 27.0 billion • Residential: new EUR 5.4 billion, repair EUR 5.4 billion • Non-residential: new EUR 6.4 billion, repair EUR 4.3 billion • Infra: new EUR 3.9 billion, repair and maintenance EUR 1.5 billion **Russia** • Residential: EUR 70-75 billion in Russia, of which EUR 27 billion in St. Petersburg, Moscow and Moscow region **Baltic countries** • Residential: EUR 1.4 billion • Non-residential: EUR 2.2 billion **Central Eastern Europe** • Czech Republic: Residential EUR 3.0 billion, non-residential EUR 5.8 billion • Slovakia: Residential EUR 1.3 billion, non-residential EUR 2.3 billion	**Significant European residential construction company** • The largest construction company in Finland: the largest residential developer and one of the largest business premises developers and providers of infrastructure services. • Significant foreign-owned housing construction company in Russia. Strong market position in St. Petersburg and in select cities in the Moscow region, which are the focal points of our operations. • A solid foothold for future growth in the Baltic countries, the Czech Republic and Slovakia.	• In the Finnish construction market, there are a few larger companies with an extensive service offering and a large number of smaller, local contractors. Largest competitors include NCC, Lemminkäinen, Skanska and SRV. • In Russia, the majority of construction companies are local. Large Russian companies include PIK, LSR, LEK and LenSpetsSmu. Lemminkäinen, NCC and SRV also operate in selected areas in Russia. • In the Baltic countries and Central Eastern Europe, the competitor field is fragmented in the cities where YIT operates. Major players are Estonian company Merko and in Czech Republic and Slovakia Swedish company Skanska.

Source: Euroconstruct, VTT and YIT's own follow-up

Business segment	Services and solutions	Area of operation
BUILDING AND INDUSTRIAL SERVICES 	**Building systems** • Technical building system solutions > e.g. heating, plumbing, air conditioning and electric systems, security, fire safety and telecommunications systems and the automation that controls them • Service and maintenance of building systems, facilities management **Industrial services** • Project deliveries of technical systems and processes to industry > e.g. piping, tanks, boilers, electrical, automation and ventilation systems • Industrial service and maintenance, modernisation projects **Energy efficiency services for buildings and industry** • Analysis of the building's energy consumption, building system solutions to boost energy efficiency, total deliveries of energy-saving projects, energy procurement services	Finland Sweden Norway Denmark Estonia Latvia Lithuania Russia Poland Germany Czech Republic Austria Hungary Romania Industrial services: mainly Finland and Sweden 
CONSTRUCTION SERVICES FINLAND 	**Residential construction** • Residential units, leisure housing, entire areas • Renovation **Business premises construction** • Office, retail and logistics premises, leisure projects • Renovation and property development **Infrastructure construction** • Road construction, harbours and sports fields, earth construction and foundation engineering, rock engineering • Renovation and maintenance of infrastructure, public utility works	Finland 
INTERNATIONAL CONSTRUCTION SERVICES 	**Residential construction** • Residential units as own development projects, with various degrees of finishing **Business premises projects** • Office, retail and logistics premises, public buildings • Own development projects in Russia, and in the Baltic countries, Czech Republic, Slovakia also contracting	Russia Estonia Latvia Lithuania Czech Republic Slovakia 

Customers	Strategic targets	Revenue	Operating profit	Invested capital	Personnel
Building systems: • Developers and construction companies • Property investors and owners • Property service companies and building managers • Public institutions • Industry Industrial services: • Energy, forest, metal, process, food and marine industries	• Increasing service and maintenance business • Developing energy efficiency services • Strengthening local market position and geographical expansion to new countries through acquisitions • The focus of growth in the Nordic countries and Central Europe	60% 2,353 MEUR	42% 105.1 MEUR	31% 447 MEUR	77% 19,611
• Households and housing cooperatives • Property investors and owners • Business premises users • Developers and construction companies • Public institutions	• Forerunner in housing construction: Focus on own development production built directly to consumers • Increasing market share in business premises and infrastructure construction	28% 1,102 MEUR	44% 108.1 MEUR	23% 329 MEUR	13% 3,209
• Households • Property investors and owners • Business premises users • Public institutions	• Russia: Increasing own development housing production in current operating cities • The Baltic countries and Central Eastern Europe: Geographical expansion to new operating countries and cities • Introducing low energy construction to markets	12% 471 MEUR	14% 34.7 MEUR	46% 677 MEUR	10% 2,656

Share of YIT's business segment total

Comprehensive partnerships. Through technical building system solutions as well as service and maintenance, we establish and maintain the desired conditions inside properties. In Finland, YIT has assumed overall responsibility for the maintenance, technical management and energy efficiency of Finnair's properties in Helsinki-Vantaa airport area.

Market position was strengthened in Central Europe

In 2010, the Building and Industrial Services segment's business focused on service and maintenance operations. An acquisition completed in August doubled the business operations in Central Europe and raised YIT as the second largest building systems service provider in Germany.

Customers in 14 countries

Building and Industrial Services, which is YIT's largest business segment in terms of revenue and number of personnel, offers technical solutions, service and maintenance and energy efficiency services for buildings and industry. The segment has more than 100,000 customers in 14 countries, including developers and construction companies, property owners, property service companies, building managers and industry.

We have more than 19,000 skilled employees operating in the Nordic countries, Central Europe, Russia and the Baltic countries. In 2010, the Nordic countries generated close to three-fourths of the segment's revenue, even though the share of Central Europe is expected to increase in the future as a result of the acquisition made during the year under review. In industrial services, most of our customers are in Finland and Sweden.

Leading position and wide target markets

Our potential target market was approximately EUR 86 billion in 2010, of which building systems services in Central Europe amounted to almost a half. We are the largest provider of building systems services in the Nordic countries and among the leading service providers in Central Europe. In industrial services, we are the market leader in our fields of business in the Nordic countries, and the market leader in industrial energy efficiency services in Finland. In high-pressure piping projects, YIT is one of Europe's major players.

In our target market, there are a large number of small companies focusing on offering a single building system solution in a limited geographical area. In fact, one of our key strengths, that allows us to increase our market share and improve our profitability, lies in our extensive service portfolio that covers all building technologies and the entire life cycle of buildings. Our other competitive edges include our geographically extensive network of offices, comprehensive and long-term partnerships and our leading technical expertise and own technical solutions. We have also proven our ability to grow through acquisitions.

Service and energy efficiency of strategic importance

Our strategic goal is to be the leading provider of technical system maintenance in the Nordic countries and Central Europe and a forerunner in energy efficiency services. Service and maintenance operations, which generate profits at a more stable rate than new building system investments, will be increased at a faster rate than other operations. The opportunities for growth in service and maintenance are favourable in all our operating countries, in Germany in particular. We will also increase our offering of energy efficiency-related services and solutions.

Our aim is to strengthen our local market position and expand to new countries through acquisitions. Fragmented markets, where even the largest competitors hold market shares of only a few percent, offer us potential for new acquisitions. In geographical terms, the focus of growth is on the Nordic countries and Central Europe, which already amount to almost 85% of our target markets in building systems. In addition to the countries where we currently operate, we are investigating opportunities to expand to the Netherlands, Belgium and the United Kingdom.

In addition to growing through acquisitions, we will seek organic growth through, for example, offering new products that allow us to outgrow the market. Future growth areas also include new customer segments, such as municipalities and hospitals and, with regard to areas of special competence, tunnel and railway technology.

KEY FIGURES	**2010**	2009	Change
Revenue, MEUR	**2,353.0**	2,124.9	11%
Operating profit, MEUR	**105.1**	119.3	-12%
Operating profit margin, %	**4.5**	5.6	-
Return on investment (last 12 months), %	**24.3**	31.4	-
Invested capital on Dec 31, MEUR	**447.3**	418.7	7%
Order backlog on Dec 31, MEUR	**1,264.4**	850.4	49%
Personnel on Dec 31	**19,611**	17,557	12%

Year 2010: Acquisition increased order backlog

Building and Industrial Services revenue for 2010 increased from the previous year amounting to EUR 2,353 million (2009: 2,125). Operating profit, EUR 105.1 million (119.3) fell short of the year before particularly due to the low level of new building systems and industrial investments and non-recurring expenses associated with acquisitions.

The acquisition completed in Central Europe early in the autumn, whereby YIT acquired a company providing technical building system services, increased the order backlog at the end of the year by EUR 275 million. The acquisition doubled our business operations in Central Europe and made YIT the second largest building systems provider in Germany. The company's revenue for 2009 amounted to approximately EUR 440 million, and approximately 2,000 employees joined us as the result of the acquisition.

In addition to this, we carried out smaller acquisitions in the Nordic countries throughout the year to fulfil our expertise and service network. In total, the acquisitions made in 2010 increased our annual revenue by approximately EUR 500 million. The integration of acquired companies progressed as planned. Our operating profit has increased clearly in Central Europe, where we have succeeded in improving the profitability of the acquired business operations.

Demand focused on service and maintenance

New investments in building systems revived slightly in 2010, but they nevertheless remained at a low level throughout our geographical market area in both buildings and industry. Instead, the focus of our business operations was on service and maintenance, which accounted for 58% of Building and Industrial Services revenue in 2010 (2009: 54%).

In the future, our aim is to increase the share of service and maintenance operations to account for approximately two-thirds of the volume of our business operations. We also aim to increase our market share in the largest cities where we operate. We will pursue growth by investing in long-term service agreements and comprehensive service agreements covering multiple disciplines. We have set ourselves a goal to offer maintenance services in connection with every new investment and to increase outsourcings. The duration of our service agreements varies widely: a typical service agreement is for 1–3 years, but energy efficiency agreements, for example, are made for a period of 5–10 years on average.

Extensive service agreements

In 2010, we entered into agreements on several new service partnerships and continued previously made service agreements. Demand for service and maintenance was particularly found in the Nordic countries, while elsewhere in Europe business operations focused more on new building systems investments.

We have improved the offering of our service and maintenance operations by developing a ServiFlex concept, originating from Norway. The further development and implementation of the concept in other operating countries proceeded successfully in 2010.

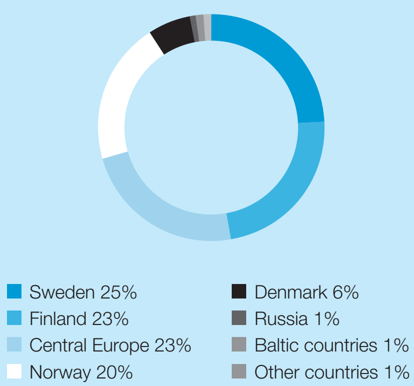
Service and maintenance agreements conforming to ServiFlex concept were made with, for example, Statoil and the Akershus University Hospital in Norway and Metropoli shopping centre in Finland. In addition, we signed a partnership agreement with Varma Mutual Pension Insurance Company on the building system servicing, maintenance and technical management of more than 80 office properties in Finland. In Solna, Sweden, we continued the contract on the service and maintenance of hospital technology in the Karolinska University Hospital area, covering almost 400,000 square metres.

The demand for industrial maintenance services was also stable during 2010. In Sweden, we agreed, for example, on the maintenance of the process line and facilities of Nordkalk AB's limestone plant in Köping and the maintenance of the process equipment and premises of a Moelven Valåsen AB sawmill in Karlskoga. In Finland, Outokumpu Tornio Works outsourced the technical maintenance of its industrial sites to YIT.

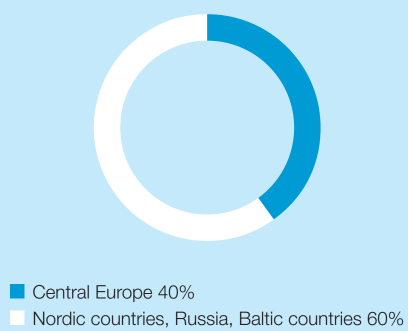
Significant new investments in Germany

The market for building system installation projects was tight in 2010 due to the low volume of construction of new business premises. In spite of the challenging market, we agreed on several significant

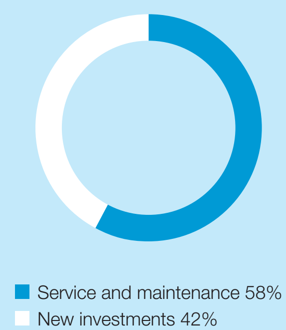
Revenue by area



Order backlog by area



Revenue by type of business



new investments during the year, such as deliveries of building systems to the head office of the automobile association ADAC in Munich and the new head office of the European Central Bank in Frankfurt am Main in Germany. YIT's largest site in Germany for ten years was operating at the Squaire business premises in Frankfurt airport area.

In Norway, YIT agreed on the delivery of security solutions to Avinor's 45 airports and was responsible for cable, electric and lighting installations in Oslo's local railway network renewal project. In Finland, we delivered telematics to the Ring road I tunnel and building systems to commercial and service centre to be built in Hyvinkää, as well as the Turku University Central Hospital's further extension phase project. Significant orders related to new industrial investments included installations at the new LKAB Kiruna ore mine level and the gas boiler modernisation for Lulekraft in Sweden.

Growth potential in energy efficiency services

Energy efficiency services are a strategically important business for us. We expect the demand for energy efficiency services to increase in the next few years in the Nordic countries, Germany and Austria in particular with public sector stimulus measures and renewed environmental legislation.

In 2010, energy efficiency services developed steadily, and energy efficiency projects were delivered for both public and private sector customers as a part of new building systems installations, renovation and maintenance projects. We delivered energy analyses, energy-efficient building systems and energy-saving automation systems, among others. During the year, we agreed on several total deliveries of energy-saving projects. Agreements were made with several public sector customers such as the German Foreign Office and Ministry of Finance and with the Danish Ministry of Finance, among others. In Finland, YIT will be converting the heating systems of several schools to systems that utilise bioenergy. In Norway, YIT delivered energy-efficient total technical solution to Slippen office building under construction in Porsgrunn. The building utilizes river water as an energy source, among others.

▶▶▶ More on energy efficiency on p. 38–41

Our strengths: extensive services

ServiFlex offers Statoil more tailored maintenance

In recent years, we have increasingly offered our customers comprehensive maintenance services covering multiple disciplines. With extensive amounts of building systems to be serviced, our customers appreciate easiness. That is why we have developed the ServiFlex concept that allows our customers to agree on an extensive service entity through a single agreement.

ServiFlex provides more than 80 services from which our customers can flexibly build the most functional maintenance package tailored for their own specific needs. All servicing of building systems can be selected for the agreement from heating, plumbing, ventilation and electrical systems to automation, access control, fire safety, information systems and energy solutions. The services are based on our standardised and quality- assured service processes, which guarantees the same quality of maintenance in all countries. In addition to regular preventive maintenance, our aim is to offer 24-hour helpdesk service as part of every long-term service agreement.

The international oil and gas company Statoil aims to make its offices modern and efficient, in other words, such that promote good health and well-being. In spring 2010, YIT took the comprehensive responsibility of the operation and maintenance services of Statoil office buildings in Norway.

The volume of building systems to service is significant as the agreement includes ventilation, piping and electrical work as well as maintenance of outdoor spaces and building maintenance in more than 10 locations. The agreement, with a minimum term of three years, covers building area of more than 400,000 m^2.

Instead of purchasing maintenance from several different service providers, maintaining contact with numerous people and

Photo: Øyvind Hagen / Statoil

making do with a varied range of separate agreements, Statoil has bundled more than 50 previous service relations into one single agreement with YIT. Everything is made easier also by the fact that all maintenance-related matters can be handled through a single point of contact. The services focuse on regular preventive maintenance and thus offer potential for significant costs savings: Possible damages and malfunctions can proactively be prevented and operating costs can be predicted for several years ahead.

As the premises strive for energy-efficiency and environmentally friendly solutions, it is crucial that also the service and maintenance of building systems functions faultlessly. At its simplest, saving energy starts from the appropriate operation of the building systems.

Individual solutions. Individual wishes concerning the design as well as materials of the residential units are realised at the new Konepaja residential area in Helsinki, Finland. Over the next few years, the former industrial area will be transformed into a modern district, combining new residential buildings with the century-old workshop hall setting.

Brisk demand lifted up housing production

Residential sales in Finland continued to be good throughout the year. Brisk residential production, with the focus of own residential development directly for consumers and the picking up of business premises construction supported the profit development of Construction Services Finland in 2010.

Largest and most versatile

The Construction Services Finland segment builds residential units, office, retail and logistics premises, leisure housing and leisure centres. We construct, maintain and renovate infrastructure. We cooperate with municipalities and cities to develop the vitality of entire residential areas. We renovate existing premises and develop old premises to suit new uses. Construction Services Finland employed more than 3,200 employees at the end of 2010.

Our customers include households, property investors and owners, users of business premises, developers and construction companies and public institutions. We realise projects mainly as own development projects where we are responsible for the entire construction project. We also realise contract projects where we construct the premises for a customer, for example rental housing and premises for investors.

Market leader in housing

The construction market in Finland amounts to approximately EUR 27 billion, of which about 40% consists of housing, another 40% of business premises and about fifth of infrastructure. YIT is the largest construction company in Finland: we are the largest residential developer and a significant property developer in the country. We also have a strong position in infrastructure construction, and we are the largest private maintainer of roads in Finland. The Confederation of Finnish Construction Industries RT estimates that in 2010 there were approximately 9,500 developer-based (semi-detached or multi-storey) apartments started up in Finland, of which YIT's share was approximately 27%.

As the largest construction company, we master all essential fields of construction and combine the competence of our different units for the benefit of our customers. In own development projects, we possess comprehensive expertise in all project phases – from the acquisition of plots and construction to customer service and sales, renting of premises and also maintenance. Our strengths also include a solid understanding of our customers' needs, on the basis of which we have developed, among other things, housing concepts and solutions for different target groups. We are able to respond quickly to changes in demand, and we have strong competence in project management and design control.

Aiming for an even stronger position

Our strategic target is to strengthen our position in Finland in residential, business premises and infrastructure markets. The focus of residential production is on own development production directly to consumers, where, for example, we are concentrating on improving customer understanding and developing our housing concepts.

In the business premises and infrastructure markets, we are aiming to increase our market share by meeting customer needs accurately and competitively. Our objective is to strengthen our position in the construction of business premises by, for example, actively developing new projects and standing out with the construction of energy-efficient premises. In the infrastructure market growth areas include rock construction, municipal services and maintenance. In addition, we are investigating opportunities for participating in the construction of wind power stations.

Year 2010: Clear improvement in profitability

Construction Services Finland's revenue for 2010 increased by 7% to EUR 1,102 million (2009: 1,030), which was particularly attributable to the high volume of residential construction and the picking up of business premises construction.

Our profitability improved clearly with operations focusing on residential development projects, and our operating profit for 2010 amounted to EUR 108.1 million (81.9). The order backlog, EUR 1,173 million (1,008), was also clearly higher than

KEY FIGURES	**2010**	2009	Change
Revenue, MEUR	**1,102.0**	1,029.7	7%
Operating profit, MEUR	**108.1**	81.9	32%
Operating profit margin, %	**9.8**	8.0	-
Return on investment (last 12 months), %	**34.3**	20.5	-
Invested capital on Dec 31, MEUR	**328.9**	315.7	4%
Order backlog on Dec 31, MEUR	**1,173.2**	1,007.5	16%
Personnel on Dec 31	**3,209**	2,936	9%

in 2009 due to the start-up of new residential and business premises projects.

Responding to increased demand through new residential start-ups

In Finland, residential construction activity increased considerably during 2010, and the market showed that it had recovered well from the relatively short drop in construction output witnessed in 2008-2009. Residential demand was supported by low interest rates, an increase in rental level, piling up of demand during the last few years and strong consumer confidence in the development of personal finances.

Our residential sales remained stable throughout the year. We sold a total of 2,432 residential units (2009: 3,502) during the year, and responded to favourable consumer demand with new residential start-ups. Due to the new start-ups, we had a considerably higher number of residential units on sale at the end of the year than in 2009.

As a response to a quiet phase in the residential market, we temporarily increased rental housing production for investors in early 2009. Once residential sales revived later the same year, we shifted the focus back to own residential production directly to consumers. The share of own development production increased steadily also in 2010. 82% of our residential start-ups were constructed directly to consumers, while in 2009 residential development projects amounted to 44%.

Due to brisk residential sales, the number of completed residential units on sale was low at the end of 2010. Sales were good in projects under construction as well, and at year end, roughly two-thirds of residential units under construction had been sold.

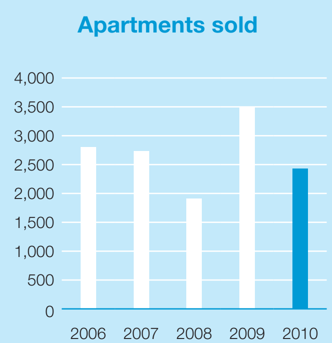
▶▶▶ Residential construction figures on pages 70–72.

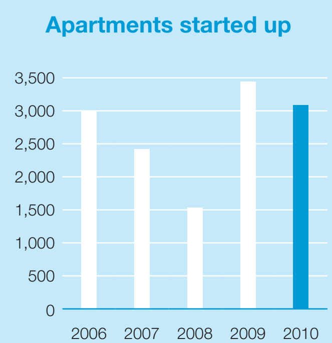
Housing tailored to needs

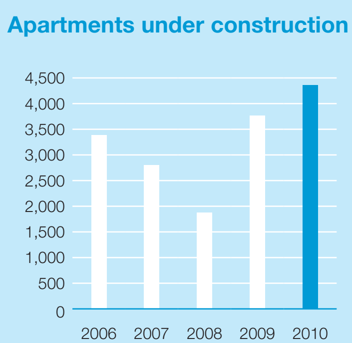
We aim to be a forerunner in the Finnish residential market, offering customers the best service. The needs of our customers are the starting point of all our operations, and projects are designed accordingly. Therefore, we have tailored service concepts for different target groups. During 2010, we realised residential units according to these concepts for leisure time, the ageing population and people with impaired memory.

In 2010 we added a new type of housing, villas, to our leisure housing concept. During the year, we started up the construction of a total of 112 leisure apartments in Vierumäki, Ukkohalla, Vanajanlinna, Hämeenlinna and the Imatra Spa area. A total of 500 apartments consistent with the YIT's leisure housing concept have been completed already in 9 locations across Finland. The fully furnished residential units are located in the vicinity of tourist attractions, and they are associated with services that make ownership, living and leasing easier.

During the year, we also launched a new concept for lifespan apartments. One of the special features of these apartments is the possibility to make alterations designed for different kinds of housing needs, making them suitable for a variety of age groups and situations in life. The first lifespan residential units will be built in Raahe. In Vartioharju, Helsinki, we started the construction of a housing complex aimed at the elderly with impaired memory.







In 2010 we also invested in studying and developing our customers' residential satisfaction. Together with interior decorators, we have collected the residents' experiences and wishes concerning living in a concept book. Ideas collected in the project will be later on utilised in our residential construction projects.

Recovering business premises market

The construction of business premises began to pick up during the second half of 2010. Even though the vacancy rate of premises remained high in the market, there was nevertheless demand for modern and high-quality premises in good locations. Construction of new office premises was relatively low in the market, but reviving consumer demand increased the need for retail and logistics premises.

At the beginning of the year, the focus of our operations was on developing and renovating existing properties. As the year advanced, however, the number of new own development projects increased considerably. In the spring, we started the construction of a significant shopping centre entity associated with the development of the Hyvinkää town centre. The value of YIT's construction and building systems deliveries in the project is EUR 100 million. In Vantaa we started the construction of the Tiilitie Trade Park in Petikko with office, warehouse, production and retail facilities, and in Espoo we started the construction of Business Park Safiiri. In Helsinki we started the development of the MotorCenter area in Konala, focusing on automotive-related services and equipment, and in Käpylä the construction of the Triotto office premises started in towards the end of the year.

In addition to own development projects, we secured significant contracts, such as the construction of a further extension phase of the Turku University Central Hospital. We also started business premises renovation projects for, for example, Instru Optiikka in Sinimäki, Espoo, and for the Finnish Transport Safety Agency (Trafi) in Vallila, Helsinki.

In 2009 we made a decision to build all our future office projects low-energy offices, consuming less energy than required by current regulations. Our first low-energy office or "energy genius" was completed late in 2010 on Kirjastokatu street in Järvenpää. During the course of the year, we also started the construction of four other low-energy offices around the Helsinki metropolitan region. The Avia Line II office building located in Vantaa was granted a GreenBuilding status by the European Commission.

Infra maintenance more stable than new construction

The demand for infrastructure construction remained relatively steady in 2010, even though investments by the municipal sector decreased and competition was rather tight. Our infrastructure services were still busy with large-scale road projects initiated before the year under review, such as the major project related to the improvement of Ring road I, a project involving bridge and road work in Savonlinna and a tunnel project for the Kehärata (Ring line) project in Vantaa. In addition, we entered into several smaller contract agreements in earth construction and foundation engineering. In the western metro line project of the Helsinki metropolitan area, we participated in the excavation in three locations. We believe that new opportunities will open up in infrastructure construction in major road projects starting in 2011–2012.

Road maintenance developed steadily and new regional maintenance contracts were signed. YIT is Finland's largest private provider of road maintenance services, and our market share in road maintenance has increased. In 2010, we maintained roads administered by the Finnish Transport Agency totalling to about 14,000 kilometres. In addition to this, we were responsible for the maintenance of streets and municipal engineering in over 20 municipalities.

Our strengths: own solutions

More than thousand low-energy homes

Being a forerunner requires developing one's own solutions. We stand out from other construction companies with, for example, our energy-saving concept: we build all new residential units as low-energy homes, true energy geniuses compared to ordinary buildings.

The heat loss of YIT low-energy homes is always at least 15 percent lower than required by the current strict regulations. In the construction phase, the thermal insulation capacity is improved in building façades, roofs and base floor as well as windows and doors. However, the most significant impacts on energy efficiency are achieved with various building systems and their appropriate use. Low-energy homes are also designed for economical and environmental mode of heating: district, geothermal and bedrock heating, among others.

The official classification based on total energy consumption is the best way to compare energy-efficiency of buildings. According to this classification, some of the residential buildings constructed by YIT already fall into the best A category. However, all YIT homes in Finland will be build to at least B class.

YIT's first low-energy homes were designed in 2008. In the autumn 2010, the number of low-energy homes completed or under construction exceeded the 1,000 mark, and new projects are being started at a steady rate across Finland.

Choice for the economically and ecologically minded

Detached homes of Espoon Joukinkallio built in 2010 in the Tillinmäki residential area in Espoo offer a chance to enjoy the surrounding nature while also taking care of it. In Joukinkallio's low-energy

homes, the convenience of living results in no draughts, a constant room temperature and fresh indoor air. Living is economical for a variety of reasons. Lower heating costs from ground heat result in lower living costs. In addition, the homes are equipped with technology that encourages residents to monitor and reduce the energy consumption of their households.

Reducing the consumption of water is one of the most effective methods of influencing energy consumption. As with all low-energy homes built by YIT, the Joukinkallio homes also feature water fixtures that save water. Thanks to a home-specific water gauge, the resident only pays for the water used, and can also cut costs by adjusting personal consumption habits. Circulated water floor heating and energy class A household appliances are also included in the equipment. Ventilation can be adjusted to a lower power when not at home and higher again when residents return to home.

Near. In a housing showroom, our customers can experience their future homes and furniture and material options as well as receive personal service seven days a week. The service level and competence of our St. Petersburg residential sales were praised in the consumer confidence competition, which YIT won for the second year running in 2010.

The favourable Russian housing market built the foundation for new growth

For International Construction Services, the year 2010 opened up an opportunity to utilise the potential of reviving markets. In particular, residential sales picked up in Russia, where the construction of housing projects proceeded swiftly. In the Baltic countries, we again started up new residential sites, and the first YIT homes were started up in the Czech Republic. We also promoted our growth strategy by expanding our operations into the Slovakian market.

Significant housing constructor

The International Construction Services segment builds residential units and business premises in Russia, the Baltic countries, the Czech Republic and Slovakia.

Our operations focus on residential development production where we are in charge of the end-to-end implementation of the project from land acquisition to sales and related services. In addition, we implement business premises projects as own development projects and construction contracts. In Russia, we also offer maintenance services to residential buildings that we have constructed. Our customers include households, property investors and owners as well as users of business premises. We have more than 2,600 employees in six countries.

In Russia, which generated 88 percent of the segment's revenue in 2010, YIT has a solid position as one of the most significant foreign housing developers. In Russia, the housing market amounts to approximately EUR 70–75 billion. In the Baltic countries, we have an extensive local presence. We are also aiming for a strong position in our newest countries of operation, the Czech Republic and Slovakia, where we started residential construction during the year under review.

Customer oriented and reliable

Combining the competence and experience of an international construction company and local market knowledge is our key strength. We have considerable insight into the Russian market as we have already operated there for five decades. We have also successfully adapted our competence to new operating countries.

We stand out from the competition in all the countries where we operate with the high quality and customer orientation of our construction activity as well as our diverse residential offering and services. Our strengths include our in-house residential sales and mortgage cooperation with a number of banks. Thanks to our strong design management and target group insight, we offer residential units that meet the actual demand. The location, distribution and composition of apartments in our residential projects are carefully considered. Our operations are also supported by our strong reputation as a reliable construction company: we complete all the projects we start, as agreed and within the promised schedule.

Increasing residential production in current and future countries

Our strategic goal is to be a forerunner in residential construction in all of our market areas: Russia, the Baltic countries and Central Eastern Europe.

We will grow our business profitably. In Russia, we will increase own residential development in the cities where we currently operate. In the Baltic countries and Central Eastern Europe, we will utilise the opportunities provided by the markets. We also aim to expand to new countries, such as Poland.

In addition to growth, our aim is to improve the capital turnover rate in all countries where we operate by, for example, shortening construction times and reducing the size of projects.

In Finland, YIT is already a developer of energy efficient homes and business premises, and our

KEY FIGURES	2010	2009	Change
Revenue, MEUR	**470.6**	359.4	31%
Operating profit, MEUR	**34.7**	-17.8	-
Operating margin, %	**7.4**	-5.0	-
Return on investment (last 12 months), %	**5.2**	-2.7	-
Invested capital on Dec 31, MEUR	**677.3**	681.3	-1%
Order backlog on Dec 31, MEUR	**870.8**	960.1	-9%
Personnel on Dec 31	**2,656**	2,647	0%

aim is to also introduce energy efficient construction and solutions to housing also in Russia and Central Eastern Europe.

Year 2010: Favourable residential sales improved profitability

International Construction Services' revenue for 2010 increased by 31%, compared to the previous year, as the result of advanced residential construction and the picking up of residential sales, amounting to EUR 471 million (359). Operating profit also improved due to the favourable development of residential sales, increased selling prices and the streamlining of operations carried out in 2009, and amounted to EUR 34.7 million (-17.8). The order backlog at year end decreased slightly and was EUR 871 million (960).

The focus of business operations was still solidly in Russia, where revenue increased by 35%. Revenue generated in the Baltic countries and Central Eastern Europe increased by 14%.

Russian residential sales returned to normal pace

Residential construction picked up in Russia during the year under review. After the recession, the demand already turned into growth in 2009, and in 2010, housing demand continued to grow due to increased consumer confidence following the improved economic situation and the strengthening of the rouble, increased availability of loans and reduced housing loan interest rates.

Our residential sales in Russia increased in 2010 by 18% and returned almost to the pre-recession level already early into the year. Residential sales continued at a good level throughout all quarters, and during the year we sold a total of 3,073 residential units (2009: 2,612). The majority of these units were sold directly to consumers. The sales proceeded well already during the construction phase of the projects and the number of completed apartments on sale decreased by a third from 2009. Following the favourable demand, we increased slightly our residential selling prices, thereby improving our profitability.

Our mortgage cooperation has offered our customers the possibility of taking out a housing loan from our partner banks under good terms and conditions since 2009. The significance of loan financing increased during the course of the year, and in the last quarter of 2010, mortages were utilised already in 42% of our residential sales.

Significant increase in residential start-ups in Russia

YIT has started new residential projects in Russia in response to demand since the second half of 2009. In 2010, we started up the construction of a total of 3,683 residential units (672), which only fell slightly short of the level of 2007 and was more than five times the number of start ups of 2009. The number of completed residential projects was the highest in the fourth quarter.

The majority of our start-ups were in St. Petersburg and the Moscow region, but especially towards the end of the year, we started up construction in other cities as well. At the end of the year, construction was underway in St. Petersburg, Moscow, Moscow region, Yekaterinburg, Rostov-on-Don and Kazan. There were 4,457 (4,174) apartments under construction at the end of December 2010.

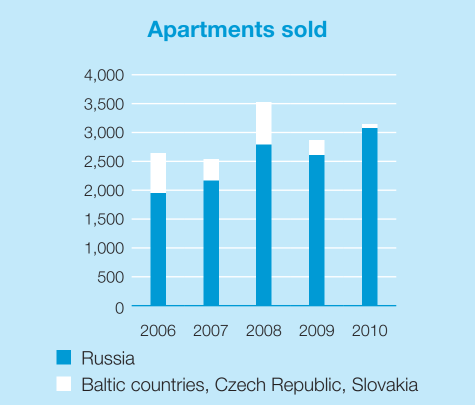
Due to market uncertainties, we made a decision in late 2008 to suspend the construction of residential units in the start-up phase in projects whose sales had not yet begun. Due to favourable demand, we have now been able to restart most of these projects, and at the end of 2010 construction of only 685 residential units (2,145) remained halted.

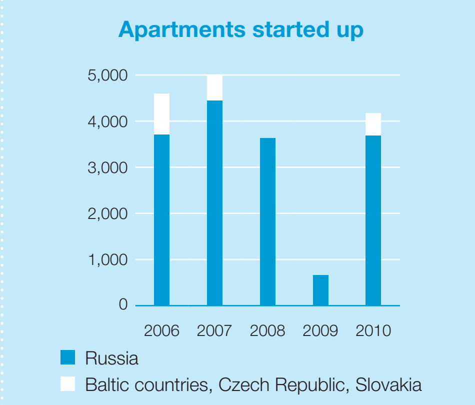
Construction of business premises was relatively low in Russia in 2010. We had a few major projects under way, such as production facilities for Dermosil in Gorelovo, close to St. Petersburg. In addition, we completed the expansion of Atria's plant. Construction of offices is low in Russia, but the demand for industrial and retail premises is increasing.

Early signs of recovery in the Baltics

The circumstances to start the year 2010 were challenging in the Baltic housing markets. As the economic recession had brought residential construction to an almost complete standstill in 2008, we had shifted the focus of our operations from residential construction to tender-based business premises projects, resulting in no residential start-us during 2008–2009.

In 2010, the Baltic construction market began to show early signs of recovery, even though the market situation remained challenging throughout the year. At the beginning of the year, we started our first new residential projects in the Baltic countries for more than two years, and increased the number of new residential start-ups quarter by quarter. Our residential sales increased towards the end of the year. The number of residential start-ups in the Baltic countries fell short of our prime years, but it





proved our ability to lift residential construction back onto its feet after two challenging years.

During the year, we also realised some major business premises contracts in the Baltic countries, such as the first buildings of the new Vilnius University campus in Lithuania, the construction of a new shopping centre in Kaunas and the renovation of a waste water treatment plant in Upeslejas, Latvia.

Construction started in Central Eastern Europe

The Central Eastern Europe housing market survived the recession with less damage than the Baltic countries. The market situation was moderate in 2010, and housing demand was gradually picking up in the region.

During the third quarter, we started the construction of our first residential project in the Czech Republic, where we expanded through an acquisition in 2008. In addition to residential construction, there were business premises construction underway in the country. In 2010, we built in the Czech Republic one of the largest production fields of solar energy in Europe, among others.

In October, we expanded our operations to the Slovakian residential and business premises market by acquiring 70 percent of a Slovakian construction company. The 2009 annual revenue of the company was approximately EUR 30 million, and around 200 employees joined YIT in the autumn of 2010. Towards the end of the year, we started up the construction of our first residential project in Slovakia. In addition, there were business premises under construction, mostly in Bratislava and surrounding towns.

Our aim is to further strengthen our presence in the Baltic countries and Central Eastern Europe, where the growing middle class, low living space per person and need for new housing offer our business great potential.

In 2010, the number of residential start-ups in the Baltic countries and Central Eastern Europe totalled to 482 (2009: 0) residential units. The number of apartments on sale at the end of December was 449 (12/09: 40).

▶▶▶ Residential construction figures on pages 70–72.

Our strengths: close to the customer

Our aim: The best customer experience in the market

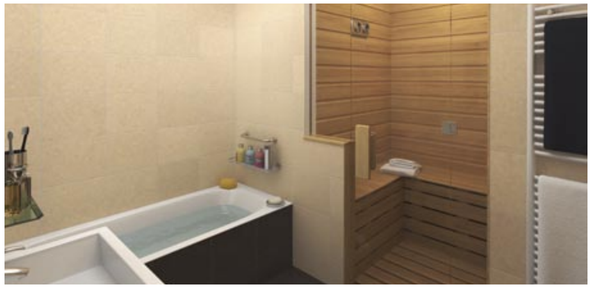
YIT constructs residential units in seven countries, with in-house residential sales professionals serving the customers in all of them. We are close to our customers throughout the sales process, taking care of the customer from the first contact to the day they move in. We also offer an extensive range of services that make purchasing residential units and living easier.

Our aim to act close to the customer is, however, much more than just a dense sales network. First and foremost, it is about an in-depth understanding of customers' needs. The customers' wishes are flexibly taken into account in the finishing of the residential units, among others. In Russia, our customers can choose between different degrees of finishing: filler surfaced or fully finished apartments with or without fixtures. In the Baltic countries, the Czech Republic and Slovakia residential units are always sold finished, with the option of buying fixtures.

The assets of Prague homes: Services, quality and energy efficiency

The Czech residential construction market has developed in giant leaps during the last 20 years. The standard of housing has increased. There is particular demand for modern, simple and practical housing. Customers expect to receive excellent service both before the construction process of the residential site and after it.

YIT's strengths in the Czech housing market include extensive services and premium customer service, high-quality materials, kitchens and saunas of the residential units and the premium quality of work. Environmental and safety issues have been taken into account in construction. The prices of gas and electricity are increasing, so there is potential for more affordable energy options.



YIT's future sites will utilise, for example, solar panels and natural ventilation, and living comfort will be increased through the use of ventilation with heat recovery.

YIT's new residential projects are located close to good traffic connections, approximately half an hour from the centre of Prague. At the Czech pilot site in Hostivař, quality can be seen and experienced in the details, such as the flexible floor plan and the diversity of material options. The complex contains 28 residential units of different sizes, ranging from small studios to large family homes. The interior decoration uses natural materials in the Scandinavian style. Some of the residential units feature a sauna.

The service provided by residential sales is also of a high quality. When buying a home from YIT, the customer is always served by the same contact person throughout the entire purchase and construction process as well as the selection of surface materials. The resident is also offered a free-of-charge removal service and post-removal services, such as the services of interior designers. The customer may also take out a mortgage or home insurance through YIT's partners and, if necessary, receive help with selling their old home.

Our social responsibility encompasses our own employees and those who work with us. We require that our subcontractors and partners operate in accordance with our principles of corporate responsibility, ethical guidelines and occupational safety regulations.

Responsibility is a prerequisite for YIT's competitiveness

Success in the long term requires good financial performance as well as taking people and the environment into consideration. In 2010, the main themes of our corporate responsibility included occupational safety and energy efficiency. Common ethical guidelines, based on our values and part and parcel of our business culture, were also unified during the year.

Responsibility is an important strategic choice for us, guiding all of our operations. We want to be a forerunner in it in all of our business segments and all countries where we operate.

Financial responsibility is the most crucial prerequisite and the starting point of responsible business. Good financial performance is among our core values. YIT's business must be profitable and competitive in order to ensure the stability and continuity of our operation. As a listed company, we are committed to generating profits for our shareholders. In addition to good financial performance, the perseverance of operations also requires harmony with people and the environment. We also shoulder the responsibility for our solutions and services being high quality, functional and safe for our customers.

Social responsibility means that we take good care of our personnel and want the occupational safety and job satisfaction of YIT employees to be top-notch. We aim to be an attractive and responsible employer, also in the future labour market. We invest in our employees' development opportunities in various ways. Social responsibility also extends to our subcontractors. We do not approve of grey economy or activity where the behaviour of employees conflicts with our operating principles or ethical guidelines.

YIT bears responsibility for the environment. Our operations have an environmental footprint, but a more central matter is that our solutions and services improving energy efficiency have considerable multiplicative effects as part of our customers' operations. In our own operations, we focus on the efficient use of materials and promote efficient processing of waste. With these measures, we decrease our load on the environment.

We aim to continuously develop our business to be more responsible and ethical. As part of this development work, we unified the Group's shared ethical guidelines in 2010. These principles guide our operations in all countries, throughout our organisation. We require that all employees become familiar with the principles and guidelines, and comply with them in their daily activities. We also encourage our personnel to report any misdemeanours, either personally or through an anonymous channel maintained by an independent service provider. The ethical guidelines complement our principles of corporate responsibility, covering financial, social and environmental responsibility.

Important to us

- We bear our responsibility towards our stakeholders.
- Customers' wishes guide our operations and are the starting point of all of our activities.
- We invest in competent personnel and employees' job satisfaction and wellbeing.
- Occupational safety is of prime importance to us, and we continuously focus on improving it.
- Energy efficiency is an integral part of all of our services.
- Our operations are transparent and comply with our ethical principles.

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.

Principles in full online at www.yitgroup.com - YIT in brief - Corporate responsibility

INDICATORS OF CORPORATE RESPONSIBILITY

Objectives	Means and practices	Indicators	Actual results 2010 (2009)
FINANCIAL RESPONSIBILITY			
• We grow profitably and develop our operations with a long-term focus • Financial, social and environmental responsibility are mutually supportive • We comply with high business ethics in all of our operations • We focus on customer satisfaction and bear responsibility for the quality and safety of our solutions and services	• 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 • YIT has group-wide ethical guidelines. Any misdemeanours are addressed • Continuous development of services, solutions and customer service	• Average annual growth in revenue • Return on investment • Operating cash flow after investments • Equity ratio • Dividend payout • Direct financial effects on stakeholders • Customer satisfaction: unit-level surveys	• Group revenue EUR 3,787.6 million (EUR 3,485.6 million), annual growth: 8.8% • Return on investment 14.3% (11.0%) • Operating cash flow after investments EUR -61.7 million (EUR 229.8 million) • Equity ratio 31.9% (32.4%) • Board's dividend proposal: dividend payout EUR 0.65 per share (EUR 0.40). Dividend distribution 57.9% of net profit for the period
SOCIAL RESPONSIBILITY			
• Our aim is to be the most desirable employer in all of YIT's fields of business • Our employees feel good physically and mentally • We do not approve of illegal actions • We engage in social dialogue and development projects	• 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 and forced labour, nor of cartels, restraints of trade or corruption • Entertainment and sponsorship provided by YIT is at a reasonable and responsible level	• Number of employees • Share of non-salaried and salaried employees among the personnel • Share of men and women among the personnel • Personnel survey results • Accident frequency, work site safety level measurements	• Number of personnel at year end 25,832 (23,480) • 64% (67%) non-salaried and 36% (33%) salaried employees • Men 88% (89%) and women 12% (11%) • In the personnel survey, job satisfaction exceeded the long-term average, being 3.77 (3.75)
ENVIRONMENTAL RESPONSIBILITY			
• We respect nature and the cultural environment in our operations • We promote the energy efficiency of our customers' operations and ecologically efficient use of natural resources • Product life cycle management • Waste generated by our operations is processed appropriately • We participate in the prevention of environmental accidents	• We develop the energy efficiency of our solutions and services • We consider the entire life cycle of our projects: we also offer service, maintenance and renovation • We offer services for the decontamination of contaminated soil, landfill construction, recycling of soil and utilisation of industrial by-products • We aim to minimise the environmental impacts of our operations, such as emissions from service vans and electricity consumption of offices • We aim to prevent the occurrence of environmental damage through risk management	• Energy-saving projects • Life cycle projects • Other environmental projects • Electricity consumption • Fuel consumption	• We implemented energy efficiency projects for customers in the public and private sectors in several countries • In Finland, the number of YIT's low-energy homes under construction or completed exceeded the one thousand mark. We also completed our first low-energy office • We developed new solutions for energy saving in buildings and industry

Profitability generates well-being

Good financial performance is the foundation of our operation. It lays the basis for responsible operation also in matters concerning social issues and the environment. Our operations generate financial well-being for shareholders, customers, personnel, subcontractors and, indirectly, society.

Reliability is the foundation of our customer relationships

Group revenue for 2010 amounted to EUR 3,787.6 million. The needs of our customers are the starting point in our operations, and the projects are designed and developed accordingly. We continuously cooperate with our customers in order to guarantee satisfaction with our deliveries and the quality of our solutions and services. We regularly measure and follow up the quality of our services and solutions. ISO 9001 -certified quality systems cover 84% of our revenue. We also conduct customer satisfaction surveys on all of our services. We continuously invest in the development of our competence to be able to offer high-quality, cost-efficient services on schedule. Our customers can rely on us keeping our promises.

Purchases increased from previous year

In 2010, we purchased materials and goods valued at EUR 1,055.8 million and services valued at EUR 752.3 million. YIT's financial stability is important to our suppliers, as it also influences their income and business opportunities. We engage in long-term cooperation with select partners. We follow agreements and continuously develop our operations with our suppliers. In procurement, our focus is on internationality whenever possible, as Group-level global procurement is more cost-efficient.

Wages and pension costs about EUR 1 billion

During 2010, we employed 24,317 persons on average. We paid them a total of EUR 980.4 million in wages and fees. Pension costs amounted to EUR 95.0 million. The Group's performance-based bonus system covered the majority of our salaried employees. Our company also made use of a long-term share-based incentive scheme for management and key personnel, covering 255 key employees in 2010.

ISO 9001 -certified operations cover 84% of Group revenue

Favourable share price trends benefited shareholders

YIT's share price increased by 29% in 2010. The highest price of the share was EUR 19.00, the lowest EUR 12.98. At the end of the year, the company's market capitalisation was EUR 2,332.7 million. We had 32,476 shareholders at year end, and distributed EUR 50 million in dividends to shareholders from the profit for 2009. Interest and other financial expenses totalled EUR 25.3 million.

Income taxes increased

In 2010, YIT paid a total of EUR 54.2 million in income taxes. We also promote the well-being of society through our business: YIT builds functional living environments and infrastructure for use in society. We comply with laws and regulations, and we take part in social dialogue and development projects with authorities and organisations.

DIRECT FINANCIAL EFFECTS

Customers
Revenue
EUR 3,787.6 million
(3,485.6)

YIT

Suppliers
Materials and goods EUR 1,055.8 million (879.6)
External services EUR 752.3 million (740.6)

Personnel
On average 24,317 persons (24,497)
Wages, salaries and fees EUR 980.4 million (904.9)
Pension costs EUR 95.0 million (96.8)

Investors
Dividends EUR 50.0 million (63.4)
Interest and financing costs EUR 25.3 million (34.7)

Public sector
Income taxes EUR 54.2 million (EUR 42.8 million)

Up-to-date competence

Competent personnel is the prerequisite for our success. We aim to offer a comfortable and safe workplace that develops professional competence for existing and future employees. In 2010, we focused particularly on the development of occupational safety and the competence of our personnel.

As a result of an acquisition in Central Europe, approximately 2,000 new employees joined YIT in September 2010. Welcoming events were organised for personnel at about 15 offices.

YIT aims to be the most desirable employer in its fields of business. We want to ensure the motivation and development of both existing and future employees in their work. We pay particular attention to the development of occupational health and safety as well as job satisfaction of our employees.

We offer interesting tasks, opportunities for continuous development of professional competence, job rotation and career development. We train our employees in a versatile manner through various kinds of training, offer vocational degree training and promote further studies. Building our employer image is important to us, as the industry continuously needs more competent professionals. This is particularly true for the next ten years, with an increasing number of our employees retiring.

Nearly 26,000 employees across 15 countries

At the end of 2010, we employed 25,832 people, while a year before, our employees numbered 23,480. Of YIT employees, 36% worked in Finland, another 36% in the other Nordic countries, 15% in Central Europe, 9% in Russia and 4% in the Baltic countries. An obvious turn for the better was seen in the global economy in 2010 after the slump in 2008–2009, which was also reflected in the number of YIT employees. The number of personnel increased by more than 80% in Central Europe as the result of an acquisitions, and it also increased in Construction Services Finland.

In 2010, we carried out several acquisitions in Building and Industrial Services and International Construction Services. In Central Europe, we acquired a company providing building system services, and as a result of this, approximately 2,000 new employees joined us at the beginning of September. The integration of the acquisition was progressing well. We focused particularly on providing our new employees with sufficient information on the acquisition and its impacts immediately when the acquisition was announced, and offered an opportunity for having any questions answered. We arranged information and welcoming events for personnel at about 15 offices, with YIT's senior management and representatives of HR present.

In Slovakia, on the other hand, we acquired a construction company employing about 200 people, through which we expanded our operations to a new country. At the end of the year we had YIT employees already in 15 countries.

Aiming at an accident-free workplace

In 2010, we continued our strong focus on occupational safety and prevention of accidents. The Group-wide occupational safety regulations introduced the year before were made familiar to our personnel, for example through occupational safety and supervisor training. According to the personnel survey, our employees felt that occupational safety had improved during 2010 in all of our business segments.

We want to offer all of our employees a safe workplace where work involves no danger. Our employees receive on-the-job orientation to safety aspects and risks at all of our sites. We require strict compliance with safety rules and use of personal protective equipment from both our employees and subcontractors. We aim to prevent workplace injuries and musculoskeletal ailments, in particular through various activities promoting the ability to work.

We compose safety plans for all of our sites, measure the safety of the sites on a weekly basis and address any shortcomings in occupational safety without delay.

Development of occupational safety reported regularly

Occupational safety-related matters are regularly reviewed in Group and business segment management team meetings and in Board of Directors' meetings. In addition, our management regularly visits our work sites.

At YIT, occupational safety issues are reported as regularly as financial figures. We monitor the development of occupational safety in our business segments on a monthly basis and publish the results internally. Accident frequency (H factor) is the number of accidents resulting in at least one day's absence per one million hours worked. In 2010, the total accident frequency for the entire Group amounted to 19.

In 2010, we encourage all of our employees to pay particular attention to safety matters, as our aim is an accident-free workplace. Unfortunately, we could not completely avoid serious accidents. We take each and every occupational accident extremely seriously. All accidents are personally reported without delay, and the cases are investigated within three days of the incident. Serious accidents are also immediately reported to the head of the business segment and the safety manager of the segment.

Good results in the personnel survey

Job satisfaction at YIT is at a good level. The total average in the annual personnel survey was 3.77 (2009: 3.75) on a scale of 1 to 5, which was above our long-term average (average for 2000–2009: 3.58). The response rate increased considerably on the year before, amounting to an excellent figure of 78% (2009: 71).

According to the survey, YIT employees are motivated and committed to their work. They are motivated by interesting tasks, nice colleagues, responsibility and independent duties.

The score given to superiors in the personnel survey was slightly better than a year ago. Similarly to the previous year, equitable treatment, good relations with employees and confidence in them were considered to be the strengths of superiors. More regular feedback and more support to personal competence development were specified as requests from superiors.

According to the survey, occupational safety was considered to be at a higher level than a year ago. However, employees expected superiors to address problems with occupational safety more swiftly. Managerial work and leadership have been key targets for development at YIT, and investments in them will continue also in the future.

KEY FIGURES	**2010**	2009
Personnel on average	**24,317**	24,497
Non-salaried employees	**64%**	67%
Salaried employees	**36%**	33%
Women	**12%**	11%
Men	**88%**	89%
Annual development discussions	**63%**	61%
Response rate in personnel survey	**78%**	71%
Job satisfaction in personnel survey (1–5)	**3.77**	3.75

Opportunities for students

In all countries where we operate, we team up with educational institutions to develop vocational training to match constantly changing needs of working life. At the same time, we offer students opportunities for on-the-job learning.

We want to introduce YIT to future professionals and make it easier to find a job. In fact, many students have found a long-term career at YIT following traineeship. In 2010, the YIT Group employed a total of approximately 1,000 summer employees and trainees.

In Finland, YIT has developed a separate YIT Polku (YIT Path) programme for students of construction at universities of applied sciences, combining studies and on-the-job learning. The aim of this programme is to offer students sufficient skills to continue in YIT's employ after completing their studies. We also made a significant donation to the Finnish Aalto University in 2010. The University's key focus areas, sustainable use of energy and natural resources, digitisation, service economy and humane living environment are very similar to the development themes of YIT's business.

Towards targets with performance and development discussions

The Group's management system is management by key results. The goal is for each YIT employee to have a performance and development discussion with his or her supervisor at least once a year.

Performance bonuses spur activities towards achieving the Group's key results, reward employees for good performance and improve personnel motivation and commitment. In addition, we reward our long-term employees. The bonuses paid are determined on the basis of the realisation of personal objectives, the Group's and the unit's financial performance as well as the realisation of the team's development targets, such as occupational safety objectives.

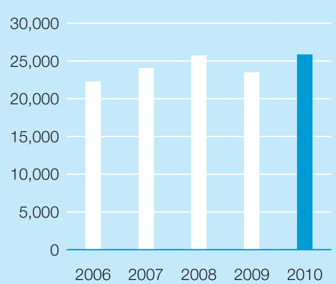
According to the personnel survey, 63% of YIT employees had a performance and development discussion in 2010. In the future, the significance of performance reviews will be emphasised further, and particular attention will be paid to the quality of the reviews.

Developing operations with the personnel

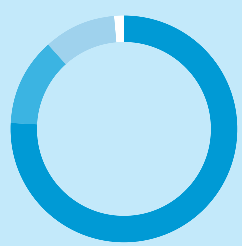
Through the performance reviews and discussions, our employees are able to influence their work as well as decisions made concerning their work, working conditions and position in the company. We encourage all YIT employees in submitting initiatives. A fee is paid for initiatives that result in the development of operations. The management boards of the divisions have representatives of the personnel.

Cooperation between the Group management and personnel is also carried out at the European level. In YIT's European Works Council meetings, the personnel and Group management discuss matters such as financial position, organisational changes, environmental and quality-related matters, safety issues, HR policy and business ethics.

Personnel at year's end

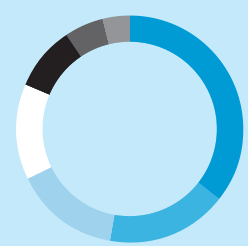


Personnel by business segment



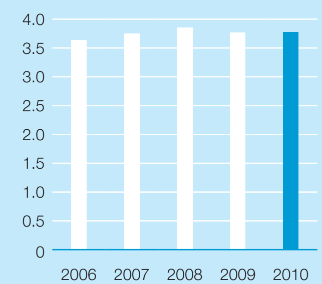
- Building and Industrial Services 76%
- Construction Services Finland 12%
- International Construction Services 10%
- Corporate services 1%

Personnel by country



- Finland 36%
- Sweden 17%
- Central Europe 15%
- Norway 14%
- Russia 9%
- Denmark 5%
- Baltic countries 4%

Job satisfaction in personnel survey (1–5)



Equitable work culture

We treat all employees equally regardless of gender, age and origin of birth in accordance with the Group's equality plan. Equality must be shown in all situations: recruitment, allocation of work duties and development opportunities. Our equality work group and the business segments' cooperation committees monitor and evaluate the development of equality at YIT on an annual basis.

According to the personnel survey, the YIT culture is considered equitable. However, more men than women typically seek employment in YIT's fields of business. In 2010, 88% of YIT's employees were men and 12% women.

Responsibility throughout the production chain

We do not tolerate illegal labour, child labour or forced labour in any part of the production chain. Our social responsibility encompasses our own employees and those who work with us. We instruct our partners to operate in accordance with our principles of corporate responsibility and occupational safety regulations.

We require all of our cooperative partners to comply with the UN Convention on the Rights of Children and International Labour Organisation ILO Conventions 138 and 182 which, for example, prohibit the use of child labour.

Finland's safest construction site is in Kuopio

Kuopion Ratavahti, a residential project constructed by YIT, took the first prize in Finland's first nationwide occupational safety competition ever in 2010.

The site's strength was its constantly good performance across all assessed areas, such as the number of accidents at work and the TR measurement indicating the level of safety at the site. The competition also monitored how the developer had taken the site safety into account in the planning phase and how occupational safety was taken care of as the construction work proceeded.

YIT managed to work safely at the site in spite of the additional challenges caused by the extreme cold, dark season and heavy snowfall. The site is located next to rail yard area, which also causes some exceptional risk factors for the project.

"Continuous attention on occupational safety has given good results. The employees' attitudes have been great and they have taken up a positive attitude towards taking care of occupational safety," responsible foreman Marko Piiroinen praises.

The competition was organised by the Confederation of Finnish Construction Industries RT and RAKLI ry (The Finnish Association of Building Owners and Construction Clients) with various collaborative partners.

Answers to the energy challenge

Energy efficiency is our most important environmental theme. In cooperation with our customers, we can make the living environment more functional and energy efficient, and cut emissions.

Low-energy office building Avia Line II in Vantaa, Finland

YIT has two kinds of environmental impacts. As a large company operating in 15 countries and several areas of technical services and construction, we want to shoulder our responsibility for the environmental impacts of our daily operations.

In addition, accurate and efficient energy use is an integral part of all of our services. We offer services and solutions for energy production and boosting energy efficiency in homes, offices and industry. our energy-efficient solutions already consume less energy than required by the authorities.

We are also involved in promoting sustainable practices related to the built environment and environmental classification of buildings by acting in the international Green Building Council network.

Responsibility for own environmental footprint

The way we use natural resources, such as materials and energy, in our operations is ecologically efficient. 42% of our revenue is ISO 14001 -certified. In terms of our environmental footprint, the use of materials and processing of waste are essential, and they are also influenced by the activity of our subcontractors. As we transport high volumes of goods, optimising logistics is also important. For example, cars are absolutely necessary in maintenance operations, which is why we want to follow economic driving behaviour. We aim to continuously decrease our energy consumption and improve our energy efficiency.

At construction sites, environmental management, occupational safety, organisation and tidiness are tightly linked. We process any produced waste appropriately and aim to minimise material wastage. Production chain control and training of subcontractors also support the realisation of the environmental objectives.

Prevention of environmental damage is part of our quality and safety activity. The processing of hazardous materials is an example of this. Our building systems and industrial services handle refrigerants, pickling acids, heat transfer fluids, oils, solvents and asbestos, and we ensure the appropriate processing of hazardous waste. We assess the risks associated with personnel safety, use of chemicals and well-being at work involved in all industrial projects in advance. In addition, environmental objectives have been set for all of our locations.

The global energy challenge is also an opportunity

Total energy consumption has been estimated to increase by nearly 50% globally by 2030. In EU countries, heating of buildings account for approximately 38%, industry 37%, traffic 17% and construction 4% of total energy consumption. According to World Resources Institute, the production of electricity and heat, industry and construction amount to over a third of world emissions.

The EU has set strict objectives for the member states: during the next decade, emissions must be cut by one fifth, and the consumption of renewable energy sources and energy efficiency of buildings must be increased by the same amount.

Climate change and the global energy challenge are at the same time an opportunity for YIT. Tightening legislation and emission restrictions increase the demand for energy efficiency services and solutions. Increasing energy consumption has created the need for reducing energy-related costs. As energy prices increase, improving energy efficiency and decreasing operating costs and emissions are becoming increasingly important competitive factors in industry, for example. The average consumer's increased environmental awareness also increases the demand for energy efficient housing.

Solutions for energy use and production

We take part in the struggle against climate change in two ways. We offer our customers efficient energy use through energy efficient construction, building systems and their appropriate use as well as by improving the efficiency of industrial processes. In addition, we take part in energy production by, for example, offering solutions for area- or building-specific energy production and participating in the construction of energy production plants.

We want to be a leader and point the way for our entire industry. Renewable energy offers significant potential for YIT services, and we are investigating opportunities for participating in the construction of wind power plants in the Baltic Sea region, where an estimated EUR 35 billion will be invested in the construction of wind and nuclear power production capacity during the next decade. YIT has competence in the construction and installation of wind power plants, infrastructure construction and maintenance.

Energy-efficient building systems

The majority of energy savings in buildings is achieved through building systems. Our customers can make their energy use in buildings more efficient through heat recovery, appropriate air conditioning, lighting control and apartment-specific measurement of water and heat consumption. Merely adjusting existing equipment correctly often results in savings. Building system maintenance can ensure the functioning of the equipment, prolong their service life and thereby also save energy.

We continuously develop new building system solutions and the automation that controls them to make energy consumption in buildings more sensible. An example of this is the Niagara building automation system where all of the property's building systems can be connected into an easily managed entity controlled via a single interface. The system controls the functions of the property and adjusts the conditions fully automatically. For example, at low temperatures, heating is increased, and when the weather is warm, cooling begins to operate.

In Finland, YIT offers housing cooperatives energy-efficient piping renovation. The service life of sewers is approximately 45–50 years, after which they must be repaired. At the same time, the building's energy efficiency can be improved to a higher classification. In connection with the piping renovation, apartment-specific water consumption meters and water-saving fixtures will be fitted in the building. Energy efficiency is improved through the recovery of heat or alternatively by utilising energy recovered from exhaust air for heating hot service water.

Energy-efficient homes and offices

In addition to the right kind of building systems, we also make homes and offices more energy efficient through the right kind of construction. In the construction phase, energy efficiency can be achieved by, for example, good thermal insulation, window solutions and the correct orientation of the building. Our low-energy buildings are equipped with energy-saving technology that also encourages the users of the premises to monitor and decrease energy consumption. Environmentally friendly heating methods, such as district, geothermal or rock heat, are utilised.

In Finland, we already construct all new residential units and business premises to be low-energy buildings, consuming 15–25% less energy than required by current regulations. In 2010, the number of YIT's low-energy homes under construction or completed exceeded the one thousand mark. We also completed the construction of our first low-energy office.

In addition to Finland, there is obvious demand for energy-efficient premises in other countries where YIT operates. In Norway, YIT is delivering building systems to St. Olavs Hospital Knowledge Center, the first passive house hospital building to be built in Europe. The premises were originally planned as Class C, but YIT took an initiative to turn the center into a Class A.

> ISO 14001 -certified operations cover 42% of Group revenue

YIT's energy-saving services

ENERGY USE

Energy-efficient construction
- Low-energy homes and business premises
- Energy-efficient building systems
- Industrial ventilation and heat recovery systems
- Waste management solutions

Energy-efficiency services

Improving energy efficiency
- In industrial plants
- In buildings

(Total deliveries of energy-saving projects, energy reviews, monitoring services, energy management services)

Operation and maintenance services
- Service and maintenance
- Operation

ENERGY PRODUCTION

Energy production services
- District energy production (*
- Building-specific energy production (*
- Production of commodities
- Utilising industrial excess heat

Construction of energy production facilities
- Power plants
- Wind power plants (*
- Gas holders
- Distric heating and cooling networks
- Heat accumulators

*) Service concept in development

▶▶▶ For additional information in Finnish www.yit.fi /energianero

We also aim to increase the level of low-energy residential construction in Russia, the Baltic countries and Central Eastern Europe, where some of our projects have already been designed to save energy. In Prague, the Czech Republic, the residential building to be built in Háje will use 23 solar energy collectors for heating domestic water in 35 apartments. A vegetated roof of the underground parking will also decrease the heat island effect.

Energy-efficient construction can have a significant environmental impact. In a typical Finnish residential multi-storey building (19 residential units) realised in class A low-energy concept, the annual savings in heating energy may amount to up to 110,000 kWh, compared to buildings corresponding to the 2009 regulations. This translates into 24,200 kg fewer emissions per year. It equals the emissions of approximately 8 passenger cars, so a class A low-energy building saves the annual emissions from the use of car of nearly half the residential units.

▶▶▶ For additional information on low-energy homes, see page 25.

Providing industry with a competitive edge

Due to the energy-intensive industry and cold climate, the emissions in the Finnish industry are higher than in other EU countries on average. In Finland, the industry accounts for nearly half of all energy used. When the scale is this large, also the potential for savings is significant. Energy efficiency in the industry can be improved through equipment choices and renewal of equipment, process operation methods, modernisation and maintenance and by utilising secondary heat generated in the production.

YIT is the market leader in improving the efficiency of Finnish industry's energy and material use. In recent years, we have realised approximately 30% of the investments to make energy use more efficient in Finnish industry. The annual energy consumption of our customers has decreased by approximately 330,000 MWh, which equals the annual production of approximately 160 wind power plants or the annual energy consumption of 16,000 single-family homes. Carbon dioxide emissions have decreased by approximately 110,000 tonnes per year, corresponding to the annual emissions of approximately 33,000 passenger cars.

Outokumpu's Tornio steel mill is an example of a significant industrial energy efficiency project carried out by YIT. District heat produced from the recovered excess process heat is utilised in producing cooling energy to replace the cold rolling mill's cooling units. The project will result in annual savings of 11 GWh of electricity. In addition, the new system reduces carbon dioxide emissions by 6,700 tonnes.

Energy-savings with a guarantee

In addition to individual energy-saving measures, we implement total deliveries of energy efficiency projects in both buildings and industry. In these projects, YIT assumes the responsibility for the maintenance and energy consumption of the buildings, even for decades. We are responsible for the planning and implementation and, if necessary, financing of the project by providing a saving guarantee on the implementation over an agreed period. Energy consumption is monitored and actual savings will be verified once the project is complete. The customer pays the project costs with the achieved savings in energy costs.

In building systems services, public sector customers have been especially interested in long-term energy-efficiency projects. In Berlin, Germany, YIT is implementing a ten-year energy-saving contract in which annual savings of more than EUR 600,000 can be achieved by improving the energy efficiency of Germany's Federal Foreign Office premises. Energy savings are pursued by, for example, renewing the several building systems of the premises, such as chillers, pumps, thermostats, and adopting individual room control of building systems. Air collectors will be fitted on the roof of the building and LED lighting is used in the parking garage and office floors.

In Finland, on the other hand, the town of Akaa achieved significant savings by replacing oil and electric heating with pellet heating.

Regional ecological action

YIT's competence also has an impact on the energy consumption and emissions of entire areas. Heavy traffic, visible waste containers and waste management costs can be decreased considerably by transporting waste in a centralised manner through underground tubes to waste terminals which are emptied by garbage trucks. Finland's first regional automatic waste collection system was completed in autumn 2010 at the Suurpelto residential area in Espoo. YIT was responsible for the total delivery of the system, including 440 waste collection points and 9 kilometres of piping. Every day, approximately nine tons of waste passes through the system. YIT is also responsible for the maintenance of the system.

There is a lot of unused potential in the lighting of roads. YIT provides Finnish Road Administration with a nationwide service that aims to renew the road lighting control system to function remotely, which will result in considerable savings of work and energy. As a result of the project, the 230,000 road lamps will be turned on and off at exactly the right time.

In addition to energy efficiency, 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.

Västerbotten county leads the way in energy efficiency

Västerbotten is Sweden's second-largest county, renowned for its imposing nature. Situated in the Northern part of Sweden, the home county of 250,000 inhabitants is seriously investing in energy efficiency. In 2008, the County Administrative Board of the Västerbotten commissioned YIT with improving the energy efficiency of its buildings. YIT will provide Västerbotten with a total delivery of energy efficiency project, which means that it will assume responsibility of Västerbotten's properties' energy consumption until 2016.

In the first phase of the project, YIT analysed the energy consumption of all the buildings owned by the county, looking for savings potential. In 2010, the measures to improve energy efficiency were carried out in hospitals of Skellefteå, Lycksele and Umeå and most health care centres in Västerbotten, among others. The energy efficiency was improved installing new ventilation units, energy-efficient lighting and heat recycling as well as introducing new bio fuel furnaces, among others.

In the third phase of the project, YIT will monitor the energy consumption of the buildings, deliver monthly energy reports and supervise how building systems should be operated in order to optimise energy efficiency.

The total delivery of the energy-efficiency project is valued at approximately EUR 5.5 million, an the achieved energy savings will pay back the investment.

The contract corresponds to the environmental objectives issued by the County Administrative Board, and once it is complete, Västerbotten will be among the most energy-efficient provinces in Sweden.

"The total floor area of the buildings is 485,000 square metres, and according to our calculations, the savings will total approximately 10,500 MW per year, or EUR 0.5 million," says Anders Genhammar, head of YIT's energy and environmental services business in Sweden.

The Annual General Meeting of 2010 was held in March in Finlandia Hall in Helsinki. A total of more than 700 shareholders participated in the meeting, which was close to 50% more than in 2009. During the year under review, YIT was also responsible for building works of the extension of Finlandia Hall.

Striving for open, transparent and responsible governance

We are committed to good corporate governance through compliance with laws and regulations and by implementing best practices. Our operations are also guided by our values, operating principles and and ethical guidelines, which we unified in 2010. During the year, we also reinforced our internal control systems and prevention of misconduct.

The administration of YIT Corporation and the YIT Group complies with our Articles of Association and Finnish legislation, particularly the Finnish Companies Act, Securities Market Act and Accounting Act. In addition, YIT complies with all of the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association in June 2010. The code replaced the recommendations on the Corporate Governance of listed companies in Finland issued in 2008 and took effect on October 1, 2010. The code is available on the Internet at www.cgfinland.fi. We also comply with the rules and regulations of NASDAQ OMX Helsinki (Helsinki Stock Exchange) and Finnish Financial Supervisory Authority in our decision-making and governance. YIT share has been listed on the Helsinki Stock Exchange since 1995.

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

Corporate Governance Statement on YIT's website

▶▶▶ YIT publishes a Corporate Governance Statement pursuant to recommendation 54 of the Finnish Corporate Governance Code as a separate statement on the company's website at www.yitgroup.com/investors - Corporate Governance

YIT'S GOVERNANCE IN 2010

External auditors

Authorised Public Accountants

ANNUAL GENERAL MEETING

32,476 shareholders on Dec 31, 2010

BOARD OF DIRECTORS

Chairman, Vice Chairman, 5 members and secretary
Committees:
Nomination and Rewards Committee
Audit Committee

- Finnish legislation
  - Companies Act
  - Securities Market Act
  - Accounting Act
- Finnish Corporate Governance Code
- Rules and regulations of NASDAQ OMX Helsinki and Finnish Financial Supervisory Authority

PRESIDENT AND CEO

MANAGEMENT BOARD

Chairman (CEO),
Vice Chairman, 4 members and secretary

SEGMENTS

Building and Industrial Services
Construction Services Finland
International Construction Services

Internal control

Management systems
Internal audit
Internal guidelines

GOVERNING BODIES

Annual General Meeting

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

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

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

The Chairman of the Board of Directors, a sufficient number of members of the Board of Directors, external auditor and the President and CEO are present at the meeting. Persons nominated for the first time to seats on the Board of Directors always participate in the General Meeting deciding on the election unless there are justified reasons for their absence.

Rights of shareholders in the General Meeting

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

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

The notice of the meeting is published no later than three weeks before the meeting in a Finnish nationwide newspaper chosen by the Board of Directors. 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 documents presented to the General Meeting are also published on our website at least three weeks before the meeting. The minutes of the General Meeting with voting results and annexes are available no later than two weeks after the meeting on YIT's website.

In 2010

The Annual General Meeting was held on March 10, 2010, in Helsinki. A total of 724 (2009: 487) shareholders participated in the meeting personally or by proxy. They represented 57,256,783 (44,162,540) shares and votes, which was approximately 45% (35%) of the company's votes. The President and CEO and the auditor were present in the meeting as well were the members of the Board of Directors, apart from Kim Gran and Antti Herlin.

▶▶▶ More information and the resolutions of the Annual General Meeting at www.yitgroup.com/agm

Board of Directors

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

Our Board is comprised of the Chairman and the Vice Chairman and three to five members elected by the Annual General Meeting for one year at a time. There is no specific order of appointment of the members of the Board of Directors in the Articles of Association. The majority of the members must be independent of the company. In addition, it is required that at least two of the majority members be independent of the major shareholders of the company. The President and CEO cannot be elected as the Chairman of the Board. Both genders must be represented on the Board of Directors.

The Board 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. In the case of a tie, the Chairman shall have the casting vote. The CEO participates in the Board meetings as presenting officer of issues and Senior Vice President, Administration as the secretary of the Board. Other Management Board members attend the meetings when needed. The CEO and the secretary of the Board prepare the meetings with the Chairman of the Board and draw up the agendas. They also ensure that the Board is provided with sufficient information on matters such as the structure, operations and markets of the company in order to carry out its tasks. The meeting agenda and materials are sent to Board members in good time before the meeting.

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

In 2010

The members of the Board between January 1 and March 10, 2010, were Henrik Ehrnrooth as the Chairman, Eino Halonen as the Vice Chairman and Kim Gran, Reino Hanhinen, Antti Herlin, Satu Huber and Lauri Ratia as members.

The Annual General Meeting held on March 10, 2010, elected five members to YIT's Board in addition to the Chairman and the Vice Chairman. Henrik Ehrnrooth was re-elected as Chairman of the Board and Reino Hanhinen was elected as the Vice Chairman. Kim Gran, Eino Halonen, Antti Herlin, Satu Huber and Lauri Ratia continued as Board members.

All of the members of the Board were independent of YIT and its major shareholders; however, 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, 2010, the Board convened 13 times, and its members' total attendance rate was 95%. One meeting was held during a trip to Germany, where the Board became acquainted with the German operations of building systems. The Board made a self-evaluation of its work during the period, assessing matters such as the efficiency of its work, quality of information and materials submitted to the Board, focus areas of its work and the targets set for the management. The results of the assessment are used in developing the Board's work.

The focus areas in the Board's work in 2010 included securing profitable growth as part of YIT's strategy work and budgeting, promotion of occupational safety in the company, remuneration and compensation system of the company's management and key personnel as well as Group financial position.

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

▶▶▶ The presentation of the Board members on pages 54–55.

Committees of the Board of Directors

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

Audit Committee

The Audit Committee assists the Board 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 as well as monitoring and assessing the audit. The Committee reviews the company's Financial Statements and Interim Reports. It evaluates compliance with laws and regulations and follows the Group's financial position. The Committee convenes at least four times per year. It comprises three members who are independent of the company. In addition, it is required that at least one of the members is independent of major shareholders. The members selected for the Committee have extensive knowledge of our business operations and business segments and sufficient knowledge of accounting and accounting principles and financial statements practices. The Group's CFO acts as the secretary of the Audit Committee.

In 2010

Between January 1 and March 10, 2010, the Audit Committee included Reino Hanhinen as the Chairman and Satu Huber and Lauri Ratia as its members. In its first organisational meeting on March 10, 2010, the Board of Directors elected Lauri Ratia as the Chairman of the Audit Committee from among its members. Satu Huber continued as a member of the Committee, and Eino Halonen was elected as a new member. The Committee convened six times during 2010, of which four meetings were during the new Committee after March 10, 2010. The members' total attendance rate was 100%. Timo Lehtinen, the CFO of the Corporation was the secretary of the Committee. The President and CEO Juhani Pitkäkoski also attended the Committee meetings. The auditor, Heikki Lassila (PricewaterhouseCoopers) attended some of the meetings, as did members of the company's management, depending on the matters dealt with by the meeting.

During the financial period, the Audit Committee focused on, for example, preparation of financing arrangements, ensuring, monitoring and the implementation of the company's information management strategy and IT projects as well as confirming of the risk management processes.

Nomination and Rewards Committee

The Nomination and Rewards Committee prepares matters related to the appointment and remuneration of Board members and the Group's key personnel as well as the Group's HR policy. Among other things, the Committee prepares proposals for the appointment of Board members, CEO and other Group key personnel as well as their remuneration and other terms of employment. In addition, its tasks include preparing the Group's bonus rules and other issues related to pay policy, evaluating the remuneration paid to the CEO and other management, and answering questions related to the Remuneration Statement at the General Meeting of shareholders. The Committee convenes as necessary and as summoned by the Chairman. It has a minimum of three and a maximum of five members who have knowledge of our business operations and business segments as well as our HR and reward-related issues. It is required that a majority of the members are independent of the company. The CEO or other members of the company management may not be members of the Committee. Senior Vice President, Administration serves as the Committee secretary.

In 2010

Between January 1 and March 10, 2010, the Nomination and Rewards Committee included Henrik Ehrnrooth as Chairman of the committee and Eino Halonen, Reino Hanhinen and Antti Herlin as members. The committee proposed to the 2010 Annual General Meeting that Henrik Ehrnrooth be re-elected as the Chairman of the Board of Directors, Reino Hanhinen be elected as Vice Chairman, and Eino Halonen, Satu Huber, Lauri Ratia and Antti Herlin re-elected as members of the Board of Directors. It proposed that the fees paid to the Board of Directors remain unchanged from 2009.

In its first organisational meeting on March 10, 2010, the Board of Directors re-elected Henrik Ehrnrooth as the Chairman of the Nomination and Rewards Committee. Eino Halonen, Reino Hanhinen and Antti Herlin continued as members of the Committee.

In its meeting held on January 31, 2011, the Nomination and Rewards Committee made its proposals regarding Board of Directors' composition and fees to the Annual General Meeting to be held on March 11, 2011. The Committee proposes that a Chairman, a Vice Chairman and five members be elected to the Board of Directors. It is proposed that Henrik Ehrnrooth be elected as the Chairman of the Board of Directors, Reino Hanhinen as the Vice Chairman, and as the members Kim Gran, Eino Halonen, Antti Herlin, Satu Huber and Michael Rosenlew, who has not previously been part of YIT Board of Directors. Rosenlew (M.Sc. in Economics, born 1959) is the Managing Director of Mikaros AB.

The Committee convened 4 times in 2010, of which 3 times after March 10, 2010. The members' total attendance rate was 100%. One of the key tasks of the committee in 2010 was the development and implementation of the incentive scheme for 2010–2015.

▶▶▶ The Nomination and Rewards Committee proposal regarding the fees to be paid to the Board of Directors in 2011 on page 48. CV information of the proposed members to the Board at www.yitgroup.com/investors - Corporate Governance - Annual General Meeting.

BOARD MEMBER MEETING PARTICIPATION JANUARY 1 – DECEMBER 31, 2010

	Board of Directors	Audit Committee	Nomination and Rewards Committee
Henrik Ehrnrooth	13/13	-	4/4
Eino Halonen*	13/13	4/4	4/4
Kim Gran	10/13	-	-
Reino Hanhinen**	13/13	2/2	4/4
Antti Herlin	11/13	-	4/4
Satu Huber	13/13	6/6	-
Lauri Ratia	13/13	6/6	-
Average attendance rate	95 %	100 %	100 %

*) Eino Halonen became a member of the Audit Committee on March 10, 2010. The Audit Committee convened 4 times between March 10 and December 31, 2010.

**) Reino Hanhinen was a member of the Audit Committee until March 10, 2010. The Audit Committee convened twice between January 1 and March 10, 2010.

President and CEO

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

Management Board

The CEO and other members appointed by the Board of Directors make up the Group's Management Board. The 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 prepares the Group's strategy and annual plan, supervises the realisation of plans and financial reporting, and prepares major investments and acquisitions as well as supervises their implementation. Development of cooperation within the Group and promoting common development projects is also among the Management Board's duties. The CEO is responsible for decisions made by Management Board, whereas the Management Board members implement the decisions in their own areas of responsibility. The Management Board has standing orders ratified by the Board of Directors.

In 2010

Juhani Pitkäkoski continued as YIT Corporation's CEO. The composition of the Management Board also remained unchanged: in addition to the CEO, the Group's Management Board comprised Kari Kauniskangas, Deputy to the CEO and head of the International Construction Services segment; Arne Malonæs, head of the Building and Industrial Services segment; Tero Kiviniemi, head of the Construction Services Finland segment; Timo Lehtinen, Chief Financial Officer of YIT Corporation; Sakari Toikkanen, Senior Vice President, Business Development of YIT Corporation, and as secretary, Antero Saarilahti, Senior Vice President, Administration of YIT Corporation.

Our Management Board convened 12 times during 2010. Its key focus areas included promoting profitable growth strategy through acquisitions, among others as well as developing occupational safety and ethical guidelines in the company.

▶▶▶ The presentation of Management Board members of pages 56-57.

Internal audit

YIT Group's internal audit organisation supports the management in the development and supervision of risk management, internal control and good corporate governance. It 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. The operations are based on risks, and its focus is on operational audits. The Group's internal audit reports to the Audit Committee of the Board of Directors and administratively to the Group's CFO.

In 2010
During the year, YIT Group's internal audit covered reporting risks in International Construction Services segment and developed risk management related to financial reporting, among others.

Audit

According to the Articles of Association, YIT has one auditor that must be a firm of auditors approved by the Central Chamber of Commerce. The Annual General Meeting elects the auditor based on the proposal prepared by the Audit Committee of the Board of Directors.

The auditor audits the company's accounting, Board of Directors' Report, Financial Statements and administration for the financial year. The parent company's auditor must also audit the consolidated financial statements and other mutual relations between the Group companies. In conjunction with our annual Financial Statements, the auditor gives YIT's shareholders an Auditor's Report as required by law. The auditor reports regularly to the Board of Directors.

The auditor's fee is paid as per invoice. When electing the auditor, it is taken into account that the aggregate duration of the consecutive terms of the auditor with the main responsibility may not exceed seven years.

In 2010
The Annual General Meeting in 2010 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit governance and accounts in 2010. The auditor with the main responsibility is Heikki Lassila, Authorised Public Accountant, who has been the company's principal auditor since 2008.

AUDITOR FEES

EUR 1,000	2010	2009
Audit fee	1,200	1,150
Statements	11	15
Tax services	285	226
Other services	696	162
Total	2,192	1,553

Insider administration

The YIT Group has had Guidelines for Insiders since March 1, 2000. They follow the Guidelines for Insiders approved by NASDAQ OMX Helsinki for listed companies. 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 statutory insiders (insiders with duty to declare) and their close associates, the ownership of YIT securities are public. Statutory insiders include the members and secretary of the Board of Directors, the President and CEO, his deputy, the principal auditor, and the members and secretary of the Group's Management Board.

In addition, YIT has permanent company-specific insiders and, during certain projects, separately named project-specific insiders whose holdings are not public. YIT's company-specific insiders are the persons who regularly receive insider information based on their position or duties or whom the company has determined to be company-specific insiders. These include management and key personnel of Group Services separately specified by the Board of Directors, the secretaries of the CEO and CFO, members and secretaries of the business segment Management Boards and Boards of Directors and the CFO's of business segments and the secretaries of the business segment heads. In total, the Group had 60 permanent insiders at the end of 2010. We maintain a register of our insiders subject to a disclosure requirement in Euroclear Finland Ltd's system, where information on shareholding is directly available from the book-entry securities system.

▸▸▸ Up-to-date information on the holdings and trading of insiders is published on our website at www.yitgroup.com/investors - Major shareholders - Insiders' ownership in YIT

OPERATING PRINCIPLES AND CONTROL SYSTEMS

We comply with applicable laws and regulations and commonly approved procedures in all of our operations. Our operations are also guided by our values, operating principles and ethical guidelines, which all of our employees must comply with at all times. The company has ratified, among others, the following guidelines and policies: Corporate Governance Statement, charters of the Group and administrative bodies, guidelines for insiders, the Group's financing policy, guidelines on the accounting and reporting policies, corporate security policy, principles of corporate responsibility, investment guidelines, charter and guidelines for acquisitions.

Ethical guidelines and reporting misconduct

In 2010, we unified the Group ethical guidelines, which includes, among other things, our guidelines on the following matters: conflicts of interests, confidentiality obligation and protection of rights and assets, insider trading, bribery and corruption, subsidies, competition rules, entertainment and business trips, equal treatment, openness and documents and presence in social media.

If an employee observes any misconduct, he/she should primarily report it to an immediate supervisor or other member of the company's management. In addition, all countries where YIT operates have appointed persons in charge of ethics who escalate the processing of reported misconduct. In 2010, we also introduced a reporting channel maintained by a third party, allowing our employees to report confidentially, and, if necessary, anonymously any suspected misconduct. A report can be submitted online or by telephone in 15 languages. Each suspected misconduct will be investigated carefully and without delay, and will lead to appropriate action.

Internal control and risk management related to financial reporting process

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

Financial reporting and supervision are based on budgets drafted every six months and on monthly performance reporting. The profitability and use of capital in projects and at maintenance sites are forecasted and monitored on a monthly basis as part of normal business control. The Group's accounting and finance management is responsible for identifying and assessing financial risks.

During 2010, we adopted a harmonised method to identify and assess risks related to financial reporting in the Group and the segments. The risks are evaluated annually and control measures and reporting control points are developed on the basis of them in order to prevent risks. In 2010, the most significant risks related to financial reporting were connected particularly to the uniformity of accounting data and audit trail due to the extent of the Group operations and differences in the accounting systems. Developing the reliability of the valuation of balance sheet items is considered one of the focal points in terms of risk management. Other themes that emerged included verifying the correctness of reporting taxes, disputes and company acquisitions.

Risks related to financial reporting are managed through the Group's joint accounting manual, financing policy, investment guidelines and acquisition guidelines. Via reporting channel maintained by an independent party, YIT employees can confidentially report suspected misconducts related also to accounting and auditing. The consistency of financial reporting is also promoted by the joint SAP system, the use of which was expanded within the Group during 2010.

▶▶▶ Risks and risk management on pages 50-53.
The internal control and risk management systems related to the financial reporting process are described in more detail in YIT Corporation's Corporate Governance Statement at www.yitgroup.com/investors - Corporate Governance.

REMUNERATION STATEMENT

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

Decision-making regarding remuneration

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

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

Board fees

The Annual General Meeting 2010 decided to keep the Board of Directors' fees unchanged from 2007–2009, and in 2010 the Board of Directors was paid remuneration as follows:

- Chairman EUR 6,000 per month (EUR 72,000 per year)
- Vice Chairman EUR 4,500 per month (EUR 54,000 per year)
- Members EUR 3,500 per month (EUR 42,000 per year)

Furthermore, a meeting fee of EUR 500 was paid for each Board and Committee meeting. Per diems for trips in Finland and abroad were paid in accordance with the State's travelling compensation regulations.

Proposal for fees for 2011

In its meeting held on January 31, 2011, the Nomination and Rewards Committee made its proposal regarding Board of Directors' fees to the Annual General Meeting to be held on March 11, 2011. The committee proposes that the Board of Directors be paid remuneration in 2011 as follows:

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

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

Share-based incentive scheme and share option programme

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

Management remuneration

The remuneration paid to the Group's Management Board in 2010 comprises of:

- Fixed salary
- Fringe benefits, such as company car and meal benefit
- Annual performance bonus, and

FEES PAID TO BOARD OF DIRECTORS IN 2010, EUR

	Board membership	Board meetings	Nomination and Rewards Committees	Audit Committee	Total 2010	Total 2009
Henrik Ehrnrooth	72,000	6,500	2,000	-	80,500	65,000
Eino Halonen	45,000	6,500	2,000	2,000	55,500	62,500
Reino Hanhinen	51,000	6,500	2,000	1,000	60,500	59,500
Antti Herlin	42,000	5,500	2,000	-	49,500	50,500
Kim Gran	42,000	5,000	-	-	47,000	47,000
Satu Huber	42,000	6,500	-	3,000	51,500	39,750
Lauri Ratia	42,000	6,500	-	3,000	51,500	38,250
Teuvo Salminen*	-	-	-	-	-	11,500
Total.	336,000	43,000	8,000	9,000	396,000	374,000

*) until March 11, 2009

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

Performance bonuses

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

The amount of bonuses paid depends on the the realisation of personal key targets, the Group's financial performance as well as the realisation of the unit profitability, growth and development objectives, such as occupational safety targets. Performance and development discussions are an essential part of the management by key results system. In these discussions, employees and their superiors agree on the key objectives and their relative weighting and review the realisation of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance bonuses are specified at the business group and unit level.

The maximum annual performance bonus paid to the CEO and the Management Board members may equal 40–60% of their annual taxable pay excluding the performance bonus.

Share-based incentive scheme

YIT Corporation's Board of Directors decided on March 10, 2010, to implement a share-based incentive scheme to support the company's strategy of profitable growth and supplement the already available incentive schemes. The scheme aims at promoting the employees in determined work, rewarding their good performance and committing them to long-term persistent work. Members of YIT Corporation's Board of Directors are not included in the share-based incentive scheme.

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

The Board of the company annually decides on the performance criteria and the employees included in the scope of the incentive scheme. In 2010, the share bonus criteria included return on investment and revenue growth. 255 employees were covered in the incentive scheme.

Share option programme

YIT Corporation's share option programme ended on November 30, 2010. 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. In 2010 shares could be subscribed under the Series N share options between April 1 and November 30, 2010. The programme covered the CEO, his deputy and other management and key personnel in the Group, totalling approximately 350 persons. Members of the Board of Directors were not included in the option scheme.

▶▶▶ Information on the share option programme is available on our website at www.yitgroup.com/investors - YIT share - Share options

Pension, retirement age and termination compensation

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

Remuneration paid to the CEO and Management Board in 2010

In addition to fixed salary, the fringe benefits CEO Juhani Pitkäkoski included a company car and meal benefit. In 2010 the CEO's salary (fixed salary + fringe benefits) increased by 13%. The performance bonus paid is based on the Group's financial performance and personal key results set by the Board of Directors. The performance bonus paid in 2010 corresponded to the monthly salary of approximately 5 months.

The bonuses paid to the CEO in 2010 totalled EUR 183,634. Of this amount, EUR 96,821 was paid according to 2009 results and EUR 86,813 according to 2010 results. The bonuses paid to other members of the Group Management Board in 2010 totalled EUR 331,464, of which EUR 172,256 was paid according to 2009 results and EUR 158,208 according to 2010 results.

YIT Corporation's share option programme ended on November 30, 2010, and therefore the CEO of YIT Corporation or his deputy did not hold options at the end of 2010. They were not rewarded shares, either, as shares will be rewarded as part of the share-based incentive scheme implemented in 2010 for the first time in 2011.

REMUNERATION PAID TO THE CEO AND MANAGEMENT BOARD IN 2010, EUR

	Fixed salary	Fringe benefits	Bonuses paid	Option income	2010 total	2009 total
President and CEO	473,556	11,558	183,634	-	668,747	542,859
Other members of the Group Management Board, total	1,227,897	83,516	331,464	-	1,642,877	1,697,960

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

▶▶▶ Shares held by the Board, the CEO and the Group's Management Board on December 31, 2010, are presented on pages 55–57.

▶▶▶ Up-to-date ownership data on YIT's website at www.yitgroup.com/investors - Major shareholders- Insiders' ownership in YIT

Risk management supports us in reaching our targets

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 objectives. In 2010, our risk management efforts focused on responding to changes in the market situation in Russia and completing the acquisition made in Central Europe.

YIT classifies as risks those factors that might endanger the achievement of the Group's strategic and financial goals if they should materialise. The identification and management of risk factors take into account the special features of the business and operating environment. The most significant risks associated with YIT's operations are those concerned with reacting to changes in the market situation as well as managing acquisitions and plot investments, agreements and projects.

The starting point of YIT's risk management policy is to manage the Group's total risk exposure, not merely the management of individual risk factors. Risks are assessed on the basis of their probability as well as the potential financial impact. Risk management is preventive, coordinated and systematic. Successful risk management increases the company's value and ensures the realisation of benefits for YIT's various shareholders. Controlled risk-taking may have a favourable impact on the company's development.

Organisation

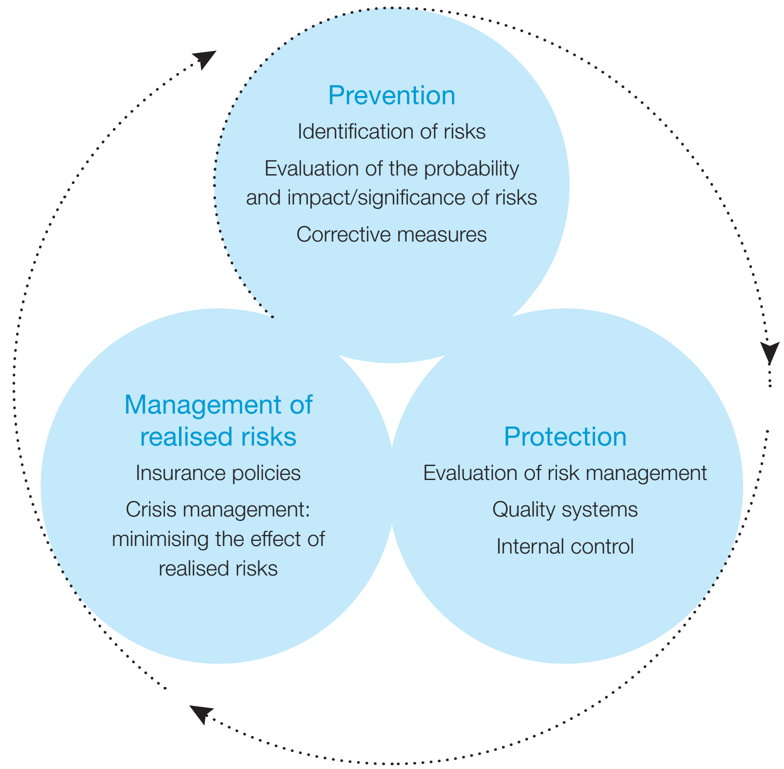
The Board of Directors approves the risk management policy and its objectives, and guides and supervises the planning and execution of risk management. The Audit Committee assists the Board of Directors in supervisory duties related to YIT Group's reporting and accounting processes, including internal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

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

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

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

The Group's internal audit organisation supports YIT's management in arranging and developing risk management and internal control. The internal



audit reports to the Audit Committee of the Board of Directors and, 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, Group Services and the Group level are compiled in a risk register and classified into a risk matrix based on their probability and possible financial 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, division 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, division and business segment on a monthly basis as part of normal monitoring of performance and quarterly to the Board of Directors' Audit Committee. The risks associated with the financial reporting process are identified and assessed annually.

MOST SIGNIFICANT RISKS

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. Managing risks related to the operating environment is emphasized in the International Construction Services segment where the focus of operations is on investment-intensive residential development production in Russia, the Baltic countries and Central Eastern Europe.

YIT has developed the Group's business structure to be balanced and tolerant of economic fluctuations. The share of steadily developing service and maintenance operations has been increased. Operations have been expanded geographically so that economic fluctuations impact operations at different times in different markets. Continuous monitoring and analysis make it possible to react quickly to changes in the operating environment and to utilise the new business opportunities provided by them.

▶▶▶ For additional information on the operating environment, see pages 12–15.

Implementation of acquisitions

The implementation of major acquisitions and expanding to new geographic areas require taking note of and managing cultural, legislative and political factors, in addition to the business point of view. YIT aims to implement acquisitions mainly in the Building and Industrial Services segment in order to strengthen its current market position in the Nordic countries and Central Europe as well as expand to new countries.

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

Management of capital

The majority of YIT's services comprise labour-intensive operations where investments are minor. Residential development projects and business premises development projects, however, require investments in plots, and capital is also tied to the development of the plots as well as ongoing production.

The key issue in risk management is to keep the Group's structure such that investment-intensive business operations and labour-intensive, cash flow-generating business are balanced. In investment-intensive business operations, the amount of capital is adjusted by decreasing or increasing the number of start-ups and plot investments and developing the terms of purchases of plots. Investments are reviewed by the head of the business segment, President and CEO or the Board of Directors, depending on their size, taking the company's total risk exposure into account and being able to react quickly to changes in the market situation.

Operational risks

Plot acquisitions

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

Risk management surveys the rights of ownership to the plots, matters related to infrastructure connections and environmental requirements, among others. Reasonable terms and conditions of agreement are also ensured. Plot acquisitions are evaluated from the point of view of regional opportunities and customer needs and capital management.

Sales risk

In residential development projects, YIT is responsible for selling the residential units, and in business premises development projects, leasing and selling the premises. The Group's order backlog therefore includes production with sales and price risks. The sales risk included in the order backlog is mainly comprised of residential units that are under construction or completed but unsold. Business premises development projects are usually sold to investors either prior to construction or during an early phase of construction.

YIT manages sales risk by matching the number of its housing start-ups with the estimated residential demand and the number of unsold residential units. Design control ensures that the room division and other properties of the residential units match the market demand. In business premises projects, YIT is prepared to make new contractual arrangements in order to secure financing for the projects.

Contract tenders and service agreements

YIT's business operations are comprised of thousands of projects and service agreements, and therefore attention must be paid to the management of different agreements. In tender-based projects, YIT is selective with regards to their risks and profitability.

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

Project management

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

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

Personnel

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 over the long term, given the changing age structure of the population.

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

In order to ensure ethical operations, the Group has common Ethical Guidelines and effective methods for preventing, reporting and handling any misdemeanour. The guidelines are reviewed on a regular basis, and compliance with them is supervised by methods of internal and external audit.

Financial risks

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

Focus areas of risk management in 2010

In 2010, risk management focused on reacting to changes in the Russian market situation, implementing the integration of the acquisition in Central Europe and the development of project management competence. YIT succeeded in responding to increased residential demand in Russia by increasing production and sales volumes considerably compared to the previous year. At the same time, sales risk remained under control as the inventory of residential units on sale did not increase materially. The acquisition completed in Central Europe at the end of August increased the Group's order backlog. The integration of the companies acquired in 2010 and their business development started off as planned. Project management processes were developed in residential production as well as building systems and industrial projects. In addition to the correct operating culture, swift and managed decision-making concerning investments and contract tenders as well as regular and comprehensive follow-up of project progress are key issues.

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

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

▶▶▶ An account of financial risks can be found in the notes to the financial statements for 2010 on page 73–74.

▶▶▶ The main characteristics of the internal control and risk management systems connected with the financial reporting process are described in YIT's Corporate Governance Statement at www.yitgroup.com/investors - Corporate Governance.

Event risks

Possible event risks include accidents related to personal or information security and sudden and unforeseen material damage to premises, project sites and other property, such as due to fire, collapse and theft.

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

YIT'S MOST SIGNIFICANT RISKS AT THE END OF 2010

Risks	Management methods	Process
STRATEGIC RISKS		
• Changes in the operating environment	• Balanced business structure • Foreseeing, monitoring and analysis processes and ability to react	A strategic risk assessment is annually carried out at the Group level, by business segment and for Group Services as part of strategy planning. The risk assessment is specified semi-annually in connection with budgeting. The reports are reviewed by YIT's Board of Directors, the Group's Management Board and the Management Boards of the business segments.
• Acquisitions	• Selection criteria, integration programmes, development of governance systems	
• Management of capital	• Balanced business structure • Amount of investments, project start-ups	
OPERATIONAL RISKS		
• Plot acquisitions	• Analysis of plot-related terms and conditions and opportunities • Contractual terms	Operational risks are reported at the unit, division and business segment level on a monthly basis as part of the normal monitoring of performance.
• Sales risk	• Adjustment of start-ups according to the sales volume • Design management • Contractual arrangements	
• Contract tenders and service agreements	• Tender and risk analyses • Contractual expertise	
• Project management	• Competence of personnel and quality systems • Decision-making authorities and regular auditing • Monitoring of profitability	
• Personnel	• Culture, work atmosphere, duties, training and career planning • Ethical guidelines	
FINANCIAL RISKS		
• Liquidity, credit and counterparty, interest rate and currency risks • Risks related to the financial reporting process	• 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		
• Accidents related to personal or data security or material damage to property	• Security policy • Insurance policy and plans	Event risks are reported immediately in accordance with crisis guidelines at the unit, division and business segment level on a monthly basis as part of the normal monitoring of performance.

Board of Directors on December 31, 2010

Henrik Ehrnrooth

Chairman

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

Chairman of the Board of Directors 2009–. Chairman of the Nomination and Rewards Committee 2009–. 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 the largest shareholder of YIT Corporation.

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

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

Share ownership on Dec 31, 2010: 13,400,000

Reino Hanhinen

Vice Chairman

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

Vice Chairman of the Board of Directors 2010–. Member of the Nomination and Rewards Committee 2008–. Chairman of the Board of Directors 1989–2000 and 2006–2008. Member of the Board of Directors 1988–

Independent of YIT Corporation and its major shareholders

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

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

Share ownership on Dec 31, 2010: 132,300

Kim Gran

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

Member of the Board of Directors 2008–

Independent of YIT Corporation and its major shareholders

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

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

Share ownership on Dec 31, 2010: 7,700

Eino Halonen

born 1949, M.Sc. (Econ.)

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

Independent of YIT Corporation and its 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

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

Share ownership on Dec 31, 2010: 27,690

Antti Herlin ●

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

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

Independent of YIT Corporation and its major shareholders

Primary working experience:
KONE Corporation, CEO 1996–2006

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

Share ownership on Dec 31, 2010: 788,980

Satu Huber ●

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

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

Independent of YIT Corporation and its major shareholders

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

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

Share ownership on Dec 31, 2010: 900

Lauri Ratia ●

born 1946, M.Sc. (Eng.)

Chairman of the Audit Committee 2010–. Member of the Audit Committee 2009–. 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 and 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

Positions of trust:
Paroc Oy: Chairman of the Board of Directors 2010–. VR-Group Ltd: Chairman of the Board of Directors 2008–. Samesor Oy: Member of the Board of Directors 2008–. Inspecta Oy: Member of the Board of Directors 2007–. Sponda Plc: Chairman of the Board of Directors 2007–. Medisize Oy: Chairman of the Board of Directors 2006–. Edita Plc: Chairman of the Board of Directors 2005–

Share ownership on Dec 31, 2010: 5,400

● Nomination and Rewards Committee
● Audit Committee

Antero Saarilahti, 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.

▶▶▶ Up-to-date share ownership data: www.yitgroup.com/investors - Ownership - Insiders' ownership in YIT

Management Board on December 31, 2010

Juhani Pitkäkoski

Chairman

President and CEO of YIT Corporation

born 1958, LL.M.

In the Group's employ 1988–

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

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

Share ownership on Dec 31, 2010: 26,000

Kari Kauniskangas

Vice chairman

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

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

In the Group's employ 1997–

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

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

Share ownership on Dec 31, 2010: 1,000

Tero Kiviniemi

Head of Construction Services Finland business segment

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

In the Group's employ 1996–

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

Positions of trust:
Talonrakennusteollisuus Ry: Chairman of the Board of Directors, 2011–. Infra Ry: Vice Chairman of the Board of Directors, 2011–. Construction pool: Chairman, 2010–. Confederation of Finnish Industries EK: Member of body of representatives, 2010–. Confederation of Finnish Construction Industries RT: Member of the Board of Directors, 2009–. Pioneerimuseosäätiö: Member of the Board of Directors, 2007–

Share ownership on Dec 31, 2010: 12

Timo Lehtinen

Chief Financial Officer of YIT Corporation

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

In the Group's employ 2006–

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

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

Share ownership on Dec 31, 2010: -

Arne Malonæs

Head of Building and Industrial Services segment

born 1957, M.Sc. (Eng.)

In the Group's employ 2003–

Primary working experience:
Head of YIT's Building and Industrial Services segment, 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:
The Norwegian CEO Climate Policy Forum: NHO - Norwegian Employer Organisation, 2008–. Norsk Finsk Handelsforening - NOFI (Norwegian Finnish Commercial Association): Member of the Board of Directors, 2003–. Norsk Teknologi (NHO - Norwegian Employer Organisation): Member of the Board of Directors, 2001–. YIT Building Systems AS Pension Funds: Member of the Board of Directors, 1999–

Share ownership on Dec 31, 2010: -

Sakari Toikkanen

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

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

Share ownership on Dec 31, 2010: 11,132

Antero Saarilahti

Secretary

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, Technical Office Manager, 1974–1980, Planning Engineer, 1971–1973

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

Share ownership on Dec 31, 2010: 9,972

▶▶▶ Up-to-date share ownership data: www.yitgroup.com/investors - Major shareholders - Insiders' ownership in YIT

Financial Statements 2010

2010

Contents

Board of Directors' report

INTRODUCTION TO THE GROUP

YIT is a service company focusing on the development, construction and maintenance of a good living environment operating in 15 countries: the Nordic countries, Central Europe, Russia and the Baltic countries. The Group's services include maintenance and installation projects of real estate and industrial plants as well as residential construction and construction of business premises and infrastructure. Customers include households, users and owners of business premises, developers and construction companies, the public sector and industry.

YIT is one of the largest companies offering building system services in all of its market areas and among the leading European providers of industrial services in its areas of excellence. In construction services, YIT is the largest construction company in Finland and one of the most significant foreign housing developers in Russia. We have a solid foothold for future growth in construction services in the Baltic countries, the Czech Republic and Slovakia.

Organisation of business operations

YIT Group's business is divided into business segments: Building and Industrial Services, Construction Services Finland and International Construction Services. The business segment structure remained unchanged in 2010.

MANAGEMENT AND ADMINISTRATION

The administration of YIT Corporation and the YIT Group complies with the company's Articles of Association and Finnish legislation. YIT also complies with the rules and regulations of bodies that regulate and supervise the operations of listed companies. In its administration, YIT complies with all of the recommendations of the Finnish Corporate Governance Code issued by the Securities Market Association in June 2010, which replaced the recommendations on the corporate governance of listed companies in Finland issued in 2008 and took effect on October 1, 2010. The Code is available on the Internet at www.cgfinland.fi.

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

Corporate Governance Statement

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

Board of Directors

The Board of Directors is responsible for the administration and the proper organisation of the operations of the company as well as ensuring that the supervision of accounting and asset management is organised appropriately. The Board of Directors has a ratified 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 operations, finances and risk management of the Group.

The members of YIT Corporation's Board of Directors between January 1 and March 10, 2010, were Henrik Ehrnrooth as the Chairman, Eino Halonen as the Vice Chairman and Kim Gran, Reino Hanhinen, Antti Herlin, Satu Huber and Lauri Ratia as members.

YIT Corporation's Annual General Meeting, held on March 10, 2010, resolved to elect a chairman, vice chairman and five ordinary members to the Board of Directors: Those elected were

- Chairman Henrik Ehrnrooth, born 1954, M.Sc. (Forest economics), B.Sc. (Econ.), Chairman of the Board of Directors of Pöyry PLC
- Vice Chairman Reino Hanhinen, born 1943, M.Sc. (Eng.), D.Sc. (Tech.) h.c.

and members

- Eino Halonen, born 1949, M.Sc. (Econ.)
- 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
- Satu Huber, born 1958, M.Sc. (Econ.), Managing Director of Tapiola Mutual Pension Insurance Company and
- 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, 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 in YIT Corporation.

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

Committees of the Board of Directors

In 2010, the Board of Directors had an Audit Committee and a Nomination and Rewards Committee, for which the Board has ratified separate standing orders.

Between January 1 and March 10, 2010, the members of the Audit Committee of YIT Corporation's Board of Directors were Reino Hanhinen (Chairman) and Satu Huber and Lauri Ratia. In its organisational meeting on March 10, 2010, the Board elected Lauri Ratia as Chairman and Eino Halonen and Satu Huber as members of the Audit Committee from among its members.

Between January 1 and March 10, 2010, the members of the Nomination and Rewards Committee of YIT Corporation's Board of Directors were Henrik Ehrnrooth (Chairman) and Eino Halonen, Reino Hanhinen and Antti Herlin. In its first organisational meeting on March 10, 2010, the Board of Directors decided to keep the composition of the Nomination and Rewards Committee unchanged.

Meetings of the Board of Directors

In 2010, the Board of Directors had 13 meetings, the Audit Committee had six meetings and the Nomination and Rewards Committee had four meetings. The members' attendance rate in Board of Directors' meetings was 95%, in Audit Committee meetings 100% and in Nomination and Rewards Committee meetings 100%.

President and CEO and his deputy

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

The Group's Management Board

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

The composition of the Management Board remained unchanged in 2010, and it was comprised 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 Building and Industrial Services business segment
- President of the Construction Services Finland business segment
- The Group's Chief Financial Officer
- The Group's Senior Vice President, Business Development

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

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

Shares held by the Board of Directors, the President and CEO, his deputy and the Group's Management Board, December 31, 2010

	Shares	% of shares outstanding
Board of Directors	14,362,970	11.29%
President and CEO	26,000	0.02%
Deputy to the President and CEO	1,000	0.00%
The Group's Management Board excluding the President and CEO and his deputy	11,144	0.01%
Total	14,401,114	11.32%

Share ownership includes individuals' direct holdings and the holdings of their close associates and controlled corporations. The ownership information is presented in more detail in the notes to the financial statements for 2010. Up-to-date information can be found on YIT's website.

Auditor

The Annual General Meeting in 2010 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit governance and accounts in 2010. The auditor with the principal responsibility is Heikki Lassila, Authorised Public Accountant, who has been the auditor with principal responsibility since 2008.

Management's share and share option ownership

On December 31, 2010, the members of YIT Corporation's Board of Directors as well as the President and CEO and his deputy held a total of 14,389,970 (December 31, 2009: 15,707,834) YIT shares, corresponding to 11.3 percent (12.4) of the company's shares and the votes conferred by them. The management was not rewarded with shares, as shares will be rewarded as part of the share-based incentive scheme implemented in 2010 for the first time in 2011.

YIT Corporation's share option programme ended on November 30, 2010, and the President and CEO of YIT Corporation or his deputy did not hold options at the end of 2010.

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, 2010.

Pension, Retirement ages and termination compensation

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

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

MAJOR EVENTS DURING THE FINANCIAL PERIOD

Resolutions passed at the Annual General Meeting

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

YIT Corporation's Annual General Meeting was held on March 10, 2010. The Annual General Meeting adopted the 2009 financial statements and discharged the members of the Board of Directors and the President and CEO from liability. It was decided that a dividend of EUR 0.40 will be paid per share, or a total of EUR 50.0 million, as proposed by the Board of Directors. March 15, 2010, was set as the record date and April 7, 2010, as the payout date. No dividend will be paid to treasury shares. The Annual General Meeting decided to grant the Board the authority to donate the sum of no more than EUR 500,000 to support activities of universities and other higher education institutions.

The Annual General Meeting resolved to elect a Chairman, Vice Chairman and five ordinary members to the Board of Directors. Henrik Ehrnrooth was elected as the Chairman and Reino Hanhinen as the Vice Chairman. Kim Gran, Eino Halonen, Antti Herlin, Satu Huber and Lauri Ratia were elected as members. It was decided to keep the Board of Directors' fees unchanged.

The Annual General Meeting re-elected PricewaterhouseCoopers Oy, Authorised Public Accountants, to audit the administration and accounts of the current financial period. Heikki Lassila, Authorised Public Accountant, appointed by PricewaterhouseCoopers Oy, will continue as chief auditor.

The Annual General Meeting authorised the Board of Directors to decide on the purchase of the company's shares, share issues and disposal of treasury shares, as proposed by the Board of Directors. The key contents of the resolutions are described under Own shares and authorisations of the Board of Directors.

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 10, 2010.

Capital expenditure and acquisitions

Gross capital expenditures on non-current assets included on the balance sheet totalled EUR 129.8 million (1–12/2009: EUR 27.9 million) during January–December, representing 3.4 per cent (1–12/2009: 0.8%) of revenue. Investments in construction equipment amounted to EUR 9.1 million (1–12/2009: EUR 9.0 million) and investments in information technology amounted to EUR 9.5 million (1–12/2009: EUR 7.9 million). Other investments, including acquisitions, amounted to EUR 111.2 million (1–12/2009: EUR 11.0 million). The annual revenue of the acquired businesses is approximately EUR 500 million.

In June, YIT agreed to acquire the business operations of Caverion GmbH, a company providing technical building system services in Central Europe. Caverion's revenue in 2009 was EUR 440 million, of which it gained some 80 percent from Germany. Other countries where the company operates are the Czech Republic, Hungary and Poland. The operating profit for 2009 was EUR 10.9 million. The company's financial position is stable and its net debt is negative. The price of Caverion's shares totalled EUR 73 million. Entry into force of the acquisition requires approval from the competition authorities and it was completed on August 31, 2010. In addition, YIT implemented other, smaller business acquisitions in Building and Industrial Services during 2010, especially in the Nordic countries.

In the International Construction Services segment, YIT increased its holding in YIT Don, operating in Rostov-on-Don, to 100 percent in January and in YIT Citystroi operating in Moscow to 75 percent in July. An agreement whereby YIT acquired a 70 percent holding in the Slovakian construction company Reding a.s. entered into force in October, and the Group's operations expanded to Slovakia as a result.

Business acquisitions and companies consolidated into the Group are discussed in more detail in the notes to the Financial Statements.

Research and development

The development of personnel and operating systems is a part of YIT's daily business operations. Key targets for development in 2010 included the development of service concepts for residential construction and building system maintenance and solutions related to energy saving and production as Group-wide cooperation.

The Group's investments in research and development efforts in 2010 amounted to approx. EUR 17.5 million, representing 0.5 percent of revenue. Investments in research and development efforts in 2009 amounted to approx. EUR 15.2 million (0.4 percent of revenue), in 2008 EUR 19.0 million (0.5 percent of revenue), in 2007 EUR 22.0 million (0.6 percent of revenue) and in 2006 EUR 21.0 million (0.6 percent of revenue).

PERSONNEL

In January–December 2010, the Group employed 24,317 (1–12/2009: 24,497) people on average. At the end of the period, the Group employed 25,832 (12/2009: 23,480) people. In connection with the acquisition made in Central Europe, approximately 2,000 employees were transferred to YIT's Building and Industrial Services segment at the beginning of September. YIT employed approximately 1,000 summer employees during the summer of 2010. At the end of 2010, 88 percent (89%) of the Group's personnel were male and 12 percent (11%) female.

Management by key performance indicators is the Group's management system. During the performance 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. A chance to participate, influence and be consulted contributes to well-being at work.

Performance-based pay is in use at YIT, spurring activities towards achieving the Group's key results, rewarding good performance and improving personnel motivation and commitment. Bonus size depends not only on the financial results, but also on the achievement of personal and teamwork results. Other monetary rewards in use at YIT include new-initiative bonuses and years-of-service bonuses.

Personnel by business segment

	12/10	12/09	Change	12/10	9/10	Change
Building and Industrial Services	19,611	17,557	12%	19,611	19,694	0%
Construction Services Finland	3,209	2,936	9%	3,209	3,221	0%
International Construction Services	2,656	2,647	0%	2,656	2,681	-1%
Corporate Services	356	340	5%	356	347	3%
YIT Group, total	25,832	23,480	10%	25,832	25,943	0%

Personnel by country/region

	12/10	12/09	Change	12/10	9/10	Change
Finland	9,209	9,102	1%	9,209	9,333	-1%
Sweden	4,429	4,193	6%	4,429	4,296	3%
Central Europe	3,930	2,160	82%	3,930	3,863	2%
Norway	3,505	3,248	8%	3,505	3,461	1%
Russia	2,390	2,600	-8%	2,390	2,397	0%
Denmark	1,386	1,269	9%	1,386	1,462	-5%
Baltic countries	983	908	8%	983	1,131	-13%
YIT Group, total	25,832	23,480	10%	25,832	25,943	0%

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

Job satisfaction is measured using an annual personnel survey. Job satisfaction is at a favourable level at YIT. The overall score of the annual personnel survey was 3.77 in 2010 (2009: 3.75) on a scale of 1 to 5, which was over the long-term average (average for 2000–2009: 3.58). The response rate increased from the year before, amounting to 78 percent (2009: 71).

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

Personnel by business segment

The largest segment by personnel was Building and Industrial Services, employing 76 percent (12/2009: 75%) of YIT's personnel. Construction Services Finland employed 12 percent (12/2009: 13%), International Construction Services 10 percent (12/2009: 11%) and Corporate Services 1 percent (12/2009: 1%) of the personnel.

Personnel by country/region

Of YIT's employees, 36 percent worked in Finland (12/2009: 39%), 36 percent (12/2009: 37%) in the other Nordic countries, 15 percent (12/2009: 9%) in Central Europe, 9 percent (12/2009: 11%) in Russia and 4 percent (12/2009: 4%) in the Baltic countries.

Share-based incentive scheme

YIT Corporation's Board of Directors decided on March 10, 2010, to implement a share-based incentive scheme to support the company's strategy of profitable growth and supplement the already available incentive schemes. The scheme aims at promoting the employees in determined work, rewarding their good performance and committing them to long-term persistent work. Members of YIT Corporation's Board of Directors are not included in the share-based incentive scheme.

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

The Board of the company annually decides on the performance criteria and the employees included within the scope of the incentive scheme. In 2010, the share bonus criteria included return on investment and revenue growth. The incentive scheme covered about 250 people in 2010, and its cost effect was about EUR 3.9 million in January–December.

ENVIRONMENTAL ISSUES

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

The most significant environmental business services include solutions to boost energy efficiency in homes, business premises and industry. In addition, YIT participates in energy production, for example, by offering solutions for area- or building-specific energy production and participating in the construction of energy production plants. Energy efficiency projects were carried out for both public and private sector customers in several countries during 2010. The number of low-energy homes built or under construction in Finland exceeded the 1,000 mark, and the first low-energy office building was completed. New solutions for energy savings in buildings and industry were developed as Group-wide cooperation.

STRATEGIC TARGETS AND THEIR ACHIEVEMENT

YIT Corporation's Board of Directors confirmed the Group's strategy for 2011–2013 on August 18, 2010. The key strategic objective is profitable growth. The Group's annual revenue growth target was increased to more than 10 percent on average. The prior target was an average annual revenue growth of 5–10 percent. The Group's other strategic target levels remain unchanged: 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 40–60 percent of net profit for the period.

In terms of business operations, the focus areas of YIT's growth are building system service and maintenance operations and residential construction. Growth will be sought both organically and through acquisitions. YIT seeks growth by strengthening its local market position and through geographical expansion to new countries. Building system services are increased in the Nordic countries and Central Europe and residential construction in Finland, Russia, the Baltic countries and Central Eastern Europe. The Group's potential new market areas are the United Kingdom, the Netherlands and Belgium in building system services and Poland in construction services.

YIT published a stock exchange release on the confirmation of the strategy on August 19, 2010, and materials for the Capital Market Day focusing on the strategic focus areas on September 2, 2010.

Achievement of strategic targets

YIT's financial targets	Target level	Actual 2010
Revenue growth	Annually more than 10% on average	8.8%
Return on investment	20%	14.3%
Operating cash flow after investments	Sufficient for dividend payout and reduction of debt	EUR -61.7 million
Equity ratio	35%	31.9%
Dividend payout	40–60% of net profit for the period	57.9% *)

*) Board of Directors' proposal to the Annual General Meeting to be held on March 11, 2011.

Return on investment and equity ratio fell short of the company's long-term financial targets in 2010. However, return on investment improved considerably during the fourth quarter of 2010.

KEY FIGURES

	2010	2009	2008
Income statement summary			
Revenue, MEUR	3,787.6	3,485.6	3,939.7
Operating profit, MEUR	220.1	168.1	260.6
% of revenue	5.8	4.8	6.6
Profit before taxes, MEUR	194.8	109.5	193.1
Profit for the financial period, MEUR	140.6	68.1	134.3
Attributable to			
Equity holders of the company, MEUR	140.3	68.3	132.9
Minority interest, MEUR	0.3	-0.2	1.4
Other key figures			
Operating cash flow after investments, MEUR	-61.7	229.8	-19.4
Return on equity, %	17.1	8.9	16.5
Return on investment, %	14.3	11.0	17.5
Equity ratio, %	31.9	32.4	30.7
Net financing debt, MEUR	640.9	529.1	644.5
Gearing ratio, %	72.6	69.2	79.8
Gross capital expenditure, MEUR	129.8	27.9	85.2
% of revenue	3.4	0.8	2.2
Research and development expenditure, MEUR	17.5	15.2	19.0
% of revenue	0.5	0.4	0.5
Order backlog on Dec 31, MEUR	3,535.7	2,983.3	3,233.7
Operations outside Finland, MEUR	1857.7	1,885.7	2,072.9
Personnel Dec 31	25,832	23,480	25,784
Number of personnel on average during the year	24,317	24,497	25,057

	2010	2009	2008
Per-share figures			
Earnings/share, EUR	1.12	0.55	1.05
Diluted earnings per share, EUR	1.12	0.55	1.05
Equity/share, EUR	7.04	6.09	6.38
Dividend/share, EUR	0.65*)	0.40	0.50
Dividend per earnings, %	57.9*)	73.2	47.6
Effective dividend yield, EUR	3.5	2.8	10.9
Price/earnings ratio (P/E)	16.7	26.3	4.4
Share price trend			
Average price, EUR	16.35	8.52	10.89
Low, EUR	12.98	4.31	3.70
High, EUR	19.00	14.49	19.99
Price on Dec 31, EUR	18.65	14.45	4.58
Market capitalisation on Dec 31, MEUR	2,332.7	1,807.4	576.2
Share turnover trend			
Share turnover, thousands	127,537	190,057	295,156
Share turnover as percentage of shares outstanding	102.0	151.8	232.2
Weighted average share-issue adjusted number of shares outstanding, thousands	125,078	125,167	127,104
Weighted average share-issue adjusted number of shares outstanding, diluted, thousands	125,078	125,167	127,104
Share issue-adjusted number of shares outstanding on Dec 31, thousands	125,078	125,078	125,798

*) Board of Directors' proposal

Application of IFRIC 15 interpretation

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

The Group's financial performance is presented with both figures compliant with Group-level reporting and figures compliant with segment reporting, referred to as the performance of the segments or the segments total figure. The figures for 2010 and 2009 are comparable. The figures for 2008 are compliant with the previous accounting policy.

YIT published the comparison figures for the financial year 2009, calculated on the basis of the IFRIC 15 interpretation, in a stock exchange release on March 23, 2010. The effects of the application of the interpretation on the figures have been explained in more detail in the notes to the Financial Statements 2010.

Definitions of key financial figures

$$\text{Return on investment (\%)} = \frac{\text{Profit before taxes + interest expenses and other financial expenses +/- exchange rate differences x 100}}{\text{Balance sheet total - non-interest bearing liabilities (average)}}$$

$$\text{Return on equity (\%)} = \frac{\text{Net profit for the financial year x 100}}{\text{Shareholders' equity - own shares + minority interest (average)}}$$

$$\text{Equity ratio (\%)} = \frac{\text{Shareholders' equity - own shares + minority interest x 100}}{\text{Balance sheet total - advances received}}$$

$$\text{Gearing ratio (\%)} = \frac{\text{Interest-bearing liabilities - liquid financial assets x 100}}{\text{Shareholders' equity - own shares + minority interest}}$$

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

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

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

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

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

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

$$\text{Market capitalisation} = \text{(Number of shares - treasury shares) x share price on the closing date by share series}$$

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

FINANCIAL DEVELOPMENT

Revenue of the segments increased

The revenue of YIT's segments increased by 11 percent in January–December compared to the previous year, amounting to EUR 3,847.0 million (1–12/2009: EUR 3,452.4 million). Revenue increased across all segments. Changes in foreign exchange rates increased revenue by EUR 141.0 million compared to the previous year.

The majority of revenue was generated in the Building and Industrial Services segment. The segment's revenue increased compared to the year before as the result of the acquisition completed in Central Europe in September.

Following the IFRIC 15 adjustment, YIT Group's revenue increased by 9 percent from the previous year and was EUR 3,787.6 million for January–December (1–12/2009: EUR 3,485.6 million). The completion schedules of property development projects affect the Group's revenue recognition, and therefore Group-level figures may fluctuate greatly between different quarters. In October–December, several major residential projects were completed, particularly in Russia.

In January-December 2010, Finland accounted for 38.1 percent (45.8%) of the Group's revenue, Sweden for 15.2 percent (15.3%), Central Europe for 14.5 percent (10.7%), Russia for 13.6 percent (9.2%), Norway for 12.3 percent (11.9%), Denmark for 3.7 percent (4.2%) and the Baltic countries for 2.1 percent (2.8%).

Operating profit and profitability of the segments improved

The combined operating profit of YIT's segments increased by 38 percent from the year before and grew to EUR 229.1 million in January–December (1–12/2009: EUR 165.5 million). The operating profit margin calculated on the basis of the segment figures was 6.0 percent (1–12/2009: 4.8%).

Profitability was improved by shifting the focus of operations on residential development projects in Construction Services Finland. The profitability of International Construction Services improved through growth in residential sales and increase in selling prices.

In Building and Industrial Services, YIT emphasised its service and maintenance operations as planned, but the operating profit fell short of the year before due to the low level of new building system and industrial investments.

In addition, the operating profit was weakened by non-recurring expenses amounting to a total of approximately EUR 1.9 million in July–September 2010 associated with the acquisition made in Central Europe, expenses amounting to approximately EUR 1 million connected with post-acquisition personnel reductions in Denmark and expenses amounting to EUR 0.4 million connected with other acquisitions. In addition, October–December profitability was burdened by restructuring expenses of EUR 3.0 million related to the acquisition made in

Central Europe. The profitability of the acquired operations is lower than the profitability of YIT's previous operations.

In Group-level reporting, residential development projects are only recognised as income when a project is completed. Following the IFRIC 15 adjustment, the Group's operating profit increased clearly compared to the previous year, amounting to EUR 220.1 million (1–12/2009: EUR 168.1 million). The Group's operating profit margin was 5.8 percent (1–12/2009: 4.8%).

Increase in residential production and acquisitions increased the order backlog compared to the end of 2009

YIT's segments' order backlog was EUR 3,250.1 million at the end of the year; approximately 17 percent more than at the end of the previous year (12/2009: EUR 2,773.6 million). The order backlog remained relatively unchanged from the end of September, at which time it stood at EUR 3,366.9 million.

An acquisition made in Central Europe at the end of August increased the order backlog at the end of December by EUR 274.9 million in the Building and Industrial Services segment. The order backlog transferred in the acquisition has a lower margin than YIT's earlier order backlog. In Construction Services Finland, the order backlog has clearly grown compared to the previous year as YIT has started up new residential and business premises projects. In International Construction Services, the order backlog remained at the level of the end of September.

After the IFRIC 15 adjustment, YIT Group's order backlog was EUR 3,535.7 million at the end of the year (12/2009: EUR 2,983.3 million).

Earnings per share doubled

Earnings per share increased by 104 percent to EUR 1.12 (1–12:2009: EUR 0.55).

Financial expenses were cut in half compared to the previous year, especially due to lower hedging costs of the ruble.

The Group's profit before taxes increased by 80 percent from the previous year to EUR 194.8 million in January–December (1–12/2009: EUR 109.5 million).

The Group's tax rate normalised in 2010 and amounted to 27.8 percent (1–12/2009: 37.8%). The tax rate was exceptionally high in 2009 as several of the Group's companies in Russia and the Baltic countries made losses, and YIT estimated deferred tax assets conservatively.

CASH FLOW AND FINANCIAL POSITION

Growth in investments – operating cash flow after investments was negative

The Group's operating cash flow after investments amounted to EUR -61.7 million in January-December (1-12/2009: EUR 229.8 million) and EUR -5.6 million in October-December (10–12/2009: EUR 146.4 million). Operating cash flow in 2010 was affected particularly by growth in development production under construction, business acquisitions and plot investments as well as decreased advance payments for contracting.

At the end of December, the Group's investments amounted to EUR 1,672.0 million (12/2009: EUR 1,466.3 million), whereas it was EUR 1,601.4 million at the end of September. Of the Group's invested capital, 32.6 percent (12/2009: 38.0%), or EUR 544.9 million (12/2009: EUR 557.6 million) was invested in Russia. The invested capital in Russia has decreased due to favourable residential sales, even though exchange rate changes of the ruble increased the capital invested in Russia by EUR 29.5 million in January–December. The Group's capital invested in Russia is primarily accounted for by the International Construction Services segment.

Return on investment clearly improved during the last quarter and was 14.3 percent (12/2009: 10.6%) for the last 12 months. 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 3,117.1 million (12/2009: EUR 2,777.1 million).

The Group's financial position remained good: net financial expenses were cut in half

In 2010, YIT continued to diversify and strengthen its capital structure. A bond programme of EUR 400 million was established in March 2010, under which a EUR 100 million bond targeted at domestic investors was issued. The five-year bond carries an annual fixed rate coupon of 4.823 percent.

The Group's liquidity position is strong. Cash reserves amounted to EUR 148.3 million (12/2009: EUR 173.1 million) at the end of December. In addition, available committed credit and overdraft facilities amounted to EUR 245.2 million, including committed credit facility agreements signed in December of EUR 150 million. The committed limit agreements do not include an obligation to maintain financial key ratios, i.e. covenants. In addition, a commercial paper programme amounting to EUR 200 million is available for liquidity management.

The gearing ratio increased slightly compared with the previous year, amounting to 73.4 percent at the end of December 2010 (12/2009: 69.2%). The equity ratio was 31.9 percent (12/2009: 32.4%). Net financing debt increased from the previous year to EUR 640.9 million (12/209: EUR 529.1 million). Dividends of a total of EUR 50.0 million were paid in the second quarter in accordance with the resolution of the Annual General Meeting. During the third quarter of the year, YIT paid EUR 73.0 million for the shares in Caverion GmbH, acquired in Central Europe. The cash reserves of Caverion were EUR 48.0 million when it was transferred to YIT and thus the cash flow effect of the acquisition (net) was EUR -25.0 million.

Net financial expenses decreased to EUR 25.3 million (1–12/2009: EUR 58.6 million), or 0.7 percent (1–12/2009: 1.7%) of the Group's revenue. The exchange rate differences included in the net financial expenses, totalling EUR -7.3 million (1–12/2009: EUR -28.4 million), were comprised almost entirely of costs of hedging debt investments in Russia. The net financial expenses include EUR 8.0 million (1–12:2009: EUR 0.6 million) of capitalisations in compliance with IAS 23. At the end of December 2010, EUR 135.6 million (12/2009: EUR 213.9 million) of the capital invested in Russia was comprised of debt investments and EUR 409.3 million (12/2009: EUR 343.8 million) was equity investments or similar fixed net investments. In accordance with YIT's hedging policy, the debt investments are hedged against exchange rate risk, while equity investments are not hedged due to their permanent nature.

Financial liabilities amounted to EUR 789.1 million (12/2009: EUR 702.2 million) at the end of December, and their average interest rate was 3.4 percent (12/2009: 3.6%). Fixed-interest loans accounted for 60 percent (12/2009: 64%) of the Group's financial liabilities. Of the loans, 36 percent (12/2009: 28%) had been raised directly from the capital and money markets. The maturity distribution of long-term loans is balanced. EUR 98.3 million of long-term loans will mature in 2011.

The total amount of construction-stage contract receivables sold to financial institutions grew as residential development projects increased, amounting to EUR 166.7 million (12/2009: EUR 78.0 million). Of this amount, EUR 160.2 million (12/2009: EUR 69.2 million) is included in interest-bearing liabilities on the balance sheet and the remainder comprises off-balance sheet items in accordance with IAS 39. Due to the favourable operating cash flow for the fourth quarter, construction-stage contract receivables amounting to EUR 59.0 million were repurchased. Interest expenses on receivables sold to financing companies amounted to EUR 2.6 million (1–12/2009: EUR 1.8 million) and these are fully included in the financial expenses of the review period.

Participations in the housing corporation loans of unsold completed residential units decreased to EUR 22.6 million (12/2009: EUR 34.5 million) at the end of December, and they are included in interest-bearing liabilities. The interest on the participations, EUR 0.9 million (1–12/2009: EUR 2.3 million), is included in housing corporation charges and is thus booked in project expenses.

The Group's balanced business structure and solid financial position enable the implementation of YIT's growth strategy and the acquisitions and plot investments required by it.

DEVELOPMENT BY BUSINESS SEGMENT

The development by business segment is presented using figures compliant with segment reporting. The figures for 2010 and 2009 are comparable.

Building and Industrial Services

Key figures

	1-12/10	1-12/09	Change	10-12/10	10-12/09	Change
Revenue, EUR million	2,353.0	2,124.9	11%	777.8	573.9	36%
Operating profit, EUR million	105.1	119.3	-12%	32.4	37.6	-14%
Operating profit margin, %	4.5%	5.6%		4.2%	6.6%	
Return on investment (last 12 months), %	24.3%	31.4%				
	12/10	**12/09**	**Change**	**12/10**	**9/10**	**Change**
Invested capital, EUR million	447.3	418.7	7%			
Order backlog, EUR million	1,264.4	850.4	49%	1,264.4	1,332.1	-5%

Revenue, EUR million	1-12/10	1-12/09	Change	10-12/10	10-12/09	Change
Finland	544.6	594.5	-8%	151.9	144.4	5%
Sweden	576.3	532.3	8%	175.5	157.7	11%
Norway	467.3	414.6	13%	134.0	112.5	19%
Central Europe	545.5	374.6	46%	250.3	104.6	139%
Russia	25.0	9.9	153%	6.4	2.2	191%
Denmark	141.3	145.9	-3%	42.5	37.4	14%
Baltic countries	18.0	18.1	-1%	6.2	4.0	55%
Other countries	35.0	35.0	0%	11.0	11.1	-1%
Total	2,353.0	2,124.9	11%	777.8	573.9	36%

- In Building and Industrial Services, YIT proceeded in service and maintenance operations as planned. Revenue increased in January–December compared to the previous year, especially as the result of an acquisition made in Central Europe. Changes in foreign exchange rates increased revenue by EUR 100.5 million compared to the previous year.
- The growth in revenue continued extensively during the fourth quarter.

However, the segment's operating profit fell short of the year before due to the low level of new building system and industrial investments. In addition, the operating profit was weakened by non-recurring expenses amounting to a total of approximately EUR

1.9 million in July–September 2010 associated with the acquisition made in Central Europe, expenses amounting to approximately EUR 1 million connected with post-acquisition personnel reductions in Denmark and expenses amounting to EUR 0.4 million connected with other acquisitions. In addition, October–December profitability was burdened by restructuring expenses of EUR 3.0 million related to the acquisition made in Central Europe. The profitability of the acquired operations is lower than the profitability of YIT's previous operations.

Operating profit has increased clearly in Central Europe, where YIT has succeeded in improving the profitability of the acquired business operations as planned.

Of the Nordic countries, in 2010 profitability was the highest in Norway. Increasing the share of service and maintenance operations has had a positive impact on profitability in Norway. Profitability has remained at a moderate level also in Finland and Sweden. Profitability was weak in Denmark, mainly due to acquisition-related expenses and low utilisation rate of resources.

The order backlog at the end of December was 49 percent higher than the previous year. The growth of the order backlog has been extensive throughout the business areas of Building and Industrial Services. As a result of the acquisition made in Central Europe at the end of August, the order backlog at the end of December increased by EUR 274.9 million. The transferred order backlog has a lower margin than YIT's earlier order backlog.

Acquisition expands operations in Central Europe

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

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

An acquisition whereby YIT acquired a company offering technical building system services in Central Europe was completed at the end of August. The profitability of the acquired company is below YIT's average profitability, and YIT aims to improve the operating profit margin of the acquired operations by one percentage point per year.

In addition, YIT has implemented several smaller acquisitions in the Nordic countries in January–December, complementing the competence portfolio and geographical service network provided by YIT.

The annual revenue of the business operations acquired in 2010 is approximately EUR 500 million.

Share of revenue accounted for by service and maintenance grew in 2010

YIT's goal is to be the leading provider of technical system maintenance in the Nordic countries and Central Europe. The target is to increase service and maintenance operations at a faster rate than other operations.

Service and maintenance operations generated EUR 1,355.0 million (1–12/2009: EUR 1,151.0 million), or 58 percent (1–12/2009: 54%) of the segment's total revenue. During the fourth quarter, service and maintenance operations generated EUR 404.5 million (10–12/2009: EUR 317.1 million), or 52 percent (10–12/2009: 55%) of the segment's total revenue.

YIT has improved the offering of service and maintenance operations by developing a ServiFlex concept where customers can agree on extensive service entities in a single contract. In Norway, ServiFlex agreements were made on the maintenance of more than 20 properties owned by Vital Eiendom and with the Jakob Hatteland group of companies at three locations.

In Sweden, YIT has agreed with three hospitals and several healthcare centres on the supply, management and maintenance of technical services in Norrbotten County. A framework agreement on the installation and renewal of residential building systems was made with Vellingebostäder AB. In Finland, YIT is responsible for the building system maintenance of five Metsäliitto plants in Äänekoski. In Leuna, Germany, YIT signed an extension contract on facility management at the TOTAL oil refinery, including both building systems and infrastructure.

An agreement was made in October on the expansion of services with Yara Suomi Oy to pump and valve servicing and maintenance of pipework and steel structures at the Uusikaupunki, Harjavalta and Siilinjärvi plants.

Buildings and industry need energy-saving services

YIT aims to be a leader in energy-saving services for buildings and industry, where demand is expected to increase in the next few years. The demand for energy efficiency services is supported by the tightening of legislation and the increase in energy prices: customers increasingly pay attention to energy consumption and savings potential. Energy-saving may be part of both new construction and renovation projects as well as maintenance agreements.

In Germany, a ten-year energy-saving project will be carried out at Germany's Foreign Office premises in Berlin. Energy savings will be pursued at ten Statkraft power stations in Norway through the renewal of automation systems. In Finland, an agreement on the total delivery of an energy-saving project was signed with the Town of Akaa, where the old heating systems of the school and sports centre will be converted to utilise bioenergy. With regard to industrial services, YIT will implement an energy-saving project at Outokumpu's steel mill in Tornio, replacing the cold rolling mill's existing system of 50 separate cooling compressors with a new cooling system based on absorption technology. In addition, YIT will be in charge of the operation and maintenance of the plant for seven years.

New investments still low

New investments in building systems recovered slightly, but still remained at a low level. Demand among industrial customers was focused on service and maintenance, and the demand for new investments remained at a low level as a whole.

According to a framework agreement made in December, YIT will deliver security solutions to 45 Avinor airports in Norway. In December, YIT agreed with the City of Mikkeli, Finland, that YIT will assume responsibility for the technical maintenance services and renovation of the city premises from the beginning of 2011.

In Germany, YIT will build the local heating network in Bodenmais and supply ventilation systems to the Brandenburg airport in Berlin, Byk-Chemie and the new Centre Charlemagne museum in Aachen, for example. In Poland, building systems will be delivered to the Wroclaw main railway station and Lodz airport, among others. In Lithuania, YIT will design and install all technical building systems, including clean rooms, to the Kaunas University of Medicine pharmacy and the plant of Viltechmeda, a company manufacturing medical instruments.

With regard to industrial services, the overhaul of furnace 2 of Rautaruukki's Raahe mill was agreed on in November.

Construction Services Finland

Key figures

	1-12/10	1-12/09	Change	10-12/10	10-12/09	Change
Revenue, EUR million	1,102.0	1,029.7	7%	294.2	290.6	1%
Operating profit, EUR million	108.1	81.9	32%	29.4	20.3	45%
Operating profit, %	9.8%	8.0%		10.0%	7.0%	
Return on investment (last 12 months), %	34.3%	20.5%				
	12/10	**12/09**		**12/10**	**9/10**	
Invested capital, EUR million	328.9	315.7	4%			
- of which plot reserves, EUR million	285.7	325.6	-12%	285.7	283.5	1%
Order backlog, EUR million	1,173.2	1,007.5	16%	1,173.2	1,205.2	-3%

Residential construction in Finland, number of residential units

	1-12/10	1-12/09	Change	10-12/10	7-9/10	4-6/10	1-3/10
Sold	2,432	3,502	-31%	478	576	755	623
- of which directly to consumers	1,890	1,567	21%	478	435	471	506
Start-ups	3,092	3,447	-10%	547	908	1 067	570
- of which directly to consumers	2,550	1,528	67%	547	767	783	453
Completed	2,249	1,562	44%	473	657	751	368
- of which directly to consumers	857	1,337	-36%	298	184	272	103
Under construction at the end of the period	4,360	3,773	16%	4,360	4,543	4,292	3,975
- of which sold at the end of the period	2,902	2,928	-1%	2,902	3,035	3,101	3,132
For sale at the end of the period	1,570	1,061	48%	1,570	1,624	1,324	1,011
- of which completed	112	216	-48%	112	116	133	168

- Revenue increased in January–December as production volumes remained at a high level in residential construction and business premises construction picked up.
- Profitability improved considerably while operations focused on residential property development projects.
- The order backlog increased considerably from the previous year as YIT started up new residential and business premises projects.
- The segment's capital tied into plot reserves totalled EUR 285.7 million (12/2009: EUR 325.6 million) at the end of December. The plot reserves included 1,639,000 (12/2009: 1,630,000) m^2 of floor area of residential plots and 857,000 (12/2009: 908,000) m^2 of floor area of plots for business premises.

Residential sales continued steadily – sales inventory was increased with new start-ups

YIT's goal is to strengthen its position as the largest housing developer in Finland. Residential sales continued to be good during the fourth quarter, especially for low- and mid-price residential units. In January–December, YIT sold 1,890 (1–12/2009: 1,567) residential units directly to consumers: 506 in the first, 471 in the second, 435 in the third and 478 in the fourth quarter. Housing prices have increased at a moderate rate.

The focus of housing construction has been successfully shifted to residential development projects aimed directly at consumers in accordance with market demand. YIT has started the construction of a total of 2,550 residential units aimed directly at consumers in January–December, of which 547 were started during the fourth quarter. The number of rental housing project start-ups has decreased compared to the year before. In 2010, YIT has actively replenished its plot reserves by acquiring plots and making preliminary agreements amounting to a total of approximately 480,000 m^2 of floor area. The company therefore has good opportunities for start-ups in 2011 as well.

The new residential start-ups have maintained the merchandise inventory at a sufficiently high level. At the end of December, YIT had 1,570 (12/2009: 1,061) unsold residential units. The number of completed, unsold residential units has decreased to a low level, amounting to 112 (12/2009: 216) at the end of December. Two-thirds of the residential units under construction have been sold, which decreases YIT's sales risk.

Business premises market shows signs of picking up

The construction of business premises picked up as the year advanced. The decrease in business premise rents has stopped, and investors' yield requirements have somewhat decreased.

The construction of the Triotto office project was started as a development project in Käpylä, Helsinki, in December. The renting and construction of property development projects started earlier in 2010, the Tiilitie Trade Park in Petikko, Vantaa, with office, warehouse, production and retail facilities, and Business Park Safiiri in Espoo, were continued. The first building of the Tiilitie Logistics project has been rented in full. In 2010, YIT leased a total of approximately 80,000 m^2 of premises from the projects to its customers.

With regard to projects started earlier this year, for example, the shopping centre connected with the development of the Hyvinkää centre quarter, in which the value of YIT's construction and building system work is EUR 100 million, was under construction. YIT is implementing a MotorCenter area focusing on automotive-related services and equipment in Konala, Helsinki.

YIT is also actively engaged in renovation: YIT will renovate an office building of 9,200 m^2 in Pitäjänmäki, Helsinki, for Aberdeen. In Espoo, YIT will carry out the renovation of the VTT Technical Research Centre of Finland's Fire Safety Technology Laboratory.

Fewer municipal investments in infrastructure services

IThe demand for infrastructure construction has remained relatively stable, but investments by the municipal sector have decreased and decision-making has been delayed. Major road projects are expected to start this year and the next year, such as the construction of a second rail track between Kokkola and Ylivieska and the construction and renovation of the E18 motorway between Koskenkylä and Kotka. YIT is participating in the tenders for the projects, which will be implemented using the Public-Private-Partnership, or PPP, model, in cooperation with Destia. In the Kokkola-Ylivieska rail track tenders and E18 project, the order authorization exceeds EUR 1 billion. In addition, with regard to infrastructure services, opportunities will open in rock engineering, investments by the mining industry and the outsourcing of municipalities' technical services.

During January–December, YIT had large-scale road projects under construction in infrastructure services, such as the major project related to the improvement of the Kehä I ring road, a project involving bridge and road work in Savonlinna, and a tunnel for the Kehärata (Ring line) project in Vantaa.

International Construction Services

Key figures

	1-12/10	1-12/09	Change	10-12/10	10-12/09	Change
Revenue, EUR million	470.6	359.4	31%	139.7	113.0	24%
Operating profit, EUR million	34.7	-17.8		13.4	7.5	79%
Operating profit, %	7.4%	-5.0%		9.6%	6.6%	
Return on investment (last 12 months), %	5.2%	-2.7%				
	12/10	**12/09**		**12/10**	**9/10**	
Invested capital, EUR million	677.3	681.3	-1%			
- of which plot reserves, EUR million	303.6	246.5	23%	303.6	282.8	7%
Order backlog, EUR million	870.8	960.1	-9%	870.8	884.8	- 2%

- Revenue increased on the previous year as a result of strong residential sales, progress of construction and higher selling prices.
- Operating profit improved particularly through increased residential selling prices, successful balancing of sales and pricing, and streamlining measures in YIT's own cost structure implemented in 2009.
- The order backlog decreased slightly compared to the end of September. The segment's order backlog was improved by the strengthening of the ruble, which had an impact of EUR +16.0 million in October–December. The order backlog includes residential units whose construction was suspended in Russia in October 2008 due to market uncertainties. At the end of December 2010, the value of projects that were still suspended amounted to EUR 137.1 million (12/2009: EUR 282 million).
- The segment's capital tied into plot reserves totalled EUR 303.6 million (12/2009: EUR 246.5 million) at the end of December. The plot reserves included 2,498,000 (12/2009: 2,327,000) m^2 of floor area of residential plots and 712,000 (12/2009: 699,000) m^2 of floor area of plots for business premises in Russia, the Baltic countries, the Czech Republic and Slovakia.

Russian residential sales remained favourable - a considerable number of units were completed during the fourth quarter

YIT has operated in Russia for 50 years, and the company aims to increase housing production in Russia according to market demand in the current cities and improve its reputation as a reliable housing construction company. Russia generated 88 percent (1–12/2009: 85%) of the segment's revenue for January–December. Revenue increased by 35 percent in Russia compared with the previous year, amounting to EUR 412.0 million (1-12/2009: EUR 305.7 million). The capital tied into plot reserves in Russia totalled EUR 223.6 million (12/2009: EUR 171.7 million) at the end of December. The plot reserves included 2,124,000 (12/2009: 1,974,000) m^2 of floor area of residential plots and 563,000 (12/2009: 563,000) m^2 of floor area of plots for business premises. During the year, YIT acquired approximately 300,000 m^2 of residential building rights in the cities where it operates in Russia.

In Russia, the focus of operations is on residential development projects in St Petersburg, Moscow and cities in the Moscow region, Yekaterinburg, Rostov-on-Don and Kazan. The majority of residential start-ups have taken place in St. Petersburg and the Moscow Oblast. Especially during the fourth quarter, start-ups took place in Yekaterinburg and Kazan as well.

In 2010, residential sales increased from the year before. In January–December, YIT sold 3,073 residential units (1–12/2009: 2,612) in Russia. The number of residential units sold during the first quarter was 817 units, during the second quarter 682, during the third quarter 717 and during the fourth quarter 857. Sales for the fourth quarter included 98 residential units sold to a corporate customer, which in part increased the sales volume.

Residential sales have been supported by YIT's established position as a reliable construction company in Russia, YIT's own marketing and promotion measures and extensive housing loan cooperation with banks. Loan financing was utilised in 28 percent of YIT's residential sales in 2010. The significance of loan financing has increased during the course of the year, and in the fourth quarter, the customer has taken out a housing loan in 42 percent of YIT's residential sales. Residential demand is supported by the gradual improvement of the economy, consumer confidence remaining at a good level, increased availability of loans to customers and decreased housing loan interest rates.

The development of prices in the Russian residential market was uneven in 2010, and the average selling prices decreased in some cities. The supply of new residential units increased during the year as YIT and competitors continued the construction of suspended projects and new residential start-ups. The increased share of projects that are in their early stage of construction in the supply had a decreasing impact on average prices, especially in the St. Petersburg and Moscow Oblast markets.

During the fourth quarter of 2010, the average price level of new residential units in Russia remained stable. The favourable demand for completed residential units and residential units close to completion made it possible to increase the prices slightly during the fourth quarter, especially in St. Petersburg. Demand also picked up in the Moscow Oblast towards the end of the year.

YIT has started new residential projects in Russia in response to demand since the second half of 2009. The number of residential units for sale has increased slightly during the year, amounting to 4,211 (12/2009: 3,603) at the end of December. The number of completed unsold residential units increased to 805 at the end of December (12/2009: 1,243).

The number of residential units under construction decreased during the fourth quarter as several large residential projects with a total of 2,486 residential units were completed in October–December. 3,426 residential units were completed during the year as a whole (1–12/2009: 4,960). After the handover of residential projects, YIT offers its customers service and maintenance. At the end of 2010, the service covered approximately 7,000 residential units in St. Petersburg and the Moscow Oblast.

Residential construction in Russia, number of residential units

	1-12/10	1-12/09	Change	10-12/10	7-9/10	4-6/10	1-3/10
Sold	3,073	2,612	18%	857	717	682	817
Start-ups	3,683	672	448%	1,140	671	1,074	798
Completed [1)]	3,426	4,960	-31%	2,486	299	320	321
Under construction at the end of the period	4,457	4,174	7%	4,457	5,797	5,425	4,671
- of which sold at the end of the period	1,051	1,814	-42%	1,051	2,468	2,094	1,986
For sale at the end of the period	4,211	3,603	17%	4,211	3,931	3,977	3,585
- of which completed	805	1,243	-35%	805	602	646	900

1) Completion of the projects requires commissioning by the authorities.
2) At the end of December 2010, YIT had 685 (12/2009: 2,145) residential units at Russian sites whose construction was suspended in the autumn of 2008. These residential units are not included in the figure for residential units under construction shown in the table. Changes in the number of residential units may take place after the start of construction due to the division or combination of residences.

Construction of business premises is picking up slowly in Russia

As a whole, YIT's volume in the Russian business premises market was low in 2010. Extension work for Atria's factory was completed during the year. Marketing of the Gorelovo industrial park close to St. Petersburg has been continued. The competitive advantages of the area are its good location and completed infrastructure connections. The demand for the area increased during the year, and negotiations with potential customers will continue.

Bottom of the residential market has been bypassed in the Baltic countries and Central Eastern Europe

YIT's aim is to increase its residential production in the Baltic and Central Eastern European countries. Estonia, Latvia, Lithuania, the Czech Republic and Slovakia accounted for 11 percent (1–12/2009: 13%) of the segment's revenue for January–December. Revenue generated in these countries increased by 14 percent compared to the year before to EUR 51.1 million (1–12/2009: EUR 44.8 million). The capital tied into plot reserves in the Baltic countries, the Czech Republic and Slovakia totalled EUR 80.0 million (12/2009: EUR 74.8 million) at the end of December. The plot reserves included 374,000 (12/2009: 353,000) m^2 of floor area of residential plots and 149,000 (12/2009: 136,000) m^2 of floor area of plots for business premises. During 2010, YIT acquired 15,000 m^2 of floor area of new residential plots to support its growth in the Czech Republic.

The focus of YIT's operations was shifted from contract production to residential construction. During the first quarter of 2010, YIT started its first new residential construction projects for more than two years in the Baltic countries. In the third quarter, YIT Stavo started the construction of its first housing project in the Czech Republic, to which country the Group expanded its operations through an acquisition in 2008. In October, the Group's operations expanded to Slovakia when YIT acquired a 70 percent holding in a construction company focusing on residential and business premises construction. In total, the construction of 482 (1–12/2009: 0) residential units was started in the Baltic countries and the Czech Republic, of which 111 were in the first quarter, 122 in the second quarter, 96 in the third quarter and 153 in the fourth quarter. At the end of December, there were 376 (12/2009: 0) residential units under construction, including YIT Reding's project of 60 residential units close to Bratislava.

YIT's residential inventory is still low in the Baltic countries, the Czech Republic and Slovakia. In January–December, a total of 73 (1–12/2009: 256) residential sales were sold in these countries. Residential sales accelerated towards the end of the year, and 40 residential units were sold during the fourth quarter. At the end of December, there were 449 (12/2009: 40) residential units for sale, of these 116 were (12/2009: 40) completed. The number of residential units completed during 2010 was 106 (1–12/2009: 592). All of the residential units completed in 2010 were completed during the fourth quarter.

Residential demand and prices have turned to moderate growth in the Baltic countries, the Czech Republic and Slovakia. The demand for new residential units is gradually picking up with the upswing of the economy, but it is still at a low level quantitatively. As a whole, the construction market situation continued to be challenging, especially in the Baltic countries.

RISKS AND RISK MANAGEMENT

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

The most significant strategic risks are connected with changes in the operating environment, implementation of acquisitions and management of capital. Changes in economic, demographic, technological and political factors have an effect on the demand for YIT's services and the prevailing level of costs. The key is to manage risks related to the operating environment in the International Construction Services segment where the focus of operations is on investment-intensive residential development production in Russia, the Baltic countries and Central Eastern Europe.

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

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

The Group's aim is to grow profitably, both organically and through acquisitions. The Building and Industrial Services business has grown in Central Europe as the result of an acquisition completed at the end of August, and the integration and business development of the acquired companies has started according to plans.

YIT's typical operational risks include risks related to plot investments, sales risk of residential and commercial development projects and risks related to contract tenders, service agreements, project management and personnel. YIT manages sales risk by matching the number of housing start-ups with the estimated residential demand and the number of unsold residential units (the figures for residential production are presented under Development by business segment) and by normally securing key tenants and the investor prior to starting a business premises project.

YIT tests the value of its plots as required by the IFRS accounting principles. Plot reserves are measured at acquisition cost and the plot value is impaired when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs. No write-offs were made to plots in 2010.

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

YIT's most significant currency risk is the currency risk related to investments in ruble terms. Capital invested in Russia totalled EUR 544.9 million (12/2009: EUR 557.6 million) at the end of the period. The amount of net equity investments at the end of the period was EUR 409.3 million (12/2009: EUR 343.8 million). The net investments in the Russian subsidiaries are unhedged in accordance with the finance policy, and a potential devaluation of the ruble would have a negative impact equal to the amount of equity on the Group's shareholders' equity. Debt investments amounted to EUR 135.6 million (12/2009: EUR 213.9 million) at the end of the period, and this exposure was hedged in full. The difference in the interest rates between the euro and ruble have an effect on hedging costs and therefore net financial expenses.

Possible event risks include accidents related to personal or information security and sudden and unforeseen material damage to premises, project sites and other property, such as due to fire, collapse and theft. YIT complies with a group-wide security policy covering the different areas of security.

A more detailed account of YIT's risk management policy and the most significant risks is published in the Annual Report 2010. Financing risks are described in more detail in the notes to the Financial Statements for 2010.

SHARES AND SHARE OPTION PROGRAMMES

YIT's shares and share options are listed on the NASDAQ OMX Helsinki. YIT is in the sector group 'Industrial products and services'. The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

The General Meeting decides on share option issues and the terms and conditions of the option programmes. Shares could be subscribed for in 2010 under the Series N share options issued by YIT Corporation in 2006 between April 1 and November 30, 2010. No shares were subscribed for during the period with the share options. The share option programme ended on November 30, 2010.

Share capital and number of shares

YIT Corporation's share capital and the number of shares outstanding did not change during the review period.

YIT Corporation's share capital was EUR 149,216,748.22 at the beginning of the review period (2009: EUR 149,216,748.22), and the number of shares outstanding was 127,223,422 (2009: 127,223,422).

Treasury shares and authorisations of the Board of Directors

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

The Annual General Meeting of YIT Corporation resolved on March 10, 2010, to authorise the Board of Directors to purchase the company's shares as proposed by the Board of Directors. The authorisation covers the purchasing of a maximum of 10,500,000 company shares using the company's unrestricted equity. The authorisation is valid for 18 months after its granting. The authorisation overrides the authorisation to purchase the company's own shares issued by the Annual General Meeting on March 11, 2009.

The Annual General Meeting authorised the Board of Directors to decide on share issues as proposed by the Board of Directors. The authorisation can be used in full or partially by issuing shares in the company in one or more share issues so that the total number of shares issued is 25,000,000.

The share issue authorisation also includes the Board of Director's authorisation to decide on the transfer of a maximum of 12,645,000 treasury shares and on all of the terms and conditions of the transfer. The authorisation is valid for five years after its granting. The authorisation overrides the authorisation to dispose of the company's own shares issued by the Annual General Meeting on March 11, 2009.

YIT Corporation held 2,145,000 treasury shares at the beginning of the review period, purchased on the basis of the authorisation given by the General Meeting of October 6, 2008. The number of shares held by the company did not change during the review period. During the period, no shares in the parent company were owned by subsidiaries. There were no share issues during the period 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 authorisations to issue convertible bonds or bonds with warrants.

Trading in shares and share options

The closing rate of YIT's share on the last trading day of 2010 was EUR 18.65 (2009: EUR 14.45). The share price increased by 29 percent during the year. The highest price of the share in 2010 was EUR 19.00 (2009: EUR 14.49), the lowest was EUR 12.98 (2009: EUR 4.31) and the average price was EUR 16.35 (2009: EUR 8.52). Share turnover on OMX Nasdaq in January–December 2010 amounted to 127,536,954 shares (1–12/2009: 190,057,125). The value of turnover was EUR 2,085.0 million (1–12:2009: EUR 1,631.4 million).

YIT Corporation's market capitalisation at the end of the period was EUR 2,332.7 million (12/2009: EUR 1,807.4 million). The market capitalisation has been calculated excluding the shares held by the company.

A total of 64,867 Series N share options issued in 2006 were traded in January–December at an average price of EUR 0.70. No shares were subscribed for during the period with the share options. During the corresponding period of the previous year, no N share options were traded.

SHAREHOLDERS

At the end of the year, the number of registered shareholders was 32,476 (2009: 29,678). The number of private investors increased by approximately 2,400 during 2010. At the end of December, a total of 37.9 percent (2009: 36.5%) of the shares were owned by nominee-registered and non-Finnish investors.

Flagging notification

During January–December 2010, one "flagging notification" of change in ownership in YIT Corporation was made in accordance with Chapter 2, section 9 of the Securities Market Act. Varma Mutual Pension Insurance Company gave notification that its holdings had increased to above 5 percent of YIT Corporation's shares and votes following a share transaction on May 21, 2010. The company held a total of 6,570,908 YIT shares, which equals 5.17 percent of YIT Corporation's shares.

Ownership by shareholder groups, December 31, 2010

	Number of shareholders	Proportion, %	Number of shares	Proportion, %
Nominee registered and non-Finnish	130	0.4	48,259,914	37.9
Households	29,568	91.1	25,319,607	19.9
General government	46	0.1	18,948,257	14.9
Financial and insurance corporations	128	0.4	15,848,914	12.5
Non-profit institutions	503	1.6	9,066,604	7.1
Non-financial corporations and housing corporations	2,101	6.5	9,780,126	7.7
Total	32,476	100.0	127,223,422	100.0

Shareholders December 31, 2010

	Number of shares	% of shares and votes
1. Structor S.A.	13,400,000	10.5
2. Varma Mutual Pension Insurance Company	6,820,908	5.4
3. Mandatum Life	5,097,950	4.0
4. Ilmarinen Mutual Pension Insurance Company	4,433,685	3.5
5. YIT Corporation	2,145,000	1.7
6. Svenska litteratursällskapet i Finland r.f.	1,874,200	1.5
7. Etera Mutual Pension Insurance Company	1,843,569	1.5
8. Tapiola Mutual Pension Insurance Company	1,785,000	1.4
9. State Pension Fund	1,611,662	1.3
10. OP-Delta Equity Fund	1,475,000	1.2
11. Brotherus Ilkka	1,324,740	1.0
12. Odin Norden	1,307,966	1.0
13. Kaleva Mutual Insurance Company	807,603	0.6
14. Nordea Fennia Fund	798,385	0.6
15. Veritas Pension Insurance Company	680,000	0.5
Nominee registered shares	31,849,847	25.0
Others total	49,967,907	39.3
Total	127,223,422	100.0

Ownership by number of shares held, December 31, 2010

Number of shares	Number of shareholders	Proportion, %	Number of shares	Proportion, %
1 – 100	7,784	24.0	517,635	0.4
101 – 500	13,623	41.9	3,907,778	3.1
501 – 1,000	5,320	16.4	4,198,409	3.3
1,001 – 5,000	4,651	14.3	10,199,421	8.0
5,001 – 10,000	588	1.8	4,285,249	3.4
10,001 – 50,000	376	1.2	7,997,506	6.3
50,001 – 100,000	56	0.2	3,806,295	3.0
100,001 – 500,000	54	0.2	12,595,490	9.9
500,001 –	24	0.1	79,715,639	62.7
Total	32,476	99.9	127,223,422	100.0

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

OUTLOOK FOR 2011

YIT Corporation estimates that in 2011, the combined revenue of the business segments will grow and operating profit will grow clearly compared to 2010. The profit outlook is based on segment reporting, i.e. recognition of income based on the percentage of completion.

YIT estimates residential sales to continue to be good in both Finland and Russia. In particular, residential construction activity in Russia and increasing the share of building system service and maintenance provide opportunities for improving profitability.

Building and Industrial Services

In Building and Industrial Services, the service and maintenance market is estimated to grow at a faster rate than the project market, which is dependent on new investments. The opportunities for growth in service and maintenance are favourable in all countries, the German market in particular offers good growth opportunities. The building system services market is developing in Eastern Europe and Russia, but it will take some time for the culture of purchasing services to consolidate itself. New investments in building systems will remain at a relatively low level throughout YIT's market area due to the low level of business premises construction and the post-cyclical nature of building system services. New investments in building systems are expected to grow by 2–3 percent in business premises construction and 3–5 percent in residential construction.

Streamlining measures in the private sector and public administration open opportunities for outsourcing of facility services, even though the slowing down of decision-making in the public sector is a risk. Growth in the demand for energy-efficiency services is possible in the next few years with high energy prices and tightening environmental legislation. Investments by industrial customers began to increase in Finland in the previous year, and their increase is expected to continue. The demand for industrial maintenance services will continue to be relatively steady.

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

Construction Services Finland

With regard to Construction Services Finland, housing demand is expected to continue to be good. In Finland, the demand is supported by low interest rates, strong consumer confidence in personal finances and structural factors, such as migration, population growth and decreasing family sizes. According to the construction industry's estimates, the construction of 30,500 residential units will start in 2011, while the VTT's long-term estimate of the need for new housing is 35,000 residential units per year.

The supply situation of new residential units has normalised, and the supply of new residential units on the market is moderate. YIT actively started new residential projects in 2010, which offers the company a solid starting point for 2011. The increase in the prices of residential units has levelled off. YIT expects prices to continue to increase at a moderate rate. Construction costs have begun to increase moderately. YIT's good plot reserves and geographically extensive operations make it possible to continue residential development start-ups and residential production at a high level in 2011.

The business premises market shows signs of picking up: investors' yield requirements have decreased and rents of business premises are expected to begin rising in 2011. Vacancy rates are still high, and new investments in office property is likely to remain at a relatively low level. A number of offices, especially old and vacant ones, will not return to use as business premises due to poor location or condition. The demand for the construction of logistics and business premises is moderate. The need for renovation will rise steadily.

YIT has major road projects underway in infrastructure services, and the Finnish infrastructure market will see new traffic-related projects being started in 2011 and 2012. Opportunities will also open up in road and regional maintenance contracts and investments in mining operations. The need for stabilising public finance has an impact on the public sector's investments, and there is an element of uncertainty connected with the project start-up decisions. The competition in infrastructure construction will remain tight, and the first two quarters are expected to be quieter than the last two quarters. YIT has special expertise in infrastructure and a solid position as the largest private provider of road maintenance services in Finland.

International Construction Services

YIT aims to consolidate its position throughout the business area of the International Construction Services segment.

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 strong in the long term. The demand for housing in Russia is supported by improved consumer confidence, improved availability of housing loans and decreased interest rates. In Russia, housing demand also depends on oil prices and the ruble exchange rate.

Housing prices have stabilised at the end of 2010. The supply in the residential market has normalised with the start-up of new residential projects. YIT has strengthened its reputation as a reliable construction company and developed its sales process. The availability of loans to customers has been improved through extensive cooperation with banks.

The residential market is showing signs of picking up in the Baltic countries and Central Eastern Europe as well. Consumers need more room and quality of housing in the long term in the Baltic countries and Central Eastern Europe. In these countries, the average housing prices have begun to increase at a moderate rate. In particular, demand has improved in city centres.

Residential start-ups will be increased in 2011 in accordance with the demand throughout the area of operations of International Construction Services: Russia, the Baltic countries, the Czech Republic and Slovakia. So far, the business premises market has been softer than residential construction in all of the countries where International Construction Services are present. Construction of offices is low in Russia, but the demand for industrial and business premises is increasing.

Residential demand and housing prices are expected to increase throughout the area of operations of International Construction Services, which provides opportunities for improving profitability, particularly in Russia, which provides opportunities for improving profitability. Accelerating inflation in Russia will also be translated into increasing production costs.

Consolidated financial statements, IFRS

CONSOLIDATED INCOME STATEMENT

1,000 EUR	Note	2010	2009
Revenue	2,4,5	3,787,626	3,485,569
Other operating income	6	9,608	9,093
Change in inventories of finished goods and in work in progress		-81,694	-134,988
Production for own use		764	2,136
Materials and services for own use		-1,807,435	-1,623,815
Personnel expenses	9	-1,174,975	-1,091,204
Other operating expenses	7,10	-477,289	-444,430
Share of results in associated companies	16	-518	-562
Depreciation and value adjustments	8	-35,946	-33,613
Operating profit		220,141	168,186
Financial income		3,711	4,476
Exchange rate differences (net)		-7,349	-28,437
Financial expenses		-21,673	-34,674
Financial income and expenses	11	-25,311	-58,635
Profit before taxes		194,830	109,551
Income taxes	12	-54,209	-41,379
Net profit for the financial year		140,621	68,172
Attributable to:			
Equity holders of the company		140,321	68,357
Minority interest		300	-185
Earnings per share for profit attributable to the equity holders of the Company during the financial year			
Basic earnings per share, EUR	13	1.12	0.55
Diluted earnings per share, EUR		1.12	0.55

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1,000 EUR	Note	2010	2009
Profit for the report period		140,621	68,172
Other comprehensive income:			
Change in the fair value of interest derivatives		-977	-31
- Deferred tax asset		254	8
Changes in fair value		22	24
Change in translation differences		29,190	-5,074
Other change			-625
Other comprehensive income, total		28,489	-5,698
Total comprehensive income		169,110	62,474
Attributable to:			
Equity holders of the parent		168,712	63,248
Minority interests		398	-774

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

CONSOLIDATED BALANCE SHEET

1,000 EUR	Note	12/31/10	12/31/09	1/1/09
ASSETS				
Non-current assets				
Tangible assets	14	106,745	99,808	104,607
Goodwill	15	350,908	290,964	290,964
Other intangible assets	15	50,479	32,789	35,143
Investments in associated companies	16	2,717	3,235	3,823
Other investments	17	3,387	2,032	2,511
Receivables	18	15,871	14,402	12,673
Deferred tax receivables	19	44,734	43,071	40,364
Total non-current assets		574,841	486,301	490,085
Current assets				
Inventories	20	1,484,942	1,477,635	1,715,411
Trade and other receivables	21,3	889,272	640,117	731,159
Cash and cash equivalents	22	148,253	173,085	201,738
Total current assets		2,522,467	2,290,837	2,648,308
		3,097,308	2,777,138	3,138,393
Assets held for sale	35	19,813		
TOTAL ASSETS		3,117,121	2,777,138	3,138,393

1,000 EUR	Note	12/31/10	12/31/09	1/1/09
EQUITY AND LIABILITIES				
Equity attributable to the equity holders of the Company	23			
Share capital		149,217	149,217	149,217
Legal reserve		1,960	1,696	1,375
Other reserves			11,598	13,857
Treasury shares		-10,636	-10,636	-6,604
Translation differences		-14,292	-42,456	-35,219
Fair value reserve		-2,382	-1,681	-1,682
Retained earnings		756,139	654,163	643,741
		880,006	761,901	764,685
Non-controlling interest		2,877	2,221	3,824
Total equity		882,883	764,122	768,509
Non-current liabilities				
Deferred tax liabilities	19	77,193	66,753	63,135
Pension obligations	24	26,914	17,606	19,684
Provisions	25	49,469	48,984	44,989
Borrowings	26	504,564	501,982	516,169
Other liabilities	27	10,280	3,342	4,040
Non-current liabilities		668,420	638,667	648,017
Current liabilities				
Trade and other liabilities	27	1,200,085	1,118,287	1,283,982
Income tax liabilities		18,745	15,294	14,461
Provisions	25	45,191	40,555	43,597
Borrowings	26	284,584	200,213	379,827
Total current liabilities		1,548,605	1,374,349	1,721,867
Liabilities of assets held for sale	35	17,213		
Total liabilities		2,234,238	2,013,016	2,369,884
TOTAL EQUITY AND LIABILITIES		3,117,121	2,777,138	3,138,393

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

CONSOLIDATED CASH FLOW STATEMENT

1,000 EUR	Note	2010	2009
Cash flow from operating activities			
Net profit for the financial year		140,621	68,172
Adjustments for			
Depreciations		35,946	33,613
Reversal of accrual-based items		15,247	33,493
Financial income and expenses		25,311	58,635
Gains on the sale of tangible and intangible assets		-414	-678
Taxes		54,209	41,379
		130,299	166,442
Change in working capital			
Change in trade and other receivables		-77,261	98,060
Change in inventories		60,293	173,594
Change in trade and other payables		-135,467	-154,088
		-152,435	117,566
Interest paid		-27,580	-35,340
Other financial items, net cash flow		-37,154	-22,020
Interest received		3,440	4,725
Dividends received		88	21
Taxes paid		-50,479	-38,688
Net cash generated from operating activities		6,800	260,878

1,000 EUR	Note	2010	2009
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash	3	-45,427	-7,541
Disposals of associated companies			35
Purchases of property, plant and equipment	14	-19,879	-20,777
Purchases of intangible assets	15	-8,351	-7,247
Increases in other investments		-1,355	
Proceeds from sale of tangible and intangible assets		6,502	4,125
Proceeds from sale of other investments		-24	280
Net cash used in investing activities		-68,534	-31,125
Operating cash flow after investments		-61,734	229,753
Cash flow from financing activities			
Proceeds from borrowings	26	100,000	60,000
Repayment of borrowings	26	-50,495	-110,648
Change in loan receivables		0	9
Change in current lliabilities, net	26	34,199	-138,598
Payments of financial leasing debts		-71	-227
Purchase of treasury shares	23	0	-4,032
Dividends paid and other distribution of assets		-51,175	-63,368
Net cash used in financing activities		32,458	-256,864
Net change in cash and cash equivalents		-29,276	-27,111
Cash and cash equivalents at the beginning of the financial year		173,082	197,740
Foreign exchange rate effect on cash and cash equivalents		3,819	2,453
Cash and cash equivalents at the end of the financial year	22	147,625	173,082

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									
		Share capital	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity on Jan 1, 2009	**Note**	149,217	1,375	13,857	-35,219	-1,682	-6,604	682,183	803,127	4,555	807,682
Change in accounting principles, IFRIC 15					-2,258			-36,184	-38,442	-731	-39,173
Restated equity on Jan 1, 2009		149,217	1,375	13,857	-37,477	-1,682	-6,604	645,999	764,685	3,824	768,509
Other comprehensive income											
Profit for the financial year								68,357	68,357	-185	68,172
Other comprehensive income items:											
Change in the fair value of interest derivates	30					-31			-31		-31
-Deferred tax						8			8		8
Change in fair value						24			24		24
Translation differences					-4,978			0	-4,978	-96	-5,074
Other change								-132	-132	-493	-625
Other comprehensive income, total					-4,978	1		68,225	63,248	-774	62,474
Transactions with owners											
Dividend paid, EUR 0.50/share								-62,539	-62,539	-829	-63,368
Purchase of treasury shares	23						-4,032		-4,032		-4,032
Employee share option scheme	23			-2,259				2,798	539		539
Transfer from retained earnings			321					-321			
Transactions with owners, total			321	-2,259			-4,032	-60,062	-66,032	-829	-66,861
Equity on Dec 31, 2009		149,217	1,696	11,598	-42,455	-1,681	-10,636	654,162	761,901	2,221	764,122

1,000 EUR		Attributable to equity holders of the parent company									
		Share capital	Legal reserve	Other reserve	Cumulative translation differences	Fair value reserve	Treasury shares	Retained earnings	Total	Non-controlling interest	Total equity
Equity on Jan 1, 2010	**Liite**	149,217	1,696	11,598	-42,455	-1,681	-10,636	654,162	761,901	2,221	764,122
Other comprehensive income											
Profit for the financial year								140,321	140,321	300	140,621
Other comprehensive income items											
Change in the fair value of interest derivates	30					-977			-977		-977
-Deferred tax						254			254		254
Change in fair value						22			22		22
Translation differences					28,163			929	29,092	98	29,190
Other change											
Other comprehensive income, total					28,163	-701		141,250	168,712	398	169,110
Transactions with owners											
Dividend paid, EUR 0.40/share								-50,531	-50,531	-813	-51,344
Share option scheme	23			-11,598				11,598			
Share-based incentive scheme	23							867	867		867
Transfer from retained earnings			264					-264			
Transactions with owners, total			264	-11,598				-38,330	-49,664	-813	-50,477
Changes in group's ownership shares in subsidiaries											
Changes in group's ownership shares in subsidieries - no loss of control								-943	-943	943	
Changes from business combinations										128	128
Changes in group's ownership shares in subsidiaries, total								-943	-943	1,071	128
Equity on Dec 31, 2010		149,217	1,960	0	-14,292	-2,382	-10,636	756,139	880,006	2,877	882,883

The notes are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1. YIT GROUP ACCOUNTING PRINCIPLES

General information

YIT Group provides services for the real estate, construction and industry sectors. Group companies render capital investments and maintenance services for the real estate and construction sectors as well as industry and housing construction service for consumers. YIT's main market areas are the Nordic countries, Russia, Central Europe and the Baltic countries. YIT Group's segments are: Building 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, 2011. In accordance with the Finnish Companies Act, shareholders may approve or reject the financial statements in an Annual General Meeting held after their release. The General Meeting also has the right to pass a resolution on changing the financial statements.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). All of the IAS/IFRS standards and SIC/IFRIC interpretations approved by the EU Commission by December 31, 2010 have been complied with. International Financial Reporting Standards refer to the Finnish Accounting Act and related legal code based on EU regulation 1606/2002 concerning the adoption of IFRS standards and interpretations in the EU. The notes to the consolidated financial statements also comply with the Finnish GAAP and the Companies Act. The figures in the financial statements are presented in thousands of euro.

The consolidated financial statements have been prepared under the historic cost convention, as modified by revaluation of available-for-sale investments, financial assets and liabilities at fair value through profit and loss and derivative instruments at fair value. Share-based payments are measured at fair value at the time of granting.

Application of revised standards and interpretations as from January 1, 2010

IFRIC 15 Agreements for the Construction of Real Estate

YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period beginning on January 1, 2010. The IFRIC 15 interpretation contains guidelines on when the revenue generated by the construction of real estate must be recognised on the basis of the delivery of the building and when the percentage of completion method can be applied. In YIT, the new interpretation will have an impact on the recognition of own development projects involving residential and commercial real estate. The interpretation will not have any impact on construction contracting or building and industrial services.

Applying the interpretation affected the opening balance of January 1, 2009 and the financial statements for the year 2009 as follows:

Changes in consolidated balance sheet (EUR million)

	Jan 1, 2009	12/2009
Inventories	205.5	168.1
Trade and other receivables	-46.8	-20.7
Deferred tax receivables	5.8	3.3
Equity	-39.1	-36.5
Current borrowings	49.8	31.4
Trade and other liabilities	157.4	162.0
Provisions	1.6	0.6
Deferred tax liabilities	-5.2	-6.8
Balance sheet total	164.5	150.7

Changes in consolidated income statement (EUR million)

	1-12/2009
Revenue	33.2
Operating profit	2.6
Profit before taxes	2.6
Deferred taxes	-0.7
Profit for the period	1.9

Changes in consolidated cash flow statement (EUR million)

	1-12/2009
Net cash generated from operating activities	18.4
Operating cash flow after investments	18.4
Net cash used in financing activities	-18.4

Under the new practice, the quarterly revenue and profits of the YIT Group will now fluctuate more in accordance with the completion dates of development projects. The new revenue recognition practice also means that it will take more time for the Group's financial figures to reflect changes in production volumes. The adoption of the interpretation will not have any impact on the figures covering YIT's segments published by the Group as the information will continue to be calculated in accordance with prior accounting principles.

Other standards and interpretations

The effects of other standards and interpretations adopted on January 1, 2010 on the reporting period have been as follows:

- 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. In 2010 the Group has applied for this new standard to transactions with non-controlling interests where control remained. The effect of the transactions on the equity amounted to 0.9 million euro.
- 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 the year 2010. The Group has applied the standard to the acquisitions made in 2010. The most significant effect was that all of the acquisition-related costs, EUR 2.3 million, were expensed during 2010.
- IFRIC 12 Service Concession Agreements: In 2010 the Group did not have any agreements with the public sector referred to in the interpretation, and the application will not have effects on the Group's financial statements.
- IFRIC16 Net Investment in a Foreign Operation: The interpretation clarifies the accounting for the hedge of a net investment in a foreign operation and allows the situation that hedging can be done in all Group companies. The interpretation does not have any impact on the Group's financial statements.
- IFRIC17 Distribution of non-cash assets to owners: This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation does not have any impact on the Group's financial statements.
- 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 interpretation does not have any impact on the 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 reassessed and, if necessary, separately accounted for in financial statements. The interpretation does not have any impact on the Group's financial statements.
- IAS 39 Financial Instruments: Recognition and Measurement – standard amendment: The amendment specifies guidelines for items used as hedge instruments in hedge accounting. The amendment does not have any impact on the consolidated financial statements.
- IFRS2 (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 amendment does not have any impact on the Group's financial statements.
- Improvements to IFRSs – amendments: A compilation of small and less important amendments to various standards, published in April 2009. The compilation encompassed 12 standards and the impacts of the amendments vary by standard. The changes did not have any significant impact on the Group's financial statements.
- Improvements to IFRSs – amendments: A compilation of small and less important amendments to various standards, published in May 2008. The compilation encompasses 34 standards and the impacts of the amendments vary by standard. The amendments do not have substantial impact on Groups reporting. Part of these changes became effective in 2010. The changes do not have a significant impact on YIT's consolidated financial statements.

Consolidation

Subsidiaries

The consolidated financial statements include YIT Corporation and the subsidiaries it owns either directly or indirectly and in which it has over 50% of the voting rights, or in which the Group otherwise has the controlling interest. "Controlling interest" means the right to dictate a company's financial and business principles in order to benefit from its operations. The existence of potential voting rights has also been considered when assessing whether the Group controls another entity, if the potential voting rights are currently exercisable. The purchase cost method has been used in eliminating the acquisition of subsidiaries. Subsidiaries are fully consolidated from the date on which the control is transferred to the Group, and they are de-consolidated from the date that control ceases. All intra-Group transactions, receivables, liabilities and profits are eliminated in the consolidation. Unrealised losses are not eliminated if they are due to impairment.

The Group uses the acquisition method of accounting to account for business combinations.

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

Associated companies

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

Joint ventures

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

Transactions with non-controlling interests

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

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

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

Foreign currency translation

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

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction or valuation, where items are re-measured. Foreign exchange rate gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "Finance income and 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 euro using the average exchange rate quoted for the calendar months of the reporting period. The balance sheets have been translated using the rates on the closing date. The translation of the result for the period using different exchange rates in the income statement and bal-

Currency exchange rates used in YIT consolidated financial statements:

	Income statement 1-12/2010	Balance sheet 31.12.2010	Income statement 1-12/2009	Balance sheet 31.12.2009
1 EUR = CZK	25.2910	25.061	26.436	26.473
DKK	7.4471	7.4535	7.4463	7.4418
EEK	15.6466	15.6466	15.6466	15.6466
HUF	275.34	277.95	280.39	270.42
MYR	4.1896	4.0950	-	-
NOK	8.0056	7.8000	8.7287	8.3000
PLN	3.9951	3.9750	4.3270	4.1045
RUB	40.2718	40.82	44.1306	43.1540
SEK	9.5447	8.9655	10.6189	10.2520
SGD	1.7640	1.7136	-	-
USD	1.3463	1.3362	-	1.4406
LVL	0.7028	0.7028	0.7028	0.7028
LTL	3.4528	3.4528	3.4528	3.4528

ance 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 transition to IFRS and they will not be entered in the income statement in the event of the sale of a subsidiary.

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

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	3–5 years
Cars and transferable vehicles	3–8 years
Other property, plant and equipment	10–40 years

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

Government grants

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

Investment property

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

Goodwill

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

Other intangible assets

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

Other intangible assets acquired in connection with business acquisitions are recognised separately from goodwill if they fulfil the definition of an asset: they can be specified or are based on agreements or legal rights and their fair value can be determined reliably. Intangible assets other than goodwill recognised in connection with business acquisitions include: the value of customer agreements and associated customer relationships, prohibition of competition agreements, and the value of acquired technology and industry-related process competence. The value of customer agreements and associated customer relationships and industry-related process competence is defined on the basis of cash flows estimated according to the durability and duration of the assumed customer relations.

Acquired computer software and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The acquisition cost is amortised on a straight-line basis over the estimated useful life. Computer maintenance costs are expensed as they are incurred.

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

The amortisation periods of other intangible assets are as follows:

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

Impairment of tangible and intangible assets

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

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

Inventories

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

Non-current assets held for sale

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

Employee benefits

Pension liabilities

The Group has different defined contribution and defined benefit pension plans in its various operating areas. The local regulations and practices of the countries in question are applied in these plans. Contributions to defined contribution pension plans are entered in the income statement in the financial period during which the charge applies.

The Group has defined benefit pension plans in Norway, Austria and Germany. Obligations connected with the Group's 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 through profit and loss for the average remaining time in employment of the employees. Occupational pensions in Sweden have been insured under a pension scheme shared with numerous employers. It has not been possible to acquire sufficient information about these pension liabilities to divide liabilities and assets by employer. Occupational pensions in Sweden have been treated on a defined contribution basis. Supplementary pension insurance liabilities in Finland are recorded on a defined benefit basis.

Share-based payments

The Group has a share-based incentive plan for its key personnel. Possible rewards will be paid as a combination of YIT corporation shares and cash settlement based on achieved financial target levels. The cost effect of equity-settled shares is recognised as personnel expenses and equity reserve. The cost is based on the market price of the YIT Corporation shares at the grant date and it will be expensed over the vesting period. The cash-settled reward is based on the market value of YIT's share at the balance sheet date and it is expensed to personnel expenses and current liabilities until the settlement date.

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

Termination benefits

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

Provisions

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

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

Income taxes

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

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

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

Financial assets and liabilities

Classification and entry of financial assets

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

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

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

Financial assets originally measured at fair value through profit and loss

Financial assets measured at fair value through profit and loss are financial assets or derivatives held for trading that do not meet the criteria for hedge accounting according to IAS 39 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. Derivatives may also be liabilities; their accounting principles are specified below under "Financial liabilities.".

Loans and receivables

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

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

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

Available-for-sale financial assets

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

Cash and cash equivalents

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

Impairment of financial assets

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

The fair value of available-for-sale financial assets is considered decreased when their value has decreased significantly over a longer term. In this case, changes to the fair value are entered from shareholders' equity to the income statement. Impairment losses to equity investments classified as available-for-sale financial assets are not derecognised through profit or loss.

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

Financial liabilities

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

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

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

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

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

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

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

Financial liabilities measured at fair value

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

Fair value of derivative instruments and hedge accounting

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

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

Treasury shares

If a Group company acquires YIT Corporation shares, the consideration paid for the shares and acquisition-related costs are decreased from shareholders' equity until the shares are nullified or recirculated. 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 short-term services is recorded when the service has been performed.

Long-term service agreements and construction contracts

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

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

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

YIT had sold its commercial real estate development projects that were under construction to investors before the start of construction or during the early stages of the construction work, which together with other facts means that in most cases the revenue of these projects could be recognised in accordance with the old practice. The share of income and expenses to be recognised would then also be calculated in the future by using the formula percentage of completion multiplied by the percentage of sale multiplied by the occupancy rate. In the case of YIT's new commercial real estate development projects, the recognition practice will be evaluated on a case-by-case basis and in accordance with the terms and conditions of each contract. These projects will be recognised when the construction work has started or when the project is complete.

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

Interest and dividends

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

Critical accounting estimates and judgements

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

Estimated impairment of goodwill

Goodwill is tested for any impairment annually in accordance with the accounting policy stated in note 15. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The cash flows in the value-in-use calculations are based on the management's best estimate of market development for the subsequent years. The 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. On December 31, 2010 goodwill amounted to EUR 350.9 million.

Percentage of completion revenue recognition of long-term projects

Due to estimates included in the revenue recognition of long-term service agreement and construction projects, revenue and profit presented by financial period only rarely correspond to the equal distribution of the total profit over the duration of the project. When revenue recognition from long-term projects is based on the percentage of completion method, the final result of the projects is regularly and reliably estimated. Calculation of the total income of projects includes estimates on the total expenditure required to complete the project as well as the development of sales prices. If the estimates of the end result of a contract change, the sales and profits recognised are adjusted in the 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 2010, revenue recognition through percentage of completion method amounted to EUR 2,423.2 million, representing 64 percent of the Group's revenue. (Note 5.)

Income taxes

The Group is subject to income taxes in several countries. Evaluating the total amount of income taxes at the Group level requires significant consideration, so the amount of total tax includes uncertainty. On December 31, 2010, deferred tax receivables amounted to EUR 44.7 million and deferred tax liabilities amounted to EUR 77.2 million. (Note 19.)

Provisions

The recognition of provisions is associated with estimates concerning probability and quantity. Provisions are booked for loss-making agreements when the obligatory expenditure required to meet obligations exceeds the benefits yielded by the agreement. A guarantee provision and Finnish 10-year provisions for commitments are recorded when a project is recognised in the income statement. The amount of the guarantee and Finnish 10-year provisions for commitments in the construction industry provision is set on the basis of experience of the materialisation of these commitments. On December 31, 2010, provisions amounted to EUR 94.7 million. (Note 25.)

Pension benefits

The current value of pension obligations depends on various actuarial factors and the discount rate used. Changes in the assumptions and discount rate have an effect on the carrying amount of pension liabilities. The discount rate used is the market rate of high-quality corporate bonds or the interest rate of treasury notes for the currency in which the benefits will be realised. The maturity of the reference rate used corresponds substantially to the maturity of the calculated pension liability. Other assumptions are based on actuarial statistics and prevailing market conditions. On December 31, 2010, pension liabilities amounted to EUR 26.9 million. (Note 24.)

Inventories

On each closing date, the Group assesses the valuing of inventory and possible decrease in value based on its best estimate. The estimates are based on systematic and continuous monitoring. Plot reserves are measured at acquisition cost and the value is impaired only when it is estimated that the building being constructed on the plot will be sold at a price lower than the sum of the price of the plot and the construction costs. The valuing of plot reserves has been made by using time period of 3-4 years. On December 31, 2010, work in progress amounted to EUR 639.0 million, completed housing units amounted to EUR 181.2 million and plot reserves amounted to EUR 589.3 million. (Note 20.)

Trade receivables

The Group books write-offs or provision on receivables when it is evident that no payment can be expected. Group adopts its policy of valuing trade receivables and the bookings include estimates and critical judgements. The estimates are based on experience on realised write-offs in previous years, empirical knowledge of debt collecting, analysis made by clients and general market situation at the time. On December 31, 2010, trade receivables amounted to EUR 505.1 million.

Evaluation of the future impact of new standards and interpretations

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. The Group has not applied these standards and will adopt them in the financial statements for the year 2011 or later.

- IAS 24 (Amendment) Related Party Disclosures: The revised standard clarifies and simplifies the definition of a related party, and the requirement for government-related entities to report the details of all business transactions with the government and government-related entities has been omitted. The Group will adopt the revised standard in its 2011 financial statements. The Group management is assessing the impact of this interpretation on the financial statements of the Group.
- IAS 32 (Amendment) Financial Instruments: Presentation – Classification of Rights Issues: The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. When certain conditions are met, such rights are now classified as equity regardless of the currency in which the exercise price is denominated. Previously such rights issues were accounted for as derivative liabilities. The Group management is assessing the impact of this interpretation on the financial statements of the Group.
- IFRIC 14 (Amendments) Prepayments of a Minimum Funding Requirement The amendment specifies IFRIC14 content. The Group management is assessing the impact of this interpretation on the financial statements of the Group.
- 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 recognised 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 recognised 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 will adopt the revised standard in its 2011 financial statements. The Group management is assessing the impact of this interpretation on the financial statements of the Group.
- IAS 12 Deferred taxes(Amendments): Currently IAS 12 requires an entity to estimate, which part of the carrying value of an item measured at fair value is recovered through use (for example, rental income) and which part through sale (capital gain). The amendment introduces a rebuttable presumption that certain assets measured at fair value are recovered entirely by sale. Presumption applies to deferred tax arising from investment properties, property, plant and equipment or intangible assets that are measured using the fair value model or revaluation model. The change will not affect on Group's financial statements.
- IFRS 9 Financial Assets – Classification and Measurement: The part of IFRS9 concerning the classification and measurement was published in November 2009. It represents the first milestone in the process to replace IAS 39 "Financial Instruments – Recognition and Measurement" with a new standard. IFRS9 includes new kinds of requirements for the classification and measurement of financial assets, and it will probably have an impact on accounting for financial assets in the Group. The Group will adopt the standard in its 2013 financial statements. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 9 Financial Liabilities – Classification and Measurement: The second part of IFRS 9 was published in October 2010. It complements the first phase of the revision of IAS 39 concerning the classification and measurement of financial assets issued in November 2009. According to the new standard, the accounting and presentation for financial liabilities shall remain the same except for those financial liabilities for which fair value option is applied. The Group will probably adopt the standard in its 2013 financial statements at the earliest. The Group management is assessing the impact of the standard on the financial statements of the Group.
- IFRS 7 (Amendment) Disclosures - Transfers of financial assets: The amendment adds disclosure requirements related to risk exposures derived from transferred assets. The amendment extends the required disclosures in the notes to also apply to financial assets that have been derecognised but the entity is still exposed to certain risks and rewards associated with the transferred asset. The amendment can increase the disclosures in the notes to financial statements in the future. The Group will adopt the standard in its 2012 financial statements at the earliest. The Group management is assessing the impact of the standard on the financial statements of the Group.
- Improvements to IFRSs – amendments: A Compilation of small and less important amendments to various standards into a single entity, which were published in July 2010. The compilation encompasses seven standards and the impacts of the amendments vary by standard. The Group will apply these changes in its financial statements 2011 after EU endorsement. The amendments will not have substantial impacts on YIT's consolidated financial statements.

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

2. SEGMENT INFORMATION

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

YIT 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.
- Construction investments, renovation and property development projects, as well as infrastructure property development projects.

International Construction Services:

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

Other items:

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

Pricing of transactions between the business segments equals with the common price list in force.

Accounting principles in segment reporting

Building and Industrial Services segment's reporting to YIT Group's management board is based on YIT Group's accounting principles. In Construction Services Finland -segment's and International Construction Services -segment's reporting to management YIT group's accounting principles are applied for, except for the revenue recognition of own residential and commercial real estate development projects. In segment reporting, revenue from own residential and commercial real estate development projects is recognised on the basis of the percentage of degree of completion and the degree of sale. In Group reporting, revenue from own residential and commercial real estate development projects is recognised at the completion. Consequently, segment reporting of Construction Service in Finland and Internatinal Construction Services differs from group reporting related to items such as; revenue, net profit, inventory, current receivables, current liabilities, current borrowings and retained earnings.

OPERATING SEGMENTS 2010

1,000 EUR	Building and Industrial Services	Construction services Finland	International construction services	Other	Group
Segments' revenue	2,352,968	1,101,967	470,609	56,636	3,982,180
Group internal	-70,729	-1,929	-7,109	-55,436	-135,203
Revenue from external customers	**2,282,239**	**1,100,038**	**463,500**	**1,200**	**3,846,977**
Share of profit from associates	6	-10	-514		-518
Operating profit segment/Group	**105,079**	**108,058**	**34,748**	**-18,744**	**229,141**
Operating profit includes:					
Depreciation and amortisation	-17,974	-199	-3,948	-13,828	-35,949
Change in provisions	-13,411	-896	313	11	-13,983
Segments' assets	**1,480,437**	**883,835**	**831,792**	**-292,315**	**2,903,749**
Total assets include:					
Investments	92,681	120	18,998	17,958	129,757
Investments in associates	89	361	2,267		2,717
Segments' liabilities	**976,978**	**470,981**	**855,014**	**-372,119**	**1,930,854**

OPERATING SEGMENTS 2009

1,000 EUR	Building and Industrial Services	Construction services Finland	International construction services	Other	Group
Segments' 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 amortisation	-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 include:					
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**

GEOGRAPHICAL INFORMATION

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

1,000 EUR	2010 Revenue from external customers	2010 Non-current assets	2009 Revenue from external customers	2009 Non-current assets
Finland	1,444,072	230,517	1,597,663	218,255
Sweden	576,303	41,118	532,286	33,039
Norway	467,297	94,623	414,670	85,658
Central Europe	550,276	134,410	374,646	60,484
Russia	513,565	13,830	319,011	14,905
Denmark	141,261	14,529	145,910	10,698
Baltic countries	59,789	5,008	62,263	5,789
Other Europe	17,926		34,221	
Other countries	17,137	14	4,899	
Group total	3,787,626	534,049	3,485,569	428,828

SEGMENT INFORMATION RECONCILIATION

1,000 EUR	Group 2010	Group 2009
Revenue reconciliation		
Revenue, segment reporting	3,846,977	3,452,359
IFRIC 15 adjustment	-59,351	33,210
Revenue, group	3,787,626	3,485,569
Net profit for the financial year		
Net profit, segment reporting	229,141	165,540
IFRIC 15 adjustment	-9,000	2,646
Net profit, group	220,141	168,186
Unallocated items:		
Financial income and expenses	-25,311	-58,635
Income taxes	-54,209	-41,379
Other	-300	185
Consolidated net profit for the financial year	140,321	68,357
Assets		
Assets total, segment reporting	2,903,749	2,586,585
IFRIC 15 adjustment:		
Inventories	224,003	168,092
Other current receivables	-55,364	-20,610
Unallocated items:		
Deferred tax receivables	44,733	43,071
Assets total, group	3,117,121	2,777,138
Liabilities		
Liabilities total, segment reporting	1,930,854	1,752,215
IFRIC 15 adjustment:		
Interest-bearing current liabilities	108,109	31,415
Other current liabilities	118,082	162,633
Unallocated items:		
Deferred tax liabilities	77,193	66,753
Liabilities total, group	2,234,238	2,013,016

3. ACQUISITIONS

Acquisitions in 2010

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

The final purchase price of the Caverion GmbH shares was EUR 73.0 million, and it has been paid in cash. The fair value of the acquired identifiable intangible assets is approximately EUR 4.4 million. The preliminary net fair value of the assets held for sale is approximately EUR 2.6 million and the fair value of trade receivables approximately EUR 35.8 thousand. The acquisition generated approximately EUR 59.9 million of goodwill. According to the management's estimate, the goodwill is based on the operational network provided by the Caverion Group companies, competence of the personnel and market share in the Central European market as well as shifting the focus of business operations in the acquired units towards long-term service agreements and servicing and maintenance operations. Significant synergy benefits are seen in operational models that will be harmonised, the expanding service offering and procurement.

Composition of acquired net assets and goodwill

EUR 1,000	2010
Consideration	
Cash	73,000
Total consideration	73,000
Acquisition-related costs	1,930
recognised as expenses	

Recognised amounts of identifiable assets acquired and liabilities assumed

EUR 1,000	2010
Cash and cash equivalents	48,031
Property, plant and equipment	7,837
Order backlog	4,428
Compensation for prohibition of competition	0
Assets held for sale	19,813
Inventories	6,420
Trade and other receivables	116,744
Deferred tax liabilities, net	-570
Pension liabilities	-11,721
Loans	-340
Trade and other liabilities	-160,776
Liabilities of the assets held for sale	-17,213
Total identifiable net assets	12,653
Non-controlling interest	403
Goodwill	59,944
Total	73,000

Revenue included in the income statement for the period, EUR mill.	173.4
Profit for the period included in the income statement for the period, EUR mill.	6.6

Revenue had the consolidation taken place from the beginning of 2010, EUR mill.	454.1
Profit for the period had the consolidation taken place from the beginning of 2010, EUR mill.	8.7

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

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

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

Composition of acquired net assets and goodwill

EUR 1,000	2010
Consideration	
Cash	23,084
Total consideration, transferred	23,084
Contingent consideration	3,009
Asset item based on a compensation obligation	
Total consideration	26,093
Acquisition-related costs	603
recognised as expenses in other operating expenses	

Recognised amounts of identifiable assets acquired and liabilities assumed

1,000 EUR	2010
Cash and cash equivalents	2,625
Property, plant and equipment	4,823
Allocations of intangible assets	16,354
Inventories	11,977
Trade and other receivables	19,779
Deferred tax liabilities, net	-1,846
Pension liabilities	0
Loans	-2,181
Trade and other liabilities	-25,438
Total identifiable net assets	26,093
Non-controlling interest	0
Goodwill	0
Total value	26,093

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

Acquisitions in 2009

In 2009 there were no acquisitions in YIT Group.

4. DISPOSALS

Disposals in 2010

In 2010 and 2009 there were no disposals in YIT Group.

5. LONG-TERM CONSTRUCTION CONTRACTS

1,000 EUR	2010	2009
Contract revenue recognised as revenue in the period	2,423,172	2,020,053
Contract costs incurred and recognised profits less recognised losses to date for work in progress	2,483,515	2,280,201
Accrued income from long-term projects	246,000	132,612
Advances received	200,161	418,739

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

6. OTHER OPERATING INCOME

1,000 EUR	2010	2009
Gains on the sale of tangible assets	572	861
Rent income	3,020	2,155
Gains on disposed companies or businesses		
Other income	6,016	6,077
Total	9,608	9,093

7. OTHER OPERATING EXPENSES

1,000 EUR	2010	2009
Losses on the sale of tangible assets	158	183
Rent expenses	116,402	111,424
Voluntary indirect personnel expenses	13,088	10,758
Other variable expenses for work in progress	220,364	214,037
Other fixed expenses	127,276	108,028
Total	477,289	444,430

Audit fee	2010	2009
PricewaterhouseCoopers		
Audit fee	1,200	1,150
Statements	11	15
Tax services	285	226
Other services	696	162
Total	2,192	1,553

8. DEPRECIATIONS AND IMPAIRMENTS

1,000 EUR	2010	2009
Depreciations		
Intangible assets		
on allocations	7,744	6,116
on other intangible assets	4,317	4,532
Tangible assets		
on buildings and structures	1,854	1,749
on machinery and equipment	17,187	17,199
on machinery and equipment, finance lease	748	592
on other tangible assets	4,096	3,425
Total	35,946	33,613

9. EMPLOYEE BENEFIT EXPENSES

1,000 EUR	2010	2009
Wages and salaries	980,399	904,881
Pension costs, defined contribution plan	89,988	91,532
Pension costs, defined benefit plan	4,865	5,762
Other post-employment benefits	117	-501
Share-based compensations	3,909	540
Other indirect employee costs	95,697	88,990
Total	1,174,975	1,091,204

Average number of personnel by business segment	2010	2009
Building Systems	18,179	18,103
Construction Services Finland	3,172	3,065
International Construction Services	2,617	2,965
Other	349	364
Total	24,317	24,497

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

10. RESEARCH AND DEVELOPMENT EXPENSES

YIT group's research and development expenses amounted to about 17.5 million euros in 2010 and 15.2 million euros in 2009. 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	2010	2009
Financial income		
Dividend income on available for sale investments	88	21
Interest income on loans and other receivables	3,406	4,251
Changes in fair values on financial instruments at fair value through profit and loss account	88	
Other financial income on loans and other receivables	129	204
Financial income, total	3,711	4,476
Financial expenses		
Interest expenses on liabilities at amortised cost	-21,851	-28,597
Interest expenses on receivables sold to financing companies	-2,578	-1,784
Interest expenses on factoring debt	-165	-745
Other financial expenses on liabilities at amortized cost	-2,378	-2,310
Interest expenses on non-hedging derivatives	-1,666	-1,263
Changes in fair values on financial instruments at fair value through profit and loss account	-789	-466
Interest expenses on finance leases	-218	-97
Financial expenses	-29,645	-35,262
Interest expenses capitalised on qualifying assets	7,972	588
Financial expenses, total	-21,673	-34,674
Exchange rate gains	89,605	69,201
Exchange rate losses	-96,954	-97,638
Exchange rate differences, net 1)	-7,349	-28,437
Financial expenses, net	-25,311	-58,635

1) Exchange rate losses were mainly caused by realised losses from hedging the ruble against the euro.

12. INCOME TAXES

1,000 EUR	2010	2009
Income taxes in the income statement		
Current taxes	45,141	40,571
Taxes for prior years	1,886	927
Deferred taxes	7,182	-119
Total income taxes	54,209	41,379

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	2010	2009
Consolidated profit before taxes	194,830	109,551
Income taxes at the tax rate in Finland (26%)	50,656	28,483
Effect of different tax rates outside Finland	-759	4,372
Tax exempt income and non-deductible expenses	2,701	6,007
Net results of associated companies	135	146
Impact of the changes in the tax rates on deferred taxes	103	124
Impact of losses for which deferred tax asset is recognised	-64	-7,519
Impact of losses for which deferred taxes is not recognised	662	7,101
Reassessment of deferred taxes	-1,110	1,738
Taxes for prior years	1,886	927
Income taxes in the income statement	54,209	41,379

13. EARNINGS PER SHARE

	2010	2009
Profit attributable to the equity holders of the Company, EUR 1,000	140,321	68,357
Weighted average number of shares, 1,000'	125,078	125,167
Earnings per share, EUR	1.12	0.55

Diluted earnings per share is calculated by adjusting number of shares to assume conversion of all diluting potential shares. YIT Corporation had share options until November 30, 2010 which increased 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. There were no diluting effects in 2010 and 2009.

	2010	2009
Profit attributable to the equity holders of the Company, EUR 1,000	140,321	68,357
Weighted average number of shares, 1,000'	125,078	125,167
Diluted average number of shares, 1,000'	125,078	125,167
Diluted earnings per share, EUR	1.12	0.55

14. TANGIBLE ASSETS

2010

1,000 EUR	Land and Water areas	Buildings and Structures	Machinery and Equipment	Other tangible assets	Advance payments	Total
Historical cost at January 1	3,086	43,907	196,841	21,716	26	265,576
Translation differences	42	588	3,069	598	2	4,299
Increases		2,339	16,632	3,221	2,175	24,367
Acquisitions	1,042	1,708	4,347	5,234	20	12,351
Decreases		-2,658	-6,899	-1,927	-1,692	-13,176
Reclassifications		15	788	-8	-10	785
Historical cost at December 31	4,170	45,899	214,778	28,834	521	294,202
Accumulated depreciations and value at January 1		-21,877	-133,753	-10,138		-165,768
Translation differences		-174	-2,160	-195		-2,529
Depreciations		-1,854	-17,935	-4,096		-23,885
Accumulated depreciations of reclassifications		1,135	2,401	1,189		4,725
Accumulated depreciations at December 31		-22,770	-151,447	-13,240		-187,457
Carrying value January 1	3,086	22,030	63,088	11,578	26	99,808
Carrying value December 31	4,170	23,129	63,331	15,594	521	106,745

2009

1,000 EUR	Land and Water areas	Buildings and Structures	Machinery and Equipment	Other tangible assets	Advance payments	Total
Historical cost at 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
Decreases		-776	-4,131	-540	-22	-5,469
Reclassifications		3,716	-8,636	4,902		-18
Historical cost at December 31	3,086	43,907	196,841	21,716	26	265,576
Accumulated depreciations and value at 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 at December 31		-21,877	-133,753	-10,138	0	-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

Finance lease assets

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

Machinery and Equipment 1,000 EUR	2010	2009
Historical cost at January 1	11,419	10,879
Translation differences	817	597
Increases	2,299	467
Decreases	-524	-524
Accumulated depreciations	-11,459	-10,340
Carrying value December 31	2,552	1,079

No impairment losses have been recognised in the years 2010 and 2009. The government grants received are not material. The received government grants have been deducted from the carrying value.

15. INTANGIBLE ASSETS

2010

1,000 EUR	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at January 1	290,964	31,449	51,773	3,735	86,957
Increases			807	7,588	8,395
Acquisitions	59,944	21,228	181		21,409
Decreases		-2,221	-732		-2,953
Reclassifications			2,942	-3,727	-785
Translation differences		1,628	525		2,153
Historical cost at December 31	350,908	52,084	55,496	7,596	115,176
Accumulated depreciations January 1		-14,918	-39,250		-54,168
Depreciations		-7,744	-4,317		-12,061
Translation differences		-471	-358		-829
Accumulated depreciations of reclassifications		1,630	731		2,361
Accumulated depreciations at December 31		-21,503	-43,194		-64,697
Book value January 1	290,964	16,531	12,523	3,735	32,789
Book value December 31	350,908	30,581	12,302	7,596	50,479

2009

1,000 EUR	Goodwill	Allocations from business combinations	Other intangible assets	Advance payments	Total other intangible assets
Historical cost at 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 at December 31	290,964	31,449	51,773	3,735	86,957
Accumulated depreciations January 1		-7,784	-38,016		-45,800
Depreciations		-6,116	-4,532		-10,648
Translation differences		-1,054	3,235		2,181
Accumulated depreciations of reclassifications		36	63		99
Accumulated depreciations at December 31		-14,918	-39,250		-54,168
Book value January 1	290,964	21,513	11,760	1,870	35,143
Book value December 31	290,964	16,531	12,523	3,735	32,789

Allocations from business combinations:

1,000 EUR	2010	2009
Customer relations and contract bases	25,310	13,592
Unpatented technology	1,583	2,939
Order backlog	1,293	
Prohibition of competition clause	2,395	
	30,581	16,531

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

1,000 EUR	2010	2009
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	110,318	50,374
Industrial services	41,750	41,750
Building and Industrial Services, total	340,047	280,103
International Construction Services	10,861	10,861
Total goodwill	350,908	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 2011 and for the next coming years on the management's 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 2010 a growth rate for terminal value of 0% (0% in 2009) 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 9.0% (8.6% in 2009) was used in testing. The risk factors used for the business segments were: Building and Industrial Services 2% (2%) and International Construction Services 5% (5%). As a result, the total WACC used in Building and Industrial Services was 11.0% and in International Construction Services 14.0%. The risk factors are always reassessed during testing and can vary between 1-5%.

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

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

The recoverable amount exceeded the carrying amount substantially in all cash generating units that have goodwill.

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

16. INVESTMENTS IN ASSOCIATED COMPANIES

1,000 EUR	2010	2009
Historical costs on January 1	3,235	3,823
Share of the profit	-518	-562
Disposals		-26
Historical costs on December 31	2,717	3,235

The carrying amounts of the shares in associated companies does not include goodwill in 2010 and 2009.

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

1,000 EUR	Domicile	Assets	Liabilities	Revenue	Profit/loss	Ownership %
Arandur Oy	Vantaa	3,028	2,760	5,244	20	33.00%
AS Tartu Maja Betoontooted	Tartto	14,710	5,651	15,320	-2,058	25.00%
YIT Kuntatekniikka Oy	Mikkeli	1,693	801	6,501	-25	40.00%
		19,431	9,212	27,065	-2,063	

17. AVAILABLE FOR SALE INVESTMENTS

1,000 EUR	2010	2009
Carrying value January 1	2,032	2,511
Increases	1,454	
Decreases	-121	-518
Changes in fair values	22	39
Carrying value December 31	3,387	2,032
Available for sale investments consist of as follows:		
Quoted	187	165
Unquoted	3,200	1,867
	3,387	2,032

18. NON-CURRENT RECEIVABLES

1,000 EUR	2010 Carrying value	2010 Fair value	2009 Carrying value	2009 Fair value
Trade receivables	516	516	127	127
Other receivables [1]	15,289	15,289	14,060	14,060
Accrued receivables of derivatives	66	66	215	215
Non-current receivables, total	15,871	15,871	14,402	14,402

1) Other receivables include defined benefit plan pension assets EUR 14,744 thousand (2009 EUR 12,542 thousand).

Reconciliation to the Note 29 Financial assets and liabilities by category

1,000 EUR	2010	2009
Trade receivables	516	127
Other receivables	15,289	14,060
	15,805	14,187
Defined benefit pension asset	-14,744	-12,542
	1,061	1,645

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

19. DEFERRED TAX RECEIVABLES AND LIABILITIES

1,000 EUR	2010	2009
Deferred tax receivable	44,734	43,071
Deferred tax liability	-77,193	-66,753
Deferred tax liability, net	-32,459	-23,682
Changes in deferred tax receivables and liabilities:		
Deferred tax liability, net January 1	-23,682	-33,788
Translation difference	-1,224	-3,034
Change in accounting principles (IFRIC 15)		10,783
Changes recognised in income statement	-7,182	2,349
Changes recognised in comprehensive income	254	8
Business acquisitions	-625	0
Deferred tax liability, net December 31	-32,459	-23,682

Changes in deferred tax receivables and liabilities before the offset

2010

1,000 EUR	Jan. 1	Translation difference	Recognised in the income statement	Recognised in equity	Acquisitions/ Disposals	Dec. 31
Deferred tax receivables:						
Provisions	18,767	243	-2,182		112	16,940
Tax losses carried forward	5,158	161	407			5,726
Pension obligations			1,156			1,156
Percentage of completion method	9,117		13,266		5,656	28,039
Other items	10,029	298	-1,315	254	949	10,215
Total deferred tax receivables	43,071	702	11,332	254	6,717	62,076
Deferred tax liabilities:						
Allocation of intangible assets	29,514	909	4,105		2,766	37,294
Accumulated depreciation differences	14,913	-111	217		1,181	16,200
Pension obligations			907			907
Percentage of completion method	12,075	752	-1,218		5,355	16,964
Fixed production overheads to WIP	1,257		2,935			4,192
Fair value adjustments of derivatives	2					2
Other items	8,992	376	11,568	0	-1,960	18,976
Total deferred tax liabilities	66,753	1,926	18,514	0	7,342	94,535

Changes in deferred tax receivables and liabilities before the offset

2009

1,000 EUR	Jan. 1	Translation difference	Recognised in the income statement	Recognised in equity	Acquisitions/ 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	5,491	89	3,537			9,117
Other items	8,256	65	1,745	-37		10,029
Total deferred tax receivables	39,650	796	2,662	-37		43,071
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	21,029	684	-9,638			12,075
Fixed production overheads to WIP	1,583	-2	-324			1,257
Fair value adjustments of derivatives	1		1			2
Other items	6,207	775	2,055	-45		8,992
Total deferred tax liabilities	62,655	3,830	313	-45		66,753

The deferred tax receivables on the taxable losses will be booked to the extend the benefit is expected to be able to deduct from the taxable profit in the future. No deferred tax asset of EUR 9.6 million (EUR 10.9 million in 2009) has been recognised on accumulated losses, of which some part is not approved by tax authorities. Deferred tax liability on undistributed earnings of subsidiaries, where the tax will be paid on the distribution of earnings, has not been recognised in the consolidated balance sheet, because distribution of the earnings is in the control of the Group and it is not probable in the near future.

20. INVENTORIES

1,000 EUR	2010	2009
Raw materials and consumables	26,419	18,847
Work in progress	639,024	609,955
Land areas and plot-owing companies	589,297	572,104
Shares in completed housing and real estate companies	181,170	224,815
Advance payments	48,155	51,503
Other inventories	877	411
Total inventories	1,484,942	1,477,635

The write-downs of inventories were not made in year 2010 (EUR 6.9 million in 2009). Work in progress include capitalised interests EUR 7.3 million (EUR 0.4 million in 2009).

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

21. TRADE AND OTHER RECEIVABLES

1,000 EUR	2010 Carrying value	2009 Carrying value
Trade receivables 1)	505,098	393,108
Loan receivables	98	463
Loan receivables from associated companies		66
Accrued income from long-term projects	246,000	132,612
Accrued income	70,603	47,125
Tax receivables	18,133	21,545
Receivables from derivative agreements	383	324
Other receivables	48,957	44,874
Total	889,272	640,117

1) On 31.12.2009 EUR 45,080 thousand of trade receivables of Building and Industrial Services was pledged as security for factoring debt. Factoring arrangement was terminated in accounting period 2010 during the second quarter. (Note 26)

Trade receivables average amount was EUR 431.1 million in 2010 (EUR 424.5 million in 2009). Group has not received collaterals.

Reconciliation to the Note 29 Financial assets and liabilities by category

1,000 EUR	2010	2009
Loan receivables	98	463
Loan receivables from associated companies		66
	98	529
Trade receivables	505,098	393,108
Accrued income from long-term projects	246,000	132,612
Other receivables	48,957	44,874
	800,055	570,594

22. CASH AND CASH EQUIVALENTS

1,000 EUR	2010 Carrying value	2010 Fair value	2009 Carrying value	2009 Fair value
Financial securities	293	293		
Cash and cash equivalents	147,715	147,715	173,085	173,085
Current investments	245	245	0	0
Total	148,253	148,253	173,085	173,085

Cash and cash equivalents presented in group cash flow statement	2010	2009
Financial securities	293	
Cash and cash equivalents	147,715	173,085
Current investments	245	0
Accounts with overdraft facility	-628	-3
Total	147,625	173,082

23. EQUITY

Share capital and share premium reserve

1,000 EUR	Number of shares	Share capital	Treasury shares
Jan 1, 2009	125,798,422	149,217	-6,604
Purchase of treasury shares	-720,000		-4,032
Dec 31, 2009	125,078,422	149,217	-10,636
Jan 1, 2010	125,078,422	149,217	-10,636
Dec 31, 2010	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, 2010. All the issued and subscribed shares have been fully paid to the company. Shares do not have a nominal value.

Treasury shares

YIT corporation bought own shares in the stock exchange during the year 2009 as follows:

Time	Amount	Price (average)	Price (variation)
Jan 1, 2009	1,425,000		
Feb 10 - Feb 23, 2009	720,000	5.60	4.66-5.99
Dec 31, 2009	2,145,000		

Total consideration paid on own shares amounted to 10,636 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. There were no hedges of a net investment in a foreign operation in years 2010 and 2009.

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 0.65 euros per share.

Share options

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

Grant year and amount	Ratio	Exercise price, EUR	Subscription periods
2006N 900,000	1:1	18.83	1.4.-30.11. in years 2009-2010

	2010 Average exercise price in euro/share	2010 Options 1,000'	2009 Average exercise price in euro/share	2009 Options 1,000'
Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:				
January 1	19.23	229,320	19.73	728,890
Granted			19.23	229,320
Lapsed	18.83	229,320	19.23	728,890
December 31			19.23	229,320

Share-based incentive plan

From 2010, the Group has had a long-term share-based incentive plan for it's key personnel. On March 2010, the Board of Directors decided on the new incentive plan for the key personnel. The incentive plan has three separate earning periods for the years 2010, 2011 and 2012. The reward is based on the achievement of the set financial targets, which are the revenue increase and the return on investment (ROI). The possible reward will be settled in YIT's shares and in cash. The cash-settled reward will cover the tax and tax related obligations. The vesting period for the YIT's shares received is two years from the settlement date. For each earning period will be approved separate financial targets and the list of key personnel. Into share-based incentive plan for 2010 belongs to 255 persons.

Granted shares in the incentive plans

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

Number of shares granted	2010
January 1	0
Granted shares, maximum	700,000
Granted shares, realised	
Exercised	
December 31	700,000

The granted shares are the maximum amount to be delivered from the year 2010. The final outcome of the financial key targets set, affects the realised number of granted shares. The difference between the maximum and realised share number will be shown in the exercised shares. Shares will be granted for the first time in spring 2011, based on the performance of the year 2010.

Costs recognised for the share-based incentive plan 2010

Earning period	Persons	Active plans EUR 1,000
2010	255	3,909

24. EMPLOYEE BENEFIT OBLIGATIONS

1,000 EUR	2010	2009
Balance sheet obligations for:		
a) Pension benefits	17,694	7,649
b) Other post-employment benefits	9,220	9,957
	26,914	17,606
Balance sheet assets for:		
a) Pension benefits	-14,744	-12,542
Income statement charge for:		
a) Pension benefits	4,865	5,762
b) Other post-employment benefits	117	-501
	4,982	5,261

(a) Pension benefits

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

The amounts are determined as follows:

1,000 EUR	2010	2009
Present value of funded obligations	97,129	72,521
Fair value of plan assets	-69,344	-61,953
Deficit/surplus	27,785	10,568
Present value of unfunded obligations	19,447	7,578
Unrecognised actuarial gains/losses	-44,282	-23,039
Net pension liability	2,950	-4,893
Disclosed in the balance sheet as follows:		
Pension obligations	17,694	7,649
Defined benefit pension assets (Note 18)	-14,744	-12,542
a) Defined benefit pension liability	24,573	14,757

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

1,000 EUR	2010	2009
At 1 January	80,099	78,304
Exchange differences	5,322	11,337
Current service cost	4,080	4,342
Interest cost	3,530	3,979
Contributions by plan participants	-1,156	
Actuarial profits/losses	16,624	-8,825
Benefits paid	-2,173	-1,930
Liabilities acquired in a business combination	11,228	
Settlements	-978	
At 31 December	116,576	87,207

The movement of plan assets of the year is as follows:

1,000 EUR	2010	2009
At 1 January	61,953	60,512
Exchange differences	3,971	10,573
Expected return of plan assets	3,379	3,860
Actuarial profits/losses	-5,226	-16,162
Employer contribution	6,999	4,819
Benefits paid	-1,900	-1,649
Assets from business combinations	168	
At 31 December	69,344	61,953
Expected return on the plan assets	3,106	2,941

The amounts recognised in the income statement are as follows:

1,000 EUR	2010	2009
Current service cost	4,055	4,016
Interest cost	3,580	3,484
Expected return on plan assets	-3,294	-4,574
Actuarial gains (-) and losses (+)	1,566	2,836
Settlements	-1,042	
Total, included in personnel expenses	4,865	5,762

Acturial assumptions are as follows:

	2010	2009
Discount rate	4.00-4.60%	4.50%-5.25%
Rate of salary increase	4.00%	3.00%-4.5%
Rate of pension increases	1.00%	1.40%-2.25%
Rate of expected return on plan assets	5.70%	5.7%

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

(b) Other post-employment liabilities

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

The amounts recognised in the balance sheet are determined as follows:

1,000 EUR	2010	2009
Present value of unfunded obligations	9,220	9,957
Liability in the balance sheet	9,220	9,957

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

	2010	2009
At 1 January	9,957	11,905
Contribution by plan participants	690	814
Actuarial losses / gains	-573	-1,315
Benefits paid	-854	-1,447
At 31 December	9,220	9,957
Recognised loss	117	-501
Total	117	-501

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, 2010	24,840	32,870	13,162	1,537	1,637	15,493	89,539
Translation difference	353		641	99	27	8	1,128
Provision additions	8,053	5,886	4,625	3,240	2,570	11,667	36,041
Released during the period	-12,170	-1,778	-5,087	-1,142	-1,135	-6,349	-27,661
Reversals of unused provisions	-889	-56	-729	-2	-112	-2,599	-4,387
December 31, 2010	20,187	36,922	12,612	3,732	2,987	18,220	94,660
Current	6,831	31,595		369		10,674	49,469
Non-current	13,356	5,327	12,612	3,363	2,987	7,546	45,191
Total	20,187	36,922	12,612	3,732	2,987	18,220	94,660

Provisions for contractual guarantees and for Finnish 10-year commitments in construction is determined on the basis of experience of the realization of commitments.
Other provisions include the provision for rental guarantees EUR 1.0 million (2009 EUR 3.1 million). Increase of provisions include additions EUR 16.0 million from business aquisitions.

26. BORROWINGS

1,000 EUR	2010 Carrying value	2010 Fair value	2009 Carrying value	2009 Fair value
Non-current liabilities				
Bonds	235,435	228,473	192,754	182,091
Loans from credit institutions	111,198	103,362	121,611	112,749
Pension loans	153,701	144,603	185,685	173,674
Other loans	1,602	1,550	1,618	1,045
Non-current trade payables	1,607	1,607		
Finance lease liabilities	1,021	1,021	314	314
Total	504,564	480,616	501,982	469,873

1,000 EUR	2010 Carrying value	2010 Fair value	2009 Carrying value	2009 Fair value
Current liabilities				
Bonds	57,127	56,928	7,124	7,124
Loans from credit institutions	9,108	9,108	29,117	29,117
Overdraft facility used	628	628	3	3
Pension loans	31,984	31,984	31,982	31,982
Developer contracting liabilities				
Receivables sold to financing companies 1)	160,204	160,204	69,207	69,207
Liability in housing corporation loans 2)	22,559	22,559	34,452	34,452
Factoring debt			27,048	27,048
Other loans	1,607	1,607	547	547
Finance lease liabilities	1,367	1,367	733	733
Total	284,584	284,385	200,213	200,213

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

The fair values of other non-current loans are based on discounted cash flows. Discount rate is defined to be the rate YIT Group was to pay for an equivalent external loans at the year-end. It consist of risk free market rate and company and maturity related risk premium of 0.80-4.40% (0.60-3.00%) p.a.

1) The construction-stage contract receivables sold to banks and other financing companies totalled EUR 166.7 million (EUR 78.0 million) at year end. Of this amount, EUR 160.2 million (EUR 69.2 million) is included in interest-bearing liabilities in the balance sheet and the remainder comprises receivables witch qualify for derecognition according to IAS 39.15-37 and AG 36-52. The interest paid on sold receivables to the financing companies, EUR 2.6 million (EUR 1.8 million), is all included in net financial expenses.

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

Bonds

1,000 EUR	Interest rate, %	Currency	Nominal value
Floating-rate bonds			
1/2006-2011 [1]	1.471	EUR	50,000
2/2006-2016 [2]	1.494	EUR	42,860
1/2007-2014 [3]	1.531	EUR	50,000
2/2007-2012 [4]	1.414	EUR	50,000
Fixed-rate bonds			
1/2010-2015 [5]	4.823	EUR	100,000
			292,860

Terms of the bonds in brief:

1) Loan-period Sept 27, 2006 - Sept 27, 2011, interest payments at December 27, March 27, June 27 and September 27 in arrear. Interest rate is 3 months Euribor +0.45%. The bond is unsecured. ISIN code FI0003022442.

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 semi-annually March 28 and September 28, started March 28, 2010. Loan is not secured. ISIN code SE0001826686.

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.

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.

5) Loan-period March 26, 2010 - March 26, 2015, interest payments annually March 26 in arrear. Loan is not secured. ISIN code FI4000012067.

Finance lease liabilities

1,000 EUR	2010	2009
Finance lease liabilities fall due in as follows:		
Minimum lease payments		
No later than 1 year	1,367	314
1-5 years	1,021	733
Later than 5 years		
Total minimum lease payments	2,388	1,047
Present value of minimum lease payments		
No later than 1 year	1,325	305
1-5 years	1,071	713
Later than 5 years		
Total present value of minimum lease payments	2,396	1,018
Future finance charges	-8	29
Finance expenses charged to income statement	218	97

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	2010 Carrying value	2009 Carrying value
Non-current liabilities		
Trade payables	519	479
Liabilities of derivative instruments	2,316	2,006
Other liabilities	7,445	857
Total non-current payables	10,280	3,342
Current liabilities		
Trade payables	292,398	200,292
Accrued expenses	220,028	205,042
Liabilities of derivative instruments	5,462	13,557
Accrued expenses in work in progress	200,160	171,172
Advances received	349,335	418,739
Other payables	132,702	109,485
Total current payables	1,200,085	1,118,287

Accrued expenses

1,000 EUR	2010	2009
Accrued employee-related liabilities	153,003	144,372
Interest expenses	7,529	5,538
Other accrued expenses	59,496	55,132

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	2010	2009
Non-current liabilities	10,280	3,342
Derivatives (in hedge accounting)	-2,316	-2,006
Accrued expenses	-596	-317
	7,368	1,019
Current trade and other payables	1,200,085	1,118,287
Accrued expenses	-220,028	-205,042
Derivatives	-5,462	-13,557
Accrued expenses in work in progress	-200,160	-171,172
	774,435	728,516

28. NOMINAL VALUES AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

Nominal values

1,000 EUR	2010	2009
Commodity derivatives [1]		
Steel derivatives	532	
Foreign exchange forward contracts	203,220	377,004
Interest rate forward contracts		
Hedge accounting applied		
Interest rate swaps	224,500	281,500
Hedge accounting not applied		
Cancellable interest rate swaps	52,000	52,000
Interest rate swaps	2,317	2,317
Interest rate caps	25,743	26,483
Interest rate forward contracts, total	304,560	362,300

1) Commodity derivatives include 1,430 tons of steel (0 tons in year 2009).

Fair values

1,000 EUR	2010 Positive fair value (carrying value)	2010 Negative fair value (carrying value)	2010 Net value	2009 Positive fair value (carrying value)	2009 Negative fair value (carrying value)	2009 Net value
Foreign exchange forward contracts						
Hedge accounting applied	0	0	0	0	0	0
Hedge accounting not applied	2,533	-2,219	314	3,311	-12,721	-9,410
Total	2,533	-2,219	314	3,311	-12,721	-9,410
Interest rate derivatives						
Hedge accounting applied	0	-3,341	-3,341	0	-2,364	-2,364
Hedge accounting not applied	66	-4,437	-4,371	215	-3,729	-3,514
Total	66	-7,778	-7,712	215	-6,093	-5,878
Commodity derivatives						
Hedge accounting not applied	69	0	69			
Total	69	0	69			

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 recognised in P/L in finance expenses/income. Foreign exchange forward contracts maturity dates are mainly within 2011. 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 witch 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 Euribor interest rates. Changes in the fair value of interest rate options have been charged to P/L.

Price risk relating to a part of the steel purchases has been hedged by using commodity hedging instruments.

29. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2010

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)]	3,387						3,387	3,387	17
Receivables									
Trade receivables and other receivables		1,061					1,061	1,061	18
Derivatives (hedge accounting not applied)				66			66	66	18, 28
Current financial assets									
Receivables									
Loan receivables		98					98	98	21
Trade receivables and other receivables		800,055					800,055	800,055	21
Derivatives (hedge accounting not applied)				383			383	383	21, 28
Cash and cash equivalents		148,253					148,253	148,253	22
Total by valuation group	3,387	949,467		449			953,303	953,303	
Non-current financial liabilities									
Borrowings						504,564	504,564	480,616	26
Other liabilities									
Trade payables and other liabilities						7,368	7,368	7,368	27
Derivatives (hedge accounting applied)					2,316		2,316	2,316	27, 28
Current financial liabilities									
Borrowings						284,584	284,584	284,385	26
Trade payables and other liabilities									
Trade payables and other liabilities						774,435	774,435	774,435	27
Derivatives (hedge accounting applied)					1,025		1,025	1,025	27, 28
Derivatives (hedge accounting not applied)				4,437			4,437	4,437	27, 28
Total by valuation group				4,437	3,341	1,570,951	1,578,729	1,554,582	

1) Quoted shares valued at fair value EUR 187 thousand and unquoted shares valued at cost less impairments EUR 3,200 thousand.

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	2032	17
Receivables									
Trade receivables and other receivables		1,645					1,645	1,645	18
Derivatives (hedge accounting not applied)				215			215	215	18
Current financial assets									
Receivables									
Loan receivables		529					529	529	21
Trade receivables and other receivables		570,594					570,594	570,594	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	745,853		539			748,424	748,424	
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						200,213	200,213	200,213	26
Trade payables and other liabilities									
Trade payables and other liabilities						728,516	728,516	728,516	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				13,199	2,364	1,431,730	1,447,293	1,415,184	

1) Quoted shares valued at fair value EUR 165 thousand and unquoted shares valued at cost less impairments EUR 1,867 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 year at the decision of Vice President, Group Treasurer. In order to meet the duration target, part of the loans at floating rates are converted to fixed rate using interest rate swaps.

At the balance sheet date the duration of non-current loans including the derivatives was 1.91 years (2.19 years).

The cash flow risk related to floating-rate loans is hedged by using interest rate swaps. Nominal amount of the loans hedged is EUR 150 million and EUR 24.5 million (EUR 200 million and EUR 31.5 million) and their reference interest rates are 3 months and 6 months euribor interest rates respectively. The hedged cash flows will realise within four 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 fair value 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 60% (64%) of the loan portfolio. Weighted average effective interest rate of the loans at fixed rate was 3.914% (4.052%). Weighted average interest rate of the loans at variable rates was 2.527% (2.752%). The weighted average effective interest rate of the loan portfolio as a whole was 3.352% (3.589%). These figures include effect of derivative instruments. Derivatives increase the average effective interest rate of the loan portfolio by 0.48 (increase 0.78) 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 0.9 million (EUR 0.8 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 0.09 million to EUR 1.0 million. In addition, the effect of fair valuation of interest rate derivatives for which the hedge accounting is not applied would have been EUR 1.8 million (EUR 2.0 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	2010	2009
< 1 month	13,304	171,906
1 to 3 months	-145,488	-225,087
3 to 12 months	-107,452	-57,824
1 to 5 years	-369,339	-281,868
> 5 years	-10,000	-108,723
	-618,975	-501,596

Figures in the table are nominal values. Off-balance sheet receivables sold to financial institutions amounting to EUR 6.5 million (EUR 8.8 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 0.76 million (EUR 1.40 million) after tax effect. The sensitivity analysis is based on the foreign exchange forward contracts outstanding at the balance sheet date.

A change of one percentage point in interest rates at the balance sheet date would have affected the consolidated balance sheet by EUR 3.1 million (EUR 4.6 million) net of tax. The effect would have changed the fair values of the interest rate derivatives in the fair value reserve in equity.

Credit and counterparty risk

The Group's credit risk is related to clients with open balances or with long term agreements and to the counterparties to cash and cash equivalents and derivative agreements. 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 holding the ownership of the constructions, like apartments and office buildings, until the payment is received; taking advance payments; accelerated payment programs of projects, payment guarantees, credit risk insurances and careful examination of clients' background information.

Majority of the Group's operating activities is based on established, reliable customer relationships and contractual terms generally used in the construction business. The term of payment for the invoices is mainly 14 to 30 days. The background of the new customers is examined profoundly by for example acquiring credit information. If considered necessary, guarantees are required and the clients' paying behaviour is monitored actively. The Group does not have any significant concentrations of credit risk as the clientele is widespread and geographically divided into the countries in which the Group operates. The total amount of credit losses and provision for impairment of receivables amounted to EUR 9.7 million (EUR 11.5 million). Figures include credit losses for four months after the change of ownership of the companies acquired from Central Europe in year 2010.

The operating units are not expecting any unusual credit risk arising from trade receivables or from long-term projects. The trade receivables, which are related to sales of office buildings which are paid only when the ownership is transferred, are transferred to banks and financial institutions. Transfers meet the conditions set out in IAS 39 for derecognition of financial assets.

Analysis of trade receivables per 31 December 2010 is as follows:

1,000 EUR	Balance sheet amount	Impaired	Gross
Not past due [1]	397,507	-3,882	401,389
1 to 90 days	74,521	-5,474	79,995
91 to 80 days	12,712	-12,943	25,655
181 to 360 days	9,368	-6,305	15,673
Over 360 days	10,989	-35,391	46,380
Total	505,098	-63,994	569,092

Analysis of trade receivables per 31 December 2009 is as follows:

1 000 euroa	Balance sheet amount	Impaired	Gross
Not past due [1]	319,471	-12,284	331,756
1 to 90 days	51,971	-1,974	53,945
91 to 80 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	393,108	-27,538	420,646

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 derivative instruments and their limits. According to the treasury policy, only short-term investments related to liquidity management are made. No impairment has been recognised on the derivative instruments or the cash and cash equivalents in the period. The management does not expect any credit losses from counterparties to financing assets or derivative instruments. The Group'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 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, commercial paper programmes and bond programmes to manage the liquidity risk. The unused financing programmes and credit limits totalled at 31 December 2010 to EUR 795 million (EUR 600 million). EUR 245 million of the credit limits are committed limits. During the accounting period 2010 a domestic bond programme of EUR 400 million was established and committed credit facility agreements were executed in an aggregate amount of EUR 150 million with core banks. 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 148.3 million (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 2010 (31 December 2009). 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 2010

1,000 EUR	2011	2012	2013	2014	2015	2016–	Total	Note
Bonds	64,611	63,408	13,120	62,421	112,125	7,215	322,900	26, 29
Loans from financial institutions	12,577	28,136	58,629	8,639	4,997	16,656	129,634	26, 29
Pension loans	38,162	37,079	35,993	21,021	20,378	57,055	209,688	26, 29
Receivables sold to banks / financial institutions [1]	154,342	7,285					161,627	26, 29
Finance lease liabilities	1,367	507	391	123			2,388	26, 29
Other financial liabilities [2]	25,926	108	45	427	765	542	27,813	26, 29
Commercial papers								26, 29
Trade and other payables	774,435						774,435	27, 29
Interest rate derivatives								
Hedge accounting applied	2,818	1,585	1,508	1,174			7,085	27, 28, 29
Hedge accounting not applied	1,406						1,406	27, 28, 29
Foreign currency derivatives								
cash outflow	-68,871	-404					-69,275	27, 28, 29
cash inflow	69,177	417					69,594	27, 28, 29

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]	60,945	8,734					69,679	26, 29
Finance lease liabilities	314	678	41	14			1,047	26, 29
Other financial liabilities [2]	35,046	60	60	45	428	1,292	36,931	26, 29
Commercial papers								26, 29
Trade and other payables	728,516						728,516	27, 29
Interest rate derivatives								
Hedge accounting applied	5,037	3,183	1,914	1,834	1,213		13,181	27, 28, 29
Hedge accounting not applied	1,550						1,550	27, 28, 29
Foreign currency derivatives								
cash outflow	83,459						83,459	27, 28, 29
cash inflow	73,989						73,989	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 increased the value of the Group's net investments in equity by EUR 27.2 million as at 31 December 2010 compared to financial statements as at December 31, 2009. Strengthening of the Russian Rouble, Swedish Crown and Norwegian Crown increased the net investments. An increase or decrease of 5 percentage point in the exchange rate between the Euro to the Russian Rouble, Swedish Crown and Norwegian Crown would have had an impact of EUR 21.1 million (EUR 17.5 million) on translation differences under consolidated shareholders' equity net of tax.

Foreign currency denominated net investments at the balance sheet date

1,000 EUR	2010 Net investment	2009 Net investment
SEK	69,288	62,072
NOK	41,636	43,695
DKK	9,669	12,353
RUB	458,673	397,965
EEK	28,948	13,017
LTL	18,954	18,756
LVL	15,458	14,724
Other currencies	2,750	9,296

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 2010 the most significant currencies related to commercial agreements and their hedges were GBP, RUB and SEK. If the Euro had strengthened by 5% compared to these currencies at the balance sheet date, the fair valuation of the foreign exchange forward contracts would have caused a foreign exchange gain of EUR 0.2 million (GBP, RUB) and loss of EUR 0.3 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

	External loans		Adjusted by derivative contracts	
1,000 EUR	2010	2009	2010	2009
EUR	768,813	654,127	632,873	421,283
LVL				
RUB	19,231	19,929	121,838	210,032
SEK		27,048		27,048
DKK	1,089	1,091	1,089	1,091
LTL			27,427	22,777
EEK				18,831
PLN	16		16	
CZK			5,906	1,133
	789,149	702,195	789,149	702,195

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

Capital risk management

The group's objectives when managing capital are to maintain the optimal strategic capital structure. When managing capital Group will safeguard it's 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	2010	2009
Equity	882,883	764,122
Balance sheet total	3,117,121	2,777,138
./. Advances received (Note 27)	-349,335	-418,739
Capital	2,767,786	2,358,399
Equity ratio %	31.9%	32.4%

YIT Group has a financial covenant requiring the Group to maintain a minimum equity ratio in one loan from a financial institution. 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 assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

Assets 2010

1,000 EUR	Level 1	Level 2	Level 3	Total
Available-for-sale investments	187		3,200	3,387
Derivatives (hedge accounting not applied)		449		449
Assets, total	187	449	3,200	3,836

Liabilities 2010

1,000 EUR	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		4,437		4,437
Derivatives (hedge accounting applied)		3,341		3,341
Liabilities, total		7,778		7,778

Assets 2009

1,000 EUR	Level 1	Level 2	Level 3	Total
Available-for-sale investments	165		1,867	2,032
Derivatives (hedge accounting not applied)		539		539
Assets, total	165	539	1,867	2,571

Liabilities 2009

1,000 EUR	Level 1	Level 2	Level 3	Total
Derivatives (hedge accounting not applied)		13,199		13,199
Derivatives (hedge accounting applied)		2,364		2,364
Liabilities, total		15,563		15,563

Changes in level 3 instruments:

1,000 EUR	Assets 2010	Liabilities 2010	Assets 2009	Liabilities 2009
Opening balance sheet	1,867		2,425	
Transfers into/from level 3			-40	
Purchases and sales	1,333		-518	
Closing balance	3,200		1,867	

31. OTHER LEASE AGREEMENTS

YIT-Group as lessee

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

1,000 EUR	2010	2009
No later than 1 year	68,373	54,572
1 - 5 years	159,060	145,109
Later than 5 years	95,001	122,227
	322,434	321,908

The lease payments of non-cancellable operating leases charged to income statement in 2010 amounted to EUR 67,852 thousand (EUR 53,073 thousand in 2009).

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

32. COMMITMENTS AND CONTINGENT LIABILITIES

1,000 EUR	2010	2009
Collateral given for own liabilities		
Corporate mortgages	29,823	29,265
Pledged assets [1)]	62	45,255
Other commitments		
Rental guarantees for clients	7,990	9,256
Other contingent liabilities	4,224	373
Other guarantees	5,200	
Investment commitments		
Repurchase commitments	141,031	106,429

1) In year 2009 pledged assets included pledged trade receivables EUR 45,080 thousand. (Note 21)

YIT Corporation has guaranteed obligations of its subsidiaries. On 31.12.2010 the total amount of these guarantees was EUR 1,202.5 million (EUR 943.3 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 Construction Ltd	Helsinki	100.00
YIT Building Systems Ltd	Helsinki	100.00
YIT Industry and Network Ltd	Vantaa	100.00
YIT Kalusto Oy	Urjala	100.00
YIT Information Services Oy	Helsinki	100.00
YIT IT East Oy	Helsinki	100.00
OOO YIT Information Systems	St.Petersburg	100.00
Perusyhtymä Oy	Helsinki	100.00
Shares in subsidiaries, owned by YIT Construction Ltd		
YIT Concept Projektinjohtopalvelut Oy	Helsinki	100.00
AS YIT Ehitus	Tallinn	100.00
AS Koidu Kinnisvara	Tallinn	100.00
OÜ Plasma Project	Tallinn	100.00
YIT Betoonitööd	Tallinn	100.00
OÜ Vintano	Tallinn	100.00
Nordic Arenduse AS	Tallinn	100.00
SIA YIT Celtnieciba	Riga	100.00
SIA Ebelmuiza Ligzda	Riga	100.00
YIT Invest Export Oy	Helsinki	100.00
ZAO YIT Moskovia	Moscow	92.08
OOO Industrial Stroi	Moscow	100.00
LLC YIT Service	Moscow	100.00
CJSC YIT Stroi	Moscow	100.00
OOO UYT Service	Moscow	51.00
YIT Project Invest Oy	Helsinki	100.00
ZAO YIT Lentek	St.Petersburg	100.00
OOO YIT Service	St.Petersburg	100.00
OOO Gorelovo Infra	St.Petersburg	100.00
Urepol Oy	Helsinki	100.00
CJSC YIT Don	Rostov	100.00
LLC SP YIT Don	Rostov	100.00
YIT Polska Sp zo.o	Krakova	100.00

Nimi	Domicile	Holding, %
AB YIT Kausta	Kaunas	97.53
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 Uralstroi	Moscow	99.95
ZAO YIT-Genstroi	Moscow	100.00
Finn-Stroi Oy	Helsinki	100.00
ZAO YIT CityStroi	Moscow	74.99
OOO Hetber	Moscow	100.00
OOO Emerkon-Specstroi	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
OOO YIT Kazan	Kazan	100.00
YIT Stavo s.r.o	Prague	100.00 (1
YIT Reding a.s.	Bratislava	100.00 (1
Shares in subsidiaries, owned by YIT Building Systems Ltd		
YIT Sverige AB (group)	Solna	100.00
Almrins Rörservice AB	Solna	100.00
Calor AB	Solna	100.00
Calor Fastigheter AB	Solna	100.00
Calor nr 1 AB	Solna	100.00
Carlsson & Myrberg AB	Solna	100.00
Cellpipe AB	Solna	100.00
EH Luftbehandling Förvaltnings AB	Motala	100.00
Eltjänst Br Björk Installation AB	Solna	100.00
Fläktteknik i Umeå AB	Solna	100.00
Garantirör i Helsingborg AB	Solna	100.00
Gsson Teleteknik AB	Solna	100.00
Jansson & Eriksson Ekonomisk Luftbehandling AB	Norrköping	100.00
Smedby Värme & Sanitet AB	Solna	100.00
Värmebolaget i Västerås AB	Solna	100.00
YIT Vatten & Miljöteknik AB	Landskrona	100.00

Nimi	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 Germany GmbH	Munich	100.00
YIT Hungary Kft.	Budapest	100.00
YIT Poland Sp zo.o	Warsaw	100.00
Dualis Hungaria Kft.	Komarom	100.00
Dualis Polska Sp zo.o	Wroclaw	100.00
Caverion North America Inc.	Hillsboro	100.00
Caverion Geb.technik OOO	Moscow	100.00
Caverion Hungaria Kft.	Komarom	100.00
Caverion Polska Sp zo.o	Poznan	100.00
Caverion Asia PTE	Singapore	85.00
Caverion Malaysia	Butterworth	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 and YIT Reding a.s. is 100% in IFRS accounting, because the minority share of YIT Stavo 15% and YIT Reding 30% are assessed to be a share based payment to the management.

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

34. RELATED PARTY TRANSACTIONS

1,000 EUR	2010	2009
Sales of goods and services	1,476	1,319
Purchases of goods and services	205	206
Trade and other receivables	143	66
Trade and other payables	4	0
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]	2,312	2,241
Termination benefits	1,796	1,141
Share-based options, pcs [2]		12,960
Share-base incentive plan, EUR 1,000 [3]	506	

1) President and CEO, Deputy to President and CEO and Management Board.
2) In 2009 share-based options, which lapsed November 30, 2010.
3) Accrued expenses related to share-based incentive plan 2010. Shares will be granted for the first time in spring 2011.

Salaries and fees

EUR	2010	2009
President and CEO	668,747	542,859
Deputy to President and CEO	322,858	273,171
Board of Directors		
Henrik Ehrnrooth	80,500	65,000
Eino Halonen	55,500	62,500
Reino Hanhinen	60,500	59,500
Antti Herlin	49,500	50,500
Kim Gran	47,000	47,000
Satu Huber	51,500	39,750
Lauri Ratia	51,500	38,250
Teuvo Salminen, until March 11, 2009		11,500
Board of Directors, total	396,000	374,000

Retirement age

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

Termination compensation

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

Loans to related parties

Loans to any related parties do not exist.

35. ASSETS HELD FOR SALE AND RELATED LIABILITIES

EUR 1,000	2010	2009
Assets held for sale	19,813	
Liabilities of assets held for sale	-17,213	
Net assets held for sale	2,600	

In 2010, the Group has classified certain assets as held for sale at the acquisition date of Caverion group.

Parent company's financial statements, FAS

INCOME STATEMENT, PARENT COMPANY

1,000 EUR	Note	2010	2009
Revenue		0	0
Other operating income	1	18,745	20,042
Personnel expenses	2	-9,383	-9,243
Depreciation and value adjustments	3	-2,436	-2,455
Other operating expenses		-29,069	-29,796
		-40,888	-41,494
Operating loss		-22,143	-21,452
Financial income and expenses	4	66,393	20,431
Profit / loss before extraordinary items		44,250	-1,021
Extraordinary items	5	86,700	67,400
Profit before taxes		130,950	66,379
Change in depreciation difference	6	268	284
Income taxes	7	-19,915	-12,189
Net profit for the financial period		111,303	54,474

BALANCE SHEET, PARENT COMPANY

1,000 EUR	Note	2010	2009
ASSETS			
Non-current assets			
Intangible assets	8		
Intangible rights		144	144
Other capitalized expenditure		3,479	3,830
		3,623	3,974
Tangible assets	8		
Land and water areas		1,019	1,019
Buildings and structures		3,491	3,709
Machinery and equipment		1,402	2,072
Other tangible assets		124	146
		6,036	6,946
Investments	9		
Shares in group companies		366,924	366,924
Other shares and holdings		163	166
		367,087	367,090
Total non-current assets		376,746	378,010
CURRENT ASSETS			
Long-term receivables	10		
Receivables from group companies		501,208	356,671
Accrued income		229	313
Receivables	10		
Trade receivables		61	56
Receivables from group companies		449,365	507,271
Other receivables		1,252	773
Accrued income		7,972	5,636
		960,087	870,720
Current investments	11	3	3
Cash and cash equivalents		82,376	147,553
Total current assets		1,042,466	1,018,276
TOTAL ASSETS		1,419,212	1,396,286

1,000 EUR	Note	2010	2009
EQUITY AND LIABILITIES			
Equity	12		
Share capital		149,217	149,217
Retained earnings		177,750	173,807
Net profit for the financial year		111,303	54,474
Total equity		438 270	377 498
Appropriations			
Accumulated depreciation difference	13	22	290
Provisions	14	975	1,226
Liabilities			
Non-current liabilities	16		
Bonds		235,720	192,860
Loans from credit institutions		92,500	101,500
Pension loans		97,650	117,350
Advances received		209	342
Non-current liabilities to group companies		56,100	68,400
		482,179	480,452
Current liabilities	17		
Bonds		57,140	7,140
Loans from credit institutions		9,000	29,003
Pension loans		19,700	19,700
Advances received		71	75
Trade payables		734	388
Current liabilities to group companies		401,691	465,157
Other current liabilities		252	269
Accrued expenses		9,178	15,088
		497,766	536,820
Total liabilities		979,945	1,017,272
TOTAL EQUITY AND LIABILITIES		1,419,212	1,396,286

CASH FLOW STATEMENT, PARENT COMPANY

1,000 EUR	2010	2009
Cash flow from operating activities		
Profit / loss before extraordinary items	44,250	-1,021
Adjustments for:		
Depreciations	2,436	2,454
Reversal of accrual-based items	710	1,002
Gains on the sale of tangible and intangible assets	-9	-2
Financial income and expenses	-66,393	-20,430
Cash flow before change in working capital	-19,006	-17,997
Change in working capital		
Change in trade and other receivables	-1,209	565
Change in trade and other payables	-7,445	-3,555
Net cash flow from operating activities before financial items and taxes	-27,660	-20,987
Interest and other financial expenses paid	-95,395	-141,867
Dividends received	54,739	22,656
Interest and financial income received	76,036	159,177
Taxes paid	-21,063	-9,394
Net cash generated from operating activities	**-13,343**	**9,585**
Cash flow from investing activities		
Purchases of tangible and intangible assets	-1,174	-2,270
Proceeds from sale of tangible and intangible assets	4	
Increase in investments	0	-29,992
Proceeds from sale of other investments	5	2
Net cash used in investing activities	**-1,165**	**-32,260**

1,000 EUR	2010	2009
Cash flow from financing activities		
Purchase of treasury shares		-4,032
Change in loan receivables	-36,742	134,087
Change in current loans	-82,826	-140,788
Proceeds from borrowings	100,000	119,302
Repayment of borrowings	-48,140	-169,950
Dividends paid and other distribution of assets	-50,361	-62,539
Group contributions received	67,400	116,265
Net cash used in financing activities	-50,669	-7,655
Net change in cash and cash equivalents	**-65,177**	**-30,330**
Cash and cash equivalents at the beginning of the financial year	147,556	177,886
Cash and cash equivalents at the end of the financial year	82,379	147,556

NOTES TO INCOME STATEMENT

The changes made in the comparative figures are only due tu the changes made in the disclosures in the closing 2009.

1,000 EUR	2010	2009
1. OTHER OPERATING INCOME		
Capital gains on disposals of fixed assets	9	2
Rent income	15,558	15,759
Service income	2,750	4,186
Other	428	95
Total	18,745	20,042
2. INFORMATION CONCERNING PERSONNEL AND KEY MANAGEMENT		
Personnel expenses		
Wages, salaries and fees	6,928	7,577
Pension expenses	1,172	1,234
Other indirect personnel costs	1,283	432
Total	9,383	9,243
Salaries and fees to the management		
President and executive Vice President	992	816
Members of the Board of Directors	396	374
Total	1,388	1,190
Average personnel	112	128
The fees for the auditors		
PriceWaterhouseCoopers Oy, Authorised Public Accountants		
Audit fee	246	174
Tax services	85	70
Other services	48	89
Total	379	333

1,000 EUR	2010	2009
3. DEPRECIATIONS AND VALUE ADJUSTMENTS		
Depreciations on other capitalised expenditures	1,328	1,218
Depreciations on buildings and structures	256	297
Depreciations on machinery and equipment	829	916
Depreciation on other tangible assets	23	24
Total	2,436	2,455
4. FINANCIAL INCOME AND EXPENSES		
Dividend income		
From group companies	54,721	22,646
From others	17	10
Total	54,738	22,656
Interest income from non-current investments		
From group companies	8,892	8,323
Total	8,892	8,323
Other interest and financial income		
From group companies	22,960	53,890
From other companies	1,964	932
Total	24,924	54,822
Other interest and financial expenses		
Interest expenses to group companies	-4,868	-6,964
Interest expenses on derivatives	-1,666	-1,375
Interest expenses to others	-16,279	-18,856
Other expenses to others	-2,251	-720
Total	-25,064	-27,915
Exhange rate gains	47,912	93,093
Fair value change in derivatives	-18,792	-36,901
Exhange rate losses	-26,217	-93,647
Total	2,903	-37,455
Total financial income and expenses	66,393	20,431

1,000 EUR	2010	2009
5. EXTRAORDINARY ITEMS		
Extraordinary income		
Group contributions	86,700	67,400
6. APPROPRIATIONS		
The accumulated difference between the depreciations according to plan and depreciations in taxation	268	284
7. INCOME TAXES		
Income taxes on extraordinary items	-22,543	-17,524
Income taxes on operating activities	2,719	5,625
Income taxes on previous years	-91	-290
Total	-19,915	-12,189

NOTES TO BALANCE SHEET

1,000 EUR	2010	2009
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	12,332	10,327
Increases	977	2,005
Historical cost at December 31	13,309	12,332
Accumulated depreciations and value adjustments Jan 1	8,502	7,284
Depreciations for the period	1,328	1,218
Accumulated depreciations and value adjustments Dec 31	9,830	8,502
Book value at December 31	3,479	3,830
Total intangible assets	3,623	3,974
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	7,974	7,930
Increases	38	44
Historical cost at December 31	8,012	7,974
Accumulated depreciations and value adjustments Jan 1	4,265	3,968
Depreciations for the period	256	297
Accumulated depreciations and value adjustments Dec 31	4,521	4,265
Book value at December 31	3,491	3,709

1,000 EUR	2010	2009
Machinery and equipment		
Historical cost at January 1	10,061	9,844
Increases	159	217
Historical cost at December 31	10,220	10,061
Accumulated depreciations and value adjustments Jan 1	7,989	7,073
Depreciations for the period	829	916
Accumulated depreciations and value adjustments Dec 31	8,818	7,989
Book value at December 31	1,402	2,072
Other tangible assets		
Historical cost at January 1	861	856
Increases		5
Historical cost at December 31	861	861
Accumulated depreciations and value adjustments Jan 1	715	691
Depreciations for the period	22	24
Accumulated depreciations and value adjustments Dec 31	737	715
Book value at December 31	124	146
Total tangible assets	6,036	6,946

9. INVESTMENTS

Shares in Group companies		
Historical cost at January 1	366,924	336,932
Increases		29,992
Historical cost at December 31	366,924	366,924
Other shares and holdings		
Historical cost at January 1	166	168
Decreases	-3	-2
Historical cost at December 31	163	166
Total investments	367,087	367,090

1,000 EUR	2010	2009

10. RECEIVABLES

Non-current receivables		
Receivables from group companies		
Loan receivables	501,208	356,671
Receivables from others		
Accrued income	229	313
Non-current receivables	501,437	356,671
Current receivables		
Receivables from group companies		
Trade receivables	1,322	1,229
Loan receivables	298,987	429,420
Other receivables	145,700	67,400
Accrued income	3,356	9,222
Total	449,365	507,271
Accrued receivables, intra-group		
Accrued interest receivables	3,287	8,103
Exchange rate derivatives	60	608
Other receivables	9	511
Total	3,356	9,222
Accrued receivables, group external		
Exchange rate derivatives	307	0
Accrued tax receivables	6,444	5,370
Other receivables	1,221	266
Total	7,972	5,636

11. CASH AND CASH EQUIVALENTS

Current investments		
Current investments	31	31
Market value	3	3
Difference	28	28

1,000 EUR	2010	2009
12. EQUITY		
Share capital Jan 1	149,217	149,217
Share capital Dec 31	149,217	149,217
Retained earnings Jan 1	228,281	240,378
Purchase of treasury shares		-4,032
Dividends paid and distribution of assets	-50,531	-62,539
Retained earnings Dec 31	177,750	173,807
Net profit for the financial period	111,303	54,474
	289,053	228,281
Total equity	438,270	377,498
Distributable funds at December 31		
Retained earnings	177,750	173,807
Net profit for the financial period	111,303	54,474
Distributable fund from shareholders' equity	289,053	228,281

Treasury shares of YIT Oyj on December 31, 2010

December 31, 2010 parent company had treasury shares as follows:

Amount	% of total share capital	% of voting rights
2,145,000	1.68%	1.68%

1,000 EUR	2010	2009
13. APPROPRIATIONS		
Accumulated depreciation difference Jan 1	290	573
Increase	-268	-283
Accumulated depreciation difference Dec 31	22	290
14. PROVISIONS		
Pension fund defict	213	223
Other provisions	762	1,003
Total	975	1,226
15. DEFERRED TAX RECEIVABLES AND LIABILITIES		
Deferred tax receivables		
Postponed depreciation	15	0
Other temporary differencies	106	156
Pension liabilities	55	58
Total	176	214
Deferred tax liabilities		
Accumulated depreciation difference	0	45
Total	0	45

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

1,000 EUR	2010	2009
16. NON-CURRENT LIABILITIES		
Liabilities falling due after five years		
Bonds	7,160	14,300
Loans from credit institutions	15,909	20,455
Pension loans	34,850	46,550
Other loans	18,900	25,200
Total	76,819	106,505
Bonds		
Fixed-rate bond 1/2010 2010-2015, interest 4.823%	100,000	0
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%	0	50,000
Floating-rate bond 2/2006 2006-2016, interest 3 month Euribor + 0.48%	35,720	42,860
Total	135,720	192,860
17. CURRENT LIABILITIES		
Liabilities to group companies		
Trade payables	930	1,031
Other liabilities	399,831	462,732
Accrued expenses	930	1,394
Total	401,691	465,157
Accrued expenses, intra-group		
Interest expenses	489	683
Exchange rate derivatives	441	711
Total	930	1,394
Accrued expenses, group external		
Personnel expenses	2,660	1,810
Interest expenses	6,320	3,778
Exhange rate forward agreements	0	9,493
Other expenses	198	7
Total	9,178	15,088

1,000 EUR	2010	2009
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	14,125	13,056
Payable in subsequent years	127,898	151,497
Total	142,023	164,553
Operating leasing commitments		
Payable during the current financial year	49	33
Payable in subsequent years	103	9
Total	152	42
Other commitments		
Other commitments	37	48
Guarantees		
On behalf of Group companies	1,202,522	943,256
Derivative contracts		
External foreign currency forward contracts		
Fair value	307	-9,469
Value of underlying instruments	200,590	86,089
Internal foreign currency forward contracts		
Fair value	-312	-103
Value of underlying instruments	95,923	44,582
Interest rate swaps and future contracts		
Fair value	-7,778	-6,093
Value of underlying instruments	278,950	335,817
Interest rate options bought		
Fair value	66	215
Value of underlying instruments	25,743	26,483
Commodity derivatives		
Fair value	69	0
Value of underlying instruments	532	0

19 SALARIES AND FEES TO THE MANAGEMENT

Decision making regarding remuneration

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

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

Performance bonuses

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

The amount of bonuses paid depends on the realisation of personal key targets, the Group's financial performance as well as the realisation of the unit profitability, growth and development objectives, such as occupational safety targets. Performance and development discussions are an essential part of the management by key results system. In these discussions, employees and their superiors agree on the key objectives and their relative weighting and review the realisation of the previously agreed objectives. The key principles and objectives for the result period influencing the personal performance bonuses are specified at the business group level.

The maximum annual performance bonus paid to the CEO and the Management Board may equal 40 - 60 percent of their annual taxable pay excluding the performance bonus.

Share-based incentive scheme

YIT Corporation's Board of Directors decided on March 10, 2010, to implement a share-based incentive scheme to support the company's strategy of profitable growth and supplement the already available incentive schemes. The scheme aims at promoting the employees in determined work, rewarding their good performance and committing them to long-term persistent work. Members of YIT Corporation's Board of Directors are not included in the share-based incentive scheme.

The scheme consist of three earning periods, i.e. the calendar years 2010, 2011 and 2012. Shares will be handed over in 2011, 2012 and 2013 based on the performance in the previous year. A total of approximately 700,000 shares can be rewarded annually, of which a maximum of 20,000 to the President and CEO. Furthermore, employees included in the scope of the incentive scheme will receive part of their reward in cash to cover the taxes and other charges ordered by the authorities caused by the share rewards. Employees are obligated to not transfer their shares within two years of having obtained them, i.e. during the commitment period. If the employment of an employee is terminated during the commitment period, the employee must return any shares obtained as rewards to the company free of charge. Under all circumstances, the Board has the right to amend the bonuses in a reasonable manner.

The Board of the company annually decides on the performance criteria and the employees included in the scope of the incentive scheme. In 2010, the share bonus criteria included return on investment and revenue growth and approximately 255 employees were covered in the incentive scheme.

Share option programme

YIT Corporation's share option programme ended on November 30, 2010. 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. In 2010 shares could be subscribed under the Serie N options between April 1 and November 30, 2010. The programme covered the CEO, his deputy and other management and key personnel in the Group, totalling approximately 350 persons. Members of the Board of Directors were not included in the option scheme.

Remuneration of Board members in 2010

The Annual General Meeting in 2010 decided to keep the fees unchanged from 2007-2009, and in 2010 the Board of Directors was paid remuneration 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 company's share option schemes.

Board of Directors' fees in 2010

The fees of YIT Corporation's Board members totalled EUR 396,000 in 2010.

Remuneration paid to the President and CEO, his deputy and the Group's Management Board in 2010

	Regular salary inclusive of fringe benefits, EUR	Bonuses	Total
President and CEO	485,114	183,634	668,747
Deputy to CEO	267,529	55,329	322,858
Group's Mangement Board (excl. President and CEO and his deputy)	1,043,883	276,135	1,320,018

Shares and options held by the Board of Directors, the President and CEO and the Group's Management Board, December 31, 2010

	Shares	% of shares outstanding
Board of Directors	14,362,970	11.29%
President and CEO	26,000	0.02%
Deputy to CEO	1,000	
Group's Deputy to CEO Mangement Board (excl. President and CEO and his deputy)	11,144	0.01%

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

YIT Corporation's share option programme ended on November 30, 2010, consequently the President and CEO and his deputy held no options at the year-end 2010. Also, they did not have any shares, because of the share reward from the new incentive scheme will be paid for the first time in 2011.

Loans to related parties

The President and CEO and his deputy or the members of the Board of Directors did not have cash loans from the company or its subsidiaries on December 31, 2010.

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. According to the contracts pension level will be 60 percent of the pension salary determined in Finnish state pension rules. 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 that of his deputy is six months. If the company terminates the contract, the President and CEO or his deputy shall also be paid separate compensation amounting to 12 months salary.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF DISTRIBUTABLE EQUITY

The distributable equity of YIT Corporation on December 31, 2010 is EUR 299,689,283.92,of which the profit for the financial period 2010 is EUR 111,303,159.73.

The Board of Directors proposes to the Annual General Meeting that the distributable equity be disposed of as follows:

Payment of a dividend to shareholders EUR 0.65 per share, or	81,300,974.30
Remains in distributable equity	218,388,309.62
	299,689,283.92

No significant changes have taken place in the company's financial position after the end of the financial year. The company's liquidity is good and, in the view of the Board of Directors, the proposed dividend payout does not jeopardise the company's solvency.

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

Helsinki, February 3, 2011

Henrik Ehrnrooth
Chairman

Reino Hanhinen
Vice chairman

Eino Halonen

Antti Herlin

Satu Huber

Lauri Ratia

Kim Gran

Juhani Pitkäkoski
President and CEO

AUDITOR'S REPORT

To the Annual General Meeting of YIT Corporation

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of YIT Corporation for the year ended 31 December, 2010. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company and the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or whether they have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the Company's Financial Statements and the Report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki, 3 February 2011

PricewaterhouseCoopers Oy
Authorised Public Accountants

Heikki Lassila
Authorised Public Accountant

Key financial figures

INCOME STATEMENT 2001–2010

		2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS 1)	2010 IFRS 1)
Revenue	MEUR	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	3,485.6	3,787.6
- change from previous year	%	31.4	8.6	35.5	26.9		8.8	8.6	12.9	6.3	-11.5	8.7
- of which activities outside Finland	MEUR	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	2,343.6
Operating income and expenses	MEUR	-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	-3,283.9	-3,531.6
Depreciation and write-downs	MEUR	-16.1	-16.5	-17.3	-17.1	-22.3	-23.9	-24.1	-27.2	-31.8	-33.6	-35.9
Depreciation of goodwill	MEUR	-10.1	-13.2	-20.5	-30.6							
Operating profit	MEUR	99.7	89.8	98.6	135.1	157.4	227.7	258.8	337.8	260.6	168.1	220.1
- % of revenue	%	6.1	5.1	4.1	4.5	5.7	7.5	7.9	9.1	6.6	4.8	5.8
Financial income and expences, net	MEUR	-10.9	-12.2	-14.2	-16.8	-17.4	-12.9	-20.6	-32.2	-67.5	-58.6	-25.3
Profit before extraordinary items	MEUR	88.8	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1	109.5	194.8
- % of revenue	%	5.5	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9	3.1	5.1
Extraordinary income	MEUR											
Extraordinary expenses	MEUR											
Profit before taxes	MEUR	88.8	77.6	84.4	118.2	140.0	214.8	238.2	305.6	193.1	109.5	194.8
- % of revenue	%	5.5	4.4	3.5	3.9	5.0	7.1	7.3	8.2	4.9	3.1	5.1
Profit for the period	MEUR	61.6	43.0	48.4	84.0	100.5	156.9	175.4	228.0	134.3	68.1	140.6
- % of revenue	%	3.8	2.4	2.0	2.8	3.6	5.2	5.3	6.2	3.4	2.0	3.7
Attributable to:												
Equity holders of the company						99.1	155.5	171.0	224.9	132.9	68.3	140.3
Minority interest						1.4	1.4	4.4	3.1	1.4	-0.2	0.3

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

BALANCE SHEET 2001–2010

		2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS 1)	2010 IFRS 1)
ASSETS												
Intangible assets	MEUR	69.7	61.9	66.8	68.4	81.0	77.1	91.8	92.5	104.6	99.8	106.7
Goodwill on consolidation	MEUR	47.4	72.0	246.9	224.2	248.8	248.8	248.8	240.6	291.0	291.0	350.9
Tangible assets	MEUR	7.2	9.5	11.8	12.3	13.1	13.4	15.6	27.1	35.1	32.8	50.5
Investments												
Treasury shares	MEUR	6.5	7.2									
Other investments	MEUR	6.3	7.1	7.9	6.8	4.2	4.8	5.9	6.2	6.3	5.3	6.1
Inventories	MEUR	259.3	338.1	380.8	421.6	629.3	685.2	1,006.4	1,265.0	1,509.9	1,477.6	1,484.9
Receivables	MEUR	483.0	503.5	781.0	822.1	503.7	578.1	723.4	769.7	825.3	697.7	969.7
Current investments	MEUR	18.6	10.7	11.9	0.7	0.7	0.0	0.0	0.0	36.4	0.0	0.3
Cash and cash equivalents	MEUR	18.4	28.2	48.4	34.2	35.4	80.7	25.9	60.2	165.3	173.1	148.0
Total assets	MEUR	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	2,777.1	3,117.1
EQUITY AND LIABILITIES												
Share capital	MEUR	58.8	59.5	61.0	61.3	61.3	62.4	63.4	149.1	149.2	149.2	149.2
Other equity	MEUR	291.6	313.7	347.3	395.9	380.0	497.4	607.1	665.4	653.9	612.7	730.8
Minority interest	MEUR	3.2	2.9	3.4	3.6	4.1	3.7	3.9	3.8	4.6	2.2	2.9
Provisions	MEUR	10.1	14.2	27.3	26.0	59.9	57.5	50.5	59.0	86.9	89.5	94.7
Non-current liabilities												
Interest-bearing	MEUR	133.5	130.4	202.6	214.0	224.0	172.4	275.8	356.9	516.2	502.0	504.6
Non interest-bearing	MEUR	7.7	7.8	8.3	15.7	23.6	40.9	72.5	80.7	92.1	87.7	114.4
Current liabilities												
Interest-bearing	MEUR	14.2	12.6	62.2	47.5	171.5	162.6	256.6	218.1	330.1	200.2	284.6
Advances received	MEUR	54.5	71.8	100.6	106.7	77.5	134.9	163.6	230.4	346.8	418.7	349.3
Other non interest-bearing	MEUR	342.8	425.3	742.8	719.6	514.3	556.3	624.4	697.9	794.2	714.8	886.6
Total shareholders' equity and liabilities	MEUR	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	2,777.1	3,117.1

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

OTHER KEY FIGURES 2001–2010

		2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS [1)]	2010 IFRS [1)]
Cash flow from operating activities	MEUR	40.3	76.7	97.6	35.4	59.2	167.3	-148.3	84.1	47.8	260.9	3.7
Return on equity	%	19.1	12.2	12.5	19.6	24.3	31.1	28.3	30.5	16.5	8.9	17.1
Return on investment	%	21.6	17.8	16.8	19.6	19.1	26.4	24.8	26.2	17.5	11.0	14.3
Equity ratio	%	40.3	38.2	28.3	31.1	31.0	36.3	34.5	36.7	30.7	32.4	31.9
Net interest-bearing debt	MEUR	110.7	104.1	204.4	226.6	359.4	254.4	506.5	514.8	644.5	529.1	640.9
Gearing ratio	%	31.9	28.2	49.6	49.2	80.7	45.1	75.1	62.9	79.8	69.2	72.6
Gross capital expenditures on non-current assets	MEUR	75.1	60.6	232.9	31.0	35.6	30.1	50.4	51.6	85.2	27.9	129.8
- % of revenue	%	4.6	3.4	9.7	1.0	1.3	1.0	1.5	1.4	2.2	0.8	3.4
Research and development expenditure	MEUR	12.0	13.0	16.0	18.0	18.0	19.0	21.0	22.0	19.0	15.2	17.5
- % of revenue	%	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.5
Order backlog as at Dec 31	MEUR	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	2,983.3	3,535.7
- of wich orders from abroad	MEUR	180.2	255.0	569.5	621.0	645.0	752.4	1,490.0	1,999.2	2,072.9	1,885.7	1,857.7
Number of employees at Dec 31		10,264	12,633	21,939	21,680	21,680	21,289	22,311	24,073	25,784	23,480	25,832
Average numer of employees		10,118	11 990	16,212	21,884	21,884	21,194	21,846	23,394	25,057	24,497	24,317

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

SHARE-RELATED KEY FIGURES 2001–2010

		2001	2002	2003	2004 FAS	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS	2008 IFRS	2009 IFRS 1)	2010 IFRS 1)
Earnings/ share, basic	EUR	0.54	0.37	0.41	0.69	0.81	1.26	1.36	1.77	1.05	0.55	1.12
Earnings/ share, diluted	EUR		0.37	0.41	0.68	0.80	1.23	1.35	1.77	1.05	0.55	1.12
Eguity/ share	EUR	2.98	3.14	3.35	3.73	3.60	4.49	5.29	6.40	6.38	6.09	7.04
Dividend/share	EUR	0.21	0.23	0.30	0.35	0.35	0.55	0.65	0.80	0.50	0.40	0.65 2)
Dividend/ earnings	%	39.7	60.4	73.2	51.1	43.2	43.7	47.8	45.2	47.6	73.2	57.9 2)
Effective dividend yield	%	6.3	5.4	4.5	3.8	3.8	3.0	3.1	5.3	10.9	2.8	3.5
Price/earnings multiple (P/E)		6.3	11.3	16.4	13.4	11.3	14.3	15.4	8.5	4.4	26.3	16.7
Share price trend												
Average price	EUR	3.17	4.10	5.18	7.96	7.96	13.99	19.24	22.15	10.89	8.52	16.35
Low	EUR	2.61	3.30	3.50	6.76	6.76	8.95	15.20	14.79	3.70	4.31	12.98
High	EUR	3.49	4.91	6.93	9.42	9.42	18.25	23.88	27.90	19.99	14.49	19.00
Price at Dec 31	EUR	3.38	4.20	6.73	9.18	9.18	18.07	20.95	14.99	4.58	14.45	18.65
Market capitalisation at Dec 31	MEUR	389.7	489.9	821.1	1125.3	1,125.3	2,254.4	2,656.0	1,907.0	576.2	1,807.4	2,332.7
Share turnover trend												
Share turnover	1,000	17,792	39,648	58,558	91,160	91,160	120,368	184,577	245,672	295,156	190,057	127,537
Share turnover as percentage of shares outstanding	%	15.5	34.2	49.5	74.6	74.6	97.4	147.2	193.6	232.2	151.8	102.0
Weighted average share-issue adjusted number of shares outstanding	1,000	114,988	115,880	118,208	122,246	122,246	123,544	125,357	126,872	127,104	125,167	125,078
Weighted average share-issue adjusted number of shares outstanding, diluted	1,000		117,028	118,496	123,646	123,646	126,522	126,773	127,028	127,104	125,167	125,078
Share-issue adjusted number of shares outstanding at Dec 31	1,000	115,472	116,716	122,092	122,586	122,586	124,794	126,777	127,218	125,798	125,078	125,078

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

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

FINANCIAL DEVELOPMENT BY QUARTER I/2009–IV/2010

	I/ 2009	II/ 2009	III/ 2009	IV/ 2009	I/ 2010	II/ 2010	III/ 2010	IV/ 2010
Revenue, MEUR	843.2	862.8	754.3	1,025.3	765.3	854.8	829.6	1,338.0
Operating profit, MEUR	28.7	43.3	32.8	63.3	33.9	35.9	33.9	116.4
- % of revenue	3.4	5.0	4.3	6.2	4.4	4.2	4.1	8.7
Financial income, MEUR	1.3	0.4	0.9	1.9	0.7	1.1	1.1	0.7
Exhange rate differences, MEUR	-9.6	-5.1	-7.8	-5.9	-2.3	-1.9	-2.3	-0.8
Financial expenses, MEUR	-11.6	-8.2	-8.8	-6.2	-5.6	-7.2	-5.7	-3.1
Profit before taxes, MEUR	8.8	30.4	17.1	53.1	26.7	27.9	27.0	113.2
- % of revenue	1.0	3.5	2.3	5.2	3.5	3.3	3.3	8.5
Total balance sheet assets, MEUR	2,998.6	2,993.3	3,041.6	2,777.1	2,994.8	3,067.9	3,234.6	3,117.1
Earnings per share, EUR	0.06	0.15	0.08	0.26	0.15	0.16	0.16	0.65
Equity per share, EUR	5.46	5.67	5.78	6.09	6.08	6.35	6.30	7.04
Share price at the end of period, EUR	5.05	7.40	13.01	14.45	17.10	14.78	17.39	18.65
Market capitalization at the end of period, MEUR	631.6	925.6	1,627.0	1,807.4	2,138.8	1,848.7	2,175.1	2,332.7
Return on investment, rolling 12 months, %	16.5	11.5	11.1	11.0	11.3	10.7	10.6	14.3
Return on equity %				8.9				17.08
Equity ratio, %	27.0	28.1	28.2	32.4	30.2	31.8	29.2	31.9
Net interest-bearing debt at the end of period, MEUR	674.1	699.7	674.4	529.1	496.0	514.8	636.6	640.9
Gearing ratio, %	98.3	98.1	92.9	69.2	65.0	64.7	80.5	72.6
Gross capital expenditures, MEUR	6.7	3.9	5.1	12.2	9.4	8.7	81.0	30.7
Order backlog at the end of period, MEUR	3,256.3	3,120.0	3,059.6	2,983.3	3,152.5	3,392.2	3,727.5	3,535.7
Personnel at the end of period	25,239	24,763	24,003	23,480	23,211	23,877	25,943	25,832

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

REVENUE BY BUSINESS SEGMENT I/2009–IV/2010

EUR million	I/ 2009	II/ 2009	III/ 2009	IV/ 2009	I/ 2010	II/ 2010	III/ 2010	IV/ 2010
Building and Industrial Services	537.9	529.2	483.9	573.9	477.0	547.4	550.9	777.8
Construction Services Finland	239.8	253.0	246.3	290.6	252.9	275.2	279.7	294.2
International Construction Services	61.4	87.4	97.6	113.0	106.9	112.1	111.9	139.7
Other items	-15.5	-16.4	-12.8	-17	-16.0	-20.4	-18.3	-24.1
YIT's segments total	823.7	853.2	815.0	960.5	820.8	914.3	924.2	1,187.6
IFRIC 15 adjustment	19.5	9.7	-60.7	64.7	-55.5	-59.6	-94.6	150.4
YIT Group, total	843.2	862.8	754.3	1025.3	765.3	854.7	829.6	1,338.0

OPERATING PROFIT BY BUSINESS SEGMENT I/2009–IV/2010

EUR million	I/ 2009	II/ 2009	III/ 2009	IV/ 2009	I/ 2010	II/ 2010	III/ 2010	IV/ 2010
Building and Industrial Services	28.6	28.2	24.9	37.6	21.6	28.2	22.8	32.4
Construction Services Finland	20.9	19.9	20.8	20.3	23.1	26.4	29.3	29.4
International Construction Services	-23.8	-5.2	3.7	7.5	4.6	7.6	9.2	13.4
Other items	-3.6	-4.8	-3.8	-5.7	-4.8	-5.1	-3.4	-5.5
YIT's segments total	22.1	38.1	45.6	59.7	44.5	57.1	57.9	69.7
IFRIC 15 adjustment	6.6	5.2	-12.8	3.6	-10.6	-21.2	-24.0	46.7
YIT Group, total	28.7	43.3	32.8	63.3	33.9	35.9	33.9	116.4

ORDER BACKLOG BY BUSINESS SEGMENT I/2009–IV/2010

EUR million	I/ 2009	II/ 2009	III/ 2009	IV/ 2009	I/ 2010	II/ 2010	III/ 2010	IV/ 2010
Building and Industrial Services	1,048.3	984.7	946.7	850.4	964.2	1,025.3	1,332.1	1,264.4
Construction Services Finland	819.8	846.9	909.9	1007.5	905.4	1,154.7	1,205.2	1,173.2
International Construction Services	1,239.1	1,126.8	998.4	960.1	1,013.2	946.8	884.8	870.8
Other items	-62.1	-41.9	-54.2	-44.4	-45.8	-59.4	-55.2	-58.3
YIT's segments total	3,045.0	2,916.5	2,800.8	2,773.6	2,837.0	3,067.4	3,366.9	3,250.1
IFRIC 15 adjustment	211.3	203.6	258.8	209.7	315.5	261.8	360.6	285.7
YIT Group, total	3,256.3	3,120.1	3,059.6	2,983.3	3,152.5	3,329.2	3,727.5	3,535.7

YIT has applied the IFRIC 15 Agreements for the Construction of Real Estate IFRS interpretation from the start of the financial period begun on January 1, 2010. Due to the application of the interpretation, Group reporting and segment reporting differ. In segment reporting, the figures will continue to be calculated based on the previous accounting principle, i.e. percentage of completion will be applied in the recognition of revenue from own residential and commercial real estate development projects. The figures for 2010 and 2009 are comparable.

Shares and shareholders

YIT's shares and share options are listed on the NASDAQ OMX Helsinki. The company has one series of shares.

YIT's share (YTY1V)

- Listing: NASDAQ OMX Helsinki
- Listing date: 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
- The shares are included in the book-entry system maintained by Euroclear Ltd.

The share option programme ended on November 30, 2010

In 2010 shares could be subscribed for under the Series N share options (YTY1VEW406) issued by YIT Corporation in 2006 between April 1 and November 30, 2010.

Indices

In 2010, the YIT share was included in the following indices, among others:

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

More than 32,000 shareholders at year end

At the beginning of the year, the number of registered shareholders was 29,678 (2009: 25,515) and 32,476 (29,678) at the end of the period. The number of private investors among the owners increased by 2,465. At the beginning of the year, a total of 38.7 percent (36.5%) of the shares were owned by nominee-registered and non-Finnish investors, while this figure was 37.9 percent (38.7%) at the end of the year.

▶▶▶ Monthly ownership information at www.yitgroup.com/investors - Major shareholders

LARGEST SHAREHOLDERS ON DECEMBER 31, 2010

	Number of shares	% of shares and votes
1. Structor S.A.	13,400,000	10.5
2. Varma Mutual Pension Insurance Company	6,820,908	5.4
3. Mandatum Life Insurance Company Limited	5,097,950	4.0
4. Ilmarinen Mutual Pension Insurance Company	4,433,685	3.5
5. YIT Corporation	2,145,000	1.7
6. Svenska litteratursällskapet i Finland r.f.	1,874,200	1.5
7. Etera Mutual Pension Insurance Company	1,843,569	1.5
8. Tapiola Mutual Pension Insurance Company	1,785,000	1.4
9. The State Pension Fund	1,611,662	1.3
10. OP-Delta Fund	1,475,000	1.2
11. Brotherus Ilkka	1,324,740	1.0
12. Odin Norden	1,307,966	1.0
13. Kaleva Mutual Insurance Company	807,603	0.6
14. Nordea Fennia Fund	798,385	0.6
15. Veritas Pension Insurance Company Limited	680,000	0.5
Nominee registered	31,849,847	25.0
Other owners	49,967,907	39.3
Total	**127,223,422**	**100**

OWNESHIP BY SHAREHOLDER GROUP ON DECEMBER 31, 2010

	Number of shareholders	% of share-holders	Number of shares	% of shares
Nominee-registered and non-Finnish holders	130	0.4	48,259,914	37.9
Households	29,568	91.1	25,319,607	19.9
General government	46	0.1	18,948,257	14.9
Financial and insurance corporations	128	0.4	15,848,914	12.5
Non-profit institutions	503	1.6	9,066,604	7.1
Non-financial corporations and housing corporations	2,101	6.5	9,780,126	7.7
Total	**32,476**	**100**	**127,223,422**	**100**

DISTRIBUTION OF SHAREHOLDINGS BY SIZE ON DECEMBER 31, 2010

Number of shares	Number of owners	% of share-holders	Number of shares	% of shares
1 – 100	7,784	24.0	517,635	0.4
101 – 500	13,623	41.9	3,907,778	3.1
501 – 1,000	5,320	16.4	4,198,409	3.3
1,001 – 5,000	4,651	14.3	10,199,421	8.0
5,001 – 10,000	588	1.8	4,285,249	3.4
10,001 – 50,000	376	1.2	7,997,506	6.3
50,001 – 100,000	56	0.2	3,806,295	3.0
100,001 – 500,000	54	0.2	12,595,490	9.9
500,001 –	24	0.1	79,715,639	62.7
Total	**32,476**	**100**	**127,223,422**	**100**

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

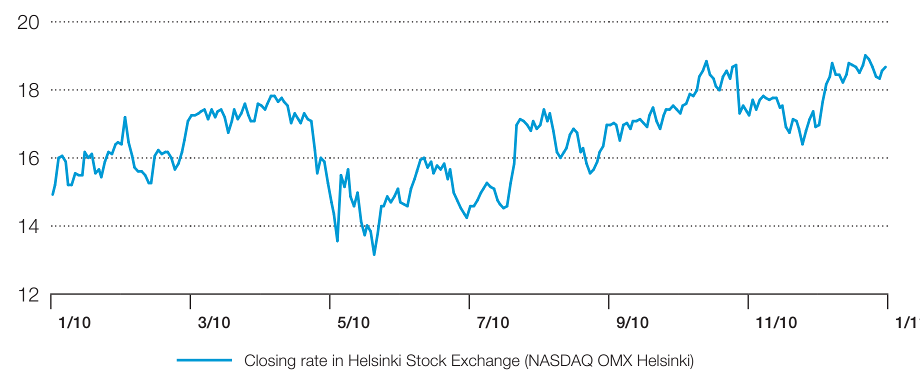
▸▸▸ More information on shares and shareholders in the Report of Board of Directors on pages 74-75.

Share price increased by 29 percent

The closing rate of YIT's share on the last trading day of 2010 was EUR 18.65 (2009: EUR 14.45) in Helsinki Stock Exchange (NASDAQ OMX Helsinki). The share price increased by 29 percent during the year. The highest price of the share in 2010 was EUR 19.00 (EUR 14.49), the lowest was EUR 12.98 (EUR 4.31) and the average price was EUR 16.35 (EUR 8.52). YIT Corporation's market capitalisation at the end of the year was EUR 2,332.7 million (EUR 1,807.4 million). The market capitalisation has been calculated excluding the shares held by the company.

Share turnover on NASDAQ OMX Helsinki in January–December 2010 amounted to 127,536,954 shares (190,057,125). The value of turnover was EUR 2,085.0 million (EUR 1,631.4 million). The average daily turnover was 506,099 shares (757,200).

SHARE PRICE DEVELOPMENT IN 2010, EUR



Investor Relations

Tasks and objective

The aim of our Investor Relations function is to support the appropriate valuation of the YIT share by continuously and consistently communicating all essential information on YIT equally to all market parties. We also aim to improve the loyalty of current shareholders, increase interest in the company and reach new investors and analysts interested in the company.

Our Investor Relations function is responsible for planning and implementing investor communications as well as daily contact with investors and analysts. All inquiries and meetings with investors and analysts are centrally managed by Investor Relations. We arrange conference calls and road show events, news conferences in connection with the publication of Interim Reports and Financial Statements, and an annual Capital Market Day. We actively participate in various investor conferences and events. We collect and analyse investor feedback and share-related information for the needs of the management and Board of Directors.

Our operating method

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 maintain regular contact with current and future shareholders and analysts.

▶▶▶ YIT Group's disclosure policy is published on our website at www.yitgroup.com/investors - IR contacts

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 earnings announcement.

Operations in 2010

During 2010, we met over 600 investors and analysts. YIT arranged 32 road show days with the company's management meeting investors in Europe and the United States. Our Capital Market Day was held in September in Stockholm, Sweden. The event had a total of 34 participants, consisting of analysts as well as share and debt investors.

Analysts following YIT

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

Finland
Carnegie Investment Bank
Danske Markets Equities
Evli Bank
E. Öhman J:or Securities
FIM
Handelsbanken Capital Markets
Nordea Markets
Pohjola Bank
SEB Eskilda
Swedbank

Rest of Europe
ABG Sundal Collier
Credit Agricole Cheuvreux Nordic
Deutsche Bank
Goldman Sachs International
Merrill Lynch
UBS

▶▶▶ Contact details of the analysts on YIT's website at www.yitgroup.com/Investors – IR contacts – Analysts following YIT

FINANCIAL INFORMATION IN 2011

2010 Financial Statements Bulletin	February 4, 2011, at 8:00 a.m.
Annual Report 2010, incl. Financial Statements	Week 7, 2011
Interim Report for Jan–Mar	April 29, 2011, at 8:00 a.m.
Interim Report for Jan–Jun	August 4, 2011, at 8:00 a.m.
Interim Report for Jan–Sep	October 28, 2011, at 8:00 a.m.

Result publication and webcasts

YIT holds a news conference for investors and the media in connection with the publication of Interim Reports and Financial Statements at its head office in Helsinki. It is also possible to participate in the event through a conference call.

▶▶▶ Webcasts of the publication events can be viewed on the YIT website, both live and as recordings at www.yitgroup.com/webcast.

Ordering publications and releases

YIT's Annual Reports, Interim Reports and other publications can be ordered on YIT's website www.yitgroup.com or from Corporate Communications, tel. +358 20 433 2467, or by e-mail InvestorRelations@yit.fi. Releases can be ordered directly to e-mail through YIT's website.

Investor information on the internet

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

- financial reports and stock exchange releases, investor presentations and webcasts
- monthly updated data on our major shareholders and the company's statutory insiders and their shareholdings
- share trading data
- tools for analysing YIT share, such as historical share price search, total return calculator for determining the value of your investments in YIT and consensus estimates of our earnings

▶▶▶ www.yitgroup.com/investors

Contact information

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Information for shareholders

Annual General Meeting 2011

The Annual General Meeting of YIT Corporation will be held on Friday, March 11, 2011, starting at 10:00 a.m. (Finnish time) at Finlandia Hall (address: Mannerheimintie 13, 00100 Helsinki). The check-in of those who have registered for the meeting, distribution of ballots and serving of coffee will start at 9:00 a.m.

Participation right

In order to have the right to participate in the Annual General Meeting, a shareholder must be registered in the company's shareholder register, which is maintained by Euroclear Finland Ltd, no later than on the record date of the Annual General Meeting on March 1, 2011. 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/her right to vote must be temporarily entered in the company's shareholder register by March 8, 2011, by 10:00 a.m. in order to participate in the meeting.

Notice of meeting

The notice of meeting is published no later than three weeks before the meeting in a nationwide newspaper in Finland chosen by the Board of Directors. The notice contains the agenda, the names of the persons nominated to seats on the Board of Directors and the nominated auditor. The notice, agenda, resolution proposals, documents presented to the Annual General Meeting and presentation of the nominees for the Board of Directors will also be published on YIT's website at www.yitgroup.com/investors - Corporate Governance - Annual General Meeting.

Registration

Registration for the Annual General Meeting will begin on February 4, 2011, and will end on March 8, 2011, at 4.00 p.m. (Finnish time). Shareholders can register:

- Online through YIT's website: www.yitgroup.com
- By sending a fax to +358 20 433 2077
- By telephone at the number + 358 50 390 6673
- By sending a letter to YIT Corporation, Marja Salo, P.O. Box 36, FI-00621 Helsinki, Finland.

The shareholder's name, personal ID number or business ID, address and telephone number and name of any assistant, proxy or legal representative must be declared in connection with the registration. The registration must reach the company prior to the end of the registration period. It is requested that the company be notified of any proxies in connection with registration and that any proxies be sent to the address mentioned above before the expiry of the registration period.

Payment of dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.65 per share be paid from 2010. The dividend is paid to the shareholder who, by the record date (March 16, 2011), 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, 2011.

Shareholder rights

Shareholders have the right to have items included on the agenda of the Annual General Meeting, provided they demand, in writing, the Board of Directors to do so early enough so that the item can be included in the notice of the meeting. The date by which shareholders must present their requests will be published well in advance on the company's website. In 2011 this date was January 14.

Shareholders have the right to raise questions at the General Meeting as set out in the Companies Act.

The minutes of the Annual General Meeting are made available for inspection by shareholders within two weeks of the meeting at YIT's head office (Panuntie 11, Helsinki, Finland) and on the company's website www.yitgroup.com/investors.

A shareholder or shareholdets who own at least 10 percent of all the company's shares may demand that an extraordinary General Meeting be convened.

Important dates related to Annual General Meeting

Registration opens: February 4, 2011
Record date of Annual General Meeting: March 1, 2011
Registration closes: March 8, 2011
Annual General Meeting: March 11, 2011
Dividend ex-date: March 14, 2011
Dividend record date: March 16, 2011
Proposed dividend payment: April 7, 2011*
*) Board proposal

Address changes of shareholders

Shareholders are requested to give notification of changes of address to the bank branch office in which their book-entry account is handled.

If the account is handled by Euroclear Finland Ltd, notifications of change of address should be sent to

Euroclear Finland Ltd
P.O. Box 1110
FI-00101 Helsinki, Finland
Street address: Urho Kekkosen katu 5C
Telephone (switchboard): +358 20 770 6000
Fax: +358 20 770 6658
E-mail: info.finland@euroclear.eu

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

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www.yitgroup.com I www.yit.fi

The contact information of other locations can be found on our website:

1 Finland: www.yit.fi
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3 Norway: www.yit.no
4 Denmark: www.yit.dk
5 Russia: www.yit.ru
6 Estonia: www.yit.ee
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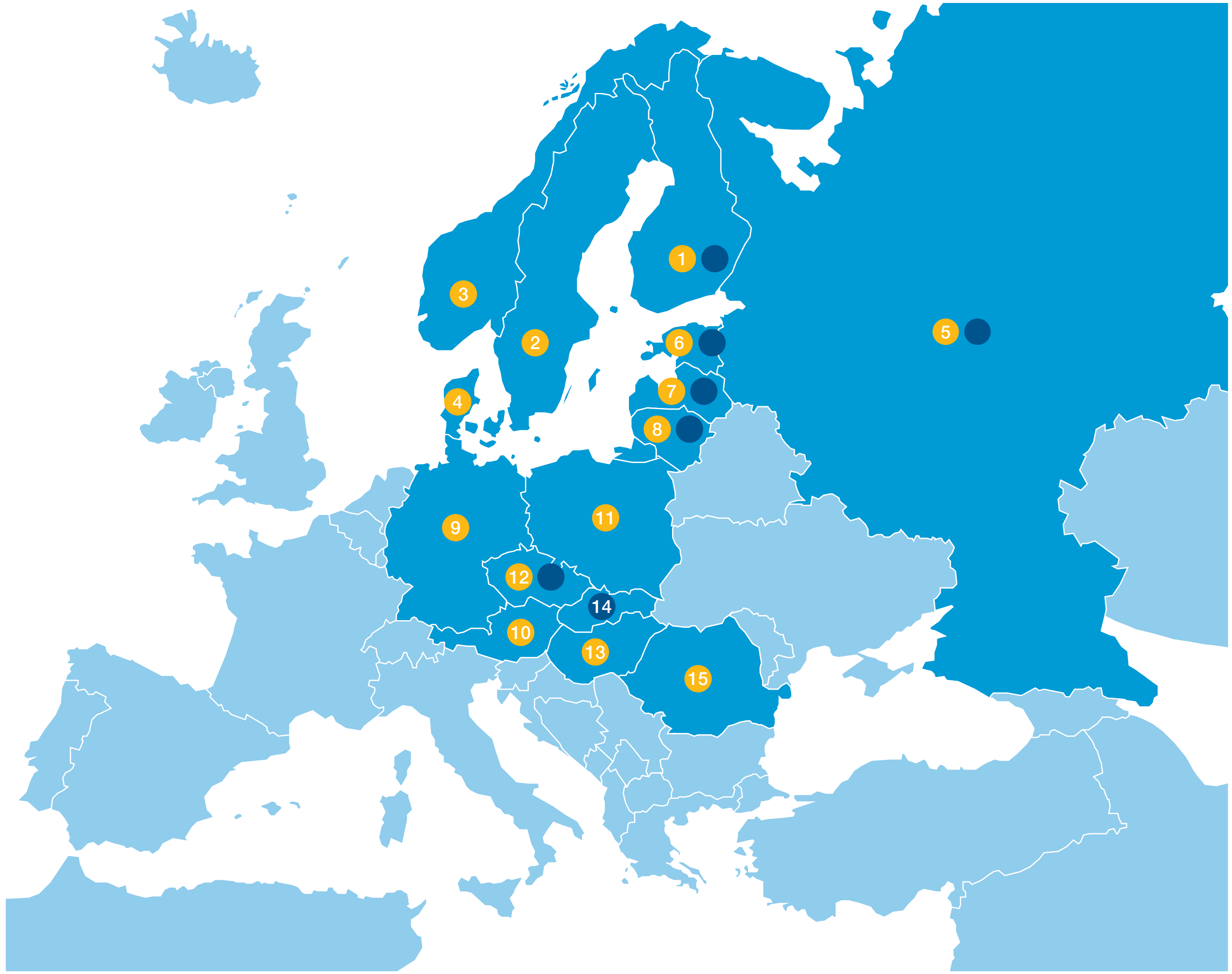

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